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, 2001

Commission file number 001-15925

COMMUNITY HEALTH SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware	13-3893191
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

155 Franklin Road, Suite 400
Brentwood, Tennessee
(Address of principal executive offices)

37027
(Zip Code)

615-373-9600
(Registrant's telephone number)

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 ______

As of May 10, 2001, there were outstanding 86,134,372 shares of the Registrant's Common Stock, $.01 par value.

COMMUNITY HEALTH SYSTEMS, INC.
Form 10-Q
For the Quarter Ended March 31, 2001

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	March 31, 2001	December 31, 2000
	(UNAUDITED)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 23,216	$ 13,740
Patients accounts receivable, net	313,117	309,826
Supplies	40,247	39,679
Prepaid expenses and income taxes	17,733	19,989
Current deferred income taxes	2,233	2,233
Other current assets	21,820	23,110
Total current assets	418,366	408,577
PROPERTY AND EQUIPMENT	874,781	850,201
Less accumulated depreciation and amortization	(155,815)	(142,120)
Property and equipment, net	718,966	708,081
GOODWILL, NET	981,596	985,568
OTHER ASSETS, NET	103,012	111,611
TOTAL ASSETS	$ 2,221,940	$ 2,213,837
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 17,144	$ 17,433
Accounts payable	84,992	83,191
Current income taxes payable	9,961	-
Accrued interest	17,012	27,389
Accrued liabilities	106,118	112,860
Total current liabilities	235,227	240,873
LONG-TERM DEBT	1,204,610	1,201,590
OTHER LONG-TERM LIABILITIES	15,127	15,200
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value per share, 100,000,000 shares authorized, none issued	-	-
Common stock, $.01 par value per share, 300,000,000 shares authorized; 87,109,921 and 87,105,562 shares issued; 86,134,372 and 86,137,582 shares outstanding at March 31, 2001 and December 31, 2000, respectively	871	871
Additional paid-in capital	998,099	998,092
Accumulated deficit	(224,935)	(235,783)
Treasury stock, at cost, 975,549 and 967,980 shares at March 31, 2001 and December 31, 2000, respectively	(6,678)	(6,587)
Notes receivable for common stock	(307)	(334)
Unearned stock compensation	(74)	(85)
Total stockholders' equity	766,976	756,174
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,221,940	$ 2,213,837

See accompanying notes.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2001	2000
NET OPERATING REVENUES	$ 398,645	$ 308,651
OPERATING COSTS AND EXPENSES:		
Salaries and benefits	153,734	120,407
Provision for bad debts	36,973	27,955
Supplies	46,759	35,979
Other operating expenses	74,090	57,130
Rent	9,841	7,099
Depreciation and amortization	21,461	16,380
Amortization of goodwill	7,046	6,168
Total operating costs and expenses	349,904	271,118
INCOME FROM OPERATIONS	48,741	37,533
INTEREST EXPENSE, NET	27,553	32,683
INCOME BEFORE INCOME TAXES	21,188	4,850
PROVISION FOR INCOME TAXES	10,340	3,929
NET INCOME	$ 10,848	$ 921
NET INCOME PER COMMON SHARE:		
Basic	$ 0.13	$ 0.02
Diluted	$ 0.12	$ 0.02
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING:		
Basic	85,528,371	54,634,285
Diluted	87,576,420	55,838,214

See accompanying notes.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31, 2001	THREE MONTHS ENDED MARCH 31, 2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 10,848	$ 921
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	28,507	22,548
Stock compensation expense	11	-
Other non-cash expenses, net	2,828	1,276
Changes in operating assets and liabilities, net of effects of acquistions and divestitures:		
Patient accounts receivable	(3,290)	(2,511)
Supplies, prepaid expenses and other current assets	2,976	(4,595)
Accounts payable, accrued liabilities and income taxes	(5,357)	(16,275)
Other	(4,968)	(6,309)
Net cash provided by (used in) operating activities	31,555	(4,945)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquistions of facilities, pursuant to purchase agreements	-	(21,392)
Purchases of property and equipment	(18,577)	(12,002)
Proceeds from sale of equipment	53	7
Increase in other assets	(6,205)	(5,036)
Net cash used in investing activities	(24,729)	(38,423)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance (repurchase) of common stock, net	(82)	-
Borrowings under credit agreement	20,000	67,400
Repayments of long-term indebtedness	(17,268)	(17,429)
Net cash provided by financing activities	2,650	49,971
NET CHANGE IN CASH AND CASH EQUIVALENTS	9,476	6,603
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	13,740	4,282
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 23,216	$ 10,885

See accompanying notes.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements of Community Health Systems, Inc. and its subsidiaries (the "Company") as of and for the three month periods ended March 31, 2001 and March 31, 2000, have been prepared in accordance with generally accepted accounting principles. In the opinion of management, such information contains all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for such periods. All intercompany transactions and balances have been eliminated. The results of operations for the three months ended March 31, 2001 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2001.

