UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1994

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 1-11239

COLUMBIA/HCA HEALTHCARE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	75-2497104
(State or other jurisdiction of incorporation or organization)	(I.R.S.Employer Identification No.)

201 West Main Street, Louisville, Kentucky	40202
(Address of principal executive offices)	(Zip Code)

(502) 572-2000
(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, 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 practicable date.

Class of Common Stock	Outstanding at April 30, 1994
Voting common stock, $.01 par value	319,079,300 shares
Nonvoting common stock, $.01 par value	18,990,000 shares

Part I: Financial Information	Page of Form 10-Q

Item 1. Financial Statements

Part II: Other Information

COLUMBIA/HCA HEALTHCARE CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the quarters ended March 31, 1994 and 1993
Unaudited
(Dollars in millions, except per share amounts)

	1994	1993
Revenues	$ 2,778	$ 2,654
Salaries, wages and benefits	1,113	1,072
Supplies	434	433
Other operating expenses	492	478
Provision for doubtful accounts	150	126
Depreciation and amortization	144	136
Interest expense	64	85
Investment income	(14)	(12)
Non-recurring transactions	159	-
	2,542	2,318
Income from continuing operations before minority interests and income taxes	236	336
Minority interests in earnings of consolidated entities	3	4
Income from continuing operations before income taxes	233	332
Provision for income taxes	96	127
Income from continuing operations	137	205
Income from operations of discontinued health plan segment, net of income taxes	-	16
Extraordinary loss on extinguishment of debt, net of income tax benefit	(92)	-
Net income	$ 45	$ 221

Earnings per common and common equivalent share:		
Income from continuing operations	$ .40	$ .61
Income from operations of discontinued health plan segment	-	.04
Extraordinary loss on extinguishment of debt	(.27)	-
Net income	$ .13	$ .65
Cash dividends declared and paid per common share	$ .03	$ -
Shares used in earnings per common and common equivalent share computation (000)	341,621	337,739

See accompanying notes.

COLUMBIA/HCA HEALTHCARE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
Unaudited
(Dollars in millions, except per share amounts)

ASSETS	March 31, 1994	December 31, 1993
Current assets:		
Cash and cash equivalents	$ 109	$ 224
Accounts receivable less allowance for loss of $544 - March 31, 1994 and $513 - December 31,1993	1,625	1,566
Inventories	258	245
Other	516	453
	2,508	2,488
Property and equipment, at cost	8,589	8,392
Accumulated depreciation	(2,947)	(2,792)
	5,642	5,600
Investments of professional liability insurance subsidiaries	688	700
Intangible assets	1,277	1,232
Other	237	196
	$ 10,352	$ 10,216
LIABILITIES AND COMMON STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 414	$ 445
Salaries, wages and other compensation	260	232
Other accrued expenses	924	853
Income taxes	71	22
Long-term debt due within one year	81	363
	1,750	1,915
Long-term debt	3,533	3,335
Deferred credits and other liabilities	1,421	1,438
Minority interests in equity of consolidated entities	134	57
Contingencies		
Common stockholders' equity:		
Common stock, $.01 par; authorized 800,000,000 voting shares and 25,000,000 nonvoting shares; issued and outstanding 318,806,900 voting shares and 18,990,000 nonvoting shares - March 31, 1994 and 317,686,800 voting shares and 18,990,000 nonvoting shares - December 31, 1993	3	3
Other	3,511	3,468
	3,514	3,471
	$ 10,352	$ 10,216

See accompanying notes.

COLUMBIA/HCA HEALTHCARE CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
For the quarters ended March 31, 1994 and 1993
Unaudited
(Dollars in millions)

	1994	1993
Cash flows from continuing operations:		
Net income	$ 45	$ 221
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from discontinued operations	-	(16)
Non-recurring transactions	159	-
Depreciation and amortization	144	136
Deferred income taxes	(64)	(6)
Change in operating assets and liabilities:		
Increase in accounts receivable	(35)	(112)
(Increase) decrease in inventories and other assets	(53)	31
Increase in income taxes	64	110
Decrease in other liabilities	(55)	(8)
Extraordinary loss on extinguishment of debt	149	-
Other	13	20
Net cash provided by continuing operations	367	376
Cash flows from investing activities:		
Purchase of property and equipment	(214)	(181)
Acquisition of hospitals and health care facilities	(114)	(75)
Disposition of property and equipment	62	54
Change in investments	(12)	-
Other	(64)	(3)
Net cash used in investing activities	(342)	(205)
Cash flows from financing activities:		
Issuance of long-term debt	325	-
Net changes in commercial paper borrowings and lines of credit	1,461	103
Repayment of long-term debt	(1,954)	(126)
Payment of cash dividends	(5)	(36)
Issuance of common stock	11	2
Payment to Humana Inc. in spinoff transaction	-	(135)
Other	22	(2)
Net cash used in financing activities	(140)	(194)
Change in cash and cash equivalents	(115)	(23)
Cash and cash equivalents at beginning of period	224	217
Cash and cash equivalents at end of period	$ 109	$ 194
Interest payments	$ 106	$ 77
Income tax payments, net of refunds	38	23

See accompanying notes.

