FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-07-08** | Period of Report: **1994-05-31**
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FILER

HEALTHTRUST INC THE HOSPITAL CO

CIK:**826490**| IRS No.: **621234332** | State of Incorp.:**DE** | Fiscal Year End: **0831**
Type: **10-Q** | Act: **34** | File No.: **001-10915** | Film No.: **94538353**
SIC: **8062** General medical & surgical hospitals, nec

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4525 HARDING RD
NASHVILLE TN 37205
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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For quarter ended May 31, 1994

Commission file number 001-10915

Healthtrust, Inc. - The Hospital Company
(Exact name of registrant as specified in its charter)

Delaware	62-1234332
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

4525 Harding Road Nashville, Tennessee	37205
(Address of principal executive offices)	(Zip Code)

(615) 383-4444
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 periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

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

Common Stock, $.001 Par Value - 90,715,242 shares as of June 30, 1994.

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INDEX

HEALTHTRUST, INC. - THE HOSPITAL COMPANY

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<TABLE>
PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

HEALTHTRUST, INC. - THE HOSPITAL COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(Dollars in thousands)
<CAPTION>

	May 31, 1994	August 31 1993
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	$ 62,920	$ 151,346
Accounts receivable, less allowances for doubtful accounts of $171,382 and $107,758	578,391	346,491
Supplies	80,935	51,740
Other current assets	41,462	121,345
TOTAL CURRENT ASSETS	763,708	670,922
PROPERTY, PLANT AND EQUIPMENT	2,918,762	2,168,365
Less accumulated depreciation	699,191	600,853
	2,219,571	1,567,512
EXCESS OF PURCHASE PRICE OVER NET ASSETS ACQUIRED	780,339	178,549
OTHER ASSETS	148,547	119,730
TOTAL ASSETS	$ 3,912,165	$ 2,536,713
CURRENT LIABILITIES		
Accounts payable	$ 113,935	$ 109,545
Other current liabilities	402,647	342,274
TOTAL CURRENT LIABILITIES	516,582	451,819
LONG TERM DEBT	1,727,553	948,604
DEFERRED INCOME TAXES	139,795	133,385
DEFERRED PROFESSIONAL LIABILITY RISKS	214,607	140,124
OTHER LIABILITIES	328,710	207,124
STOCKHOLDERS' EQUITY		
Common Stock, $.001 par value; 400,000,000 shares authorized, 90,713,830 and 81,065,074 shares issued and outstand	91	81
Paid-in capital	1,022,853	826,350
Deferred compensation	(290)	(1,162)
Retained deficit	(37,736)	(169,612)
STOCKHOLDERS' EQUITY	984,918	655,657
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,912,165	$ 2,536,713

See accompanying notes.
</TABLE>

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<TABLE>
HEALTHTRUST, INC. - THE HOSPITAL COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(Dollars in thousands, except per share data)
<CAPTION>

	Three Months Ended May 31 1994	1993	Nine Months Ended May 31 1994	1993
<S>	<C>	<C>	<C>	<C>
Net operating revenue	$ 753,515	$ 596,726	$ 2,028,131	$ 1,786,389
Costs and expenses:				
Hospital service costs:				
Salaries and benefits	286,452	220,227	754,897	658,073
Supplies	105,577	85,790	284,527	256,712
Fees	82,339	67,774	215,416	199,474
Other expenses	80,105	59,132	211,859	172,592
Bad debt expense	43,360	33,161	132,100	105,174
	597,833	466,084	1,598,799	1,392,025
Depreciation and amortization	41,658	31,437	111,336	96,358
Interest	28,402	27,501	70,672	78,366
ESOP/Pension expense	10,535	9,399	31,077	32,465
Deferred compensation expense	291	432	872	3,432
Other income (net)	(5,066)	(4,152)	(13,745)	(10,409)
	673,653	530,701	1,799,011	1,592,237
INCOME BEFORE MINORITY INTERESTS, INCOME TAXES AND EXTRAORDINARY CHARGE	79,862	66,025	229,120	194,152
Minority interests	1,527	2,634	5,616	10,024
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY CHARGE	78,335	63,391	223,504	184,128
Income tax provision	32,687	26,003	91,628	75,483
NET INCOME BEFORE EXTRAORDINARY CHARGE	45,648	37,388	131,876	108,645
Extraordinary charge on early extinguishment of debt (net of tax benefit)		12,710		12,710
NET INCOME	$ 45,648	$ 24,678	$ 131,876	$ 95,935
Earnings per share:				
Before extraordinary charge	$ 0.52	$ 0.45	$ 1.54	$ 1.30
Extraordinary charge		0.15		0.15
Net income per share	$ 0.52	$ 0.30	$ 1.54	$ 1.15
Shares used in computation of net income per share	87,467,103	83,411,840	85,790,571	83,412,608