Certain information and disclosures normally included in the notes to consolidated financial statements have been condensed or omitted as permitted by the rules and regulations of the Securities and Exchange Commission, although the Company believes the disclosure is adequate to make the information presented not misleading. The accompanying unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2000 contained in the Company's Annual Report on Form 10-K.

2. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results could differ from the estimates.

3. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except share and per share data):

	THREE MONTHS ENDED MARCH 31, 2001	THREE MONTHS ENDED MARCH 31, 2000
NUMERATOR:		
Net income	$ 10,848	$ 921
DENOMINATOR:		
Weighted-average number of shares outstanding--basic	85,528,371	54,634,285
Effect of dilutive options	2,048,049	1,203,929
Weighted-average number of shares outstanding--diluted	87,576,420	55,838,214
Basic earnings per share	$ 0.13	$ 0.02
Diluted earnings per share	$ 0.12	$ 0.02

4. ACCOUNTING PRONOUNCEMENT ADOPTED

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", is effective for all fiscal years beginning after June 15, 2000. SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. Under SFAS No. 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. The Company adopted SFAS No. 133 on January 1, 2001. The adoption of SFAS No. 133 did not impact the financial position, results of operations, or cash flows of the Company.

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

This discussion should be read in conjunction with the unaudited Condensed Consolidated Financial Statements included herein.

SOURCES OF OPERATING REVENUE

Net operating revenues include amounts estimated by management to be reimbursable by Medicare and Medicaid under prospective payment systems and provisions of cost-reimbursement and other payment methods. Approximately 46% of net operating revenues for the three month periods ended March 31, 2001 and March 31, 2000 are related to services rendered to patients covered by the Medicare and Medicaid programs. In addition, we are reimbursed by non-governmental payors using a variety of payment methodologies. Amounts we receive for treatment of patients covered by these programs are generally less than the standard billing rates. We account for the differences between the estimated program reimbursement rates and the standard billing rates as contractual adjustments, which we deduct from gross revenues to arrive at net operating revenues. Final settlements under some of these programs are subject to adjustment based on administrative review and audit by third parties. We record adjustments to the estimated billings in the periods that such adjustments become known. We account for adjustments to previous program reimbursement estimates as contractual adjustments and report them in future periods as final settlements are determined. Adjustments related to final settlements or appeals that increased revenue were insignificant in each of the three month periods ended March 31, 2001 and 2000. Net amounts due to third-party payors as of March 31, 2001 were $12.0 million and as of December 31, 2000 were $2.3 million. We included these amounts in accrued liabilities in the accompanying balance sheets. Substantially all Medicare and Medicaid cost reports are final settled through 1997.

We expect the percentage of our net revenues received from the Medicare program to increase due to the general aging of the population and the restoration of some payments under the Balanced Budget Refinement Act of 1999 and Benefit and Improvement Protection Act of 2000. The payment rates under the Medicare program for inpatients are based on a prospective payment system, based upon the diagnosis of a patient. While these rates are indexed annually for inflation, the increases have historically been less than actual inflation. Reductions in the rate of increase in Medicare reimbursement may have an adverse impact on our net operating revenue growth.

The implementation of Medicare's new prospective payment system for outpatient hospital care, effective August 1, 2000, had a favorable, but not material impact to our overall operating results. The Health Care Financing Administration estimated that this new prospective payment system, which began August 1, 2000, will result in an overall 9.7% increase in projected outpatient payments over the previously intended reductions.

In December 2000, the Benefit Improvement and Protection Act of 2000 became law. It is estimated that the changes to be implemented to many facets of the Medicare reimbursement system will increase reimbursement. We do not believe these increases will be material to our overall operating results.

In addition, Medicaid programs, insurance companies, and employers are actively negotiating the amounts paid to hospitals as opposed to their standard rates. The trend toward increased enrollment in managed care may adversely affect our net operating revenue growth.

RESULTS OF OPERATIONS

Our hospitals offer a variety of services involving a broad range of inpatient and outpatient medical and surgical services. These include orthopedics, cardiology, OB/GYN, occupational medicine, rehabilitation treatment, home health, and skilled nursing. The strongest demand for hospital services generally occurs during January through April and the weakest demand for these services occurs during the summer months. Accordingly, eliminating the effect of new acquisitions, our net operating revenues and earnings are generally highest during the first quarter and lowest during the third quarter.

