

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1996

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
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

75-2497104
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

ONE PARK PLAZA
NASHVILLE, TENNESSEE
(ADDRESS OF PRINCIPAL EXECUTIVE
OFFICES)

37203
(ZIP CODE)

(615) 327-9551
(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, 1996
Voting common stock, \$.01 par value	433,678,700 shares
Nonvoting common stock, \$.01 par value	14,000,000 shares

COLUMBIA/HCA HEALTHCARE CORPORATION
FORM 10-Q
MARCH 31, 1996

PART I: FINANCIAL INFORMATION

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FORM 10-Q

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COLUMBIA/HCA HEALTHCARE CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE QUARTERS ENDED MARCH 31, 1996 AND 1995
UNAUDITED
(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	1996	1995
	-----	-----
Revenues.....	\$ 4,951	\$ 4,380
Salaries and benefits.....	1,958	1,738
Supplies.....	689	635
Other operating expenses.....	953	794
Provision for doubtful accounts.....	271	241
Depreciation and amortization.....	268	233
Interest expense.....	130	115
Equity in earnings of affiliates.....	(41)	(3)
	-----	-----
	4,228	3,753
	-----	-----
Income before minority interests and income taxes.....	723	627
Minority interests in earnings of consolidated entities.....	28	25
	-----	-----
Income before income taxes.....	695	602
Provision for income taxes.....	279	244
	-----	-----
Net income.....	\$ 416	\$ 358
	=====	=====
Earnings per common and common equivalent share.....	\$.92	\$.80
Cash dividends per common share.....	\$.03	\$.03
Shares used in computing earnings per common and common equivalent share (in thousands).....	452,032	447,446

See accompanying notes.

COLUMBIA/HCA HEALTHCARE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
UNAUDITED
(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	MARCH 31, 1996	DECEMBER 31, 1995
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 105	\$ 232
Accounts receivable, less allowances for doubtful ac- counts of \$1,296 and \$901.....	2,843	2,665
Inventories.....	417	406
Other.....	812	897
	-----	-----
	4,177	4,200
Property and equipment, at cost.....	14,765	14,315
Accumulated depreciation.....	(4,761)	(4,564)
	-----	-----
	10,004	9,751
Investments of professional liability insurance subsidi- ary.....	1,036	1,071
Investments in and advances to affiliates.....	1,097	1,021
Intangible assets.....	3,555	3,497
Other.....	320	352
	-----	-----
	\$20,189	\$19,892
	=====	=====
LIABILITIES AND COMMON STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 814	\$ 829
Accrued salaries.....	411	520
Other accrued expenses.....	1,260	1,146
Long-term debt due within one year.....	150	243
	-----	-----
	2,635	2,738
Long-term debt.....	7,287	7,137
Deferred taxes and other liabilities.....	2,055	2,166
Minority interests in equity of consolidated entities...	633	722
Common stockholders' equity:		
Common stock, \$.01 par; authorized 800,000,000 voting shares and 25,000,000 nonvoting shares; issued and outstanding 433,558,800 voting shares and 14,000,000 nonvoting shares--March 31, 1996 and 431,699,700 voting shares and 14,119,000 nonvoting shares-- December 31, 1995.....	4	4
Other.....	7,575	7,125
	-----	-----
	7,579	7,129
	-----	-----
	\$20,189	\$19,892
	=====	=====

See accompanying notes.

COLUMBIA/HCA HEALTHCARE CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTERS ENDED MARCH 31, 1996 AND 1995
UNAUDITED
(DOLLARS IN MILLIONS)

