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**CONTINUING DISCLOSURE QUARTERLY REPORT**

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**Information Concerning**  
**PROVIDENCE ST. JOSEPH HEALTH**  
**AND THE OBLIGATED GROUP**

The Continuing Disclosure Quarterly Report (“the Quarterly Report”) is intended solely to provide certain limited financial and operating data in accordance with undertakings of Providence and the Members of the Obligated Group under Rule 15c2-12 (“the Undertaking”) and does not constitute a reissuance of any Official Statement relating to the bonds referenced above or a supplement or amendment to such Official Statement.

The Quarterly Report contains certain financial and operating data for the three months ended March 31, 2023. Providence has undertaken no responsibility to update such data since March 31, 2023, except as set forth herein. This Quarterly Report may be affected by actions taken or omitted or events occurring after the date hereof. Providence has not undertaken to determine, or to inform any person, whether any such actions are taken or omitted, or events do occur. Providence disclaims any obligation to update this Quarterly Report, or to file any reports or other information with repositories, or any other person except as specifically required by the Undertaking.

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## About Providence

### Our Organization

Providence St. Joseph Health (“Providence”) is a national, not-for-profit Catholic health system comprising a diverse family of organizations driven by a belief that health is a human right. With 51 hospitals, over 1,000 clinics, and many other health and educational services, our health System employs more than 117,000 caregivers serving patients in communities across seven Western states - Alaska, California, Montana, New Mexico, Oregon, Texas, and Washington. Our caregivers provide quality, compassionate care to all those we serve, regardless of coverage or ability to pay.



Continuing an enduring commitment to world-class care and serving all, especially those who are poor and vulnerable, Providence uses scale to create Health for a Better World, one community at a time. We have been pioneering health care for more than 160 years and have a history of responding with compassion and innovation during challenging health care environments, including the recent pandemic. We are reimagining the future of health care delivery in our communities for all ages and populations. Our strategies to diversify and modernize are enabling high-quality care at more affordable prices, including through networks of same-day clinics and online care and services.

We are privileged to serve in dynamic markets with growing populations. We offer a comprehensive range of industry-leading services, including an integrated delivery system of acute and ambulatory care for inpatient and outpatient services, 29 long-term care facilities, 17 supportive housing facilities, over 8,000 directly employed providers, and approximately 26,000 affiliated providers, a health plan, senior care, financial assistance programs, community health investments, and educational ministries that include a high school and university.

Providence maintains headquarters in Renton, Washington, and Irvine, California, and is governed by a sponsorship council comprised of members of its two sponsoring ministries, Providence Ministries and St. Joseph Health Ministry. We are dedicated to ensuring the continued vibrancy of not-for-profit, Catholic health care in the United States. As one of the largest health Systems in the United States, our Mission and values call us to serve each person with love, dignity, and compassion, reflecting the legacy of the Sisters of Providence and the Sisters of St. Joseph.

#### The Mission

*As expressions of God’s healing love, witnessed through the ministry of Jesus, we are steadfast in serving all, especially those who are poor and vulnerable @*

#### Our Values

*Compassion | Dignity | Justice | Excellence | Integrity*

#### Our Vision

*Health for a Better World*

#### Our Promise

*“Know me, care for me, ease my way.”*

## Our Integrated Strategic & Financial Plan

Guided by our Mission, values, vision, and promise, Providence has developed and adopted an Integrated Strategic & Financial Plan called Destination Health 2025 that serves as our roadmap for accelerating progress toward our vision of Health for a Better World. Supported by three areas of strategic focus, our plan ensures integration between our strategic aspirations and financial capacity.

**Strengthen the Core.** Providence is focused on delivering a compassionate and simplified experience for patients and consumers by:

- Cultivating an inspiring caregiver experience where everyone feels included and can grow their career
- Providing safe, effective, person-centered care with world-class outcomes
- Delivering a simplified consumer and patient journey with unforgettable compassion

**Be our Communities' Health Partner.** Providence is focused on improving health outcomes in the communities we serve by:

- Advancing health equity, reducing disparities, and exceling in value-based care via payor and provider partnerships
- Partnering with physicians and providers to broaden access to integrated networks of care
- Strengthening our voice and community investment to activate stakeholders in advocacy, health, and social justice

**Transform our Future.** Through research, data, and technology, decreasing variability, and modern support services, Providence is focused on transforming care delivery by:

- Growing our innovative health organization, extending the Mission through investments in core, diversified and adjacent businesses
- Optimizing care delivery to ensure a full continuum of affordable, digitally enabled, and innovative models and places of care
- Transforming our workforce to support new models of care

**Strategic Affiliations.** As part of our overall strategic planning and development process, Providence regularly evaluates and, if deemed beneficial, selectively pursues opportunities to affiliate with other service providers and invest in new facilities, programs, or other health care related entities. Providence also routinely assesses existing partnerships and arrangements with third parties and adjusts as appropriate to best meet community needs. Likewise, we are frequently presented with opportunities from, and conduct discussions with, third parties regarding potential affiliations, partnerships, mergers, acquisitions, joint operating arrangements, or other forms of collaboration, including some that could affect the Obligated Group Members. It is common for several such discussions to be in process concurrently. Providence's management pursues arrangements when there is a perceived strategic or operational benefit that is expected to enhance our ability to achieve the Mission and/or deliver on our strategic objectives. As a result, it is possible that the current organization and assets of the Obligated Group may change.

Providence will continue to evaluate opportunities for strategic growth. Providence does not typically disclose such discussions unless and until it appears likely that an agreement will be reached, and any required regulatory approvals will be forthcoming.

## Our Vision: Health for a Better World

Providence continues to invest in Destination Health 2025 to pave the way for our Vision of Health for a Better World through deconstruction, digitization, and diversification of our operating model. Providence launched a series of Recover and Renew initiatives to address those challenges en route to our strategic plan for Destination Health 2025.

**Recover: Focusing on core operations.** Management is deploying multiple recovery programs to address the current challenges:

- **Surgical volumes:** Efforts are underway to address pent-up demand for surgical and other chronic care in our communities while also continuing to meet the need for higher acuity services through our clinical institutes.
- **Workforce:** With current labor shortages, the use of premium labor, including the number and wage rate of agency nurses, continues to be significantly higher than in previous years. Several initiatives are underway to reduce those expenses in combination with increasing core productivity.
- **Patient progression:** Length of stay remains significantly challenged as Providence continues to care for many in our communities who are unable to be discharged to more appropriate care settings, due to limited availability. Providence is addressing this through a variety of community partnerships, patient progression, and capacity improvement programs.
- **Cash acceleration:** Accounts receivable have been negatively impacted by COVID-19, labor shortages, technology transitions, and other macroeconomic factors. Several initiatives are underway to reduce payment friction in payments with the broader payor community. In addition, with large portions of our support services moving to hybrid or virtual work environments, management is evaluating options for underutilized administrative real estate.
- **Discretionary spend management:** We continue to take steps to improve our operating performance and liquidity, including reassessing current and new capital projects outside of those focused on patient and caregiver safety. We have also reduced discretionary spending including travel, use of third-party contractors, purchased services, and professional services. As demand returns, we are flexing our labor and supply resources to allow us to efficiently and safely provide the services required by our patients.

**Renew: Portfolio and organizational restructuring.** In parallel, management is actively deploying a restructuring and renewal plan to address structural issues medium-term while positioning Providence's core assets for performance across multiple industry scenarios in the years ahead. The System has launched a set of restructuring efforts to renew our operating model and ensure near-term sustainability while delivering on our longer-term Destination Health 2025 strategy. There are four focus areas as part of this effort:

- **Simplified operational and clinical structure:** Management consolidated administrative leadership from seven regions to three divisions, along with a consolidation of our clinical operations with the intent to steer resource to the bedside and direct patient care and simplify decision-making.
- **Streamlined support services:** Management is implementing plans to streamline support services by aligning to the new divisional model, evaluating, and optimizing service delivery levels, unlocking efficiencies from technology investment like the recent transition to a single Enterprise Resource Planning solution and continuing to evolve care delivery and workforce models leveraging virtual capabilities and delivery.
- **Program portfolio management:** The impacts of the pandemic have influenced many economic factors in care delivery, from accelerating technical advancements (virtual and outpatient care) to significant macroeconomic pressures associated with workforce shortages and inflation. Management is reassessing the services we perform across our ministries over the coming quarters, within the context of the current and expected future economic factors, in order to serve our communities in the most effective and affordable way possible.
- **Reimbursement:** As inflationary factors impact our labor and supply expenses, Providence is working with the payor community to increase reimbursement across several payment models including value-based care.

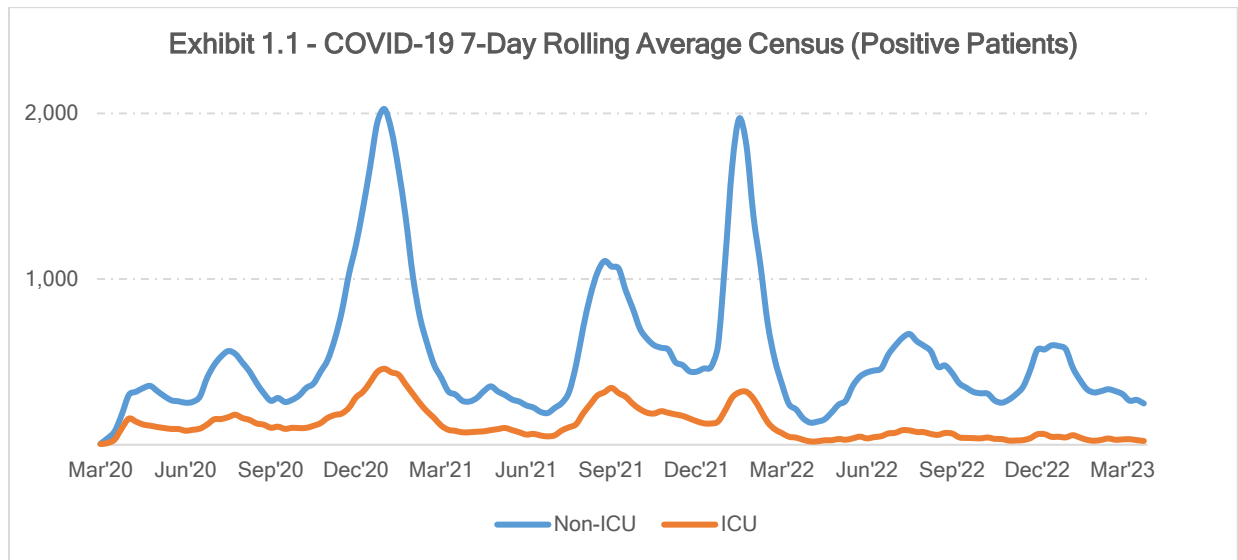
**Deconstruct and diversify healthcare.** In addition, our Deconstruct and Diversify Healthcare initiatives continue to gain momentum. We are currently focused on growing our Health Plan beyond Oregon including leveraging our capabilities in Medicare Advantage. In addition, we continue to grow our value-based care

initiatives with other payers, particularly in California. We continue to increase capacity to meet growing needs across many of our non-acute service lines (Ambulatory, Home and Community Care) and are continuing to evaluate optimal growth and capitalization opportunities.

Our diversification efforts continue to deliver success from our early investments in Truveta, Civica Rx, and Providence Ventures. In addition, our Tegria Holdings LLC (“Tegria”) and Ayin Health Solutions (“Ayin”) divisions continue to drive appreciable revenue growth while creating scalable platforms across revenue cycle, Information Technology (“IT”) and population health services, and products for clients and future partnerships.

## COVID-19: Responding to Meet Community Needs

We continue to manage ongoing fluctuations in COVID-19 cases while providing access to other comprehensive care in a safe manner for both caregivers and patients. The chart below shows Providence’s 7-day rolling average census for COVID-19 positive patients through March 2023.