The following tables summarize, for the periods indicated, selected operating data.

	THREE MONTHS ENDED MARCH 31, 2001	2000
	(EXPRESSED AS A PERCENTAGE OF NET OPERATING REVENUES)	
Net operating revenues	100.0	100.0
Operating expenses (a)	80.6	80.5
EBITDA (b)	19.4	19.5
Depreciation and amortization	5.4	5.3
Amortization of goodwill	1.8	2.0
Income from operations	12.2	12.2
Interest, net	6.9	10.6
Income before income taxes	5.3	1.6
Provision for income taxes	2.6	1.3
Net income	2.7	0.3

	THREE MONTHS ENDED MARCH 31, 2001
PERCENTAGE CHANGE FROM SAME PERIOD PRIOR YEAR:	(EXPRESSED IN PERCENTAGES)
Net operating revenues	29.2
Admissions	23.6
Adjusted admissions (c)	22.2
Average length of stay	(2.5)
EBITDA	28.6
SAME-HOSPITALS PERCENTAGE CHANGE FROM SAME PERIOD PRIOR YEAR (D):	
Net operating revenues	10.6
Admissions	6.7
Adjusted admissions	5.5
EBITDA	14.4

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(a) Operating expenses include salaries and benefits, provision for bad debts, supplies, rent, and other operating expenses.

(b) EBITDA consists of income before interest, income taxes, depreciation and amortization, and amortization of goodwill. EBITDA should not be considered a measure of financial performance under generally accepted accounting principles. Items excluded from EBITDA are significant components in understanding and assessing financial performance. EBITDA is a key measure used by management to evaluate our operations and provide useful information to investors. EBITDA should not be considered in isolation or as an alternative to net income, cash flows generated by operations, investing or financing activities, or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Because EBITDA is not a measurement determined in accordance with generally accepted accounting principles and is thus susceptible to varying calculations, EBITDA as presented may not be comparable to other similarly titled measures of other companies.

(c) Adjusted admissions is a general measure of combined inpatient and outpatient volume. We computed adjusted admissions by multiplying admissions by gross patient revenues and then dividing that number by gross inpatient revenues.

(d) Includes acquired hospitals to the extent we operated them during comparable periods in both years. The three months ended March 31, 2000 includes one more business day in the quarter due to leap year.

THREE MONTHS ENDED MARCH 31, 2001 COMPARED TO THREE MONTHS ENDED MARCH 31, 2000

Net operating revenues increased by 29.2% to $398.6 million for the three months ended March 31, 2001 from $308.7 million for the three months ended March 31, 2000. Of the $89.9 million increase in net operating revenues, the seven hospitals we acquired in 2000 contributed approximately $57.2 million, and hospitals we owned throughout both periods contributed $32.7 million, an increase of 10.6%. The increase from hospitals owned throughout both periods was attributable primarily to volume increases, rate increases from managed care and other payors and an increase in government reimbursement making up for the 2001 period having one fewer day as compared to the 2000 period, resulting from 2000 being a leap year.

Inpatient admissions increased by 23.6%. Adjusted admissions increased by 22.2%. Adjusted admissions is a general measure of combined inpatient and outpatient volume. We computed adjusted admissions by multiplying admissions by gross patient revenues and then dividing that number by gross inpatient revenues. Average length of stay decreased by 2.5%. On a same-hospital basis, inpatient admissions increased by 6.7% and adjusted admissions increased by 5.5%. The increase in same-hospital inpatient admissions and adjusted admissions was due primarily to an increase in services offered, physician relationship development efforts and the addition of physicians through our focused recruitment program. On a same-hospital basis, net outpatient revenues increased 12.7%.

Operating expenses, as a percentage of net operating revenues, increased from 80.5% for the three months ended March 31, 2000 to 80.6% for the three months ended March 31, 2001, primarily due to an increase in provision for bad debts and increases in utilities expense, offset by improvements in salaries and benefits. Operating expenses include salaries and benefits, provision for bad debts, supplies, rent and other operating expenses. Salaries and benefits, as a percentage of net operating revenues, decreased to 38.6% from 39.0% for the comparable periods, due to the continued realization of savings from improvements made at the hospitals acquired in 1999, offset by the acquisitions made in 2000 having higher salaries and benefits as a percentage of net operating revenues for which savings have not yet been realized. Provision for bad debts, as a percentage of net operating revenues, increased to 9.3% for the three months ended March 31, 2001 from 9.1% for the comparable period in 2000. Supplies as a percentage of net operating revenues remained unchanged at 11.7% for the comparable periods in 2000 and 2001. Rent and other operating expenses, as a percentage of net operating revenues, increased from 20.8% for the three months ended March 31, 2000 to 21.1% for the three months ended March 31, 2001. EBITDA margin decreased from 19.5% for the three months ended March 31, 2000 to 19.4% for the three months ended March 31, 2001 due to the lower initial EBITDA margins associated with hospitals acquired in 2000.

