



**Secondary Market
Disclosure Information**

March 31, 2023

RWJ BARNABAS HEALTH, INC.

Consolidated Financial Statements and Supplementary Information as of March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022

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RWJBARNABAS HEALTH
Secondary Market Disclosure Information
March 31, 2023

Summary of Obligations under the
Master Trust Indenture and Other Credit Arrangements

Bond Obligations under the Master Trust Indenture

- Barnabas Health System Taxable Revenue Bonds, Series 2012
- Barnabas Health Issue, Series 2014A
- Robert Wood Johnson University Hospital Issue, Series 2013A
- Robert Wood Johnson University Hospital Issue, Series 2014A
- RWJ Barnabas Health Taxable Revenue Bonds, Series 2016
- RWJ Barnabas Health Obligated Group Issue, Series 2016A
- RWJ Barnabas Health Obligated Group Issue, Series 2017A
- RWJ Barnabas Health Senior Secured Notes, Series A through D
- RWJ Barnabas Health Obligated Group Issue, Series 2019
- RWJ Barnabas Health Obligated Group Issue, Series 2019A
- RWJ Barnabas Health Obligated Group Issue, Series 2019B-1 through B-3
- RWJ Barnabas Health Obligated Group Issue, Series 2021A

Other Credit Arrangements

- Secured revolving credit facility with JP Morgan Chase Bank, N.A. that includes a sublimit for letters of credit including the self-insured worker's compensation program. Secured under the Master Trust Indenture.
- Revolving line of credit agreement with JPMorgan Chase Bank, N.A. in the maximum available amount of \$50 million (with an accordion feature for a potential increase in the line to \$100 million in the aggregate); no funds have been drawn down under such credit agreement. Secured under the Master Trust Indenture.
- Construction loans (combined with grants) from the New Jersey Economic Development Authority under its HUD-funded Energy Resilience Bank program for building combined heating and power systems at each of Cooperman Barnabas Medical Center, Newark Beth Israel Medical Center, Robert Wood Johnson University Hospital Somerset, Jersey City Medical Center, and Trinitas Regional Medical Center, and related funding from PSE&G. The aggregate maximum availability of the loans is approximately \$22.6 million; approximately \$9.1 million has been drawn down under the loans.

RWJBARNABAS HEALTH
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 March 31, 2023
 System Overview

Facility	Location	Licensed Beds
Acute Care Hospitals:		
Newark Beth Israel Medical Center	Newark	653 ⁽¹⁾
Community Medical Center	Toms River	617 ⁽²⁾
Cooperman Barnabas Medical Center	Livingston	597
Robert Wood Johnson University Hospital, New Brunswick Campus	New Brunswick	614 ⁽³⁾
Robert Wood Johnson University Hospital, Somerset Campus	Somerville	333
Monmouth Medical Center	Long Branch	514 ⁽⁴⁾
Monmouth Medical Center, Southern Campus	Lakewood	241 ⁽⁵⁾
Clara Maass Medical Center	Belleville	472
Jersey City Medical Center	Jersey City	352
Robert Wood Johnson University Hospital Rahway	Rahway	241
Robert Wood Johnson University Hospital at Hamilton	Hamilton	248
Trinitas Regional Medical Center	Elizabeth	541 ⁽⁷⁾
Total Acute Care Beds		<u>5,423</u>
Transitional Care Beds:		
Children's Specialized Hospital	New Brunswick	145 ⁽⁶⁾
Community Medical Center Transitional Care Unit	Toms River	25 ⁽²⁾
Trinitas Hospital-based Long Term Care Facility	Elizabeth	124 ⁽⁷⁾
Total Transitional Care Beds		<u>294</u>
Specialty Hospitals:		
The Children's Hospital of NJ at Newark Beth Israel Medical Center	Newark	156 ⁽¹⁾
Barnabas Health Behavioral Health Center	Toms River	100 ⁽⁵⁾
The Bristol-Myers Squibb Children's Hospital at Robert Wood Johnson University Hospital	New Brunswick	79 ⁽³⁾
The Unterberg Children's Hospital at Monmouth Medical Center	Long Branch	70 ⁽⁴⁾
Total Specialty Hospital Beds		<u>405</u>

- (1) Newark Beth Israel Medical Center is licensed for 653 beds, 156 of which are licensed for Children's Hospital of New Jersey at Newark Beth Israel Medical Center. For presentation purposes, these 156 beds are included in the licensed bed complement for both Newark Beth Israel Medical Center and its designated Children's Hospital.
- (2) For presentation purposes, the 25 Transitional Care beds located at the general acute care hospitals are included in the licensed bed complements for Community Medical Center.
- (3) Robert Wood Johnson University Hospital is licensed for 614 beds, 79 of which are licensed for The Bristol-Myers Squibb Children's Hospital. For presentation purposes, these 79 beds are included in the licensed bed complement for both Robert Wood Johnson University Hospital and its designated Children's Hospital. Robert Wood Johnson University Hospital has been granted temporary approval from the Department of Health to operate an additional 26 neonatal bassinets not included in the count.
- (4) Monmouth Medical Center is licensed for 514 beds, 70 of which are licensed for The Unterberg Children's Hospital at Monmouth Medical Center. For presentation purposes, these 70 beds are included in the licensed bed complement for both Monmouth Medical Center and its designated Children's Hospital.
- (5) Monmouth Medical Center, Southern Campus is licensed for 241 beds, 60 of which are psychiatric beds located at Barnabas Health Behavioral Health Center. For presentation purposes, these 60 beds are included in the licensed bed complements of both Monmouth Medical Center, Southern Campus and Barnabas Health Behavioral Health Center.
- (6) These licensed beds represent pediatric long term care and rehabilitation beds. Children's Specialized Hospital operates at multiple locations in New Jersey, including the long term care beds in Mountainside and Toms River, New Jersey.
- (7) Trinitas Regional Medical Center is licensed for 541 beds, 124 of which are long term and sub acute care. For presentation purposes, these 124 beds are included in the licensed bed complement of Trinitas Regional Medical Center.

RWJBARNABAS HEALTH **MANAGEMENT'S DISCUSSION AND ANALYSIS**

RWJBarnabas Health's Vision, Mission and Values

At the core of RWJ Barnabas Health's (the Corporation or RWJBH) mission is the evolution of the enterprise from one of a "health care" company to that of an organization dedicated to "health." As part of a comprehensive strategic planning process, Vision, Mission and Values statements were created to drive the enterprise forward. These statements were developed using the strong foundation already in place and with an understanding that future success on behalf of our communities can be achieved only through bold vision and a renewed spirit of collaboration, all with a foundation in academic medicine. Moreover, the values were developed as part of a multi-year initiative to advance RWJBH as a "high reliability organization," committed to providing only the safest, most effective clinical care.

Our Organization

RWJBH is the largest, most comprehensive academic health care system in New Jersey, with a service area that spans eight of the most populous counties covering over five million people. The Corporation is also New Jersey's market share leader across every major service line and the leading provider of tertiary care services. The system includes twelve acute care hospitals, three acute care children's hospitals and a leading pediatric rehabilitation hospital with a network of outpatient centers, a freestanding 100-bed behavioral health center, two trauma centers, a satellite emergency department, ambulatory care centers, geriatric centers, the state's largest behavioral health network, comprehensive home care and hospice programs, fitness and wellness and physical therapy centers, retail pharmacy services, a medical group, multi-site imaging centers and an accountable care organization. In meeting its mission of creating healthier communities, the Corporation seeks to provide high quality clinical care, address the clinical and social determinants of health, improve health outcomes and promote health equity.

COVID-19

Over the past several months, the Corporation experienced an easing of the "triple-demic" surge that much of New Jersey experienced with rates of COVID-19, influenza and respiratory syncytial virus (RSV) easing within our communities. In March 2023, COVID-19 admissions were 357 as compared to 1,377 in January 2023. Vaccination and increased treatment options have resulted in less severe symptoms and fewer deaths and hospitalizations than those experienced earlier in the pandemic. After three years of an unprecedented public health response, the COVID-19 federal public health emergency ended, effective May 11, 2023.

Staffing

Staffing shortages resulting from industry wide shortages in certain clinical specialties and other factors have resulted in increased labor costs and investments in employee retention and other programs. The Corporation is committed to investment in its people. Our continuing leadership role comes from the support of our employees and physicians. The demand for healthcare in the state and across the country continues to increase. Nurses are in high demand and in short supply. The increased amount of competition has forced a refinement of our internal hiring processes to expedite our ability to acquire top nursing talent. We have instituted nurse retention programs that focus on professional development through enhanced tuition assistance programs, more flexible work schedules to provide work/life balance, retention and sign-on bonuses. In 2022, the Corporation implemented a strategy that yielded significant market adjustments to

remain in the top tier in a competitive compensation market and to remain in the forefront of the communities we serve.

Partnership with Rutgers, the State University of New Jersey - Realizing our Academic Vision

The Partnership between the Corporation and Rutgers formed the largest and most comprehensive academic health system in New Jersey and created a platform to advance clinical care, conduct innovative research, and educate the next generation of healthcare providers. The Corporation and Rutgers have attracted, and will continue to attract, clinicians, researchers, teachers, and students from across the globe that will help fill unmet needs across the Corporation's service area as the partnership continues to grow and develop.

A key element of the transformative efforts of the Partnership was to form a comprehensive medical group comprised of employed physicians and other health care professionals from the Corporation and Rutgers Health. Through the execution of Integrated Practice Agreements (IPA), Rutgers and the Corporation have begun to integrate the clinical services provided within the Robert Wood Johnson Medical School in New Brunswick and the Corporation's medical group practices, creating one of the largest physician organizations in the country.

