Secondary Market Disclosure Information

March 31, 2024

RWJ BARNABAS HEALTH, INC.

Consolidated Financial Statements and Supplementary Information as of March 31, 2024 and December 31, 2023 and for the three months ended March 31, 2024 and 2023

RWJBARNABAS HEALTH
Secondary Market Disclosure Information
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Summary of Obligations under the
Master Trust Indenture and Other Credit Arrangements [1]

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 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 $13.8 million has been drawn down under the loans.

[1] See page 6 for discussion on transactions subsequent to March 31, 2024

RWJBARNABAS HEALTH

Secondary Market Disclosure Information

March 31, 2024

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	Elizabeth	553	(7)
Total Acute Care Beds		**5,441**	
Transitional Care Beds:			
Children's Specialized Hospital	New Brunswick	158	(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		**307**	
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 hospital are included in the licensed bed complement 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 553 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.

Our Organization

RWJ Barnabas Health, Inc. (RWJBH or the Corporation) is New Jersey's largest academic health care system with a core service area that covers eight counties and more than five million residents, providing treatment and services to more than three million patients each year, and accounting for approximately 20% of all acute care discharges in the State of New Jersey (New Jersey or the State). The Corporation's geographic coverage spans Hudson, Essex, Union, Middlesex, Mercer, Somerset, Monmouth and Ocean Counties. Physicians, nurses, and health professionals are committed to providing the highest quality of patient care, training the next generation of health care providers and, through partnership with Rutgers, The State University of New Jersey (Rutgers) advancing clinical research and cutting-edge therapies. RWJBH is also recognized for making an impact in local communities by emphasizing both the clinical care delivery platform and those services that comprise its social determinants of health platform. RWJBH believes that advancing both platforms is necessary for the improvement of the health of local residents through new educational and related opportunities.

RWJBarnabas Health's Mission, Vision, and Values

At the core of the RWJBH mission set forth below is the evolution of the enterprise from a "health care" company to an organization dedicated to health – "Let's Be Healthy Together." As part of a comprehensive strategic planning process driven by the implementation of a new operating model during 2023, Mission, Vision and Values statements were created to drive the enterprise forward.

Our Mission

We are an academic health system, partnering with our communities to build and sustain a healthier New Jersey.

Our Vision

RWJBH will be the premier health care destination providing patient-centered, high-quality academic medicine in a compassionate and equitable manner, while delivering a best-in-class work experience to every member of the team.

Our Values

Accountability: An acceptance of responsibility for honest and ethical conduct towards others.
Compassion: Sympathetic concern for the sufferings or misfortunes of others.
Curiosity: A strong desire to know or learn something.
Empathy: The ability to understand and share the feelings of another.
Excellence: The quality of being outstanding or extremely good.
Kindness: The quality of being friendly, generous and considerate.
Respect: A feeling of deep admiration for someone or something elicited by their abilities, qualities or achievements.
Teamwork: The combined action of a group of people, especially when effective and efficient.

Key Service Lines and Regional Leadership

RWJBH occupies the top or near top spot in State-wide markets in essentially all major service lines including behavioral health, cardiovascular, oncology, neurosciences, orthopedics, primary care, and women and children's services (as measured by a percentage of inpatient admissions using the most currently available data). The Corporation provides a full continuum of care through its hospitals, controlled affiliates and joint venture partners and its strategy is to integrate patient experience across care locations using a service line approach. Each major service line has a dyad partnership with a clinical and an operational leader working together, designed to ensure the patient's journey is connected from physician offices, to ambulatory facilities and acute care hospitals.

With the recent appointment of several new executive-level leaders, RWJBH adopted a new operating model across the health system that drives strategy through a regional and clinical service line approach. Each of RWJBH's regions are led by a Regional President, each with a dual role: to oversee the integration and operation of all inpatient and outpatient providers located within their geographic region and to provide guidance to selected corporate service line leaders in the areas of behavioral health, cardiovascular, children's health, emergency and hospital medicine, oncology, orthopedics, neurosciences, and women's health.

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

Through its long-standing relationship with Rutgers, including Rutgers' two medical schools and schools of nursing, dentistry, pharmacy, allied health professions, public health and biomedical sciences, the Corporation is able to access the most current medical research and treatment technologies. Through the execution of a Master Affiliation Agreement (MAA) in 2018, RWJBH and Rutgers aligned in their mutual support of the educational, research, and clinical missions of an academic health system. RWJBH works with Rutgers' Robert Wood Johnson Medical School (RWJMS) and New Jersey Medical School to train and educate more than 1,600 medical residents, interns and fellows throughout the Corporation's hospitals each year. It is through the elements of the MAA that RWJBH has become the State's largest academic healthcare system, combining high-quality patient care and leading-edge research with sophisticated health and medical education.