	1996	1995
	-----	-----
Cash flows from operating activities:		
Net income.....	\$ 416	\$358
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	268	233
Deferred income taxes.....	(19)	(13)
Changes in operating assets and liabilities.....	(93)	(85)
Other.....	10	30
	-----	-----
Net cash provided by operating activities.....	582	523
	-----	-----
Cash flows from investing activities:		
Purchase of property and equipment.....	(385)	(346)
Acquisition of hospitals and health care facilities.....	(329)	(335)
Change in other investments.....	8	(137)
Other.....	(78)	(64)
	-----	-----
Net cash used in investing activities.....	(784)	(882)
	-----	-----
Cash flows from financing activities:		
Issuance of long-term debt.....	30	310
Net changes in commercial paper borrowings and lines of credit..	127	203
Repayment of long-term debt.....	(107)	(31)
Payment of cash dividends.....	(13)	(10)
Other.....	38	(13)
	-----	-----
Net cash provided by financing activities.....	75	459
	-----	-----
Change in cash and cash equivalents.....	(127)	100
Cash and cash equivalents at beginning of period.....	232	68
	-----	-----
Cash and cash equivalents at end of period.....	\$ 105	\$168
	=====	=====
Interest payments.....	\$ 141	\$ 96
Income tax payments, net of refunds.....	4	65

See accompanying notes.

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

NOTE 1--BASIS OF PRESENTATION

Columbia/HCA Healthcare Corporation ("Columbia/HCA" or the "Company") is a Delaware corporation that operates hospitals and ancillary health care facilities through (1) wholly owned subsidiaries, (ii) joint ventures or (iii) ownership of interests in various partnerships in which subsidiaries of Columbia/HCA serve as the managing general partner. Columbia/HCA owns and operates 320 hospitals, 127 freestanding surgery centers, approximately 200 home health agencies and numerous other facilities providing a variety of healthcare services. Columbia/HCA is also a partner in several 50/50 joint ventures that own and operate 20 hospitals and 3 freestanding surgery centers which are accounted for using the equity method. The above facilities are located in 38 states, England and Switzerland.

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. Operating results for the quarter ended March 31, 1996, are not necessarily indicative of the results that may be expected for the year ending December 31, 1996. For further information, refer to the consolidated financial statements and footnotes thereto included in Columbia/HCA's annual report on Form 10-K for the year ended December 31, 1995.

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2--EARNINGS PER SHARE

Earnings per common and common equivalent share are based upon the weighted average number of 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 are not presented because such amounts approximate earnings per common and common equivalent share.

NOTE 3--BUSINESS COMBINATIONS

The following is a summary of acquisitions consummated during the respective quarters (dollars in millions):

	1996	1995
	-----	-----
Number of hospitals.....	5	8
Number of licensed beds.....	1,277	1,654
Purchase price information:		
Fair value of assets acquired.....	\$ 380	\$ 487
Liabilities assumed.....	(51)	(58)
	-----	-----
Net assets acquired.....	329	429
Contributions from minority partners.....	-	(94)
	-----	-----
Net cash paid for acquisitions.....	\$ 329	\$ 335
	=====	=====

In 1996, the Company exchanged a 50 bed hospital in Utah for an 85 bed hospital in Alabama and exchanged a 110 bed hospital in Florida for three hospitals in Florida with 393 beds and one hospital in Tennessee with 95 beds.

COLUMBIA/HCA HEALTHCARE CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)
UNAUDITED

NOTE 4--INCOME TAXES

The Internal Revenue Service (the "IRS") has issued statutory notices of deficiency in connection with its examinations of HCA-Hospital Corporation of America's ("HCA") federal income tax returns for 1981 through 1988. Columbia/HCA is currently contesting these claimed deficiencies in the United States Tax Court (the "Tax Court"). The IRS has proposed certain adjustments in connection with its examination of HCA's 1989 and 1990 federal income tax returns. Columbia/HCA is currently contesting the 1989 and 1990 claimed deficiencies with the IRS. The IRS has also issued a statutory notice of deficiency in connection with its examination of HCA's 1991 federal income tax return. Columbia/HCA is currently contesting the 1991 claimed deficiency in the United States Court of Federal Claims. In March 1996, the IRS issued a statutory notice of deficiency in connection with its examination of HCA's 1992 federal income tax return. Columbia/HCA intends to contest the claimed 1992 deficiency in Tax Court. In May 1996, the IRS issued a statutory notice of deficiency in connection with its examination of Healthtrust, Inc.--The Hospital Company's ("Healthtrust") 1990 and 1991 federal income tax returns. Columbia/HCA intends to contest the claimed 1990 and 1991 deficiencies in Tax Court.