On a same-hospital basis, operating expenses as a percentage of net operating revenues decreased from 80.8% for the three months ended March 31, 2000 to 80.2% for the three months ended March 31, 2001. We achieved this reduction through efficiency and productivity gains in payroll and supplies expense reductions, offset by an increase in bad debt expense and other operating expenses.

Depreciation and amortization increased by $5.1 million from $16.4 million for the three months ended March 31, 2000 to $21.5 million for the three months ended March 31, 2001. The seven hospitals acquired in 2000 accounted for $1.3 million of the increase, facility renovations and purchases of equipment, information systems upgrades, the inclusion of a hospital previously held for divestiture and other deferred items accounted for the remaining $3.8 million.

Amortization of goodwill increased from $6.2 million for the three months ended March 31, 2000 to $7.0 million for the comparable period in 2001. The increase was related to hospitals acquired in 2000.

Interest, net decreased by $5.1 million from $32.7 million for the three months ended March 31, 2000 to $27.6 million for the three months ended March 31, 2001. The decrease in average long-term debt during the three months ended March 31, 2001 as compared to the three months ended March 31, 2000 accounted for $5.3 million of the decrease offset by an increase in rates and a decrease in the number of days in the 2001 period as compared to the 2000 period. The decrease in average debt balance is the result of debt repayments from proceeds raised from the issuance of common stock in 2000 subsequent to March 31, 2000 more than offsetting additional sums borrowed to finance hospital acquisitions and compliance settlement costs.

Income before income taxes increased from $4.9 million for the three months ended March 31, 2000 to $21.2 million for the three months ended March 31, 2001 primarily as a result the continuing execution of our operating strategy, a full quarter's results from hospitals acquired during 2000 and increased volumes at hospitals owned during both periods.

Provision for income taxes increased from $3.9 million for the three months ended March 31, 2000 to $10.3 million for the three months ended March 31, 2001 as a result of the increase in pre-tax income.

Net income was $10.8 million for the three months ended March 31, 2001 compared to net income of $0.9 million for the three months ended March 31, 2000.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities increased $36.5 million to $31.6 million for the three months ended March 31, 2001 from a cash use of $4.9 million for the three months ended March 31, 2000. This increase represents an increase in net income of $9.9 million, an increase in non-cash expenses of $7.5 million and an increase of cash from working capital of $19.1 million when comparing the three month periods ended March 31, 2001 and 2000. The use of cash from investing activities decreased from $38.4 million for the three months ended March 31, 2000 to $24.7 million for the three months ended March 31, 2001. This decrease is the result of the 2000 period containing an acquisition for $21.4 million offset by an increase in capital and other expenditures of $7.7 million during the 2001 period. Net cash provided by financing activities decreased $47.3 million during the comparable periods as a result of not borrowing for an acquisition during the 2001 period and a reduction in borrowings to meet capital expenditure and working capital needs.

CAPITAL EXPENDITURES

We expect to incur total capital expenditures of approximately $90 million in 2001, including $60 million for renovation and equipment purchases and $30 million for construction of replacement hospitals. Under hospital purchase agreements in effect as of March 31, 2001, we are obligated to construct four replacement hospitals through 2005 with an aggregate estimated construction cost, including equipment, of approximately $120 million. During the three months ended March 31, 2001, we incurred expenditures of $4.8 million related to these replacement hospitals.

CAPITAL RESOURCES

Net working capital was $183.1 million at March 31, 2001 compared to $167.7 million at December 31, 2000. The $15.4 million increase was attributable primarily to an increase in cash and cash equivalents, an increase in accounts receivable consistent with the increase in net revenues and a decrease in accrued interest and other current liabilities.

Our amended credit agreement provides for $644 million in term debt with quarterly amortization and staggered maturities in 2001, 2002, 2003, 2004 and 2005. This agreement also provides for revolving facility debt for working capital of $200 million and acquisitions of $263.2 million at March 31, 2001. This revolving facility matures on December 31, 2002. Borrowings under the facility bear interest at either LIBOR or prime rate plus various applicable margins which are based upon financial covenant ratio tests. As of March 31, 2001, under our Credit Agreement, our weighted average interest rate was 8.96%. As of March 31, 2001, we had availability to borrow an additional $141.2 million under the working capital revolving facility and an additional $193.2 million under the acquisition loan revolving facility.