RWJBH and Rutgers have attracted, and continue to attract, clinicians, researchers, teachers, and students from around the world. Since the effective date of the MAA, RWJBH has made an initial investment of $100 million and committed approximately $50 million per year to the Rutgers affiliation. In total, more than one billion dollars over 20 years is anticipated to be invested to expand the education and research missions of the academic health system. The affiliation includes Rutgers Cancer Institute of New Jersey (CINJ), the State's only National Cancer Institute-designated Comprehensive Cancer Center and the Rutgers Institute for Translational Medicine and Science, a recipient of the National Institute of Health's Clinical Translational Science Award distinguishing the partnership as only one of a small group of institutions with access to clinical studies in both oncology and non-oncology.

Redefining Cancer Care Delivery

The centerpiece of RWJBH's Oncology Service Line is CINJ. CINJ is one of a small group of comprehensive cancer centers in the U.S. designated by the National Cancer Institute and the only one in the State. The National Cancer Institute's Comprehensive Cancer Center designation is competitively awarded to centers characterized by their scientific leadership, resources, and a track record of research discoveries in basic, clinical, and population-based science. Designated centers must meet rigorous criteria in the areas of clinical care, research, prevention, and education, as well as demonstrate a substantial transdisciplinary approach that integrates each discipline-specific scientific area into one coordinated and comprehensive effort in the fight against cancer.

The service line integrates CINJ with all RWJBH programs to form the leading provider of cancer services in New Jersey treating more than 11,000 new patients each year. The Oncology Service Line promotes adherence to evidenced based clinical pathways at all care locations through a common clinical information system and integrated clinical leadership. The service line operates a call center and navigation program allowing patients to access locally based programs for routine treatment and connectivity to a network of sub-specialist and researchers proving access to advanced care. The service line is dedicated to research and education with a statewide clinical trials network and 15 fellowship programs and is focused on promoting patient access with programs like Screen NJ that brings services to vulnerable populations.

The partnership with CINJ creates a unique platform for recruitment of leading physicians and researchers. The program's approach includes partnering with physicians to identify care gaps, create alignment models, improve access and outcomes, and bring leading-edge technology to the community. As part of its strategic plan for oncology care in New Jersey, RWJBH is making significant investments in cancer facilities, technology, and physician recruitment across multiple markets. Most notable in the plans for expansion of cancer treatment, education and research is the development of the Jack and Sheryl Morris Cancer Center in New Brunswick, which will be New Jersey's first freestanding cancer hospital; it is scheduled to open in 2025. This facility along with the Melchiorre Cancer Center at Cooperman Barnabas Medical Center (CBMC), also slated to open in 2025, and the Vogel Medical Campus at Monmouth Medical Center (MMC), slated to open in 2026, are designed to bring "world class" cancer care close to the communities served by the System.

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 and 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 recognizes that our nurses and other clinical staff are the face and the heart of our hospitals. RWJBH 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. The Corporation's strategy is to remain top tier in a competitive compensation market and to remain at the forefront of the communities we serve.

During 2023, 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 was reached and put to a membership vote on July 20, 2023. The agreed-to-terms reflected the values of RWJBH. 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 were appropriately maintained across all units and all shifts when considering both patient volume and acuity. The transition to replacement nursing staff was successful, their shared commitment to support the hospital, our patients, and our communities was greatly appreciated.

On December 15, 2023, the union ratified a new, three year collective bargaining contract, ending the strike. The agreement validates our efforts and aligns with the strategic goals leadership put in place at the onset of these negotiations and reflects our shared commitment to continue to provide the highest quality patient care and facilitate a safe and supportive working environment for our nurses and all team members. In early January 2024, the RWJUH nurses were reintegrated into the work force safely, seamlessly and without interruption to patient care. Incremental costs incurred, net of savings, were $183,783 through December 31, 2023. No significant costs were incurred in 2024 related to the strike.

The Corporation has successfully concluded negotiations with the registered nurses at Cooperman Barnabas Medical Center, represented by the New Jersey Nurses Union CWA Local 1091, without work stoppages. The current contract expires in November 2026. Additionally, Jersey City Medical Center has negotiated a two-year agreement with the United Nurses Organization, which commenced February 1, 2024 and expires January 31, 2026.