The following is a discussion of certain disputed items:

1981-1988 Tax Litigation

A Tax Court decision is expected in 1996 regarding disputes over the valuation of the Healthtrust preferred stock and stock purchase warrants HCA received in connection with the sale of certain of its subsidiaries to Healthtrust in 1987, HCA's method of calculating its deduction for doubtful accounts, the depreciable lives utilized by HCA for constructed hospital facilities, investment tax credits, vacation pay deductions and income from foreign operations. The IRS is claiming an additional \$190 million in income taxes and \$268 million in interest through March 31, 1996 with respect to these issues.

A Tax Court decision is also expected in 1996 regarding HCA's claim that insurance premiums paid to its wholly owned insurance subsidiary ("Parthenon") are deductible. Through March 31, 1996, Columbia/HCA is seeking a refund totaling \$63 million in income taxes and \$139 million in interest.

Leveraged Buy-out Expenses

The IRS has proposed the capitalization of various expenses incurred in connection with HCA's 1989 leveraged buy-out transaction, which HCA deducted in calculating taxable income for the years 1989-1991. If the IRS prevails on these issues, Columbia/HCA would owe additional income taxes of \$95 million and interest of \$54 million through March 31, 1996.

Stock Option Compensation

The IRS has proposed the disallowance of certain stock option compensation which HCA deducted in calculating taxable income for 1992. If the IRS prevails on this issue, Columbia/HCA would owe additional income taxes of \$184 million and interest of \$51 million through March 31, 1996.

Executive Compensation

The IRS has proposed the disallowance of certain executive compensation which Healthtrust deducted in calculating taxable income for 1991. If the IRS prevails on this issue, Columbia/HCA would owe additional income taxes of \$12 million and interest of \$3 million through March 31, 1996.

COLUMBIA/HCA HEALTHCARE CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)
UNAUDITED

NOTE 4--INCOME TAXES (CONTINUED)

Management believes that HCA and Healthtrust properly reported income and paid 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 5--PROPOSED ACQUISITION

On March 29, 1996, Columbia/HCA announced the signing of a definitive agreement for a joint venture arrangement with Blue Cross and Blue Shield of Ohio ("BCBSO"). Under the proposed joint venture arrangement, Columbia/HCA will form a new company that will acquire most of the operating business of BCBSO for approximately \$300 million. BCBSO is the oldest and largest health insurer in Ohio and currently has medical insurance products covering 1.5 million lives and generating \$2 billion in annual premiums.

The transaction is subject to the approval of the Ohio Department of Insurance and the policyholders of BCBSO. It is expected to be completed before the end of 1996.

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

BUSINESS STRATEGY

Columbia/HCA's business strategy centers on working with physicians and other health care providers to develop comprehensive, integrated health care delivery networks in targeted markets. This strategy typically involves significant health care facility acquisition 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.

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:

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.

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 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 rehabilitation facilities, outpatient surgery and diagnostic centers, home health agencies and other facilities which provide healthcare related 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.

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

The following is a summary of operations for the quarters ended March 31, 1996 and 1995 (dollars in millions, except per share amounts):

	1996		1995	
	AMOUNT	RATIO	AMOUNT	RATIO
Revenues.....	\$4,951	100.0	\$4,380	100.0
Salaries and benefits.....	1,958	39.5	1,738	39.7
Supplies.....	689	13.9	635	14.5
Other operating expenses.....	953	19.3	794	18.1
Provision for doubtful accounts.....	271	5.5	241	5.5
Equity in earnings of affiliates.....	(41)	(0.8)	(3)	(0.1)
	3,830	77.4	3,405	77.7
EBDITA (a).....	1,121	22.6	975	22.3
Depreciation and amortization.....	268	5.4	233	5.4
Interest expense.....	130	2.6	115	2.6
Income before minority interests and income taxes.....	723	14.6	627	14.3
Minority interests.....	28	0.6	25	0.6
Income before income taxes.....	695	14.0	602	13.7
Provision for income taxes.....	279	5.6	244	5.5
Net income.....	\$ 416	8.4	\$ 358	8.2
Earnings per common and common equivalent share..	\$.92		\$.80	
% changes from prior year:				
Revenues.....	13.0			
EBDITA.....	14.9			
Income before income taxes.....	15.4			
Net income.....	16.1			
Earnings per common and common equivalent share.....	15.0			