See accompanying notes.
</TABLE>

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<TABLE>
HEALTHTRUST, INC. - THE HOSPITAL COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Dollars in thousands)
<CAPTION>

	Nine Months Ended May 31 1994	1993
<S>	<C>	<C>
OPERATING ACTIVITIES		
Net income	$ 131,876	$ 95,935
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	103,487	90,833
Amortization	7,849	5,525
Non-cash insurance expense	11,674	9,285
Pension expense	18,994	1,034
Deferred compensation expense	872	3,432
Non-cash interest expense	1,732	1,458
Extraordinary charge		12,710
Increase in accounts and agency receivables	(24,109)	(3,050)
Decrease in accounts payable and accrued liabilities	(51,435)	(19,411)
Other	(10,600)	(2,894)
NET CASH PROVIDED BY OPERATING ACTIVITIES	190,340	194,857
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(124,909)	(132,749)

Purchases of facilities	(971,004)	(80,852)
Proceeds from sales of property, plant and equipment	97,948	37,558
Other	(17,164)	(9,846)
NET CASH USED IN INVESTING ACTIVITIES	(1,015,129)	(185,889)
FINANCING ACTIVITIES		
Principal payments on long-term debt	(297,000)	(912,406)
Proceeds from long-term borrowings	872,000	832,000
Proceeds from common stock issuance	162,172	
Payment of debt issue costs	(11,454)	(9,118)
Other	10,645	(2,921)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	736,363	(92,445)
DECREASE IN CASH AND CASH EQUIVALENTS	(88,426)	(83,477)
Cash and cash equivalents at beginning of period	151,346	172,600
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 62,920	$ 89,123
Cash paid during the year for:		
Interest	$ 87,951	$ 91,780
Income taxes	97,982	70,082

See accompanying notes.

</TABLE>

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HEALTHTRUST, INC. - THE HOSPITAL COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. All significant intercompany transactions have been eliminated in consolidation. Operating results for the three months and nine months ended May 31, 1994 are not necessarily indicative of the results that may be expected for the fiscal year ending August 31, 1994. For further information, refer to the consolidated financial statements and footnotes thereto for the year ended August 31, 1993 (included in the Company's Annual Report on Form 10-K).

Acquisition of EPIC Holdings

The Company completed its acquisition of EPIC Holdings, Inc. (EPIC) on May 5, 1994 (effective May 1, 1994 for accounting purposes). EPIC owns and operates 34 hospitals in 10 states.

EPIC shareholders received $7.00 for each share of EPIC common stock (approximately $249.4 million in the aggregate) and the Company refinanced approximately $670 million and assumed approximately $40 million of EPIC indebtedness. The acquisition was financed through the public offering of 5,980,000 shares of Healthtrust common stock at $28.25 per share, the public offering of $200 million of 10 1/4% Subordinated Notes, borrowings under the Company's bank credit agreement and cash on hand.

The acquisition is being accounted for as a purchase and EPIC's results of operations are included in the Company's consolidated financial statements for periods subsequent to April 30, 1994. The purchase price is being allocated to the assets acquired and liabilities assumed based upon their respective fair values. Such allocations will be based upon valuations that have not been finalized. Accordingly, the purchase price allocation in the accompanying balance sheet is preliminary and, among other things, reflects no adjustments to historical cost for property, plant and equipment and deferred taxes. Goodwill resulting upon the completion of the purchase price allocation process will be amortized over 40 years using the straight-line method.

The following unaudited pro forma information has been prepared assuming the acquisition occurred at the beginning of the periods presented (dollars in thousands, except per share data).