COLUMBIA/HCA HEALTHCARE CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

NOTE 1 - REPORTING ENTITY

Columbia/HCA Healthcare Corporation ("Columbia/HCA") is a Delaware corporation which began operations on February 10, 1994 as a result of a merger involving Columbia Healthcare Corporation ("Columbia") and HCA - Hospital Corporation of America ("HCA") (the "HCA Merger"). See Note 4 for a description of the specific terms of the HCA Merger.

Prior to the HCA Merger, Columbia began operations on September 1, 1993 as a result of a merger involving Columbia Hospital Corporation ("CHC") and Galen Health Care, Inc. ("Galen") (the "Galen Merger"). See Note 5 for a description of the specific terms of the Galen Merger.

Columbia/HCA primarily operates hospitals and ancillary health care facilities through either (i) wholly owned subsidiaries or (ii) ownership of controlling interests in various partnerships in which subsidiaries of

Columbia/HCA serve as the managing general partner.

NOTE 2 - BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements do not include all of the disclosures normally required by generally accepted accounting principles or those normally required in annual reports filed on Form 10-K. Accordingly, these financial statements should be read in conjunction with the audited supplemental consolidated financial statements of Columbia/HCA for the year ended December 31, 1993 filed on Form 10-K with the Securities and Exchange Commission.

The financial information has been prepared in accordance with Columbia/HCA's customary accounting practices and has not been audited. Management believes that the financial information presented reflects all adjustments necessary for a fair statement of interim results. All such adjustments are of a normal and recurring nature.

For accounting purposes, the HCA and Galen Mergers have been treated as poolings of interests. Accordingly, these financial statements give retroactive effect to the mergers and include the combined operations of the respective former entities for all periods presented. In addition, the historical financial information related to Galen (which prior to the Galen Merger was reported on a fiscal year ending August 31) has been recast to conform to Columbia/HCA's annual reporting period ending December 31.

NOTE 3 - EARNINGS PER SHARE

Earnings per common and common equivalent share are based upon weighted average common shares outstanding adjusted for the dilutive effect of common stock equivalents consisting primarily of stock options. Fully diluted earnings per common and common equivalent share is not presented because it approximates earnings per common and common equivalent share.

NOTE 4 - HCA MERGER

On October 2, 1993, Columbia entered into a definitive agreement to merge with HCA. This transaction was completed on February 10, 1994. In connection with the HCA Merger, Columbia stockholders approved an amendment to Columbia's Certificate of Incorporation changing the name of the corporation to "Columbia/HCA Healthcare Corporation". HCA was then merged into a wholly owned subsidiary of Columbia/HCA. Shares of HCA Class A voting common stock and Class B nonvoting common stock were converted on a tax-free basis into approximately 166,846,000 shares of Columbia/HCA

NOTE 4 - HCA MERGER (Continued)

voting common stock and approximately 18,990,000 shares of Columbia/HCA nonvoting common stock, respectively (an exchange ratio of 1.05 shares of Columbia/HCA common stock for each share of HCA voting and nonvoting common stock).

The HCA Merger has been accounted for as a pooling of interests, and accordingly, the condensed consolidated financial statements give retroactive effect to the HCA Merger and include the combined operations of Columbia and HCA for all periods presented. The following is a summary of the results of operations of the separate entities for periods prior to the HCA Merger (dollars in millions):

	Columbia	HCA	Consolidated
One month ended January 31, 1994:			
Revenues	$ 480	$ 460	$ 940
Net income	33	44	77
Three months ended March 31, 1993:			
Revenues	$1,329	$1,325	$2,654
Net income:			
Continuing operations	$ 90	$ 115	$ 205
Discontinued operations	16	-	16
	$ 106	$ 115	$ 221

NOTE 5 - GALEN MERGER

On August 31, 1993, the stockholders of both CHC and Galen approved the Galen Merger, effective as of September 1, 1993. In connection with the Galen Merger, CHC, a Nevada corporation, was merged into Columbia. Each CHC share of common stock was converted on a tax-free basis into one share of Columbia common stock. Immediately subsequent thereto, a wholly owned subsidiary of Columbia was merged into Galen, at which time Galen became a wholly owned subsidiary of Columbia. In connection with this transaction, Columbia issued approximately 123,830,000 shares of common stock in a tax-free exchange for all of the outstanding common shares of Galen (an exchange ratio of 0.775 of a share of Columbia common stock for each share of Galen common stock).

The Galen Merger has been accounted for as a pooling of interests, and accordingly, the condensed consolidated financial statements give retroactive effect to the Galen Merger and include the combined operations of CHC and Galen for all periods presented. The following is a summary of the results of operations of the separate entities for the first quarter of 1993 (dollars in millions):

	CHC	Galen	Consolidated
Revenues	$ 312	$1,017	$1,329
Net income:			
Continuing operations	$ 10	$ 80	$ 90
Discontinued operations	-	16	16
	$ 10	$ 96	$ 106

NOTE 6 - SPINOFF TRANSACTION AND DISCONTINUED OPERATIONS

Prior to the Galen Merger, Galen began operating its hospital business as an independent publicly held corporation on March 1, 1993 as a result of a spinoff transaction by Humana Inc. ("Humana")(the "Spinoff"), which retained its managed care health plan business. The Spinoff separated Humana's previously integrated hospital and managed care health plan businesses and was effected through the distribution of Galen common stock to then current Humana stockholders on a one-for-one basis.