The Corporation has brought the resources of the State's largest academic health system to improve the lives of its population by:

- Advancing and deploying health science innovation;
- Increasing accessibility to primary and specialty physicians and clinicians across the region;
- Developing and expanding Centers of Excellence across a number of clinical specialties;
- Dedicating significant, collective resources to education, research, and health improvement;
- Retaining leading clinical and academic faculty to build and expand clinical and research capabilities across New Jersey;
- Focusing on the recruitment of new high-caliber principal investigators across the service area - dramatically increasing its research portfolio;
- Providing financial support earmarked to encourage residents & fellows to remain in and provide care to residents of New Jersey;
- Increasing opportunities to train its medical, dental, nursing, pharmacy, and other students in inter-professional clinical environments; and
- Expanding access to clinical trials, bringing the newest and most promising treatments to patients across New Jersey.

Leader in Translational Science

In March 2019, a multi-university team led by Rutgers was awarded a National Institute of Health (NIH) grant for \$29,000 over five years for joining the NIH's Clinical and Translational Science Awards Program. The ultimate goal of the grant is to expedite and expand the delivery of evidence-based treatment to our patients. The award was the first in New Jersey and will increase access to clinical trials, help introduce new therapies, and create opportunities for increased funding. CTSA awards support a national network of more than 50 medical research institutions nationwide that collaborate to speed the translation of research discoveries into improved patient care. It enables research teams, including scientists, patient advocacy organizations and community members, to tackle system-wide scientific and operational problems in clinical and translational research that no one team can overcome. The ultimate goal with this grant is to

bring more evidence-based treatment to more patients more quickly. That means shortening the time between basic science breakthroughs and life-saving clinical treatments. The Corporation funded some of the recruitments that were pivotal to making this award occur, which, in the end, will help the Corporation and Rutgers to enhance and strengthen its commitment to the health and wellbeing of New Jersey.

Redefining Cancer Care Delivery

Effective July 1, 2021, the Corporation and Rutgers executed a second IPA to integrate the clinical practices of the Rutgers Cancer Institute of New Jersey (Rutgers CINJ) and the Corporation's medical group. This IPA further enhances the unified clinical mission that complements our high quality standards of teaching and research excellence.

In June 2019, the Corporation and Rutgers CINJ, in partnership with the New Brunswick Development Corporation, announced the development of a new, state-of-the-art, free-standing cancer hospital in New Brunswick, the first in New Jersey. The new \$735 million facility will house:

- a 12-story, 96 bed, 510,000-square-foot facility;
- key outpatient services, including those for chemotherapy, radiation therapy, and major diagnostic modalities; and
- research laboratories, and space for education and wellness programs.

The cancer center will be located adjacent to RWJ University Hospital New Brunswick (RWJUH) and Rutgers CINJ. Inpatient cancer services are currently housed within RWJUH. The project is expected to be completed in 2025.

A New National Model for Graduate Medical Education

Rutgers is the official sponsoring institution of all residency programs at the Corporation's hospitals enabling a new model of medical education with the integration of community, urban, suburban and the U.S. Department of Veterans Affairs rotations. Several programs have already been integrated creating the opportunity to expand advanced fellowships and integrate the programs educating over 1,600 medical residents and fellows. We have focused our efforts leveraging the robust network of Rutgers schools and are advancing our efforts to grow inter-professional practice team training opportunities across the Corporation and other clinical affiliates.

We have also launched the "Rising Stars" program, which seeks to keep top medical school graduates in New Jersey through tuition abatement and post graduate placement programs.

Awards and Distinctions

In February 2023, S&P confirmed its AA- long-term rating with a stable outlook. S&P reports a "very strong" enterprise profile due to a broad and diverse service area with strong market position, continued volume recovery, diversification from joint ventures and partnerships including Rutgers University and ambulatory expansion. The financial profile of the Corporation is also considered "very strong" due to expected significant operational improvements and positive margin, a conservative debt structure and well funded pension.

The Moody's credit rating of Aa3, with an outlook of stable, remains in place since 2021.

RWJBARNABAS HEALTH
MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.

The Corporation and its affiliates are recognized as a leading academic health care delivery system, having received the following recognitions, among others:

OVERALL	
	<p>Several RWJBarnabas Health facilities received regional, state, and specialty recognition by U.S. News & World Report in its 2022-2023 “Best Hospitals” list. RWJUH was ranked in the Top 5 in NJ and a Top 20 Regional Best Hospital in the NY-Metro area and Rutgers Cancer Institute of New Jersey received a High Performing rating for earning the highest score in NJ – one of only 92 cancer programs nationwide to achieve this. In its Best Hospitals for Maternity Care (Uncomplicated Pregnancy), four facilities were designated as High Performing.</p>
	<p>In 2022, Newark Beth Israel Medical Center (NBIMC) was named one of the World’s Best Hospitals and RWJUH was named a Best Maternity Care Hospital. In addition, Children’s Specialized Hospital has been recognized on Newsweek’s list of World’s Best Specialized Hospitals and RWJUH also received Newsweek America’s Best award for Ambulatory Surgery Centers in NJ in 2023 for the second year in a row.</p>
	<p>RWJBarnabas Health received 32 awards and recognitions from the Healthgrades 2023 Specialty Excellence Awards for superior clinical performance in numerous specialty care areas, including cardiac, critical care, and surgical care – with several facilities recognized as top 5 and top 10 percent in the nation. Highlights include: Cooperman Barnabas Medical Center (CBMC) was named one of Healthgrades America’s 100 Best Hospitals for Pulmonary Care™, one of Healthgrades America’s 100 Best Hospitals for Cardiac Care™, one of Healthgrades America’s 100 Best Hospitals for Gastrointestinal Care™, and one of Healthgrades America’s 100 Best Hospitals for Gastrointestinal Surgery™. Community Medical Center is the only hospital in NJ to earn a Surgical Care Excellence Award and was named one of America’s 50 Best Hospitals for Surgical Care.</p>
	<p>In 2022, RWJBarnabas Health was named a “Best 50” organization by GHX (Global Healthcare Exchange) – for the fourth consecutive year, for its commitment to a supply chain strategy that removes waste, drives efficiencies and, as a result, raises the quality of patient care delivered.</p>

RWJBARNABAS HEALTH
MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.

	<p>Numerous facilities received the Gold Seal of Approval by the Joint Commission for various programs including joint replacement; disease-specific certifications in acute coronary syndrome, cardiac rehabilitation, and heart failure; advanced certification in palliative care; bariatric surgery; and stroke program.</p>
	<p>All RWJBarnabas Health facilities were named to CHIME Healthcare’s 2022 Most Wired – 11 of which were awarded certification Performance Excellence Levels of eight and above – for their use of information technology to better the patient experience.</p>
QUALITY	
	<p>In Fall 2022, three acute care facilities received an “A” grade including Monmouth Medical Center (MMC), the only facility in the region to achieve 16 consecutive “A” ratings. Seven facilities received “B” ratings. Additionally, MMC was named as a Best Hospital in America for teaching in July 2022.</p>
	<p>MMC was named to Money’s inaugural list of the Best Hospitals in America, created in partnership with The Leapfrog Group. MMC, NBIMC, and Robert Wood Johnson University Hospital Somerset (RWJUH Somerset) were named to Money’s 2022 Best Hospitals for Maternity Care list – among just 259 hospitals to receive the award.</p>
	<p>In August 2022, RWJBarnabas Health was granted accreditation for nursing continuing professional development from the ANCC for its commitment to using evidence-based criteria when developing high-quality educational activities that promote the professional growth of nurses.</p>
	<p>Several practices within the Combined Medical Group of RWJBarnabas Health and Rutgers Health received the National Committee for Quality Assurance Patient-Centered Medical Home Recognition, which emphasizes the use of systematic, patient-centered, coordinated care that supports access, communication and patient involvement.</p>
	<p>In 2022, seven RWJBarnabas Health facilities were awarded Gold recognition for their Antimicrobial Stewardship Programs from the New Jersey Department of Health; MMC has received Gold since the establishment of the awards program in 2019.</p>

RWJBARNABAS HEALTH
MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.

	<p>Six RWJBarnabas Health facilities have achieved Magnet recognition for excellence in nursing; RWJUH received this recognition six consecutive times – making it one of only seven institutions globally to achieve this distinction.</p>
<p>SPECIALTY CARE</p>	
	<p>Rutgers CINJ, together with RWJBarnabas Health, is New Jersey’s only National Cancer Institute (NCI) - designated Comprehensive Care Center –recognized for its clinical and scientific research leadership.</p>
 <p>American Heart Association.</p>  <p>American Stroke Association. <small>A division of the American Heart Association.</small></p>	<p>Six RWJBarnabas Health facilities received recognition for cardiac and stroke care, earning a spot on the 2022 Get With The Guidelines® and Mission Lifeline achievement awards list in the stroke, heart failure, and resuscitation categories, by the American Heart Association and American Stroke Association, for their commitment to ensuring stroke and heart failure patients receive the most appropriate treatment according to nationally recognized, evidence-based guidelines – ultimately leading to lives saved, shorter recovery times, and fewer hospital readmissions.</p>
	<p>In 2022, ten RWJBarnabas Health facilities were named “Leaders in LGBTQ Healthcare Equality” by the Human Rights Campaign Foundation – the educational arm of America’s largest civil rights organization – recognizing healthcare institutions that are leaders in efforts to offer equitable care to LGBTQ+ patients by evaluating inclusive policies and practices related to LGBTQ patients, visitors and employees.</p>
<p>WORKFORCE</p>	
	<p>RWJBarnabas Health was recognized with a 5-star rating on the inaugural list of America’s Greatest Workplaces for Diversity 2023 by Newsweek – a scored list of companies that employees say really respect and value different kinds of people.</p>
	<p>In 2021, RWJBarnabas Health was recognized by Forbes as America’s Best-In-State Employer for the second consecutive year.</p>
	<p>RWJBarnabas Health is a CEO Cancer Gold Standard employer, an accreditation awarded by the CEO Roundtable on Cancer, for its dedication and commitment to maintaining a high standard of excellence in cancer prevention, early detection, and quality care for its employees and their families.</p>

Epic Implementation

In order to accomplish the goals of its strategic plan, the Corporation recognized the need to strengthen its core competencies in Technology, Analytics, and Innovation by establishing a unified operating model that will drive standardization, continuous quality improvement and cost reductions across the entire system. Leadership determined that a key component of this is to deploy an integrated Electronic Health Record (EHR) with supporting revenue cycle, data analytics and consumer-facing digital capabilities. After a thorough review of the marketplace, the Epic suite of products was chosen to achieve these goals. The implementation will be done in phases, and the anticipated completion date is 2024, with a cost of approximately \$780,000 over ten years.

