RWJBarnabas HEALTH

Secondary Market Disclosure Information

June 30, 2023

RWJ BARNABAS HEALTH, INC.

Consolidated Financial Statements and Supplementary Information as of June 30, 2023 and December 31, 2022 and for the six months ended June 30, 2023 and 2022

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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 $11.5 million has been drawn down under the loans.

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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	339	
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 (TRMC)	Elizabeth	541	(7)
Total Acute Care Beds		**5,429**	
Transitional Care Beds:			
Children's Specialized Hospital	New Brunswick	145	(6)
Community Medical Center Transitional Care Unit	Toms River	25	(2)
TRMC Hospital-based Long Term Care Facility	Elizabeth	124	(7)
Total Transitional Care Beds		**294**	
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		**405**	

(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 it's 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'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

During the first quarter of 2023, the Corporation experienced an easing of the "tripledemic" surge that much of New Jersey experienced with rates of COVID-19, influenza and respiratory syncytial virus (RSV) easing within our communities. In June 2023, COVID-19 admissions were 94 as compared to 1,380 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 on May 11, 2023.

Staffing

The Corporation is challenged by the industry wide shortages in certain clinical specialties and other factors which have resulted in increased labor costs and investments in employee retention and other programs. The Corporation is committed to investment in its people understands success is largely dependent on the dedication and commitment of our employees, nurses and physicians. The demand for healthcare in the state and across the country continues to increase. Nurses continue to be in high demand and in short supply. The Corporation has implemented a refinement to our internal hiring processes to expedite our ability to acquire top nursing talent and stabilize the workforce. We have instituted nurse retention programs that focus on professional development through enhanced tuition assistance programs, implemented more flexible work schedules to provide work/life balance, and provided retention and sign-on bonuses to address the staffing needs. These refinements further advance the competitiveness of our total compensation package following the strategy that yielded significant market adjustments in 2022 to remain in the top tier in a competitive compensation market and to remain in the forefront of the communities we serve.

The Corporation recognizes that our nurses and other clinical staff are the face and the heart of our hospitals. Several months ago, Robert Wood Johnson University Hospital ("RWJUH") began negotiations with representatives from the United Steel Workers Local 4-200 (USW), which represents approximately 1,700 nurses. After a series of negotiating sessions between the hospital and the USW, a Memorandum of Agreement (MOA) was reached and put to a membership vote on July 20, 2023. The agreed to terms reflected the values of RWJ Barnabas Health. However, on July 21, 2023, the union membership rejected the contract which had been agreed to and recommended by its union leadership. As a precaution, RWJUH had been concurrently planning a robust strike contingency plan to ensure uninterrupted operations for the facility, including the recruitment of more than 1,000 replacement nurses in the event the hospital was issued a strike notice. Despite best efforts by the hospital leadership during ongoing negotiations, the USW nurses elected to strike the morning of August 4, 2023. Thanks to the support of our highly skilled, highly trained, and professional replacement nurses and the support of the nursing leadership both at RWJUH and across the Corporation, staffing levels throughout the hospital have been appropriately maintained across all units and all shifts when considering both patient volume and acuity. The transition to replacement nursing staff could not have been more successful and seamless and their shared commitment to support the hospital, our patients, and our communities is greatly appreciated. Ongoing negotiations between the Hospital and the USW have continued without a resolution to date.

RWJ Barnabas Health is deeply committed to New Jersey. We are the state's largest provider of charity care and the state's largest provider of care to beneficiaries of the Medicaid program – in each case by two times more than any other health system. As part of the safety net in New Jersey, we have a solemn obligation to ensure that our commitment to the most vulnerable among us are not endangered by such work stoppages.

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 million 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 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 sevice 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 signficant operational improvements and postive margin, a conservative debt structure and well funded pesion.

In July 2023, Moody's affirmed its Aa3 credit rating. The outlook was revised to negative from stable. The affirmation reflects the Corporations broad statewide coverage, role as the academic health system for Rutgers Unviersity and position as the only NCI-designated canceer center in New Jersey. The revision of the outlook to negative from stable reflects challenges the Corporation will face in restoring cash flow and dilution of days cash and cash to total debt metrics in relation to planned capital spend.

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

OVERALL	
	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 Robert Wood Johnson University Hospital Somerset (RWJUH Somerset) 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.

RWJBarnabas Health children's hospitals were named among the nation's Best Children's Hospitals for 2023/2024 by U.S. News & World Report. The Bristol-Myers Squibb Children's Hospital (BMSCH) at RWJUH ranked #34 nationally for orthopedics and ranked #47 for urology. The Urology ranking recognizes a four-hospital practice that is based at BMSCH but that also provides care at three other RWJBarnabas Health hospitals – with Children's Hospital of New Jersey at Newark Beth Israel Medical Center (NBIMC), McMullen Children's Center at Cooperman Barnabas Medical Center (CBMC), and Unterberg Children's Hospital at Monmouth Medical Center (MMC). Additionally, BMSCH was ranked #2 in NJ and #15 in the Mid-Atlantic Region.