For accounting purposes, because of the relative significance of the hospital business, the consolidated financial statements of Galen (and now those of Columbia/HCA) include the separate results of Humana's hospital business, while the operations and net assets of Humana's managed care health plans have been classified as discontinued operations.

Revenues of the discontinued managed care health plan business (included in discontinued operations in the condensed consolidated statement of income) were $523 million for the three months ended March 31, 1993.

NOTE 7 - NON-RECURRING TRANSACTIONS AND EXTINGUISHMENT OF DEBT

In the first quarter of 1994 Columbia/HCA recorded the following charges in connection with the HCA Merger (dollars in millions):

Employee benefit and certain severance actions	$ 40
Investment advisory and professional fees	12
Costs of information systems consolidations primarily related to the writedown of assets	42
Writedown of assets in connection with consolidation of duplicative facilities	53
Other	12
	$ 159

In addition to employee severance costs above, Columbia/HCA is a party to employment agreements with certain key employees as a result of the Galen and HCA Mergers. Future severance payments under these agreements, which may occur as a result of continued consolidation activities, will be charged to earnings as incurred.

In the first quarter of 1994, Columbia/HCA refinanced approximately $2 billion of HCA's high coupon fixed and floating rate long-term debt. These transactions were effected to reduce future interest expense and eliminate certain restrictive covenants. After-tax losses from these extinguishments of debt aggregated $92 million or $.27 per share.

NOTE 8 - ACQUISITIONS

The following is a summary of acquisitions and joint ventures consummated during the respective three month periods (dollars in millions):

	1994	1993
Number of hospitals	4	2
Number of licensed beds	1,264	843
Purchase price information:		
Fair value of assets acquired	$ 192	$ 145
Liabilities assumed	(31)	(32)
Net assets acquired	161	113
Contributions from minority partners	(47)	(27)
Cash acquired	-	(11)
Net cash paid for acquisitions	$ 114	$ 75

NOTE 9 - INCOME TAXES

The Internal Revenue Service (the "IRS") has issued statutory notices of deficiency in connection with its examinations of HCA's federal income tax returns for 1981 through 1988. Columbia/HCA is currently contesting these claimed deficiencies in the United States Tax Court. In addition, the IRS has proposed certain adjustments in connection with its examinations of HCA's 1989 and 1990 federal income tax returns. The following is a discussion of the disputed items with respect to these years.

Method of Accounting

For years 1981 through 1986, most of HCA's hospital subsidiaries (the "Subsidiaries") reported taxable income primarily using the cash method of accounting. This method was prevalent within the hospital industry and the Subsidiaries applied the method in accordance with prior agreements with the IRS. The IRS now asserts that the accrual method of accounting should have been used by the Subsidiaries. The Tax Reform Act of 1986 (the "1986 Act") requires the use of the accrual method of accounting beginning in 1987. Consequently, the Subsidiaries changed to the accrual method of accounting beginning January 1, 1987. In accordance with the provisions of the 1986 Act, income that had been deferred at the end of 1986 is being recognized as taxable income by the Subsidiaries in equal annual installments over ten years. If the IRS should ultimately prevail in its claim that the Subsidiaries should have used the accrual method for 1981 through 1986, the claim would be reduced to the extent that HCA has recognized as taxable income a portion of such deferred income taxes since 1986. In addition, the sale by HCA of numerous Subsidiaries in 1987 that had been using the cash method resulted in the recognition of a substantial gain that would not have been recognized had the Subsidiaries been using the accrual method. If the IRS were successful with respect to this issue, Columbia/HCA would owe an additional $110 million in income taxes and $444 million in interest as of March 31, 1994.

Hospital Acquisitions

In connection with hospitals acquired by HCA in 1981 and 1985, the IRS has asserted that a portion of the costs allocated to identifiable assets with ascertainable useful lives should be reclassified as nondeductible goodwill. If the IRS ultimately prevails in this regard, Columbia/HCA would owe an additional $113 million in income taxes and $145 million in interest as of March 31, 1994.

NOTE 9 - INCOME TAXES (Continued)

Insurance Subsidiary

Based on a Sixth Circuit Court of Appeals decision (the Court having jurisdiction over the HCA issues), HCA has claimed that insurance premiums paid to its wholly owned insurance subsidiary ("Parthenon") are deductible, while the IRS asserts that such premiums are not deductible and that corresponding losses are only deductible at the time and to the extent that claims are actually paid. HCA has claimed the additional deductions in its Tax Court petitions. Through March 31, 1994, Columbia/HCA is seeking a refund totaling $51 million in income taxes and $95 million in interest in connection with this issue.

As an alternative to its position, HCA has asserted that in connection with the sale of hospitals to HealthTrust, Inc.-The Hospital Company ("HealthTrust") in 1987, premiums paid to Parthenon by the sold hospitals, if not deductible as discussed above, became deductible at the time of the sale. Accordingly, HCA claimed such deduction in its 1987 federal income tax return. The IRS has disallowed the deduction and is claiming an additional $5 million in income taxes and $16 million in interest. A final determination that the premiums are not deductible either when paid to Parthenon or upon the sale of certain hospitals to HealthTrust would increase the taxable basis in the hospitals sold, thereby reducing HCA's gain realized on the sale.