(a) Income before depreciation, interest, minority interests, income taxes and amortization. Although EBDITA is not a measure of operating performance calculated in accordance with generally accepted accounting principles, it is commonly used as an analytical indicator within the healthcare provider industry. In addition, EBDITA also serves as a measurement of leverage capacity and debt service ability. EBDITA should not be considered as a measure of profitability or liquidity or as an alternative to net income, cash flows generated by operating, investing or financing activities or other financial statement data presented in the condensed consolidated financial statements as an indicator of financial performance.

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

Revenues increased 13.0% to approximately \$5.0 billion in the first quarter of 1996 compared to the same period last year, primarily as a result of acquisitions and growth in inpatient and outpatient volumes. On a same-hospital basis, first quarter 1996 admissions increased 2.6% and adjusted admissions (adjusted to reflect outpatient activity) increased 6.7% from a year ago. The increase in outpatient activity is primarily a result of expanding home health and other outpatient ancillary services.

Income before income taxes increased to \$695 million in 1996 from \$602 million in 1995 and pretax margins increased to 14.0% in 1996 from 13.7% in 1995. The improvement in pretax income was attributable to the combination of growth in revenues and improvements in the margin. Pretax margins increased primarily due to increased participation in the Company's standard purchase contracts for medical supplies, improvements in productivity and an increase in equity in earnings of affiliates. Supply costs declined as a percentage of revenues to 13.9% in 1996 from 14.5% in 1995 and salaries and benefits also declined as a percentage of revenues to 39.5% in 1996 from 39.7% in 1995. The improvement in pretax margins was partially offset by an increase in other operating expenses as a percentage of revenues to 19.3% in 1996 from 18.1% in 1995. This was due, in part, to the outsourcing of certain services and an increase in costs incurred for system conversions and enhancements.

Equity in earnings of affiliates increased as a percentage of revenues to 0.8% in the first quarter of 1996 compared to 0.1% in 1995. Equity in earnings of affiliates represents Columbia/HCA's portion of earnings from its unconsolidated subsidiaries and totaled \$41 million in 1996 and \$3 million in 1995.

Net income increased 16.1% to \$416 million (\$.92 per share) in the first quarter of 1996 compared to \$358 million (\$.80 per share) in 1995.

LIQUIDITY

Cash provided by operating activities totaled \$582 million for the quarter ended March 31, 1996 compared to \$523 million last year. In both periods, capital expenditures (including acquisitions and investments in and advances to affiliates) exceeded cash provided by operating activities by approximately \$150 million. Additional sources of cash used to fund the capital expenditures include the issuance of long-term debt and commercial paper borrowings. As of April 30, 1996, Columbia/HCA had approximately \$800 million of credit available under the revolving credit agreements. Working capital totaled \$1.5 billion at March 31, 1996 and December 31, 1995. 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.

Investments of Columbia/HCA's professional liability insurance subsidiaries to maintain statutory equity and pay claims totaled \$1.1 billion at March 31, 1996 and \$1.2 billion at December 31, 1995.

The Company has entered into various joint venture agreements whereby the partners have an option to sell or "put" their interest in the joint ventures back to Columbia/HCA at prices based on fair value. The combined put price of all negotiated joint ventures is material and could have a significant affect on the Company's liquidity in the event all put options were exercised at the same time.

Columbia/HCA's ratio of earnings to fixed charges was 5.14 and 5.19 for the quarters ended March 31, 1996 and 1995, respectively.

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

CAPITAL RESOURCES

Excluding acquisitions, capital expenditures totaled \$385 million for the quarter ended March 31, 1996 compared to \$346 million for the same period in 1995. At March 31, 1996, there were projects under construction which had an estimated additional cost to complete of approximately \$759 million. Planned capital expenditures in 1996 (excluding acquisitions) are expected to approximate \$1.7 billion. Management believes that its capital expenditure program is adequate to expand, improve and equip existing health care facilities.