2024 Plan of Finance

In April and May 2024, the Corporation completed a series of financing transactions targeted at leveraging current market conditions. The contemplated Plan of Finance was intended to generate cash flow savings, refinance or defease certain outstanding bond issuances, establish a short term self-liquidity backed commercial paper program and terminate the Corporation's three existing forward interest rate swap agreements. The transactions below did not result in a material change in long-term debt.

- On April 8, 2024, the Corporation made an offer to purchase bonds in an aggregate principal amount of up to $330,000 relating to select maturities of the Series 2016 and Series 2019 bonds. In connection with that offer, the Corporation purchased target bonds in an aggregate principal amount of $261,397. The settlement date was May 8, 2024.

- On May 1, 2024, the Corporation successfully completed the RWJ Barnabas Health Obligated Group Issue, Series 2024A bond issuance in the amount of $370,330. Series 2024A was issued at a premium for a total source of funds of $404,142. The Corporation used a portion of these proceeds to defease the Series 2019 B-1 bonds in the amount of $70,812. The remainder of the proceeds was used for reimbursement of prior capital costs.

- On May 2, 2024, the Corporation filed a Preliminary Official Statement for the issuance of additional bonds in an amount to approximate $250,690 (Series 2024B). Series 2024B bonds are expected to be used to refund and/or refinance certain outstanding bonds. The transaction is expected close on May 16, 2024.

- The Corporation has also established a self-liquidity backed commercial paper program which will serve as a source for interim liquidity needs. The program is authorized up to $200,000. An initial draw of $50,000 was executed on May 7, 2024, with varying termination dates between 30 and 60 days.

- The Corporation entered into various interest rate swap agreements in order to hedge future interest rate exposure on fixed rated bonds. The total notional amount of all swap agreements was $281,960. The Corporation exercised its option to terminate these agreements on April 24, 2024 for $52,262, net, which resulted in a gain of $6,291 that will be recorded in the second quarter of 2024.

Credit Ratings

In connection with the 2024 Plan of Finance, S&P affirmed its AA- long-term rating with a stable outlook. S&P notes that "the rating reflects the broad geographic coverage in northeastern New Jersey as one of the leading healthcare systems in the state. The stable outlook reflects the strengthening and increasingly diverse enterprise profile spurred by clinical growth, mergers, joint ventures, and the academic affiliation with Rutgers University." S&P has also assigned an A-1+ rating for the short-term liquidity program, the highest rating that could be assigned.

Moody's downgraded the Corporation's credit rating to A1 from Aa3. The outlook was revised from negative to stable. According to Moody's, "the downgrade to A1 reflects Moody's Ratings' view that currently moderate days cash and cash to debt measures no longer support the higher credit rating at a time when margins are still recovering and substantial capital spend will slow the rebuild of liquidity." Simultaneously, Moody's assigned a P-1 short-term liquidity rating, the highest rating that could be assigned. This rating "reflects the long term A1 rating, the organization's strong treasury management, sufficiency of assets, and adequacy of the notification and liquidation procedures of the program that allow for repayment of notes upon maturity or failed remarketing."

Awards and Distinctions

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

OVERALL	
BEST REGIONAL HOSPITALS U.S.News & WORLD REPORT NEW YORK METRO RECOGNIZED IN 14 TYPES OF CARE 2023-2024 HIGH PERFORMING HOSPITALS U.S.News & WORLD REPORT 2022-2023 MATERNITY	U.S. News & World Report, the global authority in hospital rankings and consumer advice, has ranked Robert Wood Johnson University Hospital in New Brunswick (RWJUH) in the Top 5 in NJ and a Top 25 Regional Best Hospital in the NY-Metro area for 2023/2024. The hospital also earned High Performing ratings in 14 adult specialties, procedures and conditions. CINJ received the highest score in NJ in the adult specialty category for cancer, earning a High Performing rating. U.S. News & World Report has also recognized CBMC, MMC, RWJUH, and Robert Wood Johnson University Hospital Somerset (RWJUH Somerset) as High Performing in maternity care and among the 2023-2024 Best Hospitals for Maternity Care, which identifies hospitals that provide high-quality maternity care for uncomplicated pregnancies.

RWJBH 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 at Robert Wood Johnson University Hospital (BMSCH) 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 RWJBH hospitals – with Children's Hospital of New Jersey at Newark Beth Israel Medical Center (NBIMC), McMullen Children's Center at CBMC, and Unterberg Children's Hospital at MMC. Additionally, BMSCH was ranked #2 in NJ and #15 in the Mid-Atlantic Region.