HealthTrust Sale

In connection with its sale of certain Subsidiaries to HealthTrust in 1987 in exchange for cash, HealthTrust preferred stock and stock purchase warrants, HCA calculated its gain based on the valuation of such stock and warrants by an independent appraiser. The IRS claims a higher aggregate valuation, based on the face amount of the preferred stock and a separate appraisal HealthTrust obtained for the stock purchase warrants. Application of the higher valuation would increase the gain recognized by HCA on the sale. However, if the IRS succeeds in its assertion, HCA's tax basis in its HealthTrust preferred stock and warrants will be increased accordingly, thereby substantially reducing the tax from the sale of such preferred stock and warrants by a corresponding amount. By December 31, 1992, HCA had sold its entire interest in the HealthTrust preferred stock and warrants. Including the effect of the sales of these securities, the IRS is claiming additional interest of $66 million through March 31, 1994.

Also in connection with the 1987 sale of certain Subsidiaries to HealthTrust, the IRS claims that HCA's basis in the stock of the Subsidiaries sold to HealthTrust should be calculated by adjusting such basis to reflect accelerated rather than straight-line depreciation, which would reduce HCA's basis in the stock sold and increase the taxable gain on the sale. The IRS position is contrary to a Tax Court decision in a similar case. The IRS is claiming additional income taxes of $79 million and interest of $69 million through March 31, 1994.

In connection with the 1987 HealthTrust transactions, the IRS further asserts that, to the extent the Subsidiaries were properly on the cash method through 1986, and therefore properly recognizing taxable income over the ten-year transition period, HCA should have additional income in 1987 equal to the unamortized portion of the deferred income. It is HCA's position that no additional income need be included in 1987 and that the deferred income continues to qualify for the ten-year transition period after the sale. Should the IRS prevail, Columbia/HCA would owe $11 million of additional income taxes and $17 million of interest through March 31, 1994. The

NOTE 9 - INCOME TAXES (Continued)

position of the IRS is an alternative to its denial of the use of the cash method of accounting previously discussed.

Doubtful Accounts

The IRS is asserting that in 1986 HCA was not entitled to include charity care writeoffs in the formula used to calculate its deduction for doubtful accounts. For years 1987 and 1988, the IRS is asserting that HCA was not entitled to exclude from income amounts which are unlikely to be collected. Management believes that such exclusions are permissible under the accrual method of accounting, and because HCA is a "service business" and not a "merchandising business," it is entitled to a special exclusion provided to service businesses by the 1986 Act. The IRS disagrees, asserting that HCA is engaged, at least in part, in a merchandising business. Notwithstanding this assertion, the IRS contends that the exclusion taken by HCA is excessive under applicable Temporary Treasury Regulations.

Columbia/HCA believes that the calculation of the exclusion is inaccurate since it does not permit the exclusion in accordance with the controlling statute. If the IRS prevails, Columbia/HCA would owe additional income taxes of $102 million and interest of $51 million through March 31, 1994.

Leveraged Buy-out Expenses

The IRS has asserted that no deduction is allowed for various expenses incurred in connection with HCA's leveraged buy-out transaction in 1989, including the amortization of loan costs incurred to borrow funds to acquire the stock of the former shareholders, certain fees incurred by the Special Committee of HCA's Board of Directors to evaluate the buy-out proposal, compensation payments to cancel employee stock plans, and various other costs incurred after the buy-out which have been treated as part of the transaction by the IRS. Columbia/HCA believes that all of these costs are deductible. If the IRS prevails on these issues, Columbia/HCA would owe income taxes of $94 million and interest of $26 million through March 31, 1994.

Other Issues

Additional federal income tax issues primarily concern disputes over the depreciable lives utilized by HCA for constructed hospital facilities, investment tax credits, vacation pay deductions and income from foreign operations. Many of these items, including depreciation, investment tax credits and foreign issues, have been resolved favorably in previous settlements. The IRS is claiming an additional $44 million in income taxes and $29 million in interest through March 31, 1994.

On March 24, 1994, Columbia/HCA made an advance payment to the IRS of approximately $75 million in connection with certain disputed prior years income taxes and related interest. This payment will not have a material effect on 1994 earnings.

Management believes that HCA had properly reported its income and paid its taxes in accordance with applicable laws and agreements established with the IRS during previous examinations, and that final resolution of these disputes will not have a material adverse effect on the results of operations or financial position of Columbia/HCA.

NOTE 10 - CONTINGENCIES

Management continually evaluates contingencies based upon the best available evidence. In addition, allowances for loss are provided currently for disputed items that have continuing significance, such as certain third-party reimbursements and deductions that continue to be claimed in current cost reports and tax returns.

Management believes that allowances for loss have been provided to the extent necessary and that its assessment of contingencies is reasonable. Management believes that resolution of contingencies will not materially affect Columbia/HCA's financial position or results of operations.

Principal contingencies are described below:

Revenues

Certain third-party payments are subject to examination by agencies administering the programs. Columbia/HCA is contesting certain issues raised in audits of prior year cost reports.

Professional Liability Risks

Columbia/HCA has provided for loss for professional liability risks based upon actuarially determined estimates. Actual settlements and expenses incident thereto may differ from the provisions for loss.