Columbia/HCA also expended \$329 million and \$335 million for acquisitions during the respective quarters ended March 31, 1996 and 1995. See Note 3 of the Notes to Condensed Consolidated Financial Statements for a description of these activities. In addition, Columbia/HCA made investments in and advances to affiliates of \$17 million in 1996. As part of its business strategy, Columbia/HCA intends to acquire (either through purchase or joint venture transactions) additional health care facilities in the future.

Columbia/HCA expects 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.

OTHER INFORMATION

As discussed in Note 4 of the Notes to Condensed Consolidated Financial Statements, at March 31, 1996 Columbia/HCA is contesting income taxes and related interest aggregating approximately \$860 million 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 could be materially adversely affected.

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.

Columbia/HCA's credit facilities contain customary covenants which include (i) limitations on additional debt, (ii) limitations on sales of assets, mergers and changes of ownership and (iii) maintenance of certain interest coverage ratios. Columbia/HCA was in compliance with all such covenants at March 31, 1996.

In recent years, an increasing number of legislative proposals have been introduced or proposed in Congress and in some state legislatures that would significantly affect health care systems in Columbia/HCA's markets. The cost of certain proposals would be funded in significant part by reductions in payments by government programs, including Medicare and Medicaid, to healthcare providers such as hospitals. While the Company is unable to predict which, if any, proposals for healthcare reform will be adopted, there can be no assurance that proposals adverse to the business of Columbia/HCA will not be adopted.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS--(CONTINUED)
OPERATING DATA

CONSOLIDATED	1996 -----	1995 -----
Number of hospitals in operation at:		
March 31.....	320	318
June 30.....		321
September 30.....		319
December 31.....		319
Number of freestanding outpatient surgical centers in operation at:		
March 31.....	127	111
June 30.....		115
September 30.....		118
December 31.....		134
Licensed hospital beds at:		
March 31.....	62,197	61,261
June 30.....		61,885
September 30.....		61,255
December 31.....		61,347
Weighted average licensed beds:		
Quarter:		
First.....	62,330	60,960
Second.....		61,801
Third.....		62,211
Fourth.....		61,485
Year.....		61,617
Average daily census:		
Quarter:		
First.....	28,428	27,713
Second.....		25,384
Third.....		24,176
Fourth.....		26,429
Year.....		25,917
Admissions:		
Quarter:		
First.....	490,800	454,500
Second.....		435,100
Third.....		430,400
Fourth.....		454,800
Year.....		1,774,800
Length of stay:		
Quarter:		
First.....	5.3	5.5
Second.....		5.3
Third.....		5.2
Fourth.....		5.4
Year.....		5.3

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

OPERATING DATA

	1996	1995
NON-CONSOLIDATED (A)	-----	-----
Number of hospitals in operation at:		
March 31.....	20	2
June 30.....		2
September 30.....		4
December 31.....		19
Number of freestanding outpatient surgical centers in operation at:		
March 31.....	3	-
June 30.....		-
September 30.....		-
December 31.....		3
Licensed hospital beds at:		
March 31.....	4,815	362
June 30.....		362
September 30.....		608
December 31.....		4,455

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(a) The non-consolidated facilities include facilities operated through 50/50 joint ventures which are not controlled by Columbia/HCA. They are accounted for using the equity method of accounting and are therefore, not included on a fully consolidated basis in the consolidated financial statements.

PART II: OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS.