We are required to pay a quarterly commitment fee at a rate which ranges from .375% to .500% based on specified financial performance criteria. This fee applies to unused commitments under the revolving credit facility and the acquisition loan facility.

The terms of the credit agreement include various restrictive covenants. These covenants include restrictions on additional indebtedness, investments, asset sales, capital expenditures, dividends, sale and leasebacks, contingent obligations, transactions with affiliates, and fundamental changes. The covenants also require maintenance of various ratios regarding senior indebtedness, senior interest, and fixed charges.

We believe that internally generated cash flows and borrowings under our revolving credit facility and acquisition facility will be sufficient to finance acquisitions, capital expenditures and working capital requirements through the next 12 months. If funds required for future acquisitions exceed existing sources of capital, we will need to increase our credit facilities or obtain additional capital by other means.

REIMBURSEMENT, LEGISLATIVE AND REGULATORY CHANGES

Legislative and regulatory action has resulted in continuing change in the Medicare and Medicaid reimbursement programs which will continue to limit payment increases under these programs. Within the statutory framework of the Medicare and Medicaid programs, there are substantial areas subject to administrative rulings, interpretations, and discretion which may further affect payments made under those programs, and the federal and state governments might, in the future, reduce the funds available under those programs or require more stringent utilization and quality reviews of hospital facilities. Additionally, there may be a continued rise in managed care programs and future restructuring of the financing and delivery of healthcare in the United States. These events could have an adverse effect on our future financial results.

INFLATION

The healthcare industry is labor intensive. Wages and other expenses increase during periods of inflation and when labor shortages occur in the marketplace. In addition, suppliers pass along rising costs to us in the form of higher prices. We have implemented cost control measures, including our case and resource management program, to curb increases in operating costs and expenses. We have, to date, offset increases in operating costs by increasing reimbursement for services and expanding services. However, we cannot predict our ability to cover or offset future cost increases.

FEDERAL INCOME TAX EXAMINATIONS

The Internal Revenue Service is examining our filed federal income tax returns for the tax periods ended between December 31, 1993 and December 31, 1996. The Internal Revenue Service has indicated that it is considering a number of adjustments, primarily involving temporary or timing differences. To date, a revenue agent's report has not been issued in connection with the examination of these tax periods. While we anticipate a resolution of the current examinations within the next six months, we do not expect that the ultimate outcome of the Internal Revenue Service examinations will have a material effect on us.

FORWARD-LOOKING STATEMENTS

Some of the matters discussed in this filing include forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," "thinks," and similar expressions are forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. These factors include the following:

- general economic and business conditions, both nationally and in the regions in which we operate;
- demographic changes;
- existing governmental regulations and changes in, or the failure to comply with, governmental regulations or our corporate compliance agreement;

- legislative proposals for healthcare reform;
- our ability, where appropriate, to enter into managed care provider arrangements and the terms of these arrangements;
- changes in Medicare and Medicaid payment levels;
- liability and other claims asserted against us;
- competition;
- our ability to attract and retain qualified personnel, including physicians;
- trends toward treatment of patients in lower acuity healthcare settings;
- changes in medical or other technology;
- changes in generally accepted accounting principles;
- the availability and terms of capital to fund additional acquisitions or replacement facilities; and
- our ability to successfully acquire and integrate additional hospitals.

Although we believe that these statements are based upon reasonable assumptions, we can give no assurance that our goals will be achieved. Given these uncertainties, prospective investors are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are made as of the date of this filing. We assume no obligation to update or revise them or provide reasons why actual results may differ.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to interest rate changes, primarily as a result of our credit agreement which bears interest based on floating rates. We have not taken any action to cover interest rate market risk, and are not a party to any interest rate market risk management activities.

A 1% change in interest rates on variable rate debt would have resulted in interest expense fluctuating approximately $1.7 million for the three months ended March 31, 2001.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

Form 8-K, dated February 21, 2001, in connection with our press release related to fourth quarter 2000 and year ended December 31, 2000 operating results and disclosures in accordance with Regulation FD.

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.

Date: May 10, 2001

COMMUNITY HEALTH SYSTEMS, INC.
(Registrant)

By: /s/ Wayne T. Smith

Wayne T. Smith
Chairman of the Board,
President and Chief Executive Officer
(principal executive officer)

By: /s/ W. Larry Cash

W. Larry Cash
Executive Vice President and Chief Financial Officer
(principal financial officer)

By: /s/ T. Mark Buford

T. Mark Buford
Vice President and Corporate Controller
(principal accounting officer)