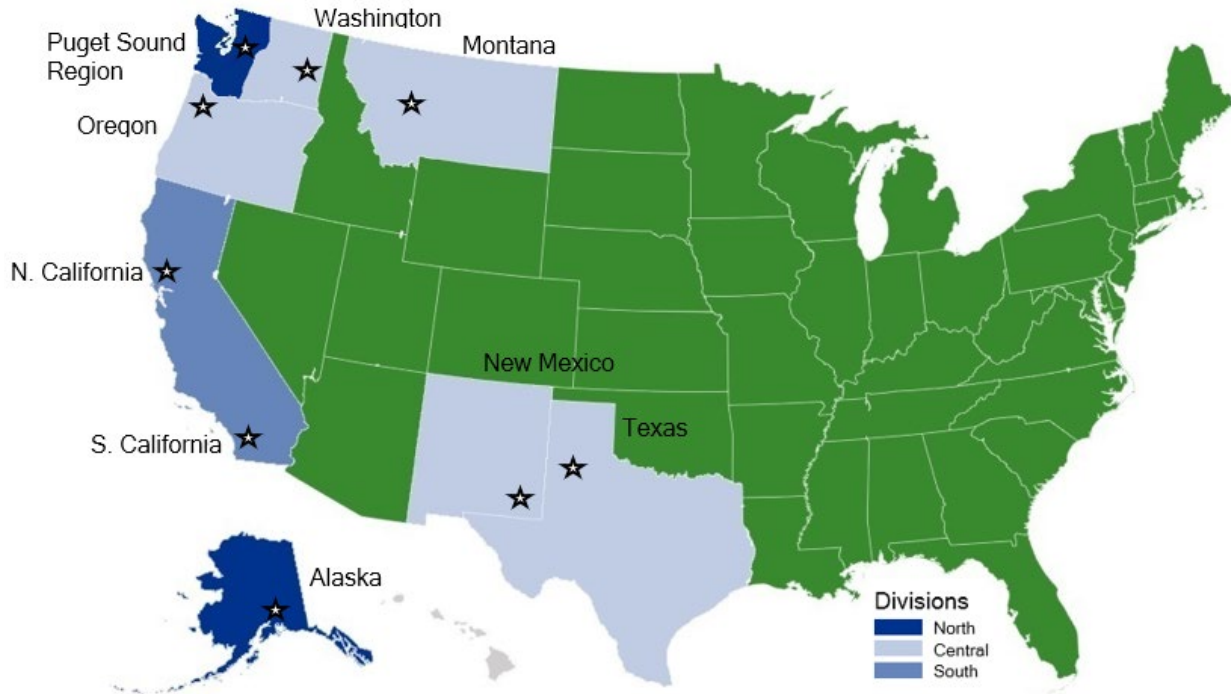
Providence has received relief in the form of grants and advance payments from the Coronavirus Aid Relief and Economic Security (“CARES”) Act. We have received \$1.4 billion in total grants from the CARES Act. In 2020, the Centers for Medicare & Medicaid Services (“CMS”) distributed \$1.6 billion of COVID-19 Accelerated and Advance Payments (“CAAPs”) to Providence in response to the COVID-19 Public Health Emergency, which were repaid to CMS through the offsetting of payments. The 29-month recoupment period ended in the fourth quarter of 2022 and all remaining balances were paid in October 2022.

The CARES Act delayed the timing of required federal employment tax deposits for certain employer social security taxes incurred from March 27, 2020, through December 31, 2020. Providence deferred \$365 million in social security taxes incurred during the pandemic and \$183 million of the balance was paid in December 2021. The remaining balance was paid in December 2022. During the first quarter of 2023, CARES revenue earned was limited to \$2.6 million and we do not anticipate any material revenue in the future.

## Geographic Information

Providence spans seven states across the Western United States shown in the graphic below and is managed through three divisional structures: North (Puget Sound, Alaska), Central (Eastern Washington/Western Montana, Oregon, and West Texas/Eastern New Mexico), and South (Southern California and Northern California).

Exhibit 1.2 - Areas We Serve



Providence's operating revenue share by geographic region, within each of the three divisions, is presented for the periods indicated:

EXHIBIT 1.3 - OPERATING REVENUE SHARE BY GEOGRAPHIC REGION	Three Months Ended	
	3-31-2022 <sup>(1)</sup>	3-31-2023
<u>Northern Division</u>		
Puget Sound Region	20.9%	21.3%
Alaska	3.9%	3.7%
<u>Central Division</u>		
Eastern Washington and Western Montana	12.4%	12.8%
Oregon	18.6%	18.4%
West Texas and Eastern New Mexico	4.8%	4.9%
<u>Southern Division</u>		
Southern California	28.8%	28.2%
Northern California	7.2%	6.8%
Other <sup>(2)</sup>	3.4%	3.9%

<sup>(1)</sup> Includes prior year reclassifications to align with divisional operating structure.

<sup>(2)</sup> Includes Providence Health Plan, Tegria Holdings LLC, Providence Assurance LLC, and shared services.

## Northern Division

### Puget Sound Region

The Puget Sound region includes three service areas: North Puget Sound, Central Puget Sound, and South Puget Sound, with a total inpatient market share of 27 percent in their service areas in 2021, as reported by the Comprehensive Hospital Abstract Reporting System. In the greater Puget Sound area of Washington,

Providence Swedish operates 8 hospitals in King, Snohomish, Lewis and Thurston Counties, and a network of over 200 primary care and specialty clinics throughout the Puget Sound area.

## Alaska

The Alaska region includes 5 hospitals and 26 clinics with a 30 percent inpatient market share statewide in 2021, as reported by the Alaska Health Facilities Data Reporting Program. The Alaska facilities are primarily located in the greater Anchorage area, with 49 percent inpatient market share, as reported by the Alaska Health Facilities Data Reporting Program. The Alaska region also has facilities located in the remote communities of Kodiak, Seward, and Valdez. Providence Alaska Medical Center is an acute care facility located in Anchorage and the only comprehensive tertiary referral center in the state. St. Elias Specialty Hospital, a long-term acute care hospital (the only one in the state), is also located in the Anchorage area. Three critical access hospitals are in Kodiak, Seward, and Valdez, all co-located with skilled nursing facilities.

## Central Division

### Eastern Washington and Western Montana

The Eastern Washington-Western Montana region includes 9 hospitals, with a 42 percent inpatient market share in their service areas in 2021, as reported by the Comprehensive Hospital Abstract Reporting System. The region is composed of two geographic markets: Eastern Washington and Western Montana. The region provides a variety of services, including home health and hospice care, primary and immediate care services, inpatient rehabilitation, skilled nursing and transitional care, and general acute care services.

### Oregon

The Oregon region includes 8 hospitals in Portland, Hood River, Medford, Milwaukie, Newberg, Seaside and Oregon City, with a total inpatient market share of 29 percent in their service areas in 2021, as reported by Apprise Health Insights. Providence St. Vincent Medical Center and Providence Portland Medical Center provide tertiary care to the Portland metropolitan market. The region also provides nearly 200 primary care, specialty and immediate care clinics, home health care, and housing.

### West Texas and Eastern New Mexico

The West Texas-Eastern New Mexico region includes Covenant Health System and Covenant Medical Group. Covenant Health System and its related Texas affiliates are the market's largest health system, with 7 licensed hospitals. The inpatient market share was 37 percent in their service areas in 2021, as reported by Texas Health Care Information Collection. Covenant Health System operates Covenant Medical Center, Covenant Children's Hospital, Covenant Health Plainview, and Covenant Health Levelland, which are Obligated Group Members. Covenant Health System also operates Covenant Specialty Hospital, a long-term acute care facility, in addition to Grace Health System, which includes Grace Clinic and Grace Surgical Hospital. CHS also operates Covenant Medical Group, a medical foundation physician network of employed and aligned physicians, a joint venture acute rehabilitation facility, and Hospice of Lubbock. In January 2021, Covenant Health System acquired Lea Regional Medical Center, an acute care facility located in eastern New Mexico serving Hobbs and the surrounding area. Subsequent to the acquisition, the hospital was renamed Hobbs Hospital and began caring for patients in September 2022.

## Southern Division

### Southern California

The Southern California region includes 11 acute care hospitals in Los Angeles, Orange, and San Bernardino counties, with a total inpatient market share of 19 percent in their service areas in 2021, as reported by the Office of Statewide Health Planning and Development. In Los Angeles County, Providence includes six acute care facilities. Our largest hospital, Providence St. Joseph Medical Center, is in Burbank, with additional hospitals in Mission Hills, San Pedro, Torrance, and Santa Monica. Providence Medical Foundation operates more than 50 practice locations in the market, including Providence Facey Medical Foundation ("Facey"), Providence Medical Institute, and Providence St. John's medical foundations. In addition, Providence has 5 acute care facilities within Orange and San Bernardino counties: Apple Valley, Fullerton, Mission Viejo, Laguna



Beach, and Orange. Mission Hospital is located on two campuses in Mission Viejo and Laguna Beach, and maintains the region's level II trauma center, as well as a women's center.

In June 2021, Providence announced that Providence St. Mary Medical Center and Kaiser Permanente planned to open a new hospital facility with 260 beds in Victorville to replace the existing Providence St. Mary Medical Center facility, with an anticipated opening date of 2027 for the new facility. Providence St. Mary Medical Center and Kaiser Permanente had intended to enter into a joint venture for the ownership and operation of the new hospital facility once opened. In January 2022, Kaiser Permanente and Providence St. Mary Medical Center announced that this project is unable to proceed as planned due to regulatory constraints placed by the California Attorney General's office. The parties are hopeful they will be able to find a path forward to serve the needs of the High Desert community, however no assurance can be given as to when or if such project will move forward.

In January 2022, officials from Providence and Hoag reached an agreement to end the affiliation established in 2012 by January 31, 2022. The two organizations have agreed to disaffiliate, with Hoag becoming independent from Providence and Covenant Health Network, the structure that governs the affiliation.

## Northern California

The Northern California region includes 6 hospitals in the North Coast, Humboldt, Napa, and Sonoma communities with a total inpatient market share of 30 percent in their service areas in 2021, as reported by the Office of Statewide Health Planning and Development. The acute care hospitals in Northern California include Providence Queen of the Valley Medical Center in Napa, Providence Santa Rosa Memorial Hospital, Petaluma Valley Hospital, Providence St. Joseph Hospital in Eureka, Providence Redwood Memorial Hospital in Fortuna, and Healdsburg Hospital. Providence Medical Foundation operates clinics in the region with its contracted physician partners.

## Other

Other includes Providence Health Plan, shared services, and other entities. Providence Health Plan ("PHP") and Providence Health Assurance ("PHA"), collectively the Health Plans are based in Oregon, and the majority of their approximately 700,000 members live in the region. Shared services is a support function that includes human resources, finance, information technology, and other services. Other entities include Tegria Holdings LLC and Providence Assurance LLC.

## Financial Information

The summary unaudited, combined financial information as of and for the three months ended March 31, 2023, and 2022, respectively, are presented below. The summary audited, combined financial information as of and for the fiscal year ended December 31, 2022, presented below, has been derived by the management of Providence from audited combined financial information of the System. The financial information should be read in conjunction with the audited combined financial statements of the System, including the notes thereto, and the report of KPMG LLP, independent auditors.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions, estimates, and judgments that affect the amounts reported in the combined financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. System management considers critical accounting policies to be those that require the more significant judgments and estimates in the preparation of its combined financial statements, including the following: recognition of net patient service revenues, which includes contractual allowances; impairment of long-lived assets; valuation of investments; accounting for expenses in connection with restructuring activities; and reserves for losses and expenses related to health care professional and general liability risks. Management relies on historical experience and on other assumptions believed to be reasonable under the circumstances in making its judgments and estimates. Actual results could differ materially from those estimates.