A class action, In re Medical Care America, Inc. Securities Litigation, has been filed in the United States District Court for the Northern District of Texas, Dallas Division (Civil Action No. 3-92-CV-1996-R). A class was certified by the Court consisting of certain persons who owned securities of Medical Care America, Inc. ("MCA"), a company acquired by the Company on September 16, 1994. The named defendants include MCA, two subsidiaries, as well as certain officers and/or directors of such entities. The plaintiffs sought to recover damages as a result of alleged violations by the defendants of Section 11 of the Securities Act of 1933, as amended, and Section 10(b) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. In addition, the complaint asserted claims under the state law of Texas. The complaint alleged a course of conduct in which the defendants knowingly or recklessly failed to state material information and released false and misleading information to the investing public regarding the earnings, profitability and business prospects of MCA and of the subsidiaries prior to their merger. The plaintiffs further alleged that upon the dissemination of accurate information the market price of MCA common stock dropped precipitously, resulting in a significant market loss of over \$1 billion, and causing damages to the plaintiffs and the other class members. The litigation was settled for \$60 million, which was approved by the Court on April 26, 1996, and the action dismissed. The settlement had no effect on results of operations.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The Company's annual meeting of stockholders was held on May 9, 1996. At the meeting, the stockholders approved an amendment to the Columbia Hospital Corporation 1992 Stock and Incentive Plan which increased the number of authorized shares thereunder from 20,000,000 to 40,000,000 with 308,514,147 affirmative votes, 65,142,430 negative votes and 2,508,769 abstentions.

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.

Exhibit 27--Financial Data Schedule (included only in filings under the Electronic Data, Gathering Analysis, and Retrieval system)

(b) Reports on Form 8-K:

Columbia/HCA did not file any reports on Form 8-K during the quarter ended March 31, 1996.

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 10, 1996

/s/ Kenneth C. Donahey

KENNETH C. DONAHEY
SENIOR VICE PRESIDENT AND CONTROLLER
(PRINCIPAL ACCOUNTING OFFICER)

COLUMBIA/HCA HEALTHCARE CORPORATION
 COMPUTATION OF EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE
 FOR THE QUARTERS ENDED MARCH 31, 1996 AND 1995
 (DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	1996	1995
	-----	-----
PRIMARY EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE:		
Net income.....	\$ 416	\$ 358
	=====	=====
Shares used in the computation (000):		
Weighted average common shares outstanding.....	446,928	442,487
Dilutive effect of common stock equivalents.....	5,104	4,959
	-----	-----
Shares used in computing earnings per common and common equivalent share.....	452,032	447,446
	=====	=====
Primary earnings per common and common equivalent share.	\$.92	\$.80
	=====	=====
FULLY DILUTED EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE:		
Earnings:		
Net income.....	\$ 416	\$ 358
Interest add-back on convertible securities, net of income taxes.....	-	2
	-----	-----
Net income applicable to common stock.....	\$ 416	\$ 360
	=====	=====
Shares used in the computation (000):		
Weighted average common shares outstanding.....	446,928	442,487
Dilutive effect of common stock equivalents and other dilutive securities.....	5,378	7,782
	-----	-----
Shares used in computing earnings per common and common equivalent share.....	452,306	450,269
	=====	=====
Fully diluted earnings per common and common equivalent share.....	\$.92	\$.80
	=====	=====

COLUMBIA/HCA HEALTHCARE CORPORATION
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
 FOR THE QUARTERS ENDED MARCH 31, 1996 AND 1995
 (DOLLARS IN MILLIONS)

	1996	1995
	----	----
EARNINGS:		
Income before minority interests and income taxes.....	\$723	\$627
Fixed charges, exclusive of capitalized interest.....	165	143
	-----	-----
	\$888	\$770
	=====	=====
FIXED CHARGES:		
Interest charged to expense.....	\$130	\$115
Interest portion of rental expense and amortization of deferred loan costs.....	35	28
	-----	-----
Fixed charges, exclusive of capitalized interest.....	165	143
Capitalized interest.....	8	5
	-----	-----
	\$173	\$148
	=====	=====
Ratio of earnings to fixed charges.....	5.14	5.19
	=====	=====

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE STATEMENT OF INCOME AND BALANCE SHEET AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

3-MOS		
	DEC-31-1996	
	MAR-31-1996	
		105
		0
		2,843
		1,296
		417
		4,177
		14,765
		4,761
		20,189
	2,635	
		7,287
	0	
		0
		4
		7,575
20,189		
		0
	4,951	
		0
		2,647
		953
		271
		130
		695
		279
	416	
		0
		0
		0
		416
		.92
		.92