In 2023, NBIMC was named by Newsweek as one of the World's Best Hospitals for the fifth consecutive year and CBMC and MMC were both named Newsweek's 2023 list of America's Best Maternity Care Hospitals. 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.

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: CBMC was named one of America's 100 Best Hospitals for Pulmonary Care™, one of America's 100 Best Hospitals for Cardiac Care™, one of America's 100 Best Hospitals for Gastrointestinal Care™, and one of America's 100 Best Hospitals for Gastrointestinal Surgery™. Community Medical Center (CMC) 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.

For 2022, RWJBarnabas Health was recognized by healthcare supply chain leader Global Healthcare Exchange (GHX) with the GHXcellence Award for "Healthcare Provider of the Year Large" for the second consecutive year and was also recognized by GHX as a "Best 50" healthcare provider for the fifth 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. Additionally, RWJBarnabas Health was named to the 2022 GHX Millennium Club which recognizes healthcare provider and supplier organizations that generate more than one million automated transactions annually through the GHX Exchange.
	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.
	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.
QUALITY	
	In Spring 2023, four RWJBarnabas Health facilities received an "A" grade including MMC, the only facility in the region to achieve 17 consecutive "A" ratings, CMC, Monmouth Medical Center Southern Campus (MMCSC), and Robert Wood Johnson University Hospital Rahway (RWJUH Rahway). Six RWJBarnabas Health facilities received "B" ratings. Additionally, MMC was named as a Best Hospital in America for teaching in July.
	In 2023, RWJUH was named to Money's inaugural list of Best Hospitals for Bariatric Surgery. MMC was named to Money's inaugural list of the Best Hospitals in America, created in

	partnership with The Leapfrog Group. MMC, NBIMC, and RWJUH Somerset were named to Money's 2022 Best Hospitals for Maternity Care list – among just 259 hospitals to receive the award.
	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
	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.
	In 2022, seven RWJBarnabas Health facilities were awarded Gold recognition for their Antimicrobial Stewardship Programs from the New Jersey Department of Health; MMC has continued to receive Gold since the establishment of the awards program in 2019.
	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.
SPECIALTY CARE	
	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.

	Six RWJBarnabas Health facilities received recognition for stroke care, earning a spot on the American Stroke Associations 2023 Get With The Guidelines® list, for their commitment to ensuring stroke patients receive the most appropriate treatment according to nationally recognized, evidence-based guidelines. RWJUH, RWJUH Somerset and Jersey City Medical Center (JCMC) each received the Gold Award. CBMC received the Silver Plus Award and Clara Maass Medical Center (CMMC) received the Siler Award.
	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.
WORKFORCE	
	In 2023, RWJBarnabas Health was recognized with a 5-star rating on the inaugural list of America's Greatest Workplaces for Diversity by Newsweek – a scored list of companies that employees say really respect and value different kinds of people.
	In 2021, RWJBarnabas Health was recognized by Forbes as America's Best-In-State Employer for the second consecutive year.
	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 families.

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 JCMC, MMC, MMCSC, 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. Wave 4 activation is stabilized and the Epic Together team is preparing for the Wave 5 activation, which is scheduled for October 28, 2023. The Wave 5 activation includes CMMC, CBMC, NBIMC and 15 Medical group practices. This will be the largest activation of the project with more than 15,000 colleagues participating.

Management's Discussion and Analysis of Recent Financial Performance

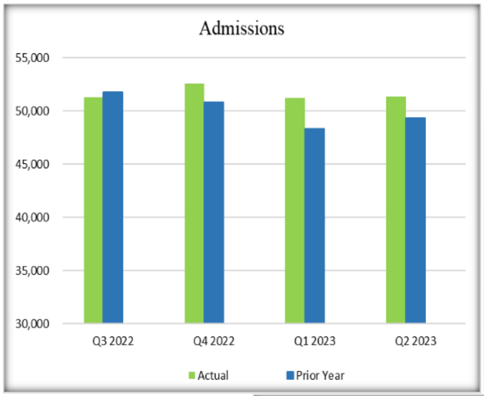
Management's Discussion and Analysis of Recent Financial Performance is based upon the consolidated financial results of the Corporation since the members of the Corporation's Obligated Group represent 92% of the total consolidated assets and 84% of the total consolidated operating revenue as of and for the six months ended June 30, 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.