	Three Months Ended May 31 1994	1993	Nine Months Ended May 31 1994	1993
Net operating revenue	$944,842	$850,751	$2,776,492	$2,540,816
Net income before extraordinary charge	$ 42,534	$ 36,819	$ 125,107	$ 105,775
Net income	$ 42,534	$ 9,228	$ 125,107	$ 77,614
Earnings per share:				
Net income before extraordinary charge	$ 0.46	$ 0.32	$ 1.37	$ 1.18
Net income	$ 0.46	$ 0.10	$ 1.37	$ 0.87

The pro forma results are not necessarily indicative of what actually would have occurred if the acquisition had been in effect for the entire periods presented. In addition, they are not intended to be a projection of future results and do not reflect any operational efficiencies that might be obtained from combined operations.

Income Per Share

Income per share has been computed by dividing net income for each period by the weighted average number of shares and share equivalents outstanding during the applicable period, adjusted for stock splits.

Fully diluted per share data is not presented since the effect would dilute earnings per share by less than three percent (3%).

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

<TABLE>
RESULTS OF OPERATIONS

SELECTED OPERATING STATISTICS
(DOLLARS IN MILLIONS)

Same Hospitals Operating Data (1):
<CAPTION>

	Three Months Ended May 31, 1994	1993	% Increase (Decrease)	Nine Months Ended May 31, 1994	1993	% Increase (Decrease)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Number of Hospitals	77	77		77	77	
Gross Revenue:						
Inpatient	$673.7	$639.1	5.4%	$1,992.0	$1,853.0	7.5%
Outpatient	$339.4	$290.8	16.7%	$963.3	$830.5	16.0%
Net Operating Revenue	$617.8	$580.3	6.5%	$1,822.8	$1,704.6	6.9%
Hospital Service Costs	$482.9	$453.3	6.5%	$1,414.2	$1,320.5	7.1%
Admissions	72,375	70,700	2.4%	212,792	205,766	3.4%
Adjusted Admissions	108,818	102,872	5.8%	315,690	297,988	5.9%
Patient Days	370,078	384,041	-3.6%	1,099,240	1,121,812	-2.0%
Adjusted Patient Days	556,543	558,814	-0.4%	1,630,792	1,624,598	0.4%
Average Length of Stay (days)	5.11	5.43		5.17	5.45	
Occupancy Rate	40.9%	42.8%		41.2%	42.0%	
Operating Margin	21.8%	21.9%		22.4%	22.5%	

<F1>The results of operations applicable to hospital acquisitions and dispositions have been excluded.

</TABLE>

General

The Company continues to experience gross and net operating revenue increases and the Company's results of operations continue to be affected by the trend toward certain services being performed more frequently on an outpatient basis. While admissions for the same hospitals for the nine months ended May 31, 1994 increased 3.4%, patient days declined 2.0% due to a reduction in the average length of stay from 5.45 days to 5.17 days. The Company has been able to achieve increases in net operating revenue due to the higher utilization of outpatient and non-acute specialty services, general price increases and an increased severity of illness for the patients admitted. Although the Company's net operating revenue has grown in each period, the impact of providing additional services, price increases and increases in patient acuity have been partially offset by the increasing proportion of revenue derived from fixed payment sources, including Medicare and Medicaid (approximately 45% and 42%, for the nine months ended May 31, 1994 and 1993, respectively, of the Company's net operating revenue was related to Medicare and Medicaid patients).

The growth in outpatient services is expected to continue as procedures currently being performed on an inpatient basis become available on an outpatient basis through continuing advances in pharmaceutical and medical technologies. The redirection of certain procedures to an outpatient basis has also been influenced by pressures from payors to direct certain procedures from inpatient care to outpatient care. While the Company expects the growth in outpatient services to continue, the rate of increase is expected to decline.

The Company expects Medicare and Medicaid revenue to continue to increase due to the general aging of the population and the expansion of state Medicaid programs. The Medicare program reimburses the Company's hospitals primarily based on established rates that are dependant on each patient's diagnosis, regardless of the provider's cost to treat the patient or the length of time the patient stays in the hospital. The Medicare program's established rates are indexed for inflation annually, but these increases have historically been less than both the actual inflation rate and the Company's increases to its standard charges.

Insurance companies, government programs (other than Medicare) and employers purchasing health care services for their employees are negotiating the amounts they will pay health care providers, rather than paying the providers standard prices. This leads to these purchasers of health care services becoming managed care payors, similar to HMO's and PPO's, in virtually all markets and making it increasingly difficult for providers to maintain their historical net revenue growth trends.