In 2022, we initiated a new Enterprise Resource Planning (“ERP”) system. The new ERP system is intended to provide enhanced transactional processing and management tools compared to the legacy systems. As part of this implementation, we standardized the calculation of certain metrics, including acute adjusted admissions, and case mix adjusted admissions (“CMAA”). Acute adjusted admissions and CMAAs had de minimus impacts. Financial results are unaffected.

## Summary Unaudited Combined Statements of Operations

Three Months Ended

EXHIBIT 2.1 - COMBINED STATEMENTS OF OPERATIONS \$ PRESENTED IN MILLIONS	3-31-2022	3-31-2023
Net Patient Service Revenues	\$4,771	\$5,167
Premium Revenues	617	670
Capitation Revenues	458	492
Other Revenues	440	471
<b>Total Operating Revenues</b>	<b>6,286</b>	<b>6,800</b>
Salaries and Benefits	3,579	3,767
Supplies	962	1,103
Purchased Healthcare Services	567	578
Interest, Depreciation, and Amortization	305	343
Purchased Services, Professional Fees, and Other	1,383	1,354
<b>Total Operating Expenses</b>	<b>6,796</b>	<b>7,145</b>
<b>Deficit of Revenues Over Expenses from Operations</b>	<b>(510)</b>	<b>(345)</b>
Non-Operating Gains (Losses)	(330)	228
<b>Deficit of Revenues Over Expenses Before Disaffiliation</b>	<b>(840)</b>	<b>(117)</b>
Loss from Disaffiliation <sup>(1)</sup>	(3,408)	-
<b>Deficit of Revenues Over Expenses</b>	<b>\$(4,248)</b>	<b>\$(117)</b>
<b>Operating EBIDA <sup>(2)</sup></b>	<b>\$(161)</b>	<b>\$26</b>

<sup>(1)</sup> Represents the impact of the removal of Hoag's net assets from the System's combined balance sheet as a result of the disaffiliation.

<sup>(2)</sup> Excludes \$29 million for the three months ended March 31, 2023 and \$44 million for the three months ended March 31, 2022 in amortization of software as a service asset.

## Summary Audited and Unaudited Combined Balance Sheets

As of

EXHIBIT 2.2 - COMBINED BALANCE SHEET \$ PRESENTED IN MILLIONS	12-31-2022	3-31-2023
<u>Current Assets:</u>		
Cash and Cash Equivalents <sup>(1)</sup>	\$1,063	\$1,233
Short-Term Investments <sup>(1)</sup>	515	519
Accounts Receivable, Net	2,841	2,875
Supplies Inventory	359	366
Other Current Assets	1,752	1,623
Current Portion of Assets Whose Use is Limited	141	239
<b>Total Current Assets</b>	<b>6,671</b>	<b>6,855</b>
Management Designated Cash and Investments <sup>(1)</sup>	7,904	7,629
Assets Whose Use is Limited	608	622
Property, Plant & Equipment, Net	10,217	10,050
Other Assets	3,508	3,651
<b>Total Assets</b>	<b>\$28,908</b>	<b>\$28,807</b>
<u>Current Liabilities:</u>		
Current Portion of Long-Term Debt	166	160
Master Trust Debt Classified as Short-Term	452	452
Accounts Payable	1,915	1,584
Accrued Compensation	1,496	1,369
Other Current Liabilities	2,345	2,467
<b>Total Current Liabilities</b>	<b>6,374</b>	<b>6,032</b>
Long-Term Debt, Net of Current Portion	7,606	7,823
Pension Benefit Obligation	678	657
Other Liabilities	2,659	2,713
<b>Total Liabilities</b>	<b>\$17,317</b>	<b>\$17,225</b>
<u>Net Assets:</u>		
Controlling Interests	9,818	9,667
Noncontrolling Interests	386	499
Net Assets without Donor Restrictions	10,204	10,166
Net Assets with Donor Restrictions	1,387	1,416
<b>Total Net Assets</b>	<b>11,591</b>	<b>11,582</b>
<b>Total Liabilities and Net Assets</b>	<b>\$28,908</b>	<b>\$28,807</b>

<sup>(1)</sup> Unrestricted Cash and Investments were \$9.4 billion as of March 31, 2023, and \$9.5 billion as of December 31, 2022.

## Management's Discussion and Analysis: Three Months Ended March 31, 2023

Management's discussion and analysis provides additional narrative explanation of Providence's financial condition, operational results, and cash flow to assist in increasing understanding of the combined financial statements. The summary unaudited, combined financial information as of and for the three months ended March 31, 2023, and 2022, respectively, are presented below.

### Results of Operations

#### Operations Summary

Operating results for the three months ended March 31, 2023 improved due to higher patient volumes offset by increased operating expenses. Patient volumes increased compared with the prior year which was negatively impacted by the COVID-19 Omicron variant surge. As a result, net patient service revenues increased 8 percent in the three months ended March 31, 2023, compared with the same period in 2022. In addition, the System continues to experience elevated length of stay due to a lack of patient access to post-acute care. The increase in patient volumes, coupled with the elevated length of stay drove increases in operating expenses, particularly labor and supply costs.

Operating EBIDA was \$26 million and the deficit of revenues over expenses from operations was \$345 million for the three months ended March 31, 2023. Operating EBIDA and deficit of revenues over expenses from operations resulted in losses of \$161 million and \$510 million, respectively, for the three months ended March 31, 2022.

Providence's key financial indicators are presented for the periods indicated:

EXHIBIT 3.1 - OPERATIONS SUMMARY \$ PRESENTED IN MILLIONS UNLESS NOTED	Three Months Ended	
	3-31-2022	3-31-2023
Operating Revenues	\$6,286	\$6,800
Operating Expenses	6,796	7,145
Deficit of Revenues Over Expenses from Operations	(510)	(345)
Operating Margin %	(8.1)	(5.1)
Non-Operating Gains (Losses) <sup>(1)</sup>	(3,738)	228
Operating EBIDA	(161)	26
Operating EBIDA Margin %	(2.6)	0.4
Premium and Capitation Revenues	1,075	1,162
Net Service Revenue/Case Mix Adjusted Admits <sup>(2)</sup>	11,888	12,084
Net Expense/Case Mix Adjusted Admits <sup>(2)</sup>	14,424	14,257
Total Community Benefit	\$412	\$563
Full-Time Equivalents ("FTEs") (thousands)	103	108

<sup>(1)</sup> Includes \$3.4 billion loss from disaffiliation.

<sup>(2)</sup> Includes standardization of metrics from implementation of system-wide ERP system in July 2022.

#### Volumes

Providence experienced higher volumes for the three months ended March 31, 2023, compared with the same period in 2022, primarily due to growth in the outpatient setting. Inpatient admissions were up 4 percent, acute adjusted admissions were up 6 percent, and case mix adjusted admissions were up 7 percent compared to prior year. Non-acute volumes grew 7 percent for the three months ended March 31, 2023, compared with the same period in 2022, primarily driven by a 5 percent increase in physician visits.

Providence's key volume indicators are presented for the periods indicated:

EXHIBIT 3.2 - SYSTEM UTILIZATION DATA PRESENTED IN THOUSANDS UNLESS NOTED	Three Months Ended	
	3-31-2022	3-31-2023
Inpatient Admissions	103	107
Acute Adjusted Admissions <sup>(1)</sup>	218	230
Case Mix Adjusted Admissions <sup>(1)</sup>	401	428
Acute Patient Days	612	615
Long-Term Care Patient Days	72	78
Outpatient Visits (incl. Physicians)	6,392	6,963
Virtual Visits (incl. Telehealth)	408	314
Emergency Room Visits	445	468
Surgeries and Procedures	145	171
Acute Average Daily Census (Actual)	6,801	6,835
Providence Health Plan Members	673	701

<sup>(1)</sup> Includes standardization of metrics from implementation of system-wide ERP system in July 2022.

## Operating Revenues

Net patient service revenues were \$5.2 billion for the three months ended March 31, 2023, compared to \$4.8 billion in 2022, an increase of 8 percent over the prior year. The System experienced growth in all areas as Hospital revenues grew 7 percent; Health Plans and Accountable Care revenues grew 8 percent; Physician and outpatient revenues grew 7 percent, and diversified revenues grew 17 percent (driven by Tegria growth of 21 percent) compared to the prior year. In addition, capitation and premium revenues, representing 17 percent of total operating revenues, grew 8 percent during the three months ended March 31, 2023, compared with the same period in 2022.

Providence's operating revenues by state are presented for the periods indicated (footnotes appear beneath last table):

EXHIBIT 3.3 - OPERATING REVENUES BY STATE \$ PRESENTED IN MILLIONS	Three Months Ended	
	3-31-2022	3-31-2023
Alaska	\$229	\$239
Washington	1,678	1,933
Montana	115	127
Oregon	1,376	1,432
California	2,173	2,286
Texas/New Mexico	275	312
Total Revenues from Contracts with Customers <sup>(1)</sup>	5,846	6,329
Other Revenues <sup>(2)</sup>	440	471
Total Operating Revenues	\$6,286	\$6,800

Providence's operating revenues by line of business are presented for the periods indicated:

EXHIBIT 3.4 - OPERATING REVENUES BY LINE OF BUSINESS \$ PRESENTED IN MILLIONS	Three Months Ended	
	3-31-2022	3-31-2023
Hospitals <sup>(1)</sup>	\$3,954	\$4,248
Health Plans and Accountable Care	697	755
Physician and Outpatient Activities	761	817
Long-Term Care, Home Care, and Hospice	323	373
Other Services	111	136
Total Revenues from Contracts with Customers	5,846	6,329
Other Revenues <sup>(2)</sup>	440	471
Total Operating Revenues	\$6,286	\$6,800

Providence's operating revenues by payor are presented for the periods indicated:

EXHIBIT 3.5 - OPERATING REVENUES BY PAYOR <sup>(3)</sup> \$ PRESENTED IN MILLIONS	Three Months Ended	
	3-31-2022	3-31-2023
Commercial	\$2,774	\$2,921
Medicare	2,097	2,326
Medicaid <sup>(1)</sup>	717	818
Self-pay and Other	258	264
Total Revenues from Contracts with Customers	5,846	6,329
Other Revenues <sup>(2)</sup>	440	471
Total Operating Revenues	\$6,286	\$6,800

<sup>(1)</sup> Includes revenue recognition of reimbursements from state provider fee programs of \$95 million for the three months ended March 31, 2023, compared with \$83 million in the same period in 2022.

<sup>(2)</sup> Excludes premium and capitation revenues as they are categorized among the line items that comprise Total Revenues from Contracts with Customers. Refer to Exhibit 2.1 for the components of Total Operating Revenues.

<sup>(3)</sup> Refer to Exhibit 7.3 for supplementary information on net patient service revenue payor mix driven by patient utilization.

## Operating Expenses

Operating expenses increased 5 percent for the three months ended March 31, 2023, compared with the same period in 2022, driven mainly by costs associated with serving higher patient volumes and continued elevated length of stay. Salaries and benefits expenses increased 5 percent for the three months ended March 31, 2023, compared with the same period in 2022, as wage increases were offset by lower, albeit still elevated, premium labor expenses. Labor productivity decreased 2 percent on an adjusted occupied bed volumes basis, compared to the same period in 2022. Supplies expense increased by 15 percent compared with the prior year, driven by a 13 percent increase in pharmaceutical expense, 13 percent increase in medical supply costs, and increases in non-medical supplies.

## Non-Operating Activity

Non-operating gains were \$228 million for the three months ended March 31, 2023, compared with non-operating losses (excluding disaffiliation) of \$330 million for the same period in 2022. The increase was driven by investment gains of \$259 million for the three months ended March 31, 2023, compared with investment losses of \$359 million in the prior year.