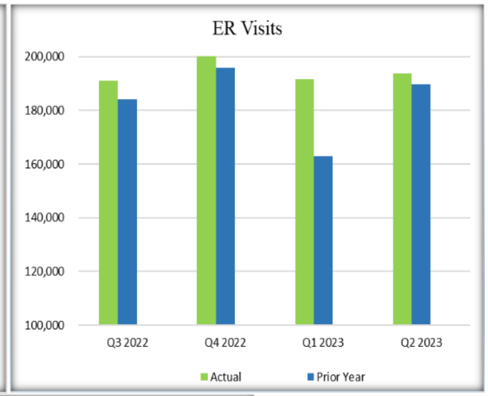
Financial Performance Overview

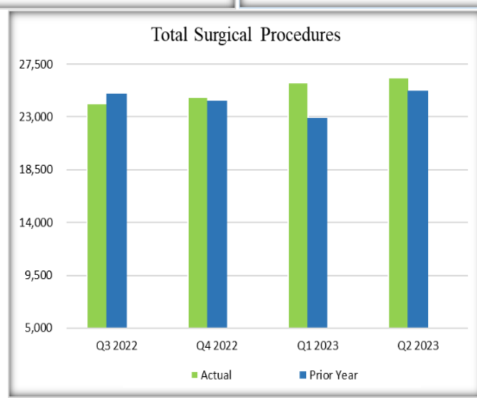
For the six months ended June 30, 2023, the Corporation's total operating loss and operating margin were \$4,697 and -0.1%, respectively, compared to the operating loss and operating margin of \$62,686 and -1.7% for the six months ended June 30, 2022. Total operating revenues grew by \$501,461 or 13.7% compared to the six months ended June 30, 2022, while operating expenses increased by \$443,472 or 11.9% during the same period. Included in total operating revenues for the six months ended June 30, 2023 and 2022 is FEMA funding of \$19,530, and \$19,724, respectively. For the six months ended June 30, 2022, operating revenue also included revenue under the CARES Act of \$26,778.

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 six months ended June 30, 2023 exceeded the prior year volumes by 5.1%, 8.4%, and 9.3%, respectively.

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







Overall, patient service revenue of $3,837,805 was higher than prior year by $470,341 or 14.0%. The favorable variance was due to volume increases in both inpatient and outpatient. Other operating revenue increased due to joint venture revenue as well as net assets released from restriction. Additionally, Pharmacy sales were favorable due to programs which experienced Medicaid plan changes, and insurance recoveries. 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 six months ended June 30, 2023 were $275,966 and 6.2%, respectively, compared to the deficiency of revenues over expenses of $489,001 and -15.2% for the six months ended June 30, 2022. The excess of revenues over expenses was significantly higher than prior year, driven by investment performance. Net investment gains totaled $280,385, compared to net investment losses of $729,100 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:

	Six months ended June 30,	
	2023	**2022**
Operating loss	(4,697)	(62,686)
Operating margin	-0.1%	-1.7%
EBITDA	215,688	141,313
EBITDA margin	5.2%	3.9%
Excess (deficiency) of revenue	275,966	(489,001)
Excess (deficiency) of revenue margin	6.2%	-15.2%

Operating Revenue and Volume

The following table presents consolidated operating revenue and select volume statistics for the six months ended June 30, 2023 and 2022:

	Six months ended June 30,	
	2023	**2022**
Operating Revenue:		
Inpatient patient service revenue	$ 1,960,660	1,819,252
Outpatient patient service revenue	1,349,047	1,147,949
Professional billing revenue	467,296	339,436
State of NJ subsidy revenue	60,802	60,827
Total patient service revenue	3,837,805	3,367,464
CARES Act grant revenue	-	26,778
Other operating revenue	315,112	257,214
Total operating revenue	$ 4,152,917	3,651,456
Volume & utilization statistics:		
Acute care licensed beds	5,429	5,453
Average acute care beds in service	4,380	4,335
Acute care occupancy based on beds in service	71.4%	69.1%
Acute care length of stay	5.69	5.69
Acute care admissions	102,614	97,655
COVID-19 positive admissions	2,889	6,998
Adult and pediatric admissions	69,419	64,895
Newborn and NICU admissions	12,589	12,636
Maternity and obstetric cases	12,938	12,786
Patient days	565,994	542,135
Same day surgery cases	35,872	32,238
Emergency room visits (excl. admits)	322,095	293,860
Observations	51,608	45,396
Psychiatric hospital inpatient admissions	494	515

Acute Care payor mix, based on patient days, for the six months ended June 30, 2023 and 2022 is presented below:

	Patient Days	
Payor Mix	**2023**	**2022**
Medicare	25.7%	26.8%
Medicaid	5.8%	5.6%
Managed Medicare	22.3%	21.0%
Managed Medicaid	20.1%	19.4%
Managed Care	10.9%	10.8%
NJ Blue Cross & Commercial	10.1%	10.9%
Self-pay and Other	5.1%	5.5%
	100.0%	100.0%

Inpatient service revenue of $1,960,660 (excluding subsidy revenue), was favorable to prior year by $141,408 or 7.8%. The increase was primarily due to inpatient volumes which were 5.1% higher than prior year due to strong performance in medicine, surgical and pulmonary service lines. The volume increase was partially offset by lower COVID-19 volumes. The Corporation also benefited from increases in Managed care rates as well as cost report adjustments which exceeded prior year by $7,820. The favorable variance was partially offset by lower Medicare County Option revenue of $11,000 and lower pay for performance bonuses of $6,000.

Outpatient service revenue of $1,349,047 was favorable to prior year by $201,098 or 17.5%. The variance was impacted by a 6.0% 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. Managed care rate increases also contributed to the positive variance.

Professional billing revenue of $467,296 was favorable to prior year by $127,860 or 37.7%. 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 $60,802, was relatively flat to prior year.