Income Taxes

Columbia/HCA is contesting adjustments proposed by the IRS.

Spinoff

Certain subsidiaries of Columbia/HCA are parties to risk-sharing arrangements with Humana.

Regulatory Review

Federal regulators are investigating certain financial arrangements with physicians at two psychiatric hospitals.

Litigation

Various suits and claims arising in the ordinary course of business are pending against Columbia/HCA.

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

Background Information and Business Strategy

HCA Merger

As discussed in Note 4 of the Notes to Condensed Consolidated Financial Statements, the HCA Merger was completed on February 10, 1994. For accounting purposes, this transaction was treated as a pooling of interests. Accordingly, the accompanying condensed consolidated financial statements and financial and operating data included in this discussion and analysis give retroactive effect to the HCA Merger and include the combined operations of Columbia and HCA for all periods presented.

Galen Merger

The Galen Merger was completed on September 1, 1993 and was also accounted for as a pooling of interests. See Note 5 of the Notes to Condensed Consolidated Financial Statements for a discussion of the Galen Merger. The accompanying condensed consolidated financial statements and financial and operating data included in this discussion and analysis give retroactive effect to the Galen Merger and include the combined operations of CHC and Galen for all periods presented. In addition, the historical financial information related to Galen (which prior to the Galen Merger was reported on a fiscal year ending August 31) has been recast to conform to Columbia/HCA's annual reporting period ending December 31.

Spinoff Transaction

Prior to the merger with CHC, Galen became a publicly held corporation as a result of the Spinoff which was completed on March 1, 1993. The Spinoff separated Humana's previously integrated hospital and managed care health plan businesses and was effected through the distribution of Galen common stock to then current Humana common stockholders on a one-for-one basis. For accounting purposes, because of the relative significance of the hospital business, the pre-Spinoff financial statements of Galen (and now those of Columbia/HCA) include the separate results of Humana's hospital business, while the operating results and net assets of Humana's managed care health plans have been classified as discontinued operations.

Business Strategy

Columbia/HCA primarily operates hospitals and ancillary health care facilities through either (i) wholly owned subsidiaries or (ii) ownership of controlling interests in various partnerships in which subsidiaries of Columbia/HCA serve as the managing general partner. Columbia/HCA's business strategy centers on the development of comprehensive, integrated healthcare delivery networks with physicians and other healthcare providers in targeted markets, which typically involves significant health care facility acquisitions and consolidation activities.

During the past several years, hospital industry inpatient admission trends have been adversely impacted by cost containment efforts initiated by federal and state governments and various third-party payers, including health maintenance organizations, preferred provider organizations, commercial insurance companies and employer-sponsored networks. In addition, a significant number of medical procedures have shifted from inpatient to less expensive outpatient settings as a result of both cost containment pressures and advances in medical technology.

Background Information and Business Strategy (Continued)

In response to changes in the health care industry, Columbia/HCA has developed the following strategy to provide the highest quality health care services at the lowest possible cost:

Become a significant provider of services - Columbia/HCA attempts to (i) consolidate services to reduce costs and (ii) develop the geographic coverage necessary for inclusion in most managed care and employer-sponsored networks in each market.

Provide a comprehensive range of services - In addition to the operation of general, acute care hospitals, Columbia/HCA also operates psychiatric and rehabilitationfacilities, outpatient surgery and diagnostic centers, home health agencies andother services. This strategy enables Columbia/HCA to attract business from managed care plans and major employers seeking efficient access to a wide array of health care services.

Deliver high quality services - Through the use of clinical information systems and continuous quality enhancement programs, Columbia/HCA focuses on patient outcomes and strives to continuously improve the quality of care and service provided to patients.

Integrate fragmented delivery systems - Through its networks, Columbia/HCA focuses on coordinating pricing, contracting, information systems, economic incentives and quality assurance activities among providers in each market.

Management intends to implement its strategy discussed above in a substantial number of former Galen and HCA markets as well as new markets, and further develop the integrated health care networks in its five pre-Galen Merger markets.

Results of Operations

Revenues increased 5% to $2.8 billion in the first quarter of 1994 compared to the same period last year primarily as a result of price increases, growth in inpatient and outpatient volumes and acquisitions. On a same-hospital basis, first quarter 1994 admissions increased 1.4% and outpatient visits increased 8.1% from a year ago.

Despite a continued deterioration in payer mix, income from continuing operations before non-recurring transactions, depreciation, interest expense, minority interests, income taxes and amortization ("EBDITA") increased 8% to $603 million from $557 million last year. The increase in EBDITA margins to 21.7% this year from 21.0% last year resulted primarily from volume growth, improvements in staffing levels, increased discounts on medical supplies and other operating efficiencies related to growth in volume of services. Medicare admissions as a percentage of total admissions increased from 40% in the first quarter of 1993 to 41% in the first quarter this year, while discounted and managed care admissions grew from 32% to 37%, respectively.

During the first quarter of 1994, Columbia/HCA recorded $159 million (before income taxes) of certain non-recurring charges in connection with the HCA Merger. In addition to investment and advisory fees associated with the HCA Merger, these charges reflect management's actions to reduce overhead costs, eliminate duplicative operating facilities in certain markets and consolidate management information systems. These cost-saving measures should be completed during 1994. Management believes that these actions related to the HCA Merger, combined with cost reductions from renegotiations of medical supply contracts and interest savings from the first quarter 1994 refinancing of long term debt, could result in annual pretax savings of approximately $130 million, of which as much as $75 million could be realized in 1994.