The launch of this sweeping initiative, which has been named “Epic Together,” formally commenced on January 29, 2020 with simultaneous kick-off events held throughout RWJBH and across key Rutgers campuses. In order to build the Epic system, 3,330 subject matter experts, nurses, physicians, pharmacists, medical school staff at Rutgers University and a myriad of other stakeholders throughout the Corporation were identified and assembled into 62 discipline specific workgroups and councils.

The project successfully completed several waves from May 29, 2021 through October 29, 2022. These waves included various medical groups, RWJUH Somerset, Rutgers CINJ, RWJUH, RWJUH Hamilton, RWJUH Rahway.

RWJBH participated in the Good Install Program, offered by Epic that gives organizations an opportunity to earn a rebate by meeting more than 33 requirements of a successful installation. RWJBH received one of the largest rebates in Epic’s history becoming the first customer to earn a Gold Stars ranking of a perfect ten for a new installation. Gold Stars program is the adoption of the 700 best workflows in the world. An Epic Gold Stars ranking of ten represents the top 0.3% of all Epic customers, which include some of the nation's top healthcare providers, including the Mayo Clinic, Johns Hopkins, Mass General, the Cleveland Clinic, UCSF Medical Center, and Cedars-Sinai. The Corporation is finalizing its new adoptions for evaluation under the program in 2023.

The Epic Together team completed Wave 4 on April 28, 2023. The facilities that participated in this wave are Jersey City Medical Center (JCMC), MMC, Monmouth Medical Center Southern Campus, Behavioral Health in Toms River, CMC and 15 Medical Group Practices. With the completion of Wave 4, the Corporation has nine acute care hospitals and 94% of the combined medical group live on Epic. Epic is now the predominant Electronic Health Record for the System. Once the Wave 4 activation is stabilized, the Epic Together team will shift to preparing for the Wave 5 activation which is scheduled for October 28, 2023. The Wave 5 activation includes Clara Maass Medical Center, CBMC, NBIMC and 15 Medical group practices. The Wave 5 activation will be the largest activation of the project with more than 15,000 colleagues participating.

Management’s Discussion and Analysis of Recent Financial Performance

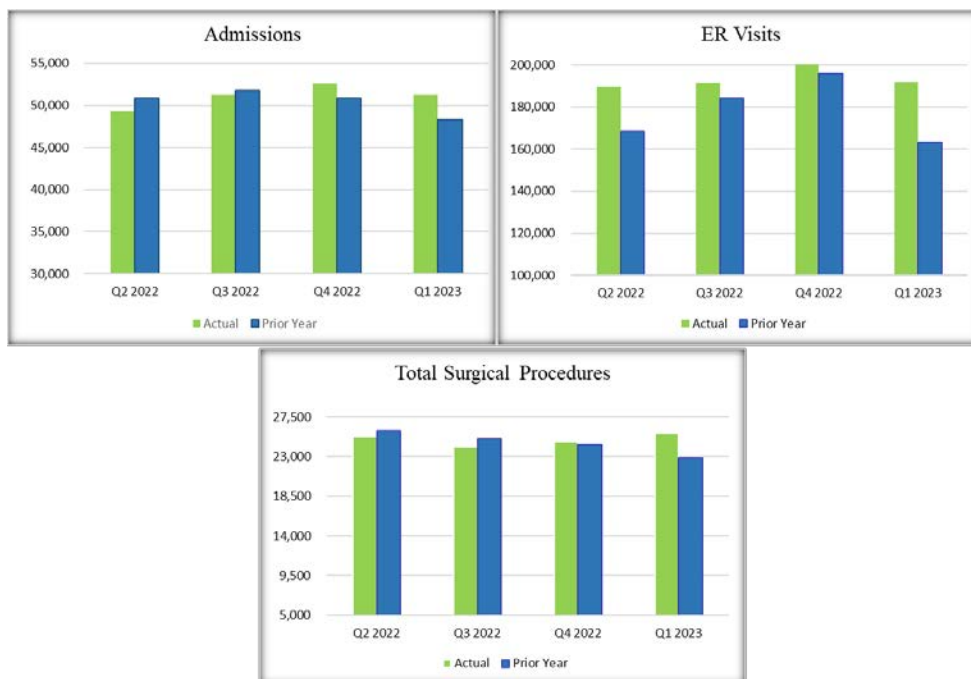
Management’s Discussion and Analysis of Recent Financial Performance is based upon the consolidated financial results of the Corporation since the members of the Corporation’s Obligated Group represent 91% of the total consolidated assets and 84% of the total consolidated operating revenue as of and for the three months ended March 31, 2023. Accordingly, the discussion below includes the financial results of entities that are not members of the Obligated Group. On March 30, 2023, Barnabas Health, Inc., an obligated group member, changed its name to RWJBH Corporate Services, Inc.

Financial Performance Overview

For the three months ended March 31, 2023, the Corporation's total operating income and operating margin were \$5,664 and 0.3%, respectively, compared to the operating loss and operating margin of \$41,339 and -2.3% for the three months ended March 31, 2022. Total operating revenues grew by \$269,647 or 15.0% compared to the three months ended March 31, 2022, while operating expenses increased by \$222,644 or 12.1% during the same period. Included in total operating revenues for the three months ended March 31, 2023 and 2022 is FEMA funding of \$17,066 and \$9,283, respectively. For the three months ended March 31, 2022, operating revenue also included revenue under the CARES Act of \$13,357.

The improvement in COVID-19 transmission rates has had a positive impact on volumes, which have been steadily improving. Admissions, surgical and gross emergency room visits volumes for the three months ended March 31, 2023 exceeded the prior year volumes by 6.1%, 11.9%, and 17.6%, respectively.

The following tables portray select acute care volumes as compared to prior year, by quarter.



Overall, patient service revenue of \$1,971,425 was higher than prior year by \$257,289 or 15.5%. The favorable variance was due to volume increases in both inpatient and outpatient. Other operating revenue increased due to FEMA funding as well as joint venture revenue. For additional information, refer to the *Operating Revenue and Volume* discussion.

The increase in operating expenses was driven by increased salaries, physician fees and salaries, supplies, other expenses, and interest and depreciation, many of which were impacted by continued staffing challenges and inflationary pressures. For additional information, refer to the *Operating Expenses* discussion.

The Corporation's excess of revenues over expenses for the three months ended March 31, 2023 were \$168,116 and 7.5%, respectively, compared to the deficiency of revenues over expenses of \$42,096 and -2.3% for the three months ended March 31, 2022. The excess of revenues over expenses was significantly

RWJBARNABAS HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.

higher than prior year mainly due to investment performance. Net investment gain totaled \$169,061, compared to net investment loss of \$322,639 in 2022. The net investment loss in 2022 was partially offset by the contribution received in the acquisition of Trinitas of \$314,636. For additional information, refer to the *Nonoperating Gains and Losses* discussion.

Management continues to focus on i) patient experience, safety and quality improvements, ii) market share growth, iii) population health management, iv) medical research and education, and v) diversifying revenue streams within the Corporation's business model. Maintaining the balance sheet and improving operating results also remain top management priorities so that the Corporation can continue to invest in people, programs and facilities to successfully adapt and respond to changes in the health care industry while continuing to meet the needs of patients and families in all the communities it serves.

Operations and Excess of Revenue over Expenses

The following table summarizes key operating performance results and overall performance ratios:

	Three months ended March 31,	
	2023	2022
Operating income (loss)	5,664	(41,339)
Operating margin	0.3%	-2.3%
EBITDA	115,308	61,030
EBITDA margin	5.6%	3.4%
Excess (deficiency) of revenue	168,116	(42,096)
Excess (deficiency) of revenue margin	7.5%	-2.3%

RWJBARNABAS HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.

Operating Revenue and Volume

The following table presents consolidated operating revenue and select volume statistics for the three months ended March 31, 2023 and 2022:

	Three months ended March 31,	
	2023	2022
Operating Revenue:		
Inpatient patient service revenue	\$ 981,527	926,294
Outpatient patient service revenue	675,740	542,162
Professional billing revenue	229,757	161,292
State of NJ subsidy revenue	30,401	30,388
Total patient service revenue	1,917,425	1,660,136
CARES Act grant revenue	-	13,357
Other operating revenue	152,838	127,123
Total operating revenue	\$ 2,070,263	1,800,616
Volume & utilization statistics:		
Acute care licensed beds	5,423	5,453
Average acute care beds in service	4,380	4,335
Acute care occupancy based on beds in service	72.7%	69.9%
Acute care length of stay	5.82	5.81
Acute care admissions	51,253	48,310
COVID-19 positive admissions	2,455	5,047
Adult and pediatric admissions	34,502	31,951
Newborn and NICU admissions	6,403	6,342
Maternity and obstetric cases	6,541	6,408
Patient days	286,595	272,908
Same day surgery cases	17,722	15,162
Emergency room visits (excl. admits)	160,159	133,852
Observations	26,023	21,779
Psychiatric hospital inpatient admissions	236	258

RWJBARNABAS HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.