The Corporation recognized CARES Act grant revenue of $26,778 for the six months ended June 30, 2022 to help offset the volume shortfalls attributable to COVID-19.

Other operating revenue of $315,112 was favorable to prior year by $57,898 or 22.5%. 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. Pharmacy sales and net assets released from restriction exceeded prior year by $12,435 and $14,666, respectively. Additionally, joint venture revenue exceeded prior year by $10,656 driven primarily by growth in ambulatory surgery and medical practice joint ventures.

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:

	For the six months ended June 30,					
	2023			2022		
	Operating Revenue	Net Income	Net Income Attributable to RWJBH	Operating Revenue	Net Income	Net Income Attributable to RWJBH
Ambulatory Surgery	$ 194,619	86,618	24,352	$ 162,697	73,273	20,679
Home Care & Hospice	81,881	2,026	1,031	85,064	4,930	2,512
Diagnostic Imaging	89,416	12,614	6,192	66,222	15,265	7,709
Medical Practice Joint Ventures	277,000	46,945	20,962	112,063	23,113	11,521
Renal	82,902	19,786	1,880	-	-	-
Other	22,608	2,724	986	89,823	5,403	2,326
	$ 748,426	170,713	55,403	$ 515,869	121,984	44,747

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 6.7%.

The decrease in home care and hospice ventures was due to a decrease in volume by 4.6%. The decline in volume is attributed to lower homecare visits and hospice patient days by 4.8% and 8.6%, respectively.

Diagnostic imaging ventures decreased from prior year due to an increase in expenses of 8.6%. This was partially offset by an increase in volume of 6.7%.

Medical Practice Joint Ventures were favorable to prior year by $9,441. The Corporation's favorable variance can be attributed to numerous factors, such as the acquisition of five new practices in 2022, and an additional ten practices that were acquired in 2023.

Renal contributed revenue of $1,880 in 2023. 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 $1,340. Expenses and volumes were unfavorable to prior year by 4.6% and 11.2%, 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.

Operating Expenses

Total operating expenses for the six months ended June 30, 2023 of $4,157,614 was unfavorable to prior year by $443,472 or 11.9% from the six months ended June 30, 2022.

Summarized below are the consolidated operating expenses for the six months ended June 30, 2023 and 2022:

	Six months ended June 30,	
	2023	2022
Salaries and employee benefits	$ 1,937,201	1,717,399
Physician fees and salaries	517,487	441,462
Supplies and other expenses	1,482,541	1,351,282
Interest	55,841	53,287
Depreciation and amortization	164,544	150,712
Total operating expenses	$ 4,157,614	3,714,142

For the six months ended June 30, 2023, salaries and employee benefits increased by $219,802 or 12.8%, compared to the six months ended June 30, 2022. The increase was due to annual salary increases as well as the impact of nurse retention, sign-on bonuses and market adjustments. The consolidation of JAG-ONE and OTT had a negative impact on salaries of approximately $42,000.

Physician fees and salaries increased by $76,025 or 17.2%, compared to the six months ended June 30, 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 $34,709 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 $131,259 or 9.7% compared to the six month ended June 30, 2023. Supplies were unfavorable to prior year by $47,231. 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 $84,028. This increase is driven by Epic costs, rentals, maintenance contracts and repairs and insurance. The inclusion of JAG-ONE and OTT is also driving the increase.

Interest expense for the six months ended June 30, 2023 increased by $2,554 or 4.8%, compared to the six months ended June 30, 2022 due to the inclusion of additional finance leases.

Depreciation and amortization for the six months ended June 30, 2023 increased by $13,832 or 9.2%, compared to the six months ended June 30, 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. Additionally the purchase of JAG-ONE and OTT has contributed to the increase.

Nonoperating Gains and Losses

The following table presents a summary of nonoperating revenue and expenses of the Corporation for the six months ended June 30, 2023 and 2022.

	Six months ended June 30,	
	2023	**2022**
Investment income	$ 52,830	40,805
Realized (losses) gains on investments	(5,950)	50,066
Unrealized gains (losses) on investments	233,505	(819,971)
Contribution received in acquisition	-	314,636
Net periodic benefit cost	(3,557)	(1,810)
Interest rate swap valuation changes	1,283	22,510
Break-up fee	-	(30,000)
Gain on equity investment	2,552	-
Loss on early extinguishment of debt	-	(2,551)
Total nonoperating revenue (expenses), net	$ 280,663	(426,315)

Net investment income and realized net investment gains and losses were $46,880 and $90,871 for the six months ended June 30, 2023 and 2022, respectively. For the six months ended June 30, 2023, net unrealized gains were $233,505, as compared to unrealized losses of $819,971 for the six months ended June 30, 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 six months ended June 30, 2023 and 2022, the aggregate change in the net fair value of the interest rate swap agreements was $1,283 and $22,510, respectively. 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 six months ended June 30, 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.

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

	Six months ended June 30,		
		2023	2022
Contributions without donor restrictions	$	7,461	3,053
Contributions with donor restrictions		50,653	12,979
Total contributions		58,114	16,032
Expenses	$	8,662	8,854
Support to affiliates	$	62,251	19,100

The foundations made distributions of $62,251 during 2023 to support operations and capital projects of the hospitals which significantly exceeded prior year. The foundations recognized a $38,000 gift that was conditional on breaking ground at the MMC Tinton Falls campus.