Results of Operations (Continued)

Excluding the effects of the non-recurring transactions, income from continuing operations totaled $239 million or $.70 per share, an increase of 15% over last year's $205 million or $.61 per share. The increase was attributable to the previously discussed growth of EBDITA and a $21 million decline in interest expense resulting from refinancing activities and reductions of long-term debt.

Results of operations for the first quarter of 1993 include income from discontinued operations of $16 million or $.04 per share related to Humana's health plan business prior to the Spinoff. See Note 6 of the Notes to Condensed Consolidated Financial Statements.

In the first quarter of 1994, Columbia/HCA refinanced approximately $2 billion of HCA's high coupon fixed and floating rate long-term debt. These transactions were effected to reduce future interest expense and eliminate certain restrictive covenants. After-tax losses from these extinguishments of debt aggregated $92 million or $.27 per share.

In connection with the Galen Merger, Columbia/HCA recorded charges in the third quarter of 1993 totaling $151 million (before income taxes) for management actions similar to those previously discussed as part of the HCA Merger. As of March 31, 1994, consolidation and cost-saving activities related to these charges were substantially completed. Management believes that these actions related to the Galen Merger, combined with cost reductions from renegotiations of medical supply contracts and interest savings from the third quarter 1993 refinancing of long-term debt, could result in annual pretax savings in 1994 of approximately $30 million.

Liquidity

Cash provided by continuing operations totaled $367 million for the three months ended March 31, 1994 compared to $376 million last year. Cash flows in 1994 were reduced by approximately $75 million in connection with the payment to the IRS related to disputed prior year income taxes and interest. In both periods, cash flows in excess of Columbia/HCA's capital expenditure program were used primarily to reduce long-term debt and in 1993, to finance a payment of $135 million to Humana in connection with the Spinoff. Working capital totaled $758 million at March 31, 1994 compared to $573 million at December 31, 1993. Management believes that cash flows from operations and amounts available under Columbia/HCA's revolving credit facilities and related commercial paper programs are sufficient to meet expected future liquidity needs.

A substantial portion of the non-recurring transactions recorded in the first quarter of 1994 comprises the writedown of recorded assets and, accordingly, management does not expect that these transactions will have a material adverse affect on cash flows from continuing operations in 1994.

Investments of Columbia/HCA's professional liability insurance subsidiaries to maintain statutory equity and pay claims totaled $778 million at both March 31, 1994 and December 31, 1993.

Capital Resources

Excluding acquisitions, capital expenditures totaled $214 million in the first quarter of 1994 compared to $181 million in 1993. Planned capital expenditures in 1994 (excluding acquisitions) are expected to approximate $800 million. Management believes that its capital expenditure program is adequate to expand, improve and equip existing health care facilities.

Capital Resources (continued)

Columbia/HCA also expended $114 million and $75 million for acquisitions and joint ventures during the respective first quarters of 1994 and 1993. See Note 8 of the Notes to Condensed Consolidated Financial Statements for a description of these activities. As part of its business strategy, Columbia/HCA intends to acquire additional health care facilities in the future.

Columbia/HCA intends to finance all capital expenditures with internally generated and borrowed funds. Available sources of capital include public or private debt, commercial paper, unused bank revolving credits and equity. At March 31, 1994, there were projects under construction which had an estimated additional cost to complete of approximately $285 million.

On April 29, 1994, Columbia/HCA filed a registration statement on Form S-3 with the Securities and Exchange Commission in connection with the planned public offering of up to $1.5 billion of long-term debt. The proceeds from the sales of such securities will be used for general corporate purposes, which may include repayment of commercial paper and other indebtedness, additional capitalization of Columbia/HCA's subsidiaries, capital expenditures and possible acquisitions.

Other Information

As discussed in Note 9 of the Notes to Condensed Consolidated Financial Statements, Columbia/HCA is contesting certain income taxes and related interest aggregating $1.3 billion at March 31, 1994 proposed by the IRS for prior years. Management believes that final resolution of these disputes will not have a material adverse effect on the financial position, results of operations or liquidity of Columbia/HCA. However, if all or a majority of the positions of the IRS are upheld, the financial position, results of operations and liquidity of Columbia/HCA would be materially adversely affected.

On March 24, 1994, Columbia/HCA made an advance payment to the IRS of approximately $75 million in connection with certain disputed prior year income taxes and related interest. This payment will not have a material effect on 1994 earnings.

Resolution of various other loss contingencies, including litigation pending against Columbia/HCA in the ordinary course of business, is not expected to have a material adverse effect on its financial position or results of operations.

Agreements relating to long-term debt require, among other things, maintenance of certain levels of interest coverage and provide limitations on long-term debt, sales of assets, mergers, changes in ownership and certain other financing activities. Columbia/HCA was in compliance with all such covenants at March 31, 1994.