Acute Care payor mix, based on patient days, for the three months ended March 31, 2023 and 2022 is presented below:

Payor Mix	Patient Days	
	2023	2022
Medicare	25.6%	27.2%
Medicaid	5.7%	5.4%
Managed Medicare	22.3%	20.9%
Managed Medicaid	20.4%	19.0%
Managed Care	10.7%	10.7%
NJ Blue Cross & Commercial	10.3%	11.0%
Self-pay and Other	5.0%	5.8%
	100.0%	100.0%

Inpatient service revenue of \$981,527 (excluding subsidy revenue), was favorable to prior year by \$55,233 or 6.0%. The increase was primarily due to inpatient volumes which were 6.1% higher than prior year. The Corporation also benefited from increases in Managed care rates as well as cost report adjustments which exceeded prior year by approximately \$7,300.

Outpatient service revenue of \$675,740 was favorable to prior year by \$133,578 or 24.6%. The variance was impacted by a 10.0% increase in outpatient volumes. The increase in volume can be correlated to the additional incomes sourced from areas such as emergency room services, observations, and outpatient surgeries.

Professional billing revenue of \$229,757 was favorable to prior year by \$68,465 or 42.4%. The increase in revenue was primarily due to expansion of hospital based services including Emergency Medicine, Hospitalist and anesthesia service lines. Additionally, Rutgers Medical Group and Rutgers CINJ continued to grow under the IPAs.

State of NJ subsidy revenue of \$30,401 was relatively flat to prior year.

The Corporation recognized CARES Act grant revenue of \$13,357 for the three months ended March 31, 2022 to help offset the volume shortfalls attributable to COVID-19. Other operating revenue of \$152,838 was favorable to prior year by \$25,715 or 20.2%. Other revenue includes income from grants including FEMA, pharmacy sales, earnings from joint venture arrangements, sale of a business, contributions, net assets released from restriction, cafeteria, and parking. FEMA grant revenue exceeded prior year by approximately \$8,000. Pharmacy sales and net assets released from restriction also exceeded prior year by \$6,784 and \$3,767, respectively. Additionally, joint venture revenue exceeded prior year by \$4,119 driven primarily by growth in ambulatory surgery and medical practice joint ventures.

RWJBARNABAS HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.

Certain joint ventures are reported using the equity method of accounting and are not fully consolidated in the Corporation's financial statements. Additional financial information for these joint ventures is included in the table below:

	2023			2022		
	<u>Operating Revenue</u>	<u>Net Income</u>	<u>Net Income Attributable to RWJBH</u>	<u>Operating Revenue</u>	<u>Net Income</u>	<u>Net Income Attributable to RWJBH</u>
Ambulatory Surgery	\$ 93,507	40,575	11,413	\$ 79,300	34,338	9,900
Home Care & Hospice	39,333	521	267	42,960	3,133	1,467
Diagnostic Imaging	42,126	6,928	3,505	31,959	7,118	3,623
Medical Practice Joint Ventures	137,008	21,346	9,886	57,197	12,885	6,122
Renal	32,807	8,530	810	-	-	-
Other	10,424	1,294	321	32,349	2,201	971
	<u>\$ 355,205</u>	<u>79,194</u>	<u>26,202</u>	<u>\$ 243,765</u>	<u>59,675</u>	<u>22,083</u>

The increase in revenue from ambulatory surgery ventures was attributable to two new centers acquired in December 2022 as well as an increase in the volume of billable procedures by 5.8%.

The decrease in home care and hospice ventures was due to a decrease in volume by 7.6%. The decline in volume is attributed to lower homecare visits and hospice patient days by 2.3% and 9.5%, respectively.

Diagnostic imaging ventures decreased from prior year due to an increase in expenses of 8.2%. This was partially offset by an increase in volume of 7.5%.

Medical Practice Joint Ventures were favorable to prior year by \$3,764. The Corporation's favorable variance can be attributed to numerous factors, such as the acquisition of five new practices in 2022, and an additional six practices that were acquired during January of this year.

Renal was favorable to prior year by \$810. The Corporation acquired a 9.5% share of DaVita dialysis in February 2023 for approximately \$51,000.

Other ventures were unfavorable to prior year by \$650. Expenses and volumes were unfavorable to prior year by 1.2% and 2.8%, respectively. In 2022, JAG-ONE and On Time Transport (OTT) were among the entities that were accounted for as equity-based joint ventures. However, as of July 2022, the Corporation purchased a controlling interest in JAG-ONE. In January, Health Network purchased an additional 49% share of OTT for \$15,066. OTT is now a wholly owned subsidiary of Health Network. The resulting goodwill is being finalized pending an updated valuation.

Operating Expenses

Total operating expenses for the three months ended March 31, 2023 of \$2,064,599 was unfavorable to prior year by \$222,644 or 12.1% from the three months ended March 31, 2022.

RWJBARNABAS HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.

Summarized below are the consolidated operating expenses for the three months ended March 31, 2023 and 2022:

	Three months ended March 31,	
	2023	2022
Salaries and employee benefits	\$ 967,777	868,662
Physician fees and salaries	251,125	208,391
Supplies and other expenses	736,053	662,533
Interest	27,443	26,593
Depreciation and amortization	82,201	75,776
Total operating expenses	<u>\$ 2,064,599</u>	<u>1,841,955</u>

For the three months ended March 31, 2023, salaries and employee benefits increased by \$99,115 or 11.4%, compared to the three months ended March 31, 2022. The increase was due to annual salary increases as well as the impact of nurse retention and sign-on bonuses and market adjustments. The consolidation of JAG-ONE and OTT had a negative impact on salaries of approximately \$20,000.

Physician fees and salaries increased by \$42,734 or 20.5%, compared to the three months ended March 31, 2023. The increase was primarily driven the onboarding of new practices and expansion of Rutgers as well as the growth of the anesthesia group which launched in the third quarter of 2022 and accounted for approximately \$16,500 of the variance in physician salaries and fees. In addition, variable compensation related to increased RVUs also contributed to the variance.

Supplies and other expenses increased by \$73,520 or 11.1% compared to the three month ended March 31, 2023. Supplies were unfavorable to prior year by \$22,985. There was a significant spike in COVID-19 cases in January 2022 which temporarily slowed down or paused elective surgical procedures. This drove volumes lower in the first quarter of 2022. Volumes in 2023 have returned to a more normal rate and procedures such as transplants have seen significant increases over 2022. Other expenses were unfavorable to prior year by \$50,535. This increase is driven by Epic costs, legal and consulting services, and rentals, maintenance contracts and repairs. The inclusion of JAG-ONE and OTT is also driving the increase.

Interest expense for the three months ended March 31, 2023 increased by \$850 or 3.2%, compared to the three months ended March 31, 2022. The increase is due to the inclusion of additional finance leases as compared to prior year.

Depreciation and amortization for the three month ended March 31, 2023 increased by \$6,425 or 8.5%, compared to the three months ended March 31, 2022. The increase is due to investments in strategic capital projects which were completed in the latter part of 2022. These investments included the Anne Vogel Family Care and Wellness Center at the Monmouth Mall, JCMC Emergency Department expansion, RWJUH expansion, and Epic which went live for certain affiliates.

Nonoperating Gains and Losses

The following table presents a summary of nonoperating revenue and expenses of the Corporation for the three months ended March 31, 2023 and 2022.

	Three months ended March 31,	
	2023	2022
Investment income	\$ 27,267	19,264
Realized (losses) gains on investments	(7,499)	67,160
Unrealized gains (losses) on investments	149,293	(409,063)
Contribution received in acquisition	-	314,636
Net periodic benefit cost	(1,779)	(734)
Interest rate swap valuation changes	(4,830)	10,531
Loss on early extinguishment of debt	-	(2,551)
Total nonoperating revenue (expenses), net	<u>\$ 162,452</u>	<u>(757)</u>

Net investment income and realized net investment gains and losses were \$19,768 and \$86,424 for the three months ended March 31, 2023 and 2022, respectively. For the three months ended March 31, 2023, net unrealized gains were \$149,293, as compared to unrealized losses of \$409,063 for the three months ended March 31, 2022.

The Corporation entered into various interest rate swap agreements in 2020 and 2021 in order to hedge future interest rate exposure on fixed rated bonds. The total notional amount of all swap agreements is \$281,960. For the three months ended March 31, 2023, the aggregate change in the net fair value of the interest rate swap agreements was an unrealized loss of \$4,830 as compared to an unrealized gain of \$10,531 for the three months ended March 31, 2022. The impact is consistent with the movement of long-term interest rates over these periods. Swap agreements expose the Corporation to credit risk in the event of noncompliance by the counterparties. To help mitigate that risk, the swaps were structured with three different counterparties. The Corporation believes the risk of any material impact to the consolidated financial statements is low.

As a result of the Trinitas acquisition, the Corporation recognized \$314,636 of net assets contributed in acquisition for the three months ended March 31, 2022. The amount was subsequently adjusted in 2022 to \$264,636 based on a final valuation. In connection with the acquisition, the Corporation legally defeased Trinitas bonds which resulted in a loss on early extinguishment of debt of \$2,551 in January 2022.

Fundraising

The Foundations support the programs and services of their affiliated tax-exempt organization and support the capital campaign and other fundraising activities of the Corporation.

RWJBARNABAS HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.

The following table presents contributions received by the foundations as well as capital and operating support the foundations provided to the hospitals. Conditional gifts are not included until the conditions have been met.

	Three months ended March 31,	
	2023	2022
Contributions without donor restrictions	\$ 891	1,251
Contributions with donor restrictions	8,629	4,515
Total contributions	9,520	5,765
Support to affiliates	\$ 20,233	5,716

The foundations made distributions of \$20,233 in the first quarter of 2023 to support operations and capital projects of the hospitals.