Unrestricted Cash and Investments

The Corporation's financial position remains strong with $11.6 billion in total assets and $5.2 billion in net assets. Total cash and investments (without donor restrictions) amounted to $4.4 billion (or 200.4 days) at June 30, 2023, a decrease of approximately $245,000 over the balance at December 31, 2022. The Corporation continues to invest in capital with approximately $503,000 in additions during 2023. During 2023, $151,000 of bond proceeds related to the Series 2021A bonds were reimbursed from the construction fund. The Corporation also made debt service payments of approximately $59,000. Investments in the ambulatory services division of approximately $220,000 were also executed through June. This includes the purchase of the remaining interest in OTT which is now wholly owned by RWJ Health Network. Net investment income of $280,385 had a positive impact on investments.

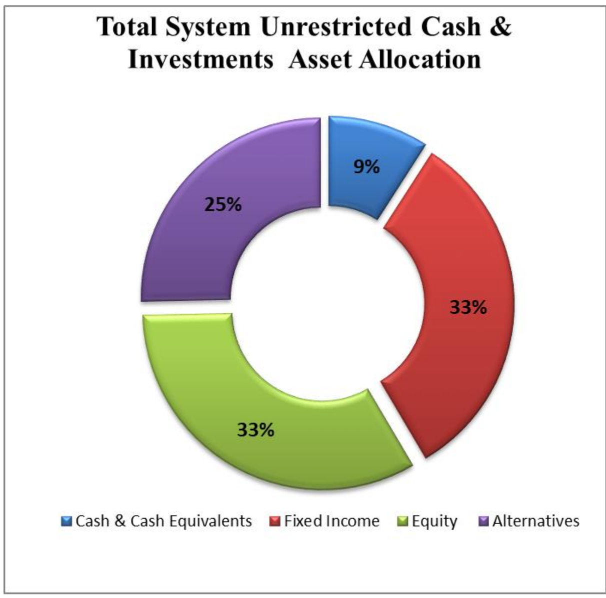
Total unrestricted cash and investments for the Corporation as of June 30, 2023 and December 31, 2022 were as follows:

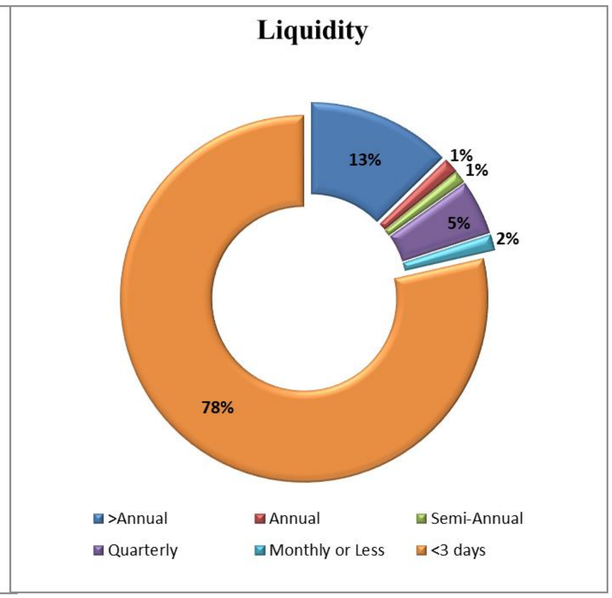
		June 30, 2023	December 31, 2022
Cash and cash equivalents	$	218,228	267,525
Current investments		315,584	434,257
Noncurrent investments		3,821,837	3,898,462
Total unrestricted cash and investments	$	4,355,649	4,600,244

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 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 June 30, 2023, 79.4% of the total unrestricted cash and investments were classified as monthly liquidity or less.

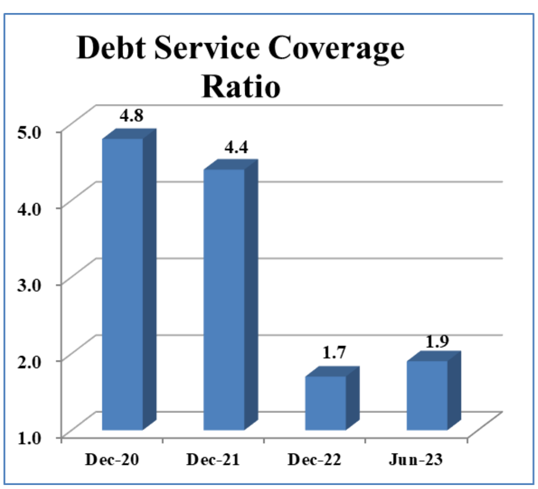
The following charts present the allocation of unrestricted cash and investments by asset type and the portfolio's liquidity as of June 30, 2023:

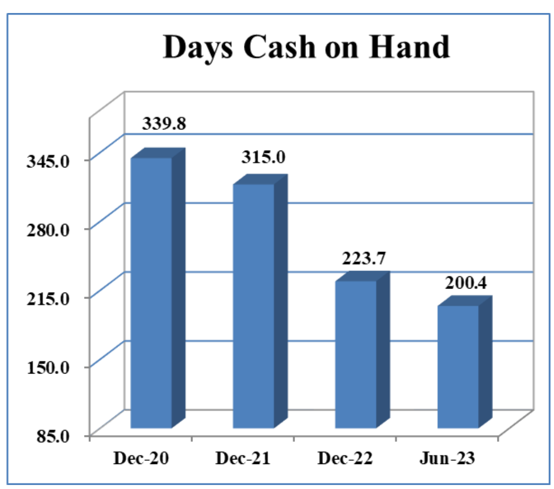




Financial Condition

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 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 June 30, 2023 and December 31, 2022 and 2021 as compared to S&P’s “AA”, “AA-” and “A+” medians.

	June 30, 2023	December 31, 2022	December 31, 2021	AA	AA-	A+
Debt service coverage	1.9	1.7	4.4	8.0	6.1	5.5
Debt-to-capitalization	41.9%	42.8%	39.7%	20.0%	25.0%	28.8%
Cash-to-debt	123.0%	133.6%	161.1%	334.9%	263.6%	193.8%
Days cash on hand	200.4	223.7	315.0	350.8	291.9	243.9

The following table presents other select ratios as of June 30, 2023 and December 31, 2022 and 2021.

	June 30, 2023	December 31, 2022	December 31, 2021
Days in patient accounts receivable	38.5	40.7	40.8
Days in accounts payable	65.9	63.8	64.9
Reinvestment ratio	2.83	2.37	2.26

RWJ BARNABAS HEALTH, INC.

Consolidated Balance Sheets

(In thousands)

Assets		June 30, 2023 (unaudited)	December 31, 2022 (audited)
Current assets:			
Cash and cash equivalents	$	218,228	267,525
Short-term Investments		315,584	434,257
Assets limited or restricted as to use		127,087	98,259
Patient accounts receivable		816,096	780,089
Estimated amounts due from third party payors		141,507	185,029
Other current assets		311,342	309,288
Total current assets		1,929,844	2,074,447
Assets limited or restricted as to use, non-current portion		488,818	567,624
Investments		3,821,837	3,898,462
Property, plant and equipment, net		3,946,290	3,590,972
Right of use asset		280,397	262,886
Other assets, net		1,157,871	920,235
Total assets		11,625,057	11,314,626
Liabilities and Net Assets			
Current liabilities:			
Accounts payable		594,725	541,871
Accrued expenses and other current liabilities		1,104,429	1,299,590
Estimated amounts due to third party payors		15,982	18,306
Long-term debt		42,954	42,948
Lease obligation		47,852	47,693
Self-insurance liabilities		123,902	124,039
Total current liabilities		1,929,844	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		368,786	358,435
Long-term debt, net of current portion		3,497,842	3,400,919
Lease obligation, net of current portion		257,314	236,923
Accrued pension liability		52,787	53,326
Other liabilities		169,262	158,714
Total liabilities		6,400,531	6,414,967
Net assets:			
Without donor restrictions			
Controlling interest		4,892,327	4,583,671
Noncontrolling interest		26,645	25,991
Total net assets without donor restrictions		4,918,972	4,609,662
With donor restrictions		305,554	289,997
Total net assets		5,224,526	4,899,659
Total liabilities and net assets	$	11,625,057	11,314,626

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Operations

Six months ended June 30, 2023 and 2022

(In thousands)

(unaudited)

	2023	2022
Revenue:		
Patient service revenue	$ 3,837,805	3,367,464
CARES Act grant revenue	-	26,778
Other revenue, net	315,112	257,214
Total revenue	4,152,917	3,651,456
Expenses:		
Salaries and wages	1,604,213	1,424,910
Physician fees and salaries	517,487	441,462
Employee benefits	332,988	292,489
Supplies	695,848	648,617
Other	786,693	702,665
Interest	55,841	53,287
Depreciation and amortization	164,544	150,712
Total expenses	4,157,614	3,714,142
Loss from operations	(4,697)	(62,686)
Nonoperating revenue (expenses):		
Investment income (loss), net	280,385	(729,100)
Contribution received in acquisition	-	314,636
Other, net	278	(11,851)
Total nonoperating revenue (expenses), net	280,663	(426,315)
Excess (deficiency) of revenue over expenses	275,966	(489,001)
Other changes:		
Pension changes other than net periodic benefit cost	4,096	(5,828)
Net assets released from restriction for purchases of property and equipment	24,607	12,872
Other, net	4,641	(112)
Increase (decrease) in net assets without donor restrictions	$ 309,310	(482,069)

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Changes in Net Assets
Six month ended June 30, 2022 and 2023
(In thousands)
(unaudited)