Operating Data

	1994	1993
Number of hospitals in operation at:		
March 31	196	197
June 30		195
September 30		191
December 31		193
Licensed beds at:		
March 31	43,171	42,786
June 30		42,576
September 30		42,170
December 31		42,237
Weighted average licensed beds:		
Quarter:		
First	41,955	41,525
Second		41,824
Third		41,149
Fourth		41,221
Year		41,263
Average daily census:		
Quarter:		
First	20,341	20,880
Second		18,634
Third		17,425
Fourth		17,917
Year		18,702
Admissions:		
Quarter:		
First	309,800	306,200
Second		286,500
Third		278,600
Fourth		287,100
Year		1,158,400
Length of stay:		
Quarter:		
First	5.9	6.1
Second		5.9
Third		5.8
Fourth		5.7
Year		5.9

Operating Data

	1994	1993
Outpatient visits:		
Quarter:		
First	1,459,400	1,378,500
Second		1,411,800
Third		1,311,600
Fourth		1,389,000
Year		5,490,900
Emergency room visits:		
Quarter:		
First	788,300	791,900
Second		792,600
Third		778,500
Fourth		776,700
Year		3,139,700

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

Condensed Consolidated Statement Of Income
1993 Quarters
Unaudited
(Dollars in millions, except per share amounts)

	First	Second	Third	Fourth	Year
Revenues	$2,654	$2,536	$2,491	$2,571	$10,252
Salaries, wages and benefits	1,072	1,049	1,034	1,060	4,215
Supplies	433	413	405	413	1,664
Other operating expenses	478	461	474	480	1,893
Provision for doubtful accounts	126	132	152	132	542
Depreciation and amortization	136	138	140	140	554
Interest expense	85	85	81	70	321
Investment income	(12)	(15)	(18)	(21)	(66)
Non-recurring transactions	-	-	151	-	151
	2,318	2,263	2,419	2,274	9,274
Income from continuing operations before minority interests and income taxes	336	273	72	297	978
Minority interests in earnings of consolidated entities	4	3	3	(1)	9
Income from continuing operations before income taxes	332	270	69	298	969
Provision for income taxes	127	104	41	122	394
Income from continuing operations	205	166	28	176	575
Income from operations of discontinued health plan segment, net of income taxes	16	-	-	-	16
Extraordinary loss on extinguishment of debt, net of income tax benefit	-	-	(84)	-	(84)
Net income (loss)	$ 221	$ 166	$ (56)	$ 176	$ 507
Earnings (loss) per common and common equivalent share:					
Income from continuing operations	$ .61	$ .49	$ .08	$ .52	$ 1.70
Income from operations of discontinued health plan segment	.04	-	-	-	.04
Extraordinary loss on extinguishment of debt	-	-	(.24)	-	(.24)
Net income (loss)	$ .65	$ .49	$ (.16)	$ .52	$ 1.50
Shares used in earnings per common and common equivalent share					

computation (000)	337,739	338,544	340,145	340,642	339,222

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

Condensed Consolidated Statement Of Income
1992 Quarters
Unaudited
(Dollars in millions, except per share amounts)

	First	Second	Third	Fourth	Year
Revenues	$2,559	$2,450	$2,451	$2,472	$9,932
Salaries, wages and benefits	1,037	1,006	1,028	1,041	4,112
Supplies	407	390	405	411	1,613
Other operating expenses	466	456	479	448	1,849
Provision for doubtful accounts	121	126	144	124	515
Depreciation and amortization	135	136	139	131	541
Interest expense	127	95	89	90	401
Investment income	(20)	(19)	(26)	(16)	(81)
Non-recurring transactions	-	-	532	(93)	439
	2,273	2,190	2,790	2,136	9,389
Income (loss) from continuing operations before minority interests and income taxes	286	260	(339)	336	543
Minority interests in earnings of consolidated entities	3	3	2	2	10
Income (loss) from continuing operations before income taxes	283	257	(341)	334	533
Provision for income taxes	109	99	(41)	127	294
Income (loss) from continuing operations	174	158	(300)	207	239
Income (loss) from operations of discontinued health plan segment, net of income taxes (benefit)	3	(2)	(132)	6	(125)
Cumulative effect on prior years of a change in accounting for income taxes	51	-	-	-	51
Net income (loss)	$ 228	$ 156	$ (432)	$ 213	$ 165
Earnings (loss) per common and common equivalent share:					
Income from continuing operations	$ .57	$ .48	$ (.89)	$ .61	$ .73
Income (loss) from operations of discontinued health plan segment	.02	(.02)	(.39)	.02	(.39)
Cumulative effect on prior years of a change in accounting for income taxes	.16	-	-	-	.16
Net income (loss)	$ .75	$ .46	$(1.28)	$ .63	$ .50
Shares used in earnings per common and common equivalent share computation (000)	304,401	331,969	337,675	340,065	328,564

Part II: Other Information

Item 1: Legal Proceedings.

A purported class action had been filed against HCA, the directors of HCA, and Columbia, in the Delaware Court of Chancery entitled 7547 Partners v. HCA Hospital Corp. of America, Jack O. Bovender, Jr., Thomas F. Frist, Jr., Charles T. Harris, III, Charles J. Kane, Richard E. Rainwater, Carl E. Reichardt, Frank S. Royal and Columbia Healthcare Corporation, C.A. No. 13159. The complaint, brought by a purported stockholder of HCA, alleged that the defendants breached their fiduciary duties to plaintiff and other members of the purported class and also alleged that the defendants aided and abetted a gross abuse of trust. The complaint alleged that the directors of HCA wrongfully failed to hold an open auction and encourage bona fide bids for HCA and failed to take action to maximize value to HCA stockholders. The complaint was voluntarily dismissed without prejudice subsequent to December 31, 1993.