## Liquidity and Capital Resources; Outstanding Indebtedness

### Unrestricted Cash and Investments

Unrestricted cash and investments totaled approximately \$9.4 billion as of March 31, 2023, compared with \$9.5 billion as of December 31, 2022. Accounts receivable, while slightly improved relative to revenue growth, remains elevated compared to historic trends due primarily to protracted payment cycles from payers. Protracted cycles are driven in part by labor shortages at the payer, increases in claim denials, and payment recoupments often occurring more than one year after service.

Between June and September of 2022, Providence placed several term loans totaling \$700 million with various maturities between 1 and 3 years. In February 2023, Providence issued the Series 2023A, B & C Private Placement Notes totaling \$383 million, the proceeds of which were used to reduce balances held on the revolver, pay financing costs, and add approximately \$30 million in net new debt. In May 2023, Providence closed on its Series 2023 taxable fixed rate revenue bonds totaling \$585 million. The proceeds were used primarily to refund the taxable Series 2005 and 2013 bonds as well as refund an existing term loan and debt services due in 2023.

Providence's liquidity is presented for the periods indicated:

EXHIBIT 4.1 - INVESTMENTS BY DURATION \$ PRESENTED IN MILLIONS	As of	
	12-31-2022	3-31-2023
Cash and Cash Equivalents	\$1,063	\$1,233
Short-Term Investments	515	519
Long-Term Investments	7,904	7,629
Total Unrestricted Cash and Investments	\$9,482	\$9,381

Providence maintains a long-term investment portfolio comprised of operating and foundation investment assets. Providence's target asset allocation for the long-term portfolio, by general asset class, is presented for the periods indicated:

EXHIBIT 4.2 - INVESTMENTS BY TYPE	As of	
	12-31-2022	3-31-2023
Cash and Cash Equivalents	0%	0%
Domestic and International Equities	42%	42%
Debt Securities	38%	38%
Other Securities	20%	20%

## Financial Ratios

Providence's financial ratios are presented for the periods indicated:

EXHIBIT 4.3 - SUMMARY OF KEY RATIOS	As of	
	12-31-2022	3-31-2023
Total Debt to Capitalization %	44.1	44.9
Cash to Debt Ratio %	117.7	113.4
Days Cash on Hand <sup>(1)</sup>	129	126
Maximum Annual Debt Service (Smoothed)	493	513
Cash to Net Assets Ratio	0.93	0.92

<sup>(1)</sup> Days Cash on Hand, a measure of cash in relation to monthly operating expenses, is calculated as follows: (unrestricted cash & investments) / (total operating expenses - depreciation and amortization expenses)/days outstanding during the periods).

## System Capitalization

Providence's capitalization is presented for the periods indicated:

EXHIBIT 4.4 - SYSTEM CAPITALIZATION \$ PRESENTED IN MILLIONS UNLESS NOTED	As of	
	12-31-2022	3-31-2023
Long-Term Indebtedness	\$7,772	\$7,983
Less: Current Portion of Long-Term Debt	166	160
Net Long-Term Debt	7,606	7,823
Net Assets - Without Donor Restrictions	10,204	10,166
Total Capitalization	\$17,810	\$17,989
Long-Term Debt to Capitalization %	42.7	43.5



Providence’s coverage of Maximum Annual Debt Service (“MADS”) on indebtedness is not a defined concept under the Master Indenture, nor Providence’s other credit documents. MADS coverage is presented for the periods indicated:

EXHIBIT 4.5 - SYSTEM MADS COVERAGE \$ PRESENTED IN MILLIONS UNLESS NOTED	As of	
	12-31-2022	Rolling 12-Months Ended 3-31-2023 <sup>(1)</sup>
Income Available for Debt Service:		
Deficit of Revenues Over Expenses	\$(6,122)	\$(1,991)
Less: Unrealized Loss on Trading Securities	1,204	514
Plus: Gain on Extinguishment of Debt	(20)	-
Plus: Loss on Pension Settlement Costs and Other	18	4
Plus: Loss from Disaffiliation	3,408	-
Plus: Restructuring Costs and Other	247	247
Plus: Depreciation	929	932
Plus: Interest and Amortization	352	388
Total	\$16	\$94
MADS (Smoothed)	\$493	\$513
MADS Coverage	0.03x	0.18x

<sup>(1)</sup> Represents 12 consecutive months of financial results for an annualized disclosure for interim periods.

## System Governance and Management

### Corporate Governance

Providence serves as the parent and corporate member of PH&S and SJHS. Providence was created in connection with the combination of the multi-state health care systems of PH&S and the SJHS, which was effective on July 1, 2016 (the “Combination”). Providence has been determined to be an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. Prior to the Combination, the sole corporate member of PH&S was Providence Ministries, which acted through its sponsors, who are five individuals appointed by the Provincial Superior of the Sisters of Providence, Mother Joseph Province. Similarly, the sole corporate member of SJHS was St. Joseph Health Ministry, a California non-profit public benefit corporation. Providence Ministries and St. Joseph Health Ministry are each a public juridic person under Canon law, responsible for assuring the Catholic identity and fidelity to the Mission of their respective systems. Pursuant to the Combination, Providence Ministries and St. Joseph Health Ministry have entered into an agreement that establishes a sponsorship model through contractual obligations exercised by the parties’ sponsors collectively (the “Sponsors Council”).

The Sponsors Council retains certain reserved rights with respect to Providence. Among the powers reserved to the Sponsors Council are the following powers over the affairs of Providence (excluding certain affiliates, such as: Providence - Western Washington, Western HealthConnect, Swedish, Swedish Edmonds, PacMed, and Kadlec): to amend or repeal the articles of incorporation or bylaws of Providence; the appointment and removal, with or without cause, of the directors of Providence; the appointment and removal, with or without cause, of the President and Chief Executive Officer of Providence; the approval of the acquisition of assets, incurrence of debt, encumbering of assets and sale of certain property; the approval of operating and capital budgets, upon recommendation of the Providence Board of Directors; and the approval of dissolution, consolidation or merger. Providence has reserved rights over PH&S and SJHS, which powers may be exercised by the Board of Providence. Given the complexity of Providence’s governance structure, Providence routinely evaluates and considers alternative governance models to best meet Providence’s governance needs.

The following table lists the current members of the Board of Directors of Providence and the Sponsors Council.

<b><u>Board of Directors</u></b>	<b><u>Term Expires (December 31)</u></b>	<b><u>Sponsors Council</u></b>	<b><u>Term Expires (December 31)</u></b>
Michael Murphy, Chair ‡	2025	Sr. Mary Therese Sweeney, CSJ, Chair	2028
Richard Blair †	2024	Sr. Sharon Becker, CSJ	2027
Isiaah Crawford, PhD. †	2025	Bill Cox	2023
Sr. Diane Hejna, CSJ, RN. †	2025	Russell Danielson	2027
Sr. Phyllis Hughes, RSM, PhD. †	2025	Shannon Dwyer	2025
Mary Beth Kingston, PhD., RN. Δ	2024	Jeff Flocken	2025
Mary Lyons, PhD. †	2025	Mark Koenig	2027
Sr. Carol Pacini, LCM Δ	2023	Sr. Cecilia Magladry, CSJ	2024
Charles W. Sorenson, M.D. ‡	2024	Sr. Margaret Pastro, SP	2028
Eric Sprunk Δ	2024	Barbara Savage	2023
Rod Hochman, M.D.	Ex-officio		

† Not eligible for an additional term.

‡ Eligible for one additional three-year term.

Δ Eligible for up to two additional terms.

## Executive Leadership Team

The following are key members of Providence's executive leadership team.

<b><u>Name</u></b>	<b><u>Title</u></b>
Rod Hochman, M.D.	President and CEO
Erik Wexler	President and COO
Greg Hoffman	Executive Vice President and CFO
Anna Newsom	Executive Vice President and Chief Legal Officer

## Environmental, Social, and Governance Standards

Providence continues to execute on our integrated strategic and financial plan, which clearly expresses our commitment and acceleration of this important work to address social, racial, and economic disparities and reduce our carbon footprint in the communities we serve. Providence advances progress on our carbon negative goal and in 2022 we decreased emissions by approximately 12 percent compared to our 2019 baseline, although progress has slowed due to financial constraints and increases in work travel. Recently, Providence Little Company of Mary in Torrance and San Pedro, California earned the U.S. EPA ENERGY STAR award for their excellence in energy efficiency. In 2023, Providence will publish an aggregated Environmental, Social and Governance report by expanding on its 2022 Environmental Stewardship report to include information on our social and governance commitments.

## Support Services

Corporate officers and supporting staff oversee the management activities performed on a day-to-day basis by the management staff of each region. The Chief Financial Officer of Providence and Finance staff oversee the annual budget and multi-year planning activities of the organization, including capital allocation. Other areas in which the corporate staff provides centralized services or coordinates the activities of the service areas include legal affairs, information services, insurance and risk management, treasury services, real estate strategy and operations, marketing, supplies management, technical support, fund-raising, quality of care, medical ethics, pastoral services, mission effectiveness, human resources, planning and policy development, and public affairs, among others.

## Obligated Group

Providence and the other entities so designated in the Glossary are currently Obligated Group Members under the Master Indenture.

For the three months ended March 31, 2023, the unaudited combined operating revenues, and total assets attributable to the Obligated Group Members were approximately 80 percent and 82 percent,

respectively, of Providence's totals. For the fiscal year ended December 31, 2022, the audited combined operating revenues, and total assets attributable to the Obligated Group Members were approximately 81 percent and 81 percent, respectively, of Providence's totals. Refer to Exhibit 7 for supplementary information on the Obligated Group Members.

Providence is the Obligated Group Agent under the Master Indenture. Under the Master Indenture, debt incurred or secured through the issuance of Obligations under the Master Indenture are the responsibility, jointly and severally, of the Obligated Group Members. Pursuant to the Master Indenture, Obligated Group Members may be added to and withdrawn from the Obligated Group under certain conditions described in the Master Indenture. Indebtedness evidenced or secured by obligations issued under the Master Indenture is solely the obligation of the Obligated Group, and such obligations are not guaranteed by, or are the liabilities of, Sisters of Providence, Mother Joseph Province, any other Province of the Sisters of Providence, Sisters of St. Joseph of Orange, the Roman Catholic Church, or any affiliate of Providence that is not an Obligated Group Member.

## Obligated Group Utilization

The Obligated Group's key volume indicators are presented for the periods indicated:

EXHIBIT 5.1 - OBLIGATED GROUP UTILIZATION DATA PRESENTED IN THOUSANDS UNLESS NOTED	Three Months Ended	
	3-31-2022	3-31-2023
<u>Obligated Group</u>		
Inpatient Admissions	99	102
Acute Adjusted Admissions <sup>(1)</sup>	199	214
Acute Patient Days	588	592
Long-Term Care Patient Days	69	77
Outpatient Visits (incl. Physicians)	5,316	5,500
Emergency Room Visits	423	444
Surgeries and Procedures	116	135
Acute Average Daily Census (Actual)	6,537	6,580

<sup>(1)</sup> Includes standardization of metrics from implementation of system-wide ERP system in July 2022.

## Obligated Group Capitalization

The Obligated Group's capitalization is presented for the periods indicated:

EXHIBIT 5.2 - OBLIGATED GROUP CAPITALIZATION \$ PRESENTED IN MILLIONS UNLESS NOTED	As of	
	12-31-2022	3-31-2023
<u>Obligated Group</u>		
Long-Term Indebtedness	\$7,477	\$7,626
Less: Current Portion of Long-Term Debt	156	149
Net Long-Term Debt	7,321	7,477
Net Assets - Without Donor Restrictions	7,986	8,007
Total Capitalization	\$15,307	\$15,484
Long-Term Debt to Capitalization %	47.8	48.3

## Outstanding Master Trust Indenture Obligations

As of March 31, 2023, Providence had Obligations outstanding under the Master Indenture totaling \$7.5 billion. This excludes Obligations that secure interest rate or other swap transactions, or credit facilities. The Obligations outstanding under the Master Indenture relating to tax-exempt and taxable bond/note indebtedness are described further in the Note 8 to the Combined Audited Financial Statements for the fiscal year ended December 31, 2022.