	Controlling interest	Noncontrolling interest	Without donor restrictions	With donor restrictions	Total net assets
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	(489,161)	160	(489,001)	-	(489,001)
Contribution received in acquisition			-	12,019	12,019
Pension related changes other than net periodic benefit cost	(5,828)	-	(5,828)	-	(5,828)
Change in interest in restricted net assets of unconsolidated foundations	-	-	-	5,612	5,612
Net assets released from restriction	12,872	-	12,872	(18,654)	(5,782)
Restricted contributions	-	-	-	14,608	14,608
Investment income on restricted investments, net	-	-	-	(987)	(986)
Distributions from non-controlling interest	-	(232)	(232)	-	(232)
Other	120	-	120	(140)	(20)
Changes in net assets	(481,997)	(72)	(482,069)	12,458	(469,611)
Net assets at June 30, 2022	4,636,769	49	4,636,818	282,120	4,918,938
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	275,251	715	275,966	-	275,966
Pension changes other than net periodic benefit cost	4,096	-	4,096	-	4,096
Change in interest in restricted net assets of unconsolidated foundations	-	-	-	(6,672)	(6,672)
Net assets released from restriction	24,607	-	24,607	(29,167)	(4,560)
Restricted contributions	-	-	-	50,873	50,873
Investment income on restricted investments, net	-	-	-	509	509
Distributions from non-controlling interest	-	(61)	(61)	-	(61)
Other	4,702	-	4,702	14	4,716
Changes in net assets	308,656	654	309,310	15,557	324,867
Net assets at June 30, 2023	$ 4,892,327	26,645	4,918,972	305,554	5,224,526

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Cash Flows

Six months ended June 30, 2023 and 2022

(In thousands)

(unaudited)

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 324,867	(469,611)
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	(4,096)	5,828
Depreciation and amortization expense	164,544	150,712
Amortization of bond financing costs, premiums and discounts	(5,790)	(6,056)
Net change in unrealized (gains) losses on investments	(233,505)	819,971
Realized losses (gains) on investments	5,950	(50,066)
Unrealized gains on interest rate swaps	(1,283)	(22,510)
Equity in income of joint venture	(55,403)	(44,747)
Distributions received from investments in joint ventures	30,963	26,358
Distributions to noncontrolling interests	61	232
Gain on sale of assets	(166)	(1,424)
Gain on acquisition of subsidiary	(2,552)	-
Loss on early extinguishment of debt, net	-	2,551
Changes in operating assets and liabilities:		
Patient accounts receivable	(30,235)	(66,420)
Reduction in the carrying amount in the right-of-use assets	32,269	25,508
Other assets	3,214	54,138
Accounts payable, accrued expenses, and other current liabilities	(52,526)	88,671
Estimated amounts due from and to third-party payors, net	33,691	(236,745)
Accrued pension liability	3,557	1,811
Lease obligation, self-insurance and other long-term liabilities	(9,936)	822
Net cash provided by (used in) operating activities	203,624	(47,632)
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(503,066)	(325,449)
Purchases of investments	(4,098,366)	(5,605,290)
Proceeds from the sale of investments	4,493,816	6,092,420
Investment in joint venture	(205,499)	(4,894)
Acquisition of subsidiaries, net of cash acquired	(14,510)	164,669
Proceeds from sale of assets	280	1,601
Net cash (used in) provided by investing activities	(327,345)	323,057
Cash flows from financing activities:		
Repayments of long-term debt	(2,896)	(75,658)
Distributions to noncontrolling interest	(61)	(232)
Net cash used in financing activities	(2,957)	(75,890)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(126,678)	199,535
Cash, cash equivalents, and restricted cash at beginning of year	522,888	676,993
Cash, cash equivalents, and restricted cash at end of period	$ 396,210	876,528
Cash and cash equivalents	$ 218,228	417,242
Restricted cash included in assets limited or restricted as to use	177,982	459,286
Total cash, cash equivalents, and restricted cash	$ 396,210	876,528
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 55,843	45,798
Finance lease obligations incurred	105,615	128,623
Supplemental disclosure of noncash investing and financing activity:		
Change in noncash acquisitions of property, plant and equipment	(93,018)	(45,318)

See accompanying notes to the consolidated financial statements.

(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.

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

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

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 six months ended June 30, 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.

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

		Six months ended	
		June 30, 2023	**June 30, 2022**
Total operating revenue	$	161,224	154,476
Total operating expense		184,525	163,933
Loss from operations		(23,301)	(9,457)
Total nonoperating revenue (expenses), net		480	(9,997)
Deficiency of revenue over expenses		(22,821)	(19,454)
Other Changes in net assets:			
Without donor restrictions		4,305	2,242
With donor restrictions		(3,814)	(1,918)
Change in net assets		491	324
Decrease in net assets	$	(22,330)	(19,130)

(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 June 30, 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.

(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 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 six months ended June 30, 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 six months ended June 30, 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 six months ended June 30, 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 $7,848 and $28, respectively, for the six months ended June 30, 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 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.