Item 4: Submission of Matters to a Vote Security Holders.

Special meetings of the stockholders of both Columbia and HCA were held on February 10, 1994 in Louisville, Kentucky and Nashville, Tennessee, respectively, for the purpose of approving the HCA Merger. The results of the stockholder votes follow:

Columbia - The agreement related to the HCA Merger was approved with 118,169,792 affirmative votes, 238,696 negative votes and 279,113 abstentions. A second proposal to change the name of the corporation to "Columbia/HCA Healthcare Corporation" was approved with 117,996,979 affirmative votes, 417,457 negative votes and 273,165 abstentions. A third proposal to increase the number of authorized shares of common stock from 400 million to 800 million and the number of authorized preferred shares from 10 million to 25 million was approved with 90,745,909 affirmative votes, 27,337,129 negative votes and 604,563 abstentions.

HCA - The agreement related to the HCA Merger was approved with 131,025,221 affirmative votes, 73,552 negative votes and 27,428 abstentions.

Item 5: Other Information.

Columbia/HCA's ratio of earnings to fixed charges was 3.82 and 4.17 for the three months ended March 31, 1994 and 1993, respectively.

Item 6: Exhibits and Reports on Form 8-K.

(a) Exhibits:

Exhibit 11 - Statement re Computation of Earnings Per Common and Common Equivalent Share.

Exhibit 12 - Statement re Computation of Ratio of Earnings to Fixed Charges.

(b) Reports on Form 8-K:

On April 25, 1994, Columbia/HCA filed a report on Form 8-K in connection with the issuance of $150 million of 8.36% Debentures Due 2024.

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.

COLUMBIA/HCA HEALTHCARE CORPORATION

Date: May 16, 1994

/s/ David C. Colby
David C. Colby
Senior Vice President,
Chief Financial Officer
and Treasurer
(Principal Financial
Officer)

Date: May 16, 1994

/s/ Richard A. Lechleiter
Richard A. Lechleiter
Vice President and
Controller
(Principal Accounting
Officer)

Exhibit 11

COLUMBIA/HCA HEALTHCARE CORPORATION
COMPUTATION OF EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE
For the quarters ended March 31, 1994 and 1993
(Dollars in millions, except per share amounts)

	1994	1993
Primary Earnings per Common and Common Equivalent Share:		
Earnings:		
Income from continuing operations	$ 137	$ 205
Income from operations of discontinued health plan segment, net of income taxes	-	16
Extraordinary loss on extinguishment of debt, net of income tax benefit	(92)	-
Net income	$ 45	$ 221
Shares used in the computation (000):		
Weighted average common shares outstanding	337,222	332,142
Dilutive effect of common stock equivalents	4,399	5,597
Shares used in earnings per common and common equivalent share computation	341,621	337,739
Primary earnings per common and common equivalent share:		
Income from continuing operations	$ .40	$ .61
Income from operations of discontinued health plan segment	-	.04
Extraordinary loss on extinguishment of debt	(.27)	-
Net income	$ .13	$ .65

Exhibit 11

COLUMBIA/HCA HEALTHCARE CORPORATION
COMPUTATION OF EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE
For the quarters ended March 31, 1994 and 1993
(Dollars in millions, except per share amounts)

	1994	1993
Fully Diluted Earnings per Common and Common Equivalent Share:		
Earnings:		
Income from continuing operations	$ 137	$ 205
Interest addback on convertible securities, net of income taxes	-	1
Income applicable to common stock	137	206
Income from operations of discontinued health plan segment, net of income taxes	-	16
Extraordinary loss on extinguishment of debt, net of income tax benefit	(92)	-
Net income	$ 45	$ 222
Shares used in the computation (000):		
Weighted average common shares outstanding	337,222	332,142
Dilutive effect of common stock equivalents and other dilutive securities	4,399	7,874
Shares used in earnings per common and common equivalent share computations	341,621	340,016
Fully diluted earnings per common and common equivalent share:		
Income from continuing operations	$ .40	$ .60
Income from operations of discontinued health plan segment	-	.04
Extraordinary loss on extinguishment of debt	(.27)	-
Net income	$ .13	$ .64

Exhibit 12

Exhibit 12

COLUMBIA/HCA HEALTHCARE CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
For the quarters ended March 31, 1994 and 1993
(Dollars in millions)

	1994	1993
Earnings:		
Income from continuing operations before minority interests and income taxes	$ 236	$ 336
Fixed charges, exclusive of capitalized interest	80	103
	$ 316	$ 439
Fixed Charges:		
Interest charged to expense	$ 64	$ 85
One-third of rent expense and amortization of deferred loan costs (a)	16	18
Fixed charges, exclusive of capitalized interest	80	103
Capitalized interest	3	2
	$ 83	$ 105
Ratio of earnings to fixed charges	3.82	4.17

(a) One-third of rent expense is considered representative of the underlying interest.

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