Unrestricted Cash and Investments

The Corporation's financial position remains strong with \$11.5 billion in total assets and \$5.1 billion in net assets. Total cash and investments (without donor restrictions) amounted to \$4.6 billion (or 215.7 days) at March 31, 2023, a decrease of \$37,000 over the balance at December 31, 2022. The Corporation continues to invest in capital with approximately \$259,000 in additions during 2023. During 2023, \$68,024 of bond proceeds related to the Series 2021A bonds were reimbursed from the construction fund. The Corporation also made debt service payments of approximately \$62,000. Investments in the ambulatory services division of approximately \$200,000 were also executed through March. This includes the purchase of the remaining interest in OTT which is now wholly owned by RWJ Health Network. Net investment income of \$169,061 had a positive impact on investments.

Total unrestricted cash and investments for the Corporation as of March 31, 2023 and December 31, 2022 were as follows:

	March 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 140,786	267,525
Current investments	592,189	434,257
Noncurrent investments	3,830,721	3,898,462
Total unrestricted cash and investments	\$ 4,563,696	4,600,244

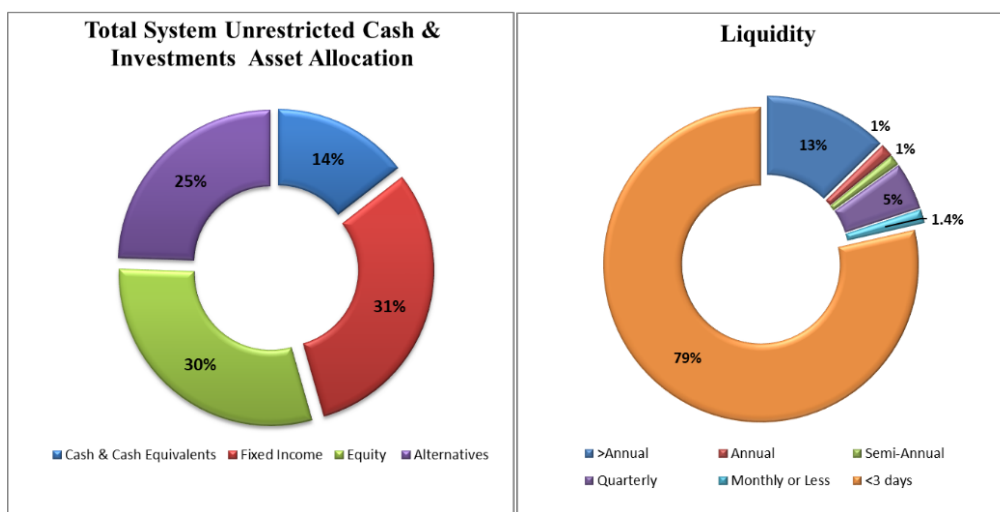
There are two distinct investment portfolios within the Unrestricted Cash and Investment Portfolio, the Capital Reserve Fund (CRF) and Long-Term Portfolio (LTP). Management of these portfolios continues to provide flexibility to support the System's strategic capital plans particularly during times of operating uncertainty and market volatility. The CRF was established at the end of 2019 in anticipation of the Corporation's significant capital investment plans, and is critical to balance near term funding requirements along with long term strategic growth opportunities. It is sized at the beginning of each year to maintain liquidity for the next 12 months of projected extraordinary expenditures in excess of anticipated operating cash flows. The CRF permits the Corporation to assume more risk in the LTP allowing for a higher return

RWJBARNABAS HEALTH
MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.

potential. The LTP maximizes risk-adjusted returns subject to risk constraints with prudent strategic investing.

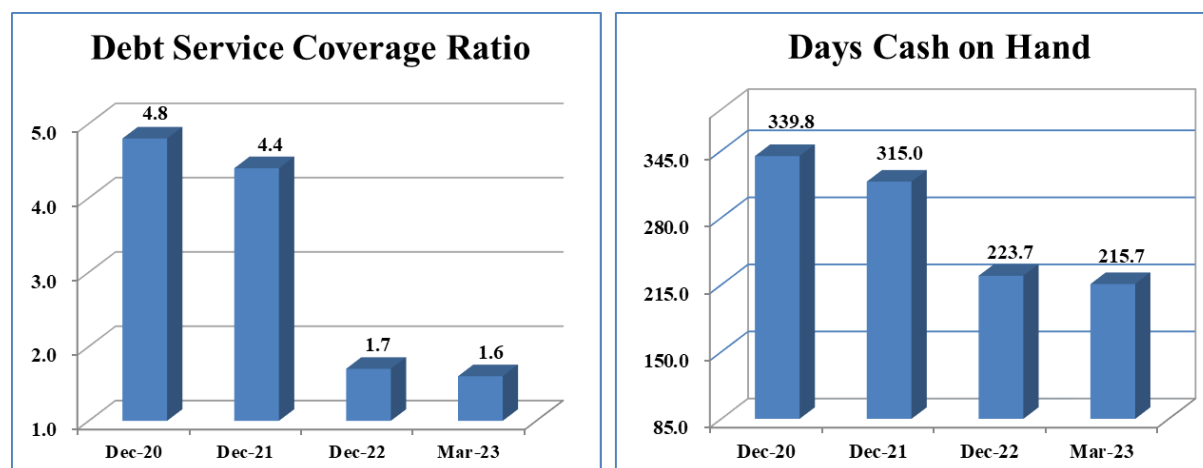
In accordance with the Corporation’s Investment Policy Statement, at least 75% of the asset value of the unrestricted portfolio must be classified as “monthly” liquidity. As of March 31, 2023, 80% of the total unrestricted cash and investments were classified as monthly liquidity or less.

The following charts present the allocation of unrestricted cash and investments by asset type and the portfolio’s liquidity as of March 31, 2023:



Financial Condition

The following charts present the debt service coverage ratio and total days cash on hand for the selected dates below.



The decrease in the debt service coverage ratio from 2021 to 2022 was due to the loss from operations incurred during the year ended December 31, 2022 of \$211,081 as compared to income from operations for the year ended December 31, 2021 of \$72,119 as well as the decrease in realized gains on investments. The

RWJBARNABAS HEALTH

MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.

decline in days cash on hand from December 2021 to December 2022 was due to higher operating expenses, investment performance and increase in capital investments.

On March 31, 2023, the Corporation amended its \$50,000 secured revolving promissory note with JP Morgan Chase Bank, N.A. to extend it through April 1, 2024. The note contains an accordion feature that allows the Corporation to increase the loan by an additional \$50,000. The note will be used for routine capital needs. There are no borrowings outstanding.

The following table presents key financial indicators as of March 31, 2023 and December 31, 2022 and 2021 as compared to S&P's "AA", "AA-" and "A+" medians.

	March 31, 2023	December 31, 2022	December 31, 2021	AA	AA-	A+
Debt service coverage	1.6	1.7	4.4	8.0	6.1	5.5
Debt-to-capitalization	42.5%	42.8%	39.7%	20.0%	25.0%	28.8%
Cash-to-debt	129.0%	133.6%	161.1%	334.9%	263.6%	193.8%
Days cash on hand	215.7	223.7	315.0	350.8	291.9	243.9

The following table presents other select ratios as of March 31, 2023 and December 31, 2022 and 2021.

	March 31, 2023	December 31, 2022	December 31, 2021
Days in patient accounts receivable	38.5	40.7	40.8
Days in accounts payable	61.9	63.8	64.9
Reinvestment ratio	2.62	2.37	2.26

RWJ BARNABAS HEALTH, INC.

Consolidated Balance Sheets

(In thousands)

Assets	March 31, 2023 <small>(unaudited)</small>	December 31, 2022 <small>(audited)</small>
Current assets:		
Cash and cash equivalents	\$ 140,786	267,525
Short-term Investments	592,189	434,257
Assets limited or restricted as to use	30,943	98,259
Patient accounts receivable	819,431	780,089
Estimated amounts due from third party payors	127,166	185,029
Other current assets	294,756	309,288
Total current assets	2,005,271	2,074,447
Assets limited or restricted as to use, non-current portion	496,284	567,624
Investments	3,830,721	3,898,462
Property, plant and equipment, net	3,777,489	3,590,972
Right of use asset	283,280	262,886
Other assets, net	1,122,245	920,235
Total assets	11,515,290	11,314,626
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	556,989	541,871
Accrued expenses and other current liabilities	1,211,745	1,299,590
Estimated amounts due to third party payors	18,427	18,306
Long-term debt	42,840	42,948
Lease obligation	51,334	47,693
Self-insurance liabilities	123,936	124,039
Total current liabilities	2,005,271	2,074,447
Estimated amounts due to third party payors, net of current portion	124,696	132,203
Self insurance liabilities, net of current portion	353,330	358,435
Long-term debt, net of current portion	3,494,645	3,400,919
Lease obligation, net of current portion	254,593	236,923
Accrued pension liability	53,056	53,326
Other liabilities	163,814	158,714
Total liabilities	6,449,405	6,414,967
Net assets:		
Without donor restrictions		
Controlling interest	4,765,515	4,583,671
Noncontrolling interest	26,244	25,991
Total net assets without donor restrictions	4,791,759	4,609,662
With donor restrictions	274,126	289,997
Total net assets	5,065,885	4,899,659
Total liabilities and net assets	\$ 11,515,290	11,314,626

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.
Consolidated Statements of Operations
Three months ended March 31, 2023 and 2022
(In thousands)
(unaudited)