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 June 30, 2023 and December 31, 2022:

	June 30, 2023				
	Fair value	**Level 1**	**Level 2**	**Level 3**	**NAV**
Investment categories:					
Cash and cash equivalents and money market funds	$ 305,855	305,855	—	—	—
Equity securities	549,417	549,417	—	—	—
Equity mutual funds	1,057,271	1,031,190	26,081		
Fixed income mutual funds	368,209	368,209	—	—	—
Certificates of deposit	—	—	—	—	—
Unit investment trust	1,060	1,060	—	—	—
Commercial mortgage-backed securities	73,420	—	73,420	—	—
Corporate bonds	580,199	—	580,199	—	—
Asset-backed securities	217,253	—	217,253	—	—
Government bonds	190,284	—	190,284	—	—
Government mortgage-backed securities	200,840	—	200,840	—	—
Municipal bonds	13,975	—	13,975	—	—
Alternative investments	963,328	—	—	—	963,328
Total	$ 4,521,111	2,255,731	1,302,052	—	963,328

	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	$ 4,851,194	2,447,050	1,460,449	—	943,695

(5) Long-term debt

Long-term debt consists of the following:

		June 30, 2023	December 31, 2022
Revenue and refunding bonds	$	2,801,771	2,801,978
Senior secured notes		300,000	300,000
Notes payable		34	34
Finance lease obligations		258,689	155,763
Total long-term debt		3,360,494	3,257,775
Plus unamortized bond premium		198,865	205,371
Less:			
Unamortized bond discount		837	945
Deferred financing costs, net		17,726	18,334
Current portion		42,954	42,948
Long-term portion	$	3,497,842	3,400,919

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 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 June 30, 2023 and December 31, 2022, the fair value of the interest rate swap agreements, net of a credit value adjustment of $3,212 and $4,231, was $37,823 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 June 30, 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 August 14, 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 six months ended June 30, 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 $52,980 and $46,749 for the six months ended June 30, 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 $3,327 and $2,539 for the six months ended June 30, 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 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 six months ended June 30, 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 June 30, 2023 and December 31, 2022, the Corporation owed Rutgers $115,706 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.

(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 June 30, 2023, the Corporation has incurred approximately $609,000 in capital and operating costs and anticipates spending an additional $141,000 to complete the project.

(11) Subsequent Events

Management evaluated all events occurring subsequent to June 30, 2023 and through August 14, 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.

The following financial information as of June 30, 2023 (unaudited) and December 31, 2022 (audited) and for the three months ended June 30, 2023 and 2022 (unaudited) on pages 39 and 40 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		**June 30, 2023** (unaudited)	**December 31, 2022** (audited)
Current assets:			
Cash and cash equivalents	$	55,759	22,681
Short-term investments		562,598	696,062
Assets limited or restricted as to use		98,153	67,474
Patient accounts receivable, net		675,079	653,458
Estimated amounts due from third party payors		134,564	176,748
Other current assets		248,822	278,981
Total current assets		1,774,975	1,895,404
Assets limited or restricted as to use, non-current portion		225,318	309,667
Investments		3,557,189	3,609,957
Property, plant and equipment, net		3,646,984	3,316,116
Right-of-use asset		160,544	144,395
Due from affiliates, long term, net		34,571	35,318
Other assets, net		535,498	521,060
Total assets		9,935,079	9,831,917
Liabilities and Net Assets			
Current liabilities:			
Accounts payable		528,210	469,157
Accrued expenses and other current liabilities		732,832	819,984
Estimated amounts due to third party payors		15,521	17,997
Long-term debt		48,193	48,423
Lease obligation		19,235	18,812
Due to affiliates, net		380,134	470,183
Self-insurance liabilities		50,848	50,848
Total current liabilities		1,774,973	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		149,121	138,273
Long-term debt, net of current portion		3,413,883	3,324,325
Lease obligation, net of current portion		149,050	132,119
Accrued pension liability		52,787	53,326
Other liabilities		120,722	115,889
Total liabilities		5,740,667	5,746,974
Net assets		4,194,412	4,084,943
Total liabilities and net assets	$	9,935,079	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

Six months ended June 30, 2023 and 2022

(In thousands)

(unaudited)

	2023	2022
Revenue:		
Net patient service revenue	$ 3,099,179	2,850,155
CARES Act Funding	-	22,420
Other revenue, net	368,807	176,640
Total revenue	3,467,986	3,049,215
Expenses:		
Salaries and wages	1,265,666	1,170,522
Physician fees and salaries	380,681	373,524
Employee benefits	270,330	232,034
Supplies	614,963	579,793
Other	735,060	563,056
Interest	53,758	52,481
Depreciation and amortization	146,835	134,712
Total expenses	3,467,293	3,106,122
Income (loss) from operations	693	(56,907)
Nonoperating revenue (expenses):		
Investment income (loss), net	278,295	(714,745)
Other, net	(2,222)	(9,274)
Total nonoperating revenue (expenses), net	276,073	(724,019)
Excess (deficiency) of revenue over expenses	276,766	(780,926)
Other changes in net assets:		
Pension changes other than net periodic benefit cost	4,096	(5,828)
Net assets released from restriction for purchases of property and equipment	20,273	10,630
Other, net	(191,666)	(396)
Increase (decrease) in net assets	$ 109,469	(776,520)

See accompanying note to consolidated financial statements - obligated group.