The Congress is currently reviewing various proposals for comprehensive health care reform. The reform proposals contain coverage guarantees, benefits standards and cost control mechanisms. The Company cannot predict what reforms the Congress will adopt, when such reforms will be implemented or the resulting implications for providers, at this time. However, the Company believes that the delivery of primary care, emergency care, obstetrical services and rehabilitative services, on a local basis, to rural and suburban markets will be an integral component of any strategy for controlling health care costs and the Company believes it is well positioned to provide these services.

Three Months Ended May 31, 1994 and 1993

Net operating revenue for the Company's hospitals for the quarter ended May 31, 1994, increased 26.3% (11.1% excluding EPIC) to $753.5 million, while same hospitals net operating revenue increased 6.5%. Gross revenue during the quarter ended May 31, 1994, increased 30.2% (14.9% excluding EPIC) due to a 42.2% (22.8% excluding EPIC) increase in gross outpatient revenue and an 24.2% (11.5% excluding EPIC) increase in gross inpatient revenue. On a same hospitals basis, gross revenue increased 9.0% compared to the prior year, due to a 16.7% increase in gross outpatient revenue and a 5.4% increase in gross inpatient revenue. In each case, gross revenue grew faster than net operating revenue, primarily because the patient mix continues to become more heavily weighted to Medicare, Medicaid and specialty unit patients (for which reimbursement rate increases have been less than implemented price increases) and increased utilization by managed care programs.

Costs of hospital services (salaries and benefits, fees, supplies, bad debt expense and other expenses) for the quarter ended May 31, 1994 increased 28.3%. The 26.3% increase in net operating revenue and 28.3% increase in the costs of hospital services resulted in the operating margin declining from 21.9% for the quarter ended May 31, 1993 to 20.7% for the quarter ended May 31, 1994. This decline in margin related primarily to the EPIC facilities and other 1993 and 1994 acquired facilities as the same hospitals operating margin declined from 21.9% to 21.8% for the quarter ended May 31, 1994. Salaries and benefits, the largest component of hospital services, increased from 36.8% to 37.2% of net operating revenue for the quarters ended May 31, 1993 and 1994, respectively. Supplies expense declined from 14.4% to 14.0% of net operating revenue, primarily resulting from the Company's efforts to standardize supplies and negotiate contracts with vendors on a consolidated basis. Bad debt expense increased from 5.8% to 6.5% of net operating revenue. The increase in bad debt expense relates primarily to higher than average bad debt expense for the hospitals the Company acquired during fiscal 1993 and 1994.

Interest expense declined $7.7 million for the quarter ended May 31,

1994. This decrease was due to both lower interest rates Company's variable rate debt and reductions in the total amount of debt outstanding for the first two months of the quarter. Interest expense increased during May due to the additional debt required to complete the EPIC acquisition.

Income before income taxes and extraordinary charge increased $14.9 million due primarily to an increase of $25.0 million in net operating revenue less hospital service costs and a $10.2 million increase in depreciation and amortization.

Nine Months Ended May 31, 1994 and 1993

Net operating revenue for the Company's hospitals for the nine months ended May 31, 1994, increased 13.5% (9.0% excluding EPIC) to $2,028.1 million, while same hospitals net operating revenue increased 6.9%. Gross revenue during the nine months ended May 31, 1994, increased 17.2% (10.9% excluding EPIC) due to a 24.8% (18.0% excluding EPIC) increase in gross outpatient revenue and an 13.6% (9.1% excluding EPIC) increase in gross inpatient revenue. On a same hospitals basis, gross revenue increased 10.2% compared to the prior year, due to a 16.0% increase in gross outpatient revenue and a 7.5% increase in gross inpatient revenue.

Costs of hospital services (salaries and benefits, fees, supplies, bad debt expense and other expenses) for the nine months ended May 31, 1994 increased 14.9%. The 13.5% increase in net operating revenue and 14.9% increase in the costs of hospital services resulted in the operating margin decreasing from 22.1% for the nine months ended May 31, 1993 to 21.2% for the nine months ended May 31, 1994. Salaries and benefits, the largest component of hospital services, increased from 36.8% to 37.2% of net operating revenue for nine months ended May 31, 1994, due to higher than average expense at the facilities acquired during fiscal 1994. Supplies expense was reduced from 14.4% to 14.0% of net operating revenue for the nine months ended May 31, 1994, reflecting the benefits of the Company's efforts to standardize supplies and consolidate vendors. Fees declined from 11.2% to 10.6% of net operating revenue due to decreased usage of contractual labor for both nursing services and departmental administration. Other expenses increased from 9.7% to 10.5% of net operating revenue, due primarily to higher expenditures for physician recruiting and employee travel. Bad debt expense has increased from 5.8% to 6.5% of net operating revenues, resulting primarily from higher than average expense at the facilities acquired during fiscal 1993 and 1994.