Certain of the outstanding Obligations secure tax-exempt bonds previously issued for the benefit of one or more Obligated Group Members (collectively, the "Direct Placement Bonds") that were purchased directly by commercial banks. Certain other of the outstanding Obligations secure taxable loans and lines of credit previously incurred on behalf of the Obligated Group (the "Taxable Loans") from one or more commercial banks

or a syndicate of banks. Certain other of the outstanding Obligations secure payment obligations relating to a letter of credit facility (the “Credit Facility”) issued by a credit bank for the benefit of, or by, certain Obligated Group Members. The financial covenants relating to the Direct Placement Bonds, the Taxable Loans, and the Credit Facility are substantially consistent with the covenants in the Master Indenture. In addition to financial covenants, the Direct Placement Bonds, the Taxable Loans, and the Credit Facility include events of default that may cause an acceleration of the Obligations secured thereby, and, in turn, all Obligations secured by the Master Indenture. Certain documents relating to the Direct Placement Bonds, the Taxable Loans, and the Credit Facility containing these financial covenants and events of default are available for review on EMMA (<http://emma.msrb.org>).

## Control of Certain Obligated Group Members

### General

Providence is the sole corporate member of PH&S and SJHS. PH&S is the sole corporate member of Providence - Washington, Providence - Southern California, Providence - Montana, and Providence - Oregon. Providence - Southern California, in turn, is the sole corporate member of LCMASC and Providence - Saint John’s. Providence - Montana is the sole corporate member of Providence - SJMC Montana. Providence Ministries is the co-corporate member, alongside Western Health Connect of Providence - Western Washington. Western HealthConnect is the sole corporate member of Swedish, Swedish Edmonds, Pac Med, and Kadlec.

SJHS is the sole corporate member of SJHNC and, as more fully described hereinafter, a corporate member of St. Joseph Orange, St. Jude, Mission Hospital, St. Mary and CHS.

### Northern California Region

SJHS is the sole member of St. Joseph Health Northern California, LLC, which operates the hospital facilities known as Providence Santa Rosa Memorial Hospital, Providence Queen of the Valley Medical Center, Providence St. Joseph Hospital, and Providence Redwood Memorial Hospital. The corporate entities of Providence Santa Rosa Memorial Hospital, Providence Queen of the Valley Medical Center, Providence St. Joseph Hospital, and Providence Redwood Memorial Hospital, each a California nonprofit public benefit corporation (collectively, the “Hospitals”) transferred their assets to SJHNC effective as of April 1, 2018. Effective December 31, 2019, those four remaining corporate entities in connection with this reorganization were dissolved.

### Southern California Region

Effective January 19, 2022, Hoag Hospital withdrew as an Obligated Group Member under the Master Trust Indenture dated as of May 1, 2003. Providence’s disaffiliation of Hoag also includes the dissolution of CHN, a third-party member. Refer to the Litigation section below for additional details.

### West Texas/Eastern New Mexico Region

SJHS and Lubbock Methodist Hospital System (“LMHS”) are the corporate members of CHS. CHS is the sole corporate member of CMC, Covenant Levelland and Covenant Plainview. LMHS is not an Obligated Group Member and is not obligated for payment with respect to the Bonds.

CHS was formed in 1998 pursuant to an affiliation between SJHS and LMHS and its affiliates, pursuant to which CHS became the sole corporate member of certain entities previously affiliated with LMHS and, together with certain of such entities, joined the Obligated Group to which SJHS and its affiliates were party.

CHS is governed by a 19-member board of directors. LMHS and SJHS each appoint eight directors. SJHS also appoints the Chief Executive Officer of CHS, who is an ex-officio voting director. The CMC Chief of Staff and Covenant Children’s Hospital Chief of Staff also serve as ex-officio voting directors. SJHS has extensive authority with respect to the financial affairs of CHS and its subsidiaries, including, but not limited to, the approval of budgets of CHS and its subsidiaries and selection and retention of auditors.

As part of the affiliation, SJHS, CHS and LMHS entered into an agreement that significantly restricts the ability of SJHS to sever its relationship with CHS and the entities formerly affiliated with LMHS. Under certain

circumstances, it also restricts CHS and SJHS from a wide variety of transactions (the “Covered Transactions”), including: (i) certain management agreements, leases, joint ventures and other transactions that might have the effect of transferring control of Covenant Medical Center or all assets of CHS and its subsidiaries to an unrelated third party, or in a manner that voids or reduces LMHS’s right, as a member, to appoint directors; (ii) a sale, transfer or conveyance of all or substantially all of CHS’ assets (including all of CHS’ affiliates, taken in the aggregate); (iii) an affiliation, management agreement, lease or joint venture under which a third party acquires the right to control CHS, as a whole; or (iv) any other transaction in which the ability to appoint and remove more than 50 percent of the directors of CHS is transferred to a third party.

In the event SJHS or CHS undertakes a Covered Transaction, they are obligated to provide notice and information to LMHS and to make a “reciprocal offer” to LMHS, including an offer to purchase LMHS’s membership rights in CHS and a simultaneous obligation to offer CHS’ membership rights to LMHS at the same purchase price, adjusted upward by a formula that reflects the dissolution percentages Pursuant to the terms of the affiliation, the dissolution percentages are SJHS - 57 percent; LMHS - 43 percent.

## Other Information

### Non-Obligated Group System Affiliates

In addition to the Obligated Group Members, Providence includes: health plans; a provider network; numerous fundraising foundations; Providence Health Care Ventures, Inc., as Washington corporation that invests in health care activities; Tegria Holdings LLC, a company that provides technologies and services to the health care sector; various not-for-profit corporations that own and operate assisted living facilities and low-income housing projects, including housing facilities for the elderly; and the University of Providence formerly known as University of Great Falls, located in Great Falls, Montana. Providence also includes multiple operations involving or supporting home health, outpatient surgery, imaging services and other professional services provided through for-profit and non-profit entities that are not part of the Obligated Group. These entities are organized as subsidiaries of Providence, partnerships, or joint ventures with other entities. Obligated Group Members also may engage in informal alliances and/or contract-based physician relationships. Affiliates that are not Obligated Group Members are referred to in this Quarterly Report as the Non-Obligated Group System Affiliates. Certain Non-Obligated Group System Affiliates that are of significant operational or strategic importance and other Non-Obligated Group System Affiliates are discussed elsewhere in this Quarterly Report only to the extent they are viewed by management to be of operational or strategic importance.

### Providence Clinical Network

The Providence Clinical Network (“PCN”) is transforming clinical care across the continuum by creating a more compassionate, personalized and connected delivery system that makes care more accessible, convenient, and affordable. PCN includes our medical groups, same-day care services including urgent care, ExpressCare, ambulatory surgery and imaging; and four system Clinical Institutes: Heart, Neuroscience, Women’s and Children, Cancer and Digestive Health. PCN serves patients across the Western United States with quality, compassionate, coordinated care. Our medical groups include: Providence Medical Group, serving Alaska, Washington, Montana, and Oregon; Swedish Medical Group, and Pacific Medical Centers, each with staffed clinics throughout Washington’s greater Puget Sound area; Kadlec, serving southeast Washington; Providence St. John’s Medical Foundation, Providence Medical Institute, and Providence Facey Medical Foundation in Southern California; Providence Medical Foundation in Northern and Southern California; and Covenant Medical Group, and Covenant Health Partners in West Texas and Eastern New Mexico.

### Population Health Management

Population Health Management forms a vital pillar in achieving our strategic plan of transforming care, delivering value-based care, and creating healthier communities together. Our goal is to maximize the health outcomes of the people in our defined populations and communities through the design, delivery, and coordination of affordable quality health care and services. We integrate solutions to address social determinants of health and eliminate health inequities. We build community partnerships to increase access to health services, transportation, housing, education, food banks, mental health services, and support needed by vulnerable communities to achieve health equity.

Population Health Management focuses on a family of services, including Value-Based Care, Risk Sharing & Payments Models, Government programs (Medicaid and Medicare), and Health Equity that support our Providence divisional care delivery systems.

## **Providence Health Plan**

Providence Health Plan is a 501(c)(4) Oregon non-profit health care service contractor, and Providence Health Assurance is a wholly owned subsidiary of PHP. Providence Plan Partners is a 501(c)(4) Washington non-profit corporation.

The Health Plans provide services to a wide range of clients, including self-funded employers, and insurance coverage for large group employers, small group employers, individual and family coverage under the Affordable Care Act, Medicare Commercial, Medicare Advantage, Managed Medicaid risk administration, pharmacy benefits management, workers compensation services, and network access services under preferred plans. Providence Health Plan members reside in 49 states nationwide.

## **Ayin Health Solutions**

Ayin Health Solutions is our population health management company that provides a comprehensive suite of services to employer, payer, provider, and government clients. Ayin is a for-profit, non-risk bearing entity providing administrative and clinical services in multiple states and incorporated in Delaware.

## **Home & Community Care**

Home & Community Care is a trusted partner for individuals and families. Our community-based care and services are geared to help in times of need, aging and illness, and at the end of life. We provide a full range of post-acute services, including assisted living, skilled nursing and rehabilitation, home health, home infusion and pharmacy services, home medical equipment, hospice and palliative care, Program of All-Inclusive Care for the Elderly locations, supportive housing, and personal home care services. As our Mission calls us to serve the most vulnerable and poor members of our community, we provide a full range of services and support to more than 30,000 patients, participants, and residents each day. The demand for these services continues to increase in the markets we serve, creating opportunities for continued growth, innovation, and investment.

## **Tegria**

Tegria Holdings LLC is a Providence-owned technology, consulting and services company that combines select Providence investments and acquisitions into a comprehensive portfolio of solutions to accelerate technological, clinical, and operational advances in health care. Tegria focuses on three key initiatives: healthcare consulting and technology services, revenue cycle management solutions, and software technology and platforms. Tegria is comprised of strategists, technologists, service providers and scientists who currently serve more than 500 organizations across the United States and internationally.

## **Interest Rate Swap Arrangements**

Providence and/or certain of its affiliates may enter into interest rate swap contracts from time to time to increase or decrease variable rate debt exposure, to achieve a targeted mix of fixed and floating rate indebtedness, and for other purposes.

At March 31, 2023, SJHS was party to five interest rate swap agreements with a current notional amount totaling approximately \$395 million and with varying expiration dates. The swap agreements require SJHS to make fixed rate payments in exchange for variable rate payments made by the counterparties. SJHS's payment obligations under such swap agreements are secured by Obligations issued under the Master Indenture.

Below is a summary of those swap agreements, including the fair value of the swaps as of March 31, 2023. Fair values are based on independent valuations obtained and are determined by calculating the value of the discounted cash flows of the differences between the fixed interest rate of the interest rate swaps and the counterparty's forward London Interbank Offered Rate curve, which is the input used in the valuation, also taking into account any nonperformance risk. Changes in the fair value of the interest rate swaps are included within non-operating gains and losses. See also the discussion under "Other Information - Interest Rate Swap



Arrangements” and Note 8 to the Combined Audited Financial Statements for the fiscal year ended December 31, 2022.

INTEREST RATE SWAPS \$ PRESENTED IN MILLIONS	NOTIONAL	TERM	COUNTERPARTY	RECEIVE	PAY	FAIR VALUE
Fixed Payor	\$167.9	Jul-47	MUFG Union	68% of 3 Month LIBOR	3.519%	\$(21.9)
Fixed Payor	44.6	Jul-47	Wells Fargo	68% of 3 Month LIBOR	3.520%	(5.7)
Fixed Payor	58.7	Dec-40	Wells Fargo	55.70% of 1 Month LIBOR + 0.23%	3.229%	(5.0)
Fixed Payor	58.7	Dec-40	Wells Fargo	55.70% of 1 Month LIBOR + 0.23%	3.229%	(5.0)
Fixed Payor	64.9	Dec-40	Wells Fargo	55.70% of 1 Month LIBOR + 0.23%	3.229%	(5.5)

Entering into derivative agreements, including those described above, creates a variety of risks to Providence. Pursuant to certain of these agreements, both SJHS and the counterparty are required to deliver collateral in certain circumstances in order to secure their respective obligations under the agreements. As of March 31, 2023, SJHS posted no collateral. The amount of collateral delivered by SJHS over the term of the agreements could increase or decrease based upon SJHS’ credit ratings and movements of United States dollar swap rates and could be substantial.