	<u>2023</u>	<u>2022</u>
Revenue:		
Patient service revenue	\$ 1,917,425	1,660,136
CARES Act grant revenue	-	13,357
Other revenue, net	<u>152,838</u>	<u>127,123</u>
Total revenue	<u>2,070,263</u>	<u>1,800,616</u>
Expenses:		
Salaries and wages	800,462	720,648
Physician fees and salaries	251,125	208,391
Employee benefits	167,315	148,014
Supplies	346,533	323,548
Other	389,520	338,985
Interest	27,443	26,593
Depreciation and amortization	<u>82,201</u>	<u>75,776</u>
Total expenses	<u>2,064,599</u>	<u>1,841,955</u>
Income (loss) from operations	<u>5,664</u>	<u>(41,339)</u>
Nonoperating revenue (expenses):		
Investment income (loss), net	169,061	(322,639)
Contribution received in acquisition	-	314,636
Other, net	<u>(6,609)</u>	<u>7,246</u>
Total nonoperating revenue (expenses), net	<u>162,452</u>	<u>(757)</u>
Excess (deficiency) of revenue over expenses	168,116	(42,096)
Other changes:		
Pension changes other than net periodic benefit cost	2,048	1,703
Net assets released from restriction for purchases of property and equipment	11,317	3,308
Other, net	<u>616</u>	<u>(146)</u>
Increase (decrease) in net assets without donor restrictions	<u>\$ 182,097</u>	<u>(37,231)</u>

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.
Consolidated Statements of Changes in Net Assets
Three months ended March 31, 2023 and March 31 2022
(In thousands)
(unaudited)

	<u>Controlling interest</u>	<u>Noncontrolling interest</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total net assets</u>
Net assets at December 31, 2021	\$ 5,118,766	121	5,118,887	269,662	5,388,549
Changes in net assets:					
Excess of revenues over expenses	(42,141)	45	(42,096)	-	(42,096)
Contribution received in acquisition	-	-	-	12,019	12,019
Pension related changes other than net periodic benefit cost	1,703	-	1,703	-	1,703
Change in interest in restricted net assets of unconsolidated foundations	-	-	-	5,301	5,301
Net assets released from restriction	3,308	-	3,308	(5,985)	(2,677)
Restricted contributions	-	-	-	5,652	5,652
Investment loss on restricted investments, net	-	-	-	(517)	(517)
Distributions from noncontrolling interest	-	(140)	(140)	-	(140)
Other	(6)	-	(6)	(3)	(9)
Changes in net assets	<u>(37,136)</u>	<u>(95)</u>	<u>(37,231)</u>	<u>16,467</u>	<u>(20,764)</u>
Net assets at March 31, 2022	<u>5,081,630</u>	<u>26</u>	<u>5,081,656</u>	<u>286,129</u>	<u>5,367,785</u>
Net assets at December 31, 2022	4,583,671	25,991	4,609,662	289,997	4,899,659
Changes in net assets:					
Excess of revenues over expenses	167,863	253	168,116	-	168,116
Pension changes other than net periodic benefit cost	2,048	-	2,048	-	2,048
Change in interest in restricted net assets of unconsolidated foundations	-	-	-	(6,672)	(6,672)
Net assets released from restriction	11,317	-	11,317	(18,272)	(6,955)
Restricted contributions	-	-	-	8,840	8,840
Investment income on restricted investments, net	-	-	-	233	233
Other	616	-	616	-	616
Changes in net assets	<u>181,844</u>	<u>253</u>	<u>182,097</u>	<u>(15,871)</u>	<u>166,226</u>
Net assets at March 31, 2023	<u>\$ 4,765,515</u>	<u>26,244</u>	<u>4,791,759</u>	<u>274,126</u>	<u>5,065,885</u>

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Cash Flows

Three months ended March 31, 2023 and 2022

(In thousands)

(unaudited)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 166,226	(20,764)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution received in acquisitions	-	(326,655)
Pension changes other than net periodic benefit cost	(2,048)	(1,703)
Depreciation and amortization expense	82,201	75,776
Amortization of bond financing costs, premiums and discounts	(2,896)	(3,074)
Net change in unrealized (gains) losses on investments	(149,293)	409,063
Realized losses (gains) on investments	7,499	(67,160)
Unrealized losses (gains) on interest rate swaps	4,830	(10,531)
Equity in income of joint venture	(26,202)	(22,083)
Distributions received from investments in joint ventures	12,189	12,115
Distributions to noncontrolling interests	-	140
Gain on sale of assets	(20)	(1,261)
Loss on early extinguishment of debt, net	-	2,551
Changes in operating assets and liabilities:		
Patient accounts receivable	(33,570)	(67,009)
Reduction in the carrying amount in the right-of-use assets	15,220	12,645
Other assets	17,298	47,261
Accounts payable, accrued expenses, and other current liabilities	14,236	(27,031)
Estimated amounts due from and to third-party payors, net	50,477	(76,355)
Accrued pension liability	1,778	734
Lease obligation, self-insurance and other long-term liabilities	(14,396)	24,075
Net cash provided by (used in) operating activities	143,529	(39,266)
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(259,014)	(167,382)
Purchases of investments	(2,023,977)	(1,976,258)
Proceeds from the sale of investments	2,067,539	2,090,775
Investment in joint venture	(185,690)	(3,029)
Acquisition of subsidiaries, net of cash acquired	(14,510)	164,669
Proceeds from sale of assets	104	1,396
Net cash (used in) provided by investing activities	(415,548)	110,171
Cash flows from financing activities:		
Repayments of long-term debt	(1,417)	(74,085)
Distributions to noncontrolling interest	-	(140)
Net cash used in financing activities	(1,417)	(74,225)
Net decrease in cash, cash equivalents, and restricted cash	(273,436)	(3,320)
Cash, cash equivalents, and restricted cash at beginning of year	522,888	676,993
Cash, cash equivalents, and restricted cash at end of period	\$ 249,452	673,673
Cash and cash equivalents	\$ 140,786	256,427
Restricted cash included in assets limited or restricted as to use	108,666	417,246
Total cash, cash equivalents, and restricted cash	\$ 249,452	673,673
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 60,211	52,293
Finance lease obligations incurred	97,931	116,194
Supplemental disclosure of noncash investing and financing activity:		
Change in noncash acquisitions of property, plant and equipment	(92,456)	(45,918)

See accompanying notes to the consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Notes to Consolidated Financial Statements

March 31, 2023 and 2022

(Information pertaining to the three months ended March 31, 2023 and 2022 is unaudited)

(1) Organization

RWJ Barnabas Health, Inc. (the Corporation) is a not for profit, tax exempt corporation located in West Orange, New Jersey. RWJ Barnabas Health, Inc. is the sole corporate member or sole shareholder of the Corporation's affiliated organizations. The Corporation was organized to develop and operate a multihospital healthcare system providing a comprehensive spectrum of healthcare services, principally to the residents of New Jersey and surrounding areas.

The services and facilities of the Corporation include 12 acute care hospitals, 3 acute care children's hospitals, a pediatric rehabilitation hospital with a network of outpatient centers, a freestanding 100-bed behavioral health center, two trauma centers, a satellite emergency department, ambulatory care centers, geriatric centers, the state's largest behavioral health network, comprehensive home care and hospice programs, fitness and wellness centers, physical therapy services, retail pharmacy services, medical groups, multi-site imaging centers, an accountable care organization, a burn treatment facility, comprehensive cancer services, breast centers, and comprehensive cardiac surgery services, including a heart transplant center, a lung transplant center, and kidney transplant centers.

Trinitas Regional Medical Center Acquisition

The Corporation, Trinitas Regional Medical Center (Trinitas) and Trinitas Health (TH) closed on an affiliation transaction, effective January 1, 2022 (Trinitas Acquisition Date), whereby the Corporation has replaced TH as the sole member of Trinitas. TH merged with, and into Trinitas, with Trinitas as the surviving merger entity. Trinitas is a 554 bed, Catholic, acute care teaching hospital, headquartered in Elizabeth, New Jersey. Under the terms of the Definitive Agreement, dated November 11, 2020, the role of Trinitas as a full service, Catholic provider of acute healthcare services for the eastern Union County community will be enhanced. Together, both organizations will be able to increase access to high-quality healthcare in the northern and central New Jersey regions, and expand outreach to underserved communities. This includes a specific focus on cardiac care, oncology, emergency services, renal care/dialysis, women's health and wound care, as well as behavioral health services and others.

No cash consideration was exchanged at the closing of the transaction. The Corporation accounted for this business combination by applying the acquisition method, consistent with Financial Accounting Standards Codification (ASC) Topic 954-805 Health Care Entities Business Combinations (Topic 954-805), and accordingly, the inherent contribution received was valued as the excess of the fair value of the assets acquired over the fair value of the liabilities assumed. The results of Trinitas' operations have been included in the consolidated financial statements commencing on the Trinitas Acquisition Date.

RWJ BARNABAS HEALTH, INC.

Notes to Consolidated Financial Statements

March 31, 2023 and 2022

(Information pertaining to the three months ended March 31, 2023 and 2022 is unaudited)

The estimated fair value of the assets acquired and liabilities assumed as of the Trinitas Acquisition Date is as follows:

	<u>January 1, 2022</u>
Current assets	\$ 196,174
Noncurrent assets (including property, plant and equipment)	<u>322,915</u>
Total assets acquired	<u>519,089</u>
Current liabilities	84,160
Noncurrent liabilities	<u>158,274</u>
Total liabilities assumed	<u>242,434</u>
Contribution received in acquisition	<u>\$ 276,655</u>
Net assets without donor restrictions	\$ 264,636
Net assets with donor restrictions	<u>12,019</u>
	<u>\$ 276,655</u>

As a result of the Trinitas acquisition, the Corporation recognized \$326,655 of net assets with and without donor restrictions contributed in acquisition for the three months ended March 31, 2022. The amount was subsequently adjusted in 2022 to \$276,655 based on a final valuation. The above table reflects the results of the final valuation.

RWJ BARNABAS HEALTH, INC.