Income before income taxes and extraordinary charge increased $39.4 million due primarily to a $35.0 million increase in net operating revenue less hospital service costs, a $15.0 million increase in depreciation and amortization, a $7.7 million reduction in interest expense and a $4.4 million decline in minority interests.

The Company generated $190.3 million of cash flows from operations during the nine months ended May 31, 1994. This represented a $4.5 million decrease in cash flows provided by operations compared to the prior year. The decline in cash flows was due to changes in current assets and liabilities (a $32.0 million decrease in accounts payable and accrued liabilities and a $21.1 million increase in receivables), which offset the $35.9 million improvement in net income.

Liquidity and Capital Resources

The Company began fiscal 1994 with a strong balance sheet; cash totaled $151.3 million; total assets were $2.537 billion; stockholders' equity had climbed to $655.7 million; and debt as a percentage of total capital was reduced to 59% from 66% the previous year. At May 31, 1994, stockholders equity had increased to $984.9 million, debt as a percentage of capital had increased to 64% due to borrowings used to complete the EPIC acquisition and total assets had increased to $3.912 billion.

To finance the acquisition of EPIC, the Company, (i) completed offerings of 5,980,000 shares of its common stock (at $28.25/share, resulting in net proceeds of approximately $162 million) and $200 million of 10 1/4% Subordinated Notes due 2004, and (ii) entered into a new bank credit agreement (the "1994 Credit Agreement") which provides to the Company the capacity to borrow up to an aggregate of $1.2 billion. The components of the 1994 Credit Agreement are, (i) a revolving facility in the aggregate amount of $400 million, which is available to use for acquisitions, working capital and general corporate needs, (ii) a term loan facility in the amount of $415 million, which was available to repay amounts outstanding under the Company's previous bank credit facility and to complete tender offers for certain EPIC debt securities and (iii) a declining delayed term loan facility in the amount of $385 million, which is available to use to redeem certain EPIC debt securities and for acquisitions.

Loans under the 1994 Credit Agreement bear interest at fluctuating rates equal, at the Company's option, to either (a) an alternate base rate plus 50 basis points or (b) a reserve-adjusted LIBOR rate plus 150 basis points. Loans under the term loan facility are subject to semiannual repayment requirements commencing on the six-month anniversary of the borrowings and loans under the delayed term facility are subject to semiannual repayment requirements commencing on the two year anniversary of the borrowings. All loans under the 1994 Credit Agreement must be repaid in full no later than May 2001.

At June 30, 1994, the Company had approximately $483.9 million of credit available under the 1994 Credit Agreement (net of outstanding loans of $692.0 million and approximately $24.1 million in letters of credit).

During fiscal 1993, the Company acquired five hospital facilities in Tennessee and Texas for an aggregate purchase price of $90.1 million. During October 1993, the Company signed a letter of intent to acquire three hospitals in Utah from the Holy Cross Health System Corporation and a letter of intent to acquire Nashville Memorial Hospital in Nashville, Tennessee. Nashville Memorial was acquired during April 1994, but on March 22, 1994, the Federal Trade Commission voted to challenge the sale of the Holy Cross Health Services facilities to the Company and the Company is currently considering its available options regarding the Utah facilities.

During 1993, the Company spent $219.5 million for capital expenditures (excluding the five facilities acquired), primarily to renovate and add new equipment and technology to existing facilities. The Company intends to continue to invest in its existing facilities and in new facilities within its existing health care business, and capital expenditures (excluding hospital acquisitions) for fiscal 1994 are expected to be approximately $230 million (capital expenditures for the quarter and nine months ended May 31, 1994 were $41.2 million and $124.9 million, respectively). The Company may seek to sell certain of its hospitals from time to time. Management does not consider the sale of any assets to be necessary to repay the Company's indebtedness or to provide working capital.

