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Health Management Associates Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions) Your first question comes today from Jason Gurda from Leerink Swan.

Gary Newsome

Hello?

Jason Gurda - Leerink Swan

Hello. Can you hear me?

Gary Newsome

Yes, Jason.

Jason Gurda - Leerink Swan

I want to just first start off with congratulations, Gary.

Gary Newsome

Thank you.

Jason Gurda - Leerink Swan

Wanted to see if I know it is still early, but if you had any timeline in mind for, based on your initial assessment of where we are, when we could start to see improvements in volume trends.

Gary Newsome

We are very fortunate to have the structure we have at HMA that we are able to move and make the necessary changes. Specifically, for example, in the emergency room, there is a huge opportunity there for us to drive volume appropriately into our hospitals and that requires time, training, execution, requires some equipment and some things we need to do there. In six to 12 months, we should see results of our efforts as we go forward.

Jason Gurda - Leerink Swan

Okay. Then I was curious if anyone had an update on what was happening in North Carolina? The last quarter, you had talked about the issue with volumes being down significantly as physicians were upset with the Novant deal or at least not being notified about it in advance. Has there been any changes there?

Gary Newsome

In North and South Carolina, the situation is really stabilized there. Admissions in that market have improved with the exception of one market, one hospital. The physicians that were involved in that are settled. We think we have a great communication vehicle with those medical staff members, and seem to have stabilized throughout.

Jason Gurda - Leerink Swan

Okay. Then one last question, just for you, Bob. If you would give us an update on where you are with any debt covenants?

Robert Farnham

Sure, Jason. We are in compliance with all of our debt covenants. We will report that formally to our banks, as required in a couple of weeks. We are comfortable with where those covenants and the requirements going forward. I think we did point out the reductions in debt that we have made during the quarter. We actually paid down about \$294 million in debt. We will by year end pay down close to \$500 million.

So, I think that, as we look here through the balance of the year and then into 2009, our improved operations, as well as continued pay downs on debt that we feel comfortable not only with where we are today and through the end of the year but also going forward into 2009.

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