Notes to Consolidated Financial Statements

March 31, 2023 and 2022

(Information pertaining to the three months ended March 31, 2023 and 2022 is unaudited)

The following table summarizes the amounts attributable to Trinitas since the Acquisition Date that are included in the accompanying consolidated financial statements:

	Three months ended	
	March 31, 2023	March 31, 2022
Total operating revenue	\$ 76,224	77,876
Total operating expense	<u>86,052</u>	<u>80,422</u>
Loss from operations	(9,828)	(2,546)
Total nonoperating revenue (expenses), net	<u>266</u>	<u>(9,224)</u>
Deficiency of revenue over expenses	<u>(9,562)</u>	<u>(11,770)</u>
Other Changes in net assets:		
Without donor restrictions	4,364	1,449
With donor restrictions	<u>(4,206)</u>	<u>(1,454)</u>
Change in net assets	<u>158</u>	<u>(5)</u>
Decrease in net assets	<u>\$ (9,404)</u>	<u>(11,775)</u>

(2) Significant Accounting Policies

(a) Basis of Accounting of Financial Statement Presentation

The accompanying unaudited consolidated financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial reporting. Footnotes and other disclosures that would substantially duplicate the disclosures contained in an audited financial statement have been omitted. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements of the Corporation. Eliminations and reporting adjustments have been made to present the information in accordance with GAAP. The data should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022 and related notes. Information as of and for the year ended March 31, 2023 and 2022 are not based on audited information but, in the opinion of management, is presented on a basis consistent with the audited consolidated financial statements and includes adjustments necessary for a fair presentation therein. Adjustments to these financial statements may occur as a result of a more comprehensive review undertaken as part of the audit process for the year ended December 31, 2023.

The consolidated financial statements include all affiliates and other entities for which operating control is exercised by the Corporation. Investments in entities where the Corporation does not have operating control are recorded under the equity or cost method of accounting. The Corporation has included its equity share of income or losses from investments in unconsolidated affiliates in other operating revenue. Intercompany balances and transactions have been eliminated.

RWJ BARNABAS HEALTH, INC.

Notes to Consolidated Financial Statements

March 31, 2023 and 2022

(Information pertaining to the three months ended March 31, 2023 and 2022 is unaudited)

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

(3) Revenue

(a) Patient Services Revenue

The Corporation's patient service revenue is recognized at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts are due from patients and third-party payors and include an estimate of variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from the facility.

Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Corporation measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Corporation has elected to apply the optional exemption provided in FASB Accounting Standards Codification (ASC) 606-10-50-14 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at year-end, which primarily relate to acute care patients (in-house). The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of year-end.

The majority of the Corporation's services are rendered to patients with third-party payor insurance coverage. Reimbursement under these programs for all payors is based on a combination of prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Amounts received under Medicare and Medicaid programs are subject to review and final determination by program intermediaries or their agents and the contracts the Corporation has with commercial payors also provide for retroactive audit and review of claims. Agreements with third-party payors typically provide for payments at amounts less than established charges. For further discussion on third-party reimbursement, refer to note 5. Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction

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(Information pertaining to the three months ended March 31, 2023 and 2022 is unaudited)

price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Implicit price concessions are determined on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change and are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Adjustments arising from a change in the transaction price were not significant for the three months ended March 31, 2023 or 2022. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. There was no bad debt expense for the years ended March 31, 2023 or 2022.

Consistent with the Corporation's mission, care is provided to patients regardless of their ability to pay. The Corporation has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (e.g., co-pays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Corporation expects to collect based on its collection history with those patients. Patients who meet the Corporation's criteria for charity care are provided care without charge or at amounts less than established charges. The Corporation has determined that it has provided sufficient implicit price concessions for these accounts. Price concessions, including charity care, are not reported as revenue.

The Corporation has elected the financing component practical expedient and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payors pays for that service will be one year or less. However, the Corporation does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract. The Corporation has determined that the nature, amount, timing, and uncertainty of patient service revenue and cash flows are affected by payors and service lines.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is a possibility that recorded estimates could change by a material amount. During the three months ended March 31, 2023 and 2022 certain prior year third-party cost reports were audited and settled, or tentatively settled by third-party payors. Adjustments resulting from such audits, settlements, and management reviews are reflected as adjustments to patient service revenue in the period that adjustments become known. The effect of cost report settlements increased patient service revenue by \$7,762 and \$447, respectively, for the three months ended March 31, 2023 and 2022. Although certain other prior year cost reports submitted to third-party payors remain subject to audit and retroactive adjustment, management does not expect any material adverse settlements.

(b) Other Revenue

Other revenue includes income from grants, equity in the income of healthcare joint ventures, sale of a business, unrestricted contributions, net assets released from restriction, cafeteria sales, and parking

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receipts. Grant revenue and contributions of the Corporation are nonexchange transactions in which no commensurate value is exchanged. In such cases, contribution accounting is applied under ASC Topic 958, Not-for-Profit Entities. See note 4 for grant funding received under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Equity in the income of joint ventures is evaluated under ASC Topic 323, Investments – Equity Method and Joint Ventures.

Additionally, pharmacy sales and other contracts related to healthcare services are included in other revenue and consist of contracts, which vary in duration and in performance. Revenue is recognized when the performance obligations identified within the individual contracts are satisfied and collections are probable.

(4) Fair Value Measurements

ASC 820, *Fair Value Measurement* establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include cash and cash equivalents and debt and equity securities that are traded in an active exchange market.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage-backed debt securities and corporate bonds.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. The Corporation currently holds no Level 3 investments.

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The following tables present the Corporation's fair value hierarchy for those assets measured at fair value on a recurring basis, and exclude pledges receivable, net, other investments, and accrued interest receivable, as of March 31, 2023 and December 31, 2022:

	March 31, 2023				
	Fair value	Level 1	Level 2	Level 3	NAV
Investment categories:					
Cash and cash equivalents					
and money market funds	\$ 569,353	569,353	—	—	—
Equity securities	528,109	528,109	—	—	—
Equity mutual funds	1,011,166	986,126	25,040		
Fixed income mutual funds	371,787	371,787	—	—	—
Certificates of deposit	—	—	—	—	—
Unit investment trust	1,225	1,225	—	—	—
Commercial mortgage-backed securities	81,452	—	81,452	—	—
Corporate bonds	611,727	—	611,727	—	—
Asset-backed securities	219,162	—	219,162	—	—
Government bonds	213,072	—	213,072	—	—
Government mortgage-backed securities	195,272	—	195,272	—	—
Municipal bonds	19,990	—	19,990	—	—
Alternative investments	977,719	—	—	—	977,719
Total	<u>\$ 4,800,034</u>	<u>2,456,600</u>	<u>1,365,715</u>	<u>—</u>	<u>977,719</u>

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	December 31, 2022				
	Fair value	Level 1	Level 2	Level 3	NAV
Investment categories:					
Cash and cash equivalents					
and money market funds	\$ 659,272	659,272	—	—	—
Equity securities	518,104	518,104	—	—	—
Equity mutual funds	926,074	903,081	22,993		
Fixed income mutual funds	365,378	365,378	—	—	—
Certificates of deposit	—	—	—	—	—
Unit investment trust	1,215	1,215	—	—	—
Commercial mortgage-backed securities	93,104	—	93,104	—	—
Corporate bonds	665,822	—	665,822	—	—
Asset-backed securities	255,350	—	255,350	—	—
Government bonds	207,059	—	207,059	—	—
Government mortgage-backed securities	186,872	—	186,872	—	—
Municipal bonds	29,249	—	29,249	—	—
Alternative investments	943,695	—	—	—	943,695
Total	<u>\$ 4,851,194</u>	<u>2,447,050</u>	<u>1,460,449</u>	<u>—</u>	<u>943,695</u>

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(Information pertaining to the three months ended March 31, 2023 and 2022 is unaudited)

(5) Long-term debt

Long-term debt consists of the following:

	March 31,	December 31,
	2023	2022
Revenue and refunding bonds	\$ 2,801,874	2,801,978
Senior secured notes	300,000	300,000
Notes payable	34	34
Finance lease obligations	<u>252,381</u>	<u>155,763</u>
Total long-term debt	3,354,289	3,257,775
Plus unamortized bond premium	202,118	205,371
Less:		
Unamortized bond discount	891	945
Deferred financing costs, net	18,031	18,334
Current portion	<u>42,840</u>	<u>42,948</u>
Long-term portion	<u>\$ 3,494,645</u>	<u>3,400,919</u>

Under the terms of the Master Trust Indenture (MTI), RWJBH Corporate Services, Inc. formerly known as Barnabas Health, Inc., Children’s Specialized Hospital (CSH), Clara Maass Medical Center, Community Medical Center, Jersey City Medical Center, Monmouth Medical Center (including Monmouth Medical Center, Southern Campus), Newark Beth Israel Medical Center, RWJ Barnabas Health, Inc., Robert Wood Johnson University Hospital (RWJUH), Robert Wood Johnson University Hospital at Hamilton, Robert Wood Johnson University Hospital Rahway, and Cooperman Barnabas Medical Center (SBMC) are members of an Obligated Group. Substantially all of the Corporation’s debt is subject to the provisions of the MTI.

To secure its payment obligations, the Obligated Group has granted to the Trustee a first lien and security interest in the gross revenue of each member of the Obligated Group.

Obligated Group members are jointly and severally liable under the MTI. The Corporation does have the right to name designated affiliates. Though designated affiliates are not obligated to make debt service payments on the obligations under the MTI, the Corporation may cause each designated affiliate to transfer such amounts as necessary to enable the Obligated Group members to comply with the terms of the MTI, including payment of the outstanding obligations.

The Corporation’s Obligated Group is required to maintain certain financial covenants in connection with the NJHCFFA and credit arrangements with a consortium of banks, including JPMorgan Chase Bank, N.A. (JPMorgan), TD Bank and U.S. Bank.