The Company receives payment for services rendered from federal and state agencies (under the Medicare, Medicaid and Champus programs), private insurance carriers, employers, managed care programs and patients. During the nine months ended May 31, 1994, approximately 45% of the Company's net operating revenue related to patients participating in the Medicare and Medicaid programs. The Company recognizes that revenue and receivables from government agencies are significant to the Company's operations, but the Company does not believe that there are any significant credit risks associated with these government agencies. The Company does not believe that there are any other significant concentrations of revenue from any particular payor that would subject the Company to any significant credit risks in the collection of its accounts receivable.

The Company is primarily self-insured for professional and general liability risks. The unfunded reserve for professional and general liability risks was $243.5 million at May 31, 1994. Payments of professional and general liability claims aggregated $12.7 million for the nine months ended May 31, 1994. The Company does not believe that the payment of these self-insured risks will have any significant impact on the Company's liquidity or working capital.

Management believes that, based upon its analysis of the Company's financial condition, the cash flow generated from operations in the future should provide sufficient liquidity to meet all cash requirements for at least the next year without substantial additional borrowings (other than the borrowings to finance acquisitions). In addition, the Company believes, based on current internal long-term projections of future results of operations, that it will be able to satisfy its current and expected obligations as they become due without incurring substantial additional indebtedness, and that satisfaction of such obligations will not prevent the Company from meeting liquidity requirements for operations and capital expenditures. However, there can be no assurance that future developments in the health care industry or general economic trends will not adversely affect the Company's operations or its ability to meet such obligations.

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PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) The following exhibit is included herein:
(11) Statement re: Computation of Earnings Per Share

(b) The Company filed a current report on Form 8-K dated May 5, 1994 to disclose the completion of Healthtrust's acquisition of EPIC Holdings, Inc. Financial Statements of EPIC Holdings, Inc. and Pro Forma Financial Statements were filed with the Form 8-K.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Healthtrust, Inc. - The Hospital Company
(Registrant)

July 8, 1994 /S/ R. Clayton McWhorter
Date R. Clayton McWhorter
Chairman of the Board,
Chief Executive Officer and President

July 8, 1994 /S/ Kenneth C. Donahey
Date Kenneth C. Donahey
Senior Vice President and Controller
Chief Accounting Officer

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<TABLE>
HEALTHTRUST, INC. - THE HOSPITAL COMPANY

Exhibit 11 - STATEMENT RE: COMPUTATION OF EARNINGS PER SHARE
(Dollars in thousands, except per share data)

<CAPTION>

<S>	Three Months Ended May 31, 1994 <C>	Three Months Ended May 31, 1993 <C>	Nine Months Ended May 31, 1994 <C>	Nine Months Ended May 31, 1993 <C>
Primary:				
Average shares outstanding	84,251,558	81,150,065	82,193,311	81,232,639
Net effect of dilutive warrants	2,033,718	2,092,737	2,608,476	2,034,541
Net effect of dilutive stock options	1,181,827	169,038	988,784	145,428
Total weighted average shares	87,467,103	83,411,840	85,790,571	83,412,608
Net income before extraordinary charge	$ 45,648	$ 37,388	$ 131,876	$ 108,645
Extraordinary charge		12,710		12,710
Net income	$ 45,648	$ 24,678	$ 131,876	$ 95,935
Net income per share before extraordinary charge	$ 0.52	$ 0.45	$ 1.54	$ 1.30
Extraordinary charge		0.15		0.15
Net income per share	$ 0.52	$ 0.30	$ 1.54	$ 1.15
Fully Diluted:				
Average shares outstanding	84,251,558	81,150,065	82,193,311	81,232,639
Net effect of dilutive warrants	2,033,718	2,261,345	2,623,893	2,228,821
Net effect of dilutive stock options	1,181,827	388,396	1,144,762	378,674
Total weighted average shares	87,467,103	83,799,806	85,961,966	83,840,134
Net income before extraordinary charge	$ 45,648	$ 37,388	$ 131,876	$ 108,645
Extraordinary charge		12,710		12,710
Net income	$ 45,648	$ 24,678	$ 131,876	$ 95,935
Net income per share before extraordinary charge	$ 0.52	$ 0.44	$ 1.54	$ 1.29
Extraordinary charge		0.15		0.15
Net income per share	$ 0.52	$ 0.29	$ 1.54	$ 1.14

</TABLE>