Under certain circumstances, the derivative agreements are subject to termination prior to their scheduled termination date and prior to the maturity of the related revenue bonds. Payments due upon early termination may be substantial. In the event of an early termination of an agreement, there can be no assurance that (i) SJHS or any other Obligated Group Member will receive any termination payment payable to it by the provider, (ii) SJHS or any other Obligated Group Member will have sufficient amounts to pay a termination payment payable by it to the provider, or (iii) SJHS or the other Obligated Group Members will be able to obtain a replacement agreement with comparable terms. For financial reporting purposes, Providence has generally not treated its swap agreements as effective hedges against the interest cost of underlying debt. To the extent that swaps are not treated as effective hedges, Providence must recognize any changes in the fair market value of the swap agreements and the related debt as non-operating gains or losses. See Note 8 to the Combined Audited Financial Statements for the fiscal year ended December 31, 2022.

## Litigation

Certain material litigation may result in adverse outcomes to the Obligated Group. Obligated Group Members are involved in litigation and regulatory investigations arising in the course of doing business. After consultation with legal counsel, except as described below, management estimates that these matters will be resolved without material adverse effect on the Obligated Group’s future consolidated financial position or results of operations.

On February 3, 2022, the Washington State Attorney General’s Office filed a complaint against Providence Health & Services - Washington, Swedish Health Services, Swedish Edmonds, and Kadlec Regional Medical Center, seeking injunctive relief and civil penalties for alleged violations of the Washington State Consumer Protection Act. On January 27, 2023, the court denied the Washington State Attorney General’s Office motion for Partial Summary Judgment arguing that Providence has violated the Washington State Consumer Protection Act. The Washington State Attorney General has stated that it still intends to move forward with their suit to trial, which is scheduled for February 2024. At this time, no determination can be made as to whether such litigation will have a material adverse effect on Providence, financial or otherwise.

On April 11, 2022, the U.S. Department of Justice, the Washington Office of the Attorney General and Providence Health & Services - Washington entered into a Settlement Agreement and Corporate Integrity Agreement to resolve allegations raised by a relator regarding the False Claims Act arising out of the actions of two physicians at one Providence hospital in the southeast region of Washington State. These physicians are no longer practicing at any Providence hospital. Providence agreed to settle the litigation, without admitting fault, to resolve these matters expeditiously, which Providence believes is in the best interest of our caregivers and patients. Providence cooperated fully with the government throughout the investigation.

Several civil actions are pending or threatened against certain affiliates, including Obligated Group Members, alleging medical malpractice. In the opinion of management of Providence, based upon the advice

of legal counsel and risk management personnel, the currently estimated costs and related expenses of defense will be within applicable insurance limits or will not materially adversely affect the financial condition or operations of Providence.

## **Employees**

As of March 31, 2023, Providence employed approximately 117,000 caregivers, representing 108,000 FTEs. Of Providence's total employees, approximately 32 percent are represented by 19 different labor unions.

Providence strives to provide market-competitive salaries and benefits to all employees. Management believes the salary levels and benefits packages for its employees are competitive in all the respective markets. Leadership of each of the separate employers within Providence is working to ensure the compensation and benefits are modern and reflect competitive market practices. This will require continued negotiations throughout 2023. In past years, Providence has experienced strikes at different facilities as a result of contract negotiations. In each situation, the facility operated with qualified replacement employees and experienced limited disruption to hospital operations or patient service. Management is also aware of ongoing organizing efforts by labor unions within the health care industry, including in markets where the separate employers within Providence operate.

## **Community Benefit**

Our community benefit program is a vital part of our vision. It includes free or low-cost care (charity care) and the costs of uncompensated care for Medicaid and other government-funded programs, along with proactive investments such as subsidized health services, education, and community health improvement. Each year, we take a holistic approach to community building by identifying unmet needs and responding with tailored community benefit investments designed to improve health and well-being.

Building on our commitment to care for those who are poor and vulnerable, we invested \$563 million in community benefit in the three months ended March 31, 2023, compared with \$412 million in the same period in 2022. Our unpaid costs of Medicaid totaled \$426 million for the three months ended March 31, 2023, compared with \$251 million for the same period in 2022.

## **Providence Information Security Program**

Providence's information security program consists of over 200 full-time employees. The information security team's global reach enables 24/7 coverage of IT risks and real-time defense of Providence's information ecosystem. Providence's cybersecurity program has adopted the National Institute of Standards and Technology Cyber Security Framework as the foundational model for organizing the team's strategy, with policies and standards aligned to a controls-based framework based on NIST 800-53. Standardizing the program on this framework and rooting the program in controls-based policies allows the system to measure cybersecurity maturity and update controls as the IT risk landscape evolves. IT risk is quantified and tracked in the Cyber Balance Sheet operational tool, which combines real-time telemetry from enterprise IT and cybersecurity tools with risk-weighted measurements. This approach allows for risk-informed decision-making within the IT organization and the Providence Board of Directors.

## **Insurance**

Providence has developed insurance programs that provide coverage for various insurable risks utilizing commercial products and self-insurance using a captive insurance company domiciled in Arizona with reinsurance. The program uses benchmarking and insurance, actuarial and finance analytics to guide decisions regarding the types of coverage purchased, the limits or amounts of insurance, and quality of coverage terms. The quality of insurance products is maintained in part by requiring commercial insurers to have an A rating or better from A.M. Best to be on Providence's program. Management reviews strategy at least annually with input from brokers, actuaries, and consultants. Funding of captive insurers conforms to regulatory requirements of the domicile. The major lines of insurance maintained include property, professional and general liability, directors' and officers' liability, employment practices liability, auto liability, fiduciary liability, cyber liability, technology errors and omissions, workers' compensation and employers' liability, and crime.



## **Accreditation and Memberships**

Providence's acute care hospital facilities are appropriately licensed by applicable state licensing agencies, certified for Medicare and Medicaid/Medi-Cal reimbursement, and (except Covenant Levelland, Providence Seward Medical Center, and Providence Valdez Medical Center) accredited by The Joint Commission. Providence's five hospitals operated by Swedish Health Services are accredited by DNV. Each long-term care facility or unit is licensed by applicable state licensing agencies and is appropriately certified for Medicare and Medicaid/Medi-Cal reimbursement.

## Glossary of Certain Terms

<b>Credit Group:</b>	Obligated Group Members, Designated Affiliates, Limited Credit Group Participants, and Unlimited Credit Group Participants, collectively.																										
<b>Obligated Group or Obligated Group Members:</b>	Obligated Group Members under the Master Indenture and currently: <table> <tr> <td>Providence</td> <td>Western HealthConnect</td> </tr> <tr> <td>PH&amp;S</td> <td>Kadlec</td> </tr> <tr> <td>Providence - Washington</td> <td>SJHS</td> </tr> <tr> <td>Providence - Southern California</td> <td>St. Joseph Orange</td> </tr> <tr> <td>LCMASC</td> <td>St. Jude</td> </tr> <tr> <td>Providence - Saint John's</td> <td>Mission Hospital</td> </tr> <tr> <td>Providence - SJMC Montana</td> <td>St. Mary</td> </tr> <tr> <td>Providence - Montana</td> <td>SJHNC</td> </tr> <tr> <td>Providence - Oregon</td> <td>CHS</td> </tr> <tr> <td>Providence - Western Washington</td> <td>CMC</td> </tr> <tr> <td>Swedish</td> <td>Covenant Children's</td> </tr> <tr> <td>Swedish Edmonds</td> <td>Covenant Levelland</td> </tr> <tr> <td>PacMed</td> <td>Covenant Plainview</td> </tr> </table>	Providence	Western HealthConnect	PH&S	Kadlec	Providence - Washington	SJHS	Providence - Southern California	St. Joseph Orange	LCMASC	St. Jude	Providence - Saint John's	Mission Hospital	Providence - SJMC Montana	St. Mary	Providence - Montana	SJHNC	Providence - Oregon	CHS	Providence - Western Washington	CMC	Swedish	Covenant Children's	Swedish Edmonds	Covenant Levelland	PacMed	Covenant Plainview
Providence	Western HealthConnect																										
PH&S	Kadlec																										
Providence - Washington	SJHS																										
Providence - Southern California	St. Joseph Orange																										
LCMASC	St. Jude																										
Providence - Saint John's	Mission Hospital																										
Providence - SJMC Montana	St. Mary																										
Providence - Montana	SJHNC																										
Providence - Oregon	CHS																										
Providence - Western Washington	CMC																										
Swedish	Covenant Children's																										
Swedish Edmonds	Covenant Levelland																										
PacMed	Covenant Plainview																										
<b>Designated Affiliates:</b>	Designated Affiliates under the Master Indenture. There are currently no Designated Affiliates.																										
<b>Limited Credit Group Participants:</b>	Limited Credit Group Participants under the Master Indenture. There are currently no Limited Credit Group Participants.																										
<b>Unlimited Credit Group Participants:</b>	Unlimited Credit Group Participants under the Master Indenture. There are currently no Unlimited Credit Group Participants.																										

<b>CHS:</b>	Covenant Health System, a Texas nonprofit corporation and currently an Obligated Group Member.
<b>CMC:</b>	Covenant Medical Center, a Texas nonprofit corporation and currently an Obligated Group Member.
<b>Covenant Children's:</b>	Methodist Children's Hospital, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Children's Hospital.
<b>Covenant Levelland:</b>	Methodist Hospital Levelland, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Levelland Hospital.
<b>Covenant Plainview:</b>	Methodist Hospital Plainview, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Plainview Hospital.
<b>Kadlec:</b>	Kadlec Regional Medical Center, a Washington nonprofit corporation and currently an Obligated Group Member.
<b>LCMASC:</b>	Little Company of Mary Ancillary Services Corporation, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<b>Mission Hospital:</b>	Mission Hospital Regional Medical Center, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<b>PacMed:</b>	PacMed Clinics, a Washington nonprofit corporation and currently an Obligated Group Member.
<b>PH&amp;S:</b>	Providence Health & Services, a Washington nonprofit corporation and currently an Obligated Group Member.
<b>Providence - Montana:</b>	Providence Health & Services - Montana, a Montana nonprofit corporation and currently an Obligated Group Member.
<b>Providence - Oregon:</b>	Providence Health & Services - Oregon, an Oregon nonprofit corporation and currently an Obligated Group Member.
<b>Providence - Saint John's:</b>	Providence Saint John's Health Center, a California nonprofit religious corporation and currently an Obligated Group Member.

<b>Providence - SJMC Montana:</b>	Providence St. Joseph Medical Center, a Montana nonprofit corporation and currently an Obligated Group Member.
<b>Providence - Southern California:</b>	Providence Health System - Southern California, a California nonprofit religious corporation and currently an Obligated Group Member.
<b>Providence - Washington:</b>	Providence Health & Services - Washington, a Washington nonprofit corporation and currently an Obligated Group Member.
<b>Providence - Western Washington:</b>	Providence Health & Services - Western Washington, a Washington nonprofit corporation and currently an Obligated Group Member.
<b>Providence St. Joseph Health, Providence, we, us, our:</b>	Providence St. Joseph Health, a Washington nonprofit corporation and currently an Obligated Group Member and the Obligated Group Agent.
<b>SJHNC:</b>	St. Joseph Health Northern California, LLC, a California limited liability company and currently an Obligated Group Member.
<b>SJHS:</b>	St. Joseph Health System, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<b>St. Joseph Orange:</b>	St. Joseph Hospital of Orange, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<b>St. Jude:</b>	St. Jude Hospital, a California nonprofit public benefit corporation and currently an Obligated Group Member, doing business as St. Jude Medical Center.
<b>St. Mary:</b>	St. Mary Medical Center, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<b>Swedish:</b>	Swedish Health Services, a Washington nonprofit corporation and currently an Obligated Group Member.
<b>Swedish Edmonds:</b>	Swedish Edmonds, a Washington nonprofit corporation and currently an Obligated Group Member.
<b>System:</b>	Providence and all entities that are included within the combined financial statements of Providence.
<b>Western HealthConnect:</b>	Western HealthConnect, a Washington nonprofit corporation and currently an Obligated Group Member.