The Corporation has entered into forward interest rate swap agreements with JPMorgan, Bank of America, and U.S. Bank, respectively. Under the terms of these agreements, the Corporation is paying fixed interest rates ranging from 0.90275% to 1.3625% in exchange for variable rate payments equal to 70% of the effective Federal funds rate. The notional amounts on these swap agreements are tied to the outstanding

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principal on the underlying bond series. The Corporation has the option to terminate the interest rate swap agreements on or before July 1, 2034. As of March 31, 2023 and December 31, 2022, the fair value of the interest rate swap agreements, net of a credit value adjustment of \$3,434 and \$4,231, was \$31,710 and \$36,540, respectively, and is included in other assets, net.

On March 31, 2022, the Corporation entered into a secured revolving promissory note (the Note) for the principal amount of \$50,000 with JPM for routine working capital needs. The Note contained an accordion feature that allowed the Corporation to increase the loan by an additional \$50,000. The terms of the Note include a commitment fee of .12%. The interest rate is based on an adjusted term SOFR Rate for the interest period plus 0.55% per annum. As of March 31, 2023 and December 31, 2022, \$5,025 of the Note was used in the form of standby letters of credit (LOC) that provides liquidity support for the Corporation's self-insured workers' compensation and other programs. There was no cash drawn from the Note during the term. The Note expired on March 30, 2023 and was replaced with a \$50,000 secured revolving promissory note (New Note) with JPM expiring on April 1, 2024. The terms of the New Note have not changed from the prior Note. As of May 15, 2023, there was no cash drawn from the New Note.

On January 27, 2022, in connection with the Definitive Agreement, the Corporation legally defeased all of the outstanding New Jersey Health Care Facilities Financing Authority Refunding and Revenue Bonds, Trinitas Regional Medical Center Obligated Issue, Series 2016A and all of the outstanding New Jersey Health Care Facilities Financing Authority Refunding Bonds, Trinitas Regional Medical Center Obligated Issue, Series 2017A. The total payment for the defeased bonds was \$72,252. The transaction resulted in a loss on extinguishment of debt of \$2,551 which is recorded in other, net within nonoperating revenue.

(6) Employee Benefit Plans

The Corporation maintains several benefit plans for its employees. The following are brief descriptions of those plans and related expenses for the three months ended March 31, 2023 and 2022:

- The Corporation provides pension benefits to its employees through defined contribution plans. Contributions to these plans are based on percentages of annual salaries. It is the policy of the Corporation to fund accrued costs under these plans on a current basis. Pension expense related to these defined contribution plans was approximately \$25,629 and \$23,377 for the three months ended March 31, 2023 and 2022, respectively.
- Certain affiliates of the Corporation contribute to various multiemployer defined benefit pension plans under the terms of collective bargaining agreements that cover union-represented employees. Contributions to these plans approximated \$1,406 and \$1,246 for the three months ended March 31, 2023 and 2022, respectively.
- Certain employees of the Corporation participate in deferred compensation plans. Eligible employees may defer compensation under a salary reduction agreement, subject to certain dollar limitations. Payments, upon retirement or termination of employment, are based on amounts credited to individual accounts. In connection with these plans, certain affiliates deposit amounts with trustees on behalf of participating employees. Under the terms of these plans, the Corporation is not responsible for investment gains or losses incurred. The assets are restricted for payments

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(Information pertaining to the three months ended March 31, 2023 and 2022 is unaudited)

under the plans. The plans are funded based upon the benefit formula as outlined in the plan documents.

The RWJ Barnabas Health Retirement Income Plan (the RWJBH Plan) covers substantially all employees of the Corporation. The RWJBH Plan is currently frozen and no participants accrue credited service or contribute to the RWJBH Plan.

The assets of the RWJBH Plan are managed under a liability-driven investment (LDI) strategy. Under the LDI strategy, the expected rate of return on plan assets is based upon the assumption that plan assets will be invested primarily in fixed income and other related securities based upon their ability to perform similarly to the characteristics of the plan liabilities over time. The policy of the Corporation is to evaluate the annual funding liability on a calendar year basis. No contributions were made to the RWJBH Plan during the three months ended March 31, 2023 and 2022.

(7) Partnership with Rutgers, the State University of New Jersey

The Corporation, Rutgers, the State University of New Jersey (Rutgers), and Rutgers Health Group (RHG) entered into a Master Affiliation Agreement (MAA) with the goal of integrating medical education, advanced research and healthcare delivery.

The MAA requires reciprocal commitments and the alignment of each party's respective strategic, operational, and financial interests, and activities as part of a coordinated and mutually supportive academic health system. The Corporation and Rutgers have continued to execute on strategies contemplated in the MAA including integrating the clinical operations of the Faculty of Robert Wood Johnson Medical School (RWJMS) and the Rutgers CINJ through Integrated Practice Agreements (IPA). Under the terms of these agreements, Rutgers will continue to employ providers and certain support staff, but the Corporation is responsible for the operations of the clinical practices and related financial results. This included establishing a unified medical records system across the Corporation's entire medical group (including RWJMS and CINJ) and creating a unified and integrated patient experience.

As of March 31, 2023 and December 31, 2022, the Corporation owed Rutgers \$197,959 and \$211,935, net, respectively, under the MAA and IPA agreements. These amounts are included in accrued expenses and other liabilities in the consolidated balance sheets.

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(Information pertaining to the three months ended March 31, 2023 and 2022 is unaudited)

(8) Commitments

The Corporation entered into an agreement with Epic to deploy an integrated Electronic Health Record (EHR) with supporting revenue cycle, data analytics, and consumer facing digital capabilities. When completed, this integration will, among other things, establish one EHR across all ambulatory sites to support the ability to manage physicians as one integrated practice and support the consolidation of the various revenue cycle systems to an integrated solution.

The implementation will be done in phases. The anticipated completion date of the entire project is 2024. Through March 31, 2023, the Corporation has incurred approximately \$548,000 in capital and operating costs and anticipates spending an additional \$202,000 to complete the project.

(11) Subsequent Events

Management evaluated all events occurring subsequent to March 31, 2023 and through May 15, 2023, the date the consolidated financial statements were available to be issued. The Corporation did not have any material recognizable subsequent events during the period, except as previously disclosed.

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Note to Consolidated Financial Statements - Obligated Group

The following financial information as of March 31, 2023 (unaudited) and December 31, 2022 (audited) and for the three months ended March 31, 2023 and 2022 (unaudited) on pages 37 and 38 of the Corporation's Obligated Group was prepared for purposes of accommodating a certain group of bond and note holders. The financial information reflects the financial position and results of operations and changes in net assets of the Obligated Group and not of the entire Corporation and is not intended to be presented in conformity with U.S. generally accepted accounting principles.

RWJ BARNABAS HEALTH, INC.
Consolidated Balance Sheets - Obligated Group
(In thousands)

Assets	March 31, 2023 <small>(unaudited)</small>	December 31, 2022 <small>(audited)</small>
Current assets:		
Cash and cash equivalents	\$ 2,911	22,681
Short-term investments	843,314	696,062
Assets limited or restricted as to use	1,991	67,474
Patient accounts receivable, net	680,017	653,458
Estimated amounts due from third party payors	122,216	176,748
Other current assets	253,487	278,981
Total current assets	1,903,936	1,895,404
Assets limited or restricted as to use, non-current portion	251,735	309,667
Investments	3,551,140	3,609,957
Property, plant and equipment, net	3,496,807	3,316,116
Right-of-use asset	165,344	144,395
Due from affiliates, long term, net	34,943	35,318
Other assets, net	511,700	521,060
Total assets	9,915,605	9,831,917
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	696,208	469,157
Accrued expenses and other current liabilities	714,787	819,984
Estimated amounts due to third party payors	18,028	17,997
Long-term debt	48,315	48,423
Lease obligation	22,321	18,812
Due to affiliates, net	353,429	470,183
Self-insurance liabilities	50,848	50,848
Total current liabilities	1,903,936	1,895,404
Estimated amounts due to third party payors, net of current portion	80,131	87,638
Self insurance liabilities, net of current portion	137,308	138,273
Long-term debt, net of current portion	3,418,073	3,324,325
Lease obligation, net of current portion	150,368	132,119
Accrued pension liability	53,056	53,326
Other liabilities	118,767	115,889
Total liabilities	5,861,639	5,746,974
Net assets	4,053,966	4,084,943
Total liabilities and net assets	\$ 9,915,605	9,831,917

See accompanying note to consolidated financial statements - obligated group.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Operations and Changes in Net Assets - Obligated Group

Three months ended March 31, 2023 and 2022

(In thousands)

(unaudited)

	<u>2023</u>	<u>2022</u>
Revenue:		
Net patient service revenue	\$ 1,556,138	1,412,212
CARES Act Funding	-	13,357
Other revenue, net	180,384	83,703
Total revenue	<u>1,736,522</u>	<u>1,509,272</u>
Expenses:		
Salaries and wages	635,452	589,428
Physician fees and salaries	188,195	180,991
Employee benefits	134,052	117,055
Supplies	306,808	289,634
Other	361,813	275,107
Interest	26,457	26,095
Depreciation and amortization	73,199	67,766
Total expenses	<u>1,725,976</u>	<u>1,546,076</u>
Income (loss) from operations	<u>10,546</u>	<u>(36,804)</u>
Nonoperating revenue (expenses):		
Investment income (loss), net	167,426	(313,500)
Other, net	(6,583)	9,808
Total nonoperating revenue (expenses), net	<u>160,843</u>	<u>(303,692)</u>
Excess (deficiency) of revenue over expenses	171,389	(340,496)
Other changes in net assets:		
Pension changes other than net periodic benefit cost	2,048	1,703
Net assets released from restriction for purchases of property and equipment	6,982	1,859
Other, net	(211,396)	6,235
Decrease in net assets	<u>\$ (30,977)</u>	<u>(330,699)</u>

See accompanying note to consolidated financial statements - obligated group.