## Exhibit 6 - Obligated Group Facilities

### Exhibit 6.1 Acute Care Facilities by Region

A list of Providence's acute care facilities in each region as of March 31, 2023, each of which is owned, operated, or managed by an Obligated Group Member:

Region	Obligated Group Member	Facility	Location(s)	Licensed Acute Care Beds*
<b>Alaska</b>	Providence Health & Services-Washington	Providence Alaska Medical Center	Anchorage	401
		Providence Kodiak Island Medical Center <sup>(1)</sup>	Kodiak	25
		Providence Seward Medical and Care Center <sup>(2)</sup>	Seward	6
		Providence Valdez Medical Center <sup>(2)</sup>	Valdez	11
<b>Puget Sound Region</b>	Swedish Edmonds	Swedish Edmonds <sup>(1)</sup>	Edmonds	217
		Swedish Medical Center Campuses <sup>(3)</sup> :		
	Swedish Health Services	Swedish Ballard	Ballard	133
		Swedish Issaquah	Issaquah	175
		Swedish Cherry Hill	Seattle	349
	Providence Health & Services-Washington	Swedish First Hill	Seattle	697
		Providence Centralia Hospital	Centralia	128
Providence Regional Medical Center Everett	Providence Regional Medical Center Everett	Everett	595	
	Providence St. Peter Hospital <sup>(4)</sup>	Olympia	372	
<b>Eastern Washington and Western Montana</b>	Providence Health & Services-Washington	Providence St. Joseph's Hospital	Chewelah	25
		Providence Mount Carmel Hospital	Colville	55
		Providence Sacred Heart Medical Center and Children's Hospital	Spokane	691
		Providence Holy Family Hospital	Spokane	197
	Kadlec Regional Medical Center	Providence St. Mary Medical Center	Walla Walla	142
		Kadlec Regional Medical Center	Richland	337
		St. Patrick Hospital	Missoula (MT)	253
	Providence Health & Services-Montana	Providence St. Joseph Medical Center	Polson (MT)	22
	<b>Oregon</b>	Providence Health & Services-Oregon	Providence Hood River Memorial Hospital	Hood River
Providence Medford Medical Center			Medford	120
Providence Milwaukie Hospital			Milwaukie	77
Providence Newberg Medical Center			Newberg	40
Providence Willamette Falls Medical Center			Oregon City	143
Providence St. Vincent Medical Center			Portland	539
Providence Portland Medical Center			Portland	483
Providence Seaside Hospital <sup>(1)</sup>			Seaside	25

Region	Obligated Group Member	Facility	Location(s)	Licensed Acute Care Beds*	
<b>Northern California</b>					
	St. Joseph Health Northern California, LLC.	Providence St. Joseph Hospital	Eureka	153	
		Providence Redwood Memorial Hospital	Fortuna	35	
		Providence Queen of the Valley Medical Center	Napa	198	
		Providence Santa Rosa Memorial Hospital	Santa Rosa	298	
<b>Southern California</b>					
	Providence Health System-Southern California	Providence St. Joseph Medical Center	Burbank	392	
		Providence Holy Cross Medical Center	Mission Hills	329	
		Providence Little Company of Mary Medical Center San Pedro	San Pedro	183	
		Providence Tarzana Medical Center <sup>(2)</sup>	Tarzana	249	
		Providence Little Company of Mary Medical Center Torrance	Torrance	327	
		Providence Saint John's Health Center	Santa Monica	266	
		St. Mary Medical Center	Apple Valley	213	
		St. Jude Medical Hospital	Fullerton	320	
		Mission Hospital Regional Medical Center	Mission Hospital Regional Medical Center Campuses <sup>(5)</sup> : Mission Hospital Regional Medical Center	Mission Viejo	504
		St. Joseph Hospital of Orange	Mission Hospital Laguna Beach St. Joseph Hospital of Orange <sup>(6)</sup>	Laguna Beach Orange	463
<b>West Texas and Eastern New Mexico</b>					
	Methodist Hospital Levelland	Covenant Hospital Levelland <sup>(7)</sup>	Levelland	48	
	Covenant Health System	CHS Campuses:		381	
		Covenant Medical Center	Lubbock		
	Methodist Children's Hospital Methodist Hospital Plainview	Covenant Medical Center - Lakeside	Lubbock		
		Covenant Children's Hospital	Lubbock	227	
		Covenant Hospital Plainview <sup>(7)</sup>	Plainview	68	
<b>TOTAL</b>				<b>10,937</b>	

\* Includes all acute care licensure categories except for normal newborn bassinets and partial hospitalization psychiatric beds

<sup>(1)</sup> Leased by an Obligated Group Member

<sup>(2)</sup> Managed by an Obligated Group Member, but not a member of the Obligated Group

<sup>(3)</sup> Four campuses with three licenses

<sup>(4)</sup> Includes a 50-bed chemical dependency center

<sup>(5)</sup> Two campuses on one license, including 36 acute care psychiatric beds in Laguna Beach

<sup>(6)</sup> Includes 37 acute care psychiatric beds

<sup>(7)</sup> Leased facility and Obligated Group Member

**Exhibit 6.2**  
**Long-Term Care Facilities by Region**

Providence's principal owned or leased long-term care facilities as of March 31, 2023, each of which is owned, operated, or managed by an Obligated Group Member:

<b>Region</b>	<b>Obligated Group Member</b>	<b>Facility</b>	<b>Location(s)</b>	<b>Licensed Long-Term Care Beds</b>
<b>Alaska</b>				
	Providence Health & Services-Washington	Providence Kodiak Island Medical Center <sup>(1)</sup>	Kodiak	22
		Providence Seward Medical and Care Center <sup>(1)</sup>	Seward	40
		Providence Valdez Medical Center <sup>(2)</sup>	Valdez	10
		Providence Extended Care	Anchorage	96
		Providence Transitional Care Center	Anchorage	50
<b>Puget Sound Region</b>				
	Providence Health & Services-Washington	Providence Marionwood	Issaquah	117
		Providence Mother Joseph Care Center	Olympia	152
		Providence Mount St. Vincent	Seattle	215
<b>Eastern Washington and Western Montana</b>				
	Providence Health & Services-Washington	Providence St. Joseph Care Center	Spokane	113
<b>Oregon</b>				
	Providence Health & Services-Oregon	Providence Benedictine Nursing Center	Mt. Angel	98
		Providence Child Center	Portland	58
<b>Northern California</b>				
	St. Joseph Health Northern California, LLC.	Providence Santa Rosa Memorial Hospital	Santa Rosa	31
<b>Southern California</b>				
	Providence Health System-Southern California	Providence Holy Cross Medical Center	Mission Hills	48
		Providence Little Company of Mary Subacute Care Center San Pedro	San Pedro	125
		Providence Little Company of Mary Transitional Care Center	Torrance North	115
		Providence St. Elizabeth Care Center	Hollywood	52
<b>West Texas and Eastern New Mexico</b>				
	Covenant Health System	Covenant Long-term Acute Care <sup>(2)</sup>	Lubbock	56
<b>TOTAL</b>				<b>1,398</b>

<sup>(1)</sup> Leased by an Obligated Group Member

<sup>(2)</sup> Managed or owned by an Obligated Group Member, but not a member of the Obligated Group

## Exhibit 7 - Supplementary Information

[ATTACHED]



**EXHIBIT 7.1 - SUMMARY UNAUDITED COMBINED STATEMENTS OF OPERATIONS**

	Ended March 31, 2023		Ended March 31, 2022	
	(in 000's of dollars)		(in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
<b>Operating Revenues:</b>				
Net Patient Service Revenues	\$ 5,166,935	4,875,483	4,770,538	4,488,611
Premium Revenues	670,298	85,292	616,641	77,492
Capitation Revenues	491,871	193,538	457,972	182,514
Other Revenues	470,866	291,772	440,726	276,017
Total Operating Revenues	6,799,970	5,446,085	6,285,877	5,024,634
<b>Operating Expenses:</b>				
Salaries and Benefits	3,766,644	3,204,611	3,579,206	3,065,768
Supplies	1,102,932	1,019,403	961,851	891,974
Purchased Healthcare Services	578,151	115,631	567,173	110,186
Interest, Depreciation, and Amortization	343,066	300,065	305,071	272,837
Purchased Services, Professional Fees, and Other	1,354,482	963,625	1,382,735	1,004,936
Total Operating Expenses	7,145,275	5,603,335	6,796,036	5,345,701
Deficit of Revenues Over Expenses From Operations	(345,305)	(157,250)	(510,159)	(321,067)
Non-Operating Gains (Losses)	227,961	157,626	(329,575)	(209,154)
Excess (Deficit) of Revenues Over Expenses Before Disaffiliation	(117,344)	376	(839,734)	(530,221)
Loss from Disaffiliation	-	-	(3,407,917)	(3,407,917)
Excess (Deficit) of Revenues Over Expenses	\$ (117,344)	376	(4,247,651)	(3,938,138)

**EXHIBIT 7.2 - SUMMARY UNAUDITED AND AUDITED COMBINED STATEMENTS OF CASH FLOWS**

	Ended March 31, 2023		Ended December 31, 2022	
	(in 000's of dollars)		(in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Net Cash Provided (Used in) Operating Activities	\$ (215,336)	88,450	(1,342,273)	(880,521)
Net Cash Provided (Used in) Investing Activities	150,864	195,088	(279,300)	(392,058)
Net Cash Provided by Financing Activities	234,830	137,360	1,541,388	1,487,027
Increase (Decrease) in Cash and Cash Equivalents	170,358	420,898	(80,185)	214,448
Cash and Cash Equivalents, Beginning of Period	1,063,024	458,154	1,143,209	243,706
Cash and Cash Equivalents, End of Period	\$ 1,233,382	879,052	1,063,024	458,154

**EXHIBIT 7.3 - SUMMARY UNAUDITED NET PATIENT SERVICE REVENUE PAYOR MIX**

	Ended March 31, 2023		Ended March 31, 2022	
	Consolidated	Obligated	Consolidated	Obligated
Commercial	48%	49%	50%	51%
Medicare	37%	36%	34%	34%
Medicaid	13%	13%	13%	13%
Self-pay and Other	2%	2%	3%	2%





**EXHIBIT 7.4 - SUMMARY UNAUDITED AND AUDITED COMBINED BALANCE SHEETS**

	As of March 31, 2023		As of December 31, 2022	
	(in 000's of dollars)		(in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 1,233,382	879,052	1,063,024	458,154
Short-Term Investments	519,271	414,356	514,852	414,541
Accounts Receivable, Net	2,875,468	2,639,179	2,841,205	2,634,923
Supplies Inventory	366,217	342,556	358,925	336,549
Other Current Assets	1,621,963	1,415,553	1,751,704	1,567,084
Current Portion of Assets Whose Use is Limited	239,069	99,943	141,393	2,266
<b>Total Current Assets</b>	<b>6,855,370</b>	<b>5,790,639</b>	<b>6,671,103</b>	<b>5,413,517</b>
Management Designated Cash and Investments	7,628,647	4,900,751	7,903,614	5,295,537
Assets Whose Use is Limited	622,182	318,666	608,085	316,365
Property, Plant, and Equipment, Net	10,049,907	8,654,808	10,217,246	8,826,817
Other Assets	3,650,405	3,841,658	3,507,612	3,677,690
<b>Total Assets</b>	<b>\$ 28,806,511</b>	<b>23,506,522</b>	<b>28,907,660</b>	<b>23,529,926</b>
<b>Current Liabilities:</b>				
Current Portion of Long-Term Debt	159,969	149,253	166,210	156,496
Master Trust Debt Classified as Short-Term	452,285	452,285	452,285	452,285
Accounts Payable	1,583,591	1,430,448	1,914,960	1,681,286
Accrued Compensation	1,369,488	1,195,375	1,495,523	1,287,485
Other Current Liabilities	2,466,567	1,464,323	2,344,753	1,349,608
<b>Total Current Liabilities</b>	<b>6,031,900</b>	<b>4,691,684</b>	<b>6,373,731</b>	<b>4,927,160</b>
Long-Term Debt, Net of Current Portion	7,822,893	7,476,961	7,606,205	7,320,847
Pension Benefit Obligation	657,272	657,272	677,849	677,849
Other Liabilities	2,712,465	1,494,338	2,658,732	1,469,034
<b>Total Liabilities</b>	<b>\$ 17,224,530</b>	<b>14,320,255</b>	<b>17,316,517</b>	<b>14,394,890</b>
<b>Net Assets:</b>				
Controlling Interests	9,666,858	8,007,246	9,817,521	7,985,899
Noncontrolling Interests	498,699	(243)	386,172	(243)
<b>Net Assets Without Donor Restrictions</b>	<b>10,165,557</b>	<b>8,007,003</b>	<b>10,203,693</b>	<b>7,985,656</b>
<b>Net Assets With Donor Restrictions</b>	<b>1,416,424</b>	<b>1,179,264</b>	<b>1,387,450</b>	<b>1,149,380</b>
<b>Total Net Assets</b>	<b>11,581,981</b>	<b>9,186,267</b>	<b>11,591,143</b>	<b>9,135,036</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 28,806,511</b>	<b>23,506,522</b>	<b>28,907,660</b>	<b>23,529,926</b>



**EXHIBIT 7.5 - KEY PERFORMANCE METRICS**

	Ended March 31, 2023		Ended March 31, 2022	
	Consolidated	Obligated	Consolidated	Obligated
Inpatient Admissions	106,831	102,317	103,337	98,811
Acute Patient Days	615,168	592,195	612,120	588,322
Acute Outpatient Visits	3,398,148	3,176,245	3,127,531	2,963,773
Primary Care Visits	3,591,866	2,121,995	3,413,610	2,167,830
Inpatient Surgeries and Procedures	47,191	45,709	43,164	41,803
Outpatient Surgeries and Procedures	124,064	89,246	102,311	73,870
Long-Term Care Admissions	897	837	922	868
Long-Term Care Patient Days	78,086	76,517	71,643	68,930
Home Health Visits	286,561	202,223	259,115	184,766
Hospice Days	268,435	157,311	266,260	155,944
Housing and Assisted Living Days	115,681	48,039	113,042	49,349
Acute Average Daily Census	6,835	6,580	6,801	6,537
Acute Licensed Beds	11,293	10,671	11,353	10,673
FTEs	107,603	91,962	102,713	88,231



**EXHIBIT 7.6 - SUMMARY UNAUDITED COMBINING STATEMENTS OF OPERATIONS BY REGION**

	Ended March 31, 2023								
	(in 000's of dollars)								
	Alaska	Puget Sound Region	Eastern Washington/ Western Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Other/ Eliminations	Consolidated
<u>Operating Revenues:</u>									
Net Patient Service Revenues	\$ 239,038	1,284,952	800,093	1,075,713	425,370	1,421,397	311,615	(391,243)	5,166,935
Premium Revenues	-	33,059	-	57,514	(7)	2,526	-	577,206	670,298
Capitation Revenues	-	44,651	212	11,839	19,660	415,509	-	-	491,871
Other Revenues	15,694	83,582	67,605	106,970	17,927	75,302	19,036	84,750	470,866
Total Operating Revenues	254,732	1,446,244	867,910	1,252,036	462,950	1,914,734	330,651	270,713	6,799,970
<u>Operating Expenses:</u>									
Salaries and Benefits	107,943	735,621	431,771	558,543	191,365	721,073	139,753	880,575	3,766,644
Supplies	34,567	234,688	148,317	295,299	60,088	262,757	60,295	6,921	1,102,932
Purchased Healthcare Services	7	44,860	(176)	24,224	9,035	192,906	-	307,295	578,151
Interest, Depreciation, and Amortization	12,157	52,037	27,394	26,597	16,687	66,090	22,361	119,743	343,066
Purchased Services, Professional Fees, and Other	82,329	460,442	302,063	354,765	207,260	785,108	135,400	(972,885)	1,354,482
Total Operating Expenses	237,003	1,527,648	909,369	1,259,428	484,435	2,027,934	357,809	341,649	7,145,275
Excess (Deficit) of Revenues Over Expenses From Operations	17,729	(81,404)	(41,459)	(7,392)	(21,485)	(113,200)	(27,158)	(70,936)	(345,305)
Non-Operating Gains	33,799	18,002	29,219	45,900	14,011	37,826	8,278	40,926	227,961
Excess (Deficit) of Revenues Over Expenses	\$ 51,528	(63,402)	(12,240)	38,508	(7,474)	(75,374)	(18,880)	(30,010)	(117,344)



**EXHIBIT 7.7 - SUMMARY UNAUDITED COMBINING BALANCE SHEETS BY REGION**

As of March 31, 2023

(in 000's of dollars)

	Alaska	Puget Sound Region	Eastern Washington/ Western Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Other/ Eliminations	Consolidated
<b>Current Assets:</b>									
Cash and Cash Equivalents	\$ 650,637	53,731	499,212	906,730	(352,311)	(2,405,619)	540,102	1,340,900	1,233,382
Short-Term Investments	13	-	-	-	17,606	18,546	28,615	454,491	519,271
Accounts Receivable, Net	160,461	765,292	392,449	516,847	291,963	824,287	142,210	(218,041)	2,875,468
Supplies Inventory	14,305	70,638	37,689	73,977	24,073	87,727	23,951	33,857	366,217
Other Current Assets	19,838	126,466	88,593	167,384	228,371	663,704	(39,979)	367,586	1,621,963
Current Portion of Assets Whose Use is Limited	-	-	-	-	-	559	-	238,510	239,069
<b>Total Current Assets</b>	<b>845,254</b>	<b>1,016,127</b>	<b>1,017,943</b>	<b>1,664,938</b>	<b>209,702</b>	<b>(810,796)</b>	<b>694,899</b>	<b>2,217,303</b>	<b>6,855,370</b>
Management Designated Cash and Investments	1,104,324	415,127	895,375	1,549,955	451,388	1,378,290	281,880	1,552,308	7,628,647
Assets Whose Use is Limited	147	20,311	458	29,491	11,386	23,649	4,482	532,258	622,182
Property, Plant, and Equipment, Net	397,120	2,023,188	864,223	987,412	712,022	3,128,477	839,706	1,097,759	10,049,907
Other Assets	76,447	637,293	310,454	217,980	23,197	1,057,868	140,446	1,186,720	3,650,405
<b>Total Assets</b>	<b>\$ 2,423,292</b>	<b>4,112,046</b>	<b>3,088,453</b>	<b>4,449,776</b>	<b>1,407,695</b>	<b>4,777,488</b>	<b>1,961,413</b>	<b>6,586,348</b>	<b>28,806,511</b>
<b>Current Liabilities:</b>									
Current Portion of Long-Term Debt	3,225	40,026	17,696	11,951	9,563	45,846	6,832	24,830	159,969
Master Trust Debt Classified as Short-Term	-	-	-	-	-	-	-	452,285	452,285
Accounts Payable	43,467	242,428	106,038	181,841	86,583	431,318	50,082	441,834	1,583,591
Accrued Compensation	25,942	153,516	186,702	103,561	43,693	191,601	25,776	638,697	1,369,488
Other Current Liabilities	14,127	151,094	66,865	91,795	84,510	551,437	196,552	1,310,187	2,466,567
<b>Total Current Liabilities</b>	<b>86,761</b>	<b>587,064</b>	<b>377,301</b>	<b>389,148</b>	<b>224,349</b>	<b>1,220,202</b>	<b>279,242</b>	<b>2,867,833</b>	<b>6,031,900</b>
Long-Term Debt, Net of Current Portion	242,921	1,555,007	613,242	112,694	290,032	1,416,489	863,607	2,728,901	7,822,893
Pension Benefit Obligation	-	141,195	-	2,569	-	-	-	513,508	657,272
Other Liabilities	62,420	448,086	128,739	163,774	19,788	559,762	93,319	1,236,577	2,712,465
<b>Total Liabilities</b>	<b>\$ 392,102</b>	<b>2,731,352</b>	<b>1,119,282</b>	<b>668,185</b>	<b>534,169</b>	<b>3,196,453</b>	<b>1,236,168</b>	<b>7,346,819</b>	<b>17,224,530</b>
<b>Net Assets:</b>									
Controlling Interests	1,989,773	1,189,125	1,898,393	3,454,906	768,980	498,247	661,983	(794,549)	9,666,858
Noncontrolling Interests	14,350	3,384	5,235	886	-	425,930	22,589	26,325	498,699
Net Assets Without Donor Restrictions	2,004,123	1,192,509	1,903,628	3,455,792	768,980	924,177	684,572	(768,224)	10,165,557
Net Assets With Donor Restrictions	27,067	188,185	65,543	325,799	104,546	656,858	40,673	7,753	1,416,424
<b>Total Net Assets</b>	<b>2,031,190</b>	<b>1,380,694</b>	<b>1,969,171</b>	<b>3,781,591</b>	<b>873,526</b>	<b>1,581,035</b>	<b>725,245</b>	<b>(760,471)</b>	<b>11,581,981</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,423,292</b>	<b>4,112,046</b>	<b>3,088,453</b>	<b>4,449,776</b>	<b>1,407,695</b>	<b>4,777,488</b>	<b>1,961,413</b>	<b>6,586,348</b>	<b>28,806,511</b>



**EXHIBIT 7.8 - KEY PERFORMANCE METRICS BY REGION**

Ended March 31, 2023

	Alaska	Puget Sound Region	Eastern Washington/ Western Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Consolidated
Inpatient Admissions	3,858	23,672	15,577	15,060	6,672	36,646	5,346	106,831
Acute Patient Days	30,934	153,786	96,705	91,325	37,510	175,256	29,652	615,168
Acute Outpatient Visits	102,264	633,311	461,084	815,412	257,117	881,821	247,139	3,398,148
Primary Care Visits	38,624	847,538	678,758	583,395	236,023	1,042,784	126,553	3,591,866
Inpatient Surgeries and Procedures	2,094	10,687	7,575	6,104	2,857	15,408	2,466	47,191
Outpatient Surgeries and Procedures	2,736	22,088	20,014	35,260	7,332	30,150	6,484	124,064
Long-Term Care Admissions	n/a	319	143	102	n/a	273	60	897
Long-Term Care Patient Days	12,837	27,625	6,572	8,708	n/a	20,775	1,569	78,086
Home Health Visits	5,247	86,531	2,356	78,842	11,685	101,900	n/a	286,561
Hospice Days	7,241	100,619	n/a	48,996	31,467	62,380	17,732	268,435
Housing and Assisted Living Days	7,432	55,567	12,632	35,190	n/a	4,860	n/a	115,681
Average Daily Census	344	1,709	1,075	1,015	417	1,947	329	6,835
Acute Licensed Beds	482	2,666	1,824	1,452	807	3,246	816	11,293
FTEs	3,837	21,163	13,756	17,852	5,026	22,945	5,402	107,603