In 2024, MMC was named by Newsweek as one of the World's Best Hospitals 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 2024 list of World's Best Specialized Hospitals and RWJUH also received Newsweek America's Best award for Ambulatory Surgery Centers in NJ in 2024 for the third year in a row.

In 2024, Healthgrades, the leading marketplace connecting doctors and patients, ranked CBMC and RWJUH Somerset in the top 5% in New Jersey across various specialty care areas. CBMC ranked first in New Jersey and among the top 5% in the nation for both Cardiology and Cardiac Care and third in the state for Pulmonary Care and Gastrointestinal Surgery. RWJUH Somerset ranked second in New Jersey for both Gastrointestinal Surgery and Gastrointestinal Medical and third in the state for Cardiology and Gastrointestinal Care. Both hospitals ranked among America's 250 Best Hospitals, according to Healthgrades.

For 2022, RWJBH 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, RWJBH 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.
	Twelve RWJBH facilities were named to CHIME Healthcare's 2023 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.
	The RWJBH Foundations have achieved High Performer status in the Association for Healthcare Philanthropy's 2023 Report on Giving. Fewer than 50 organizations across the United States and Canada have been recognized for this award in 2023. High Performers are those whose performance is among the top 25% of all Report on Giving survey participants and we were recognized in two categories: Overall Revenue and Health.
QUALITY	
	In the Fall of 2023, three RWJBH facilities received an "A" grade including Community Medical Center, Monmouth Medical Center Southern Campus and Robert Wood Johnson University Hospital Rahway. Four RWJBH 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 2023, RWJBH 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 RWJBH 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 2023, ten RWJBH 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 RWJBH 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	
	CINJ, together with RWJBH, is New Jersey's only National Cancer Institute (NCI) - designated Comprehensive Care Center recognized for its clinical and scientific research leadership.
	Six RWJBH 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 each received the Gold Award. CBMC received the Silver Plus Award and Clara Maass Medical Center received the Siler Award.
	In 2024, ten RWJBH 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 2024, RWJBH was recognized for the second consecutive year by Newsweek as America's Greatest Workplaces for Diversity– a scored list of companies that employees say really respect and value different kinds of people.
	RWJBH 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 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 late 2024, with a cost of approximately $800,000.

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 five waves from May 29, 2021 through October 28, 2023. The Corporation has all of its acute care facilities with the exception of Trinitas Regional Medical Center and 100% of the Medical Group live on Epic. The team recently completed the 13,000th enhancement to the system as well as four upgrades in 2023.

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. RWJBH was awarded a Gold Stars ranking for the second year in a row in 2023. 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.

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 87% of the total consolidated assets and 81% of the total consolidated operating revenues as of and for the three months ended March 31, 2024. 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 Highlights

The following tables summarize key operating performance results and overall performance ratios for the three months ended March 31, 2024 and 2023 and as of March 31, 2024 and December 31, 2023:

Operating Results	For the three months ended 2024	2023	S&P AA-
Operating revenue	$ 2,283,149	2,070,263	N/A
Operating income	$ 9,065	5,664	N/A
Operating margin	0.4%	0.3%	-0.9%
Operating cash flow	$ 123,256	115,308	N/A
Operating cash flow margin	5.4%	5.6%	6.7%
Excess of revenue margin	6.6%	7.5%	1.2%

Selected Other Information	March 31, 2024	December 31, 2023	S&P AA-
Unrestricted Cash and Investments	$ 4,434,501	4,268,072	N/A
Days cash on hand	189.8	186.6	232.8
Total outstanding debt	$ 3,491,366	3,497,079	N/A
Unrestricted cash to debt	127.0%	122.0%	214.2%
Debt to capitalization	39.9%	40.8%	28.1%
Long-term debt service coverage	3.6x	3.4x	3.4x

For the three months ended March 31, 2024, the Corporation's total operating income and operating margin were $9,065 and 0.4%, respectively, compared to the $5,664 and 0.3% for the three months ended March 31, 2023. Total operating revenues for the three months ended March 31, 2024 grew by $212,886 or 10.3% compared to the three months ended March 31, 2023, while operating expenses increased by $209,485 or 10.1% during the same period.

Overall, patient service revenue of $2,118,077 was higher than prior year by $200,652 or 10.5%. The favorable variance was due to increases in acute care inpatient and outpatient revenue and professional billing revenue. Other operating revenue increased due to joint venture and grant revenue. For additional information, refer to the *Operating Revenue and Volume* discussion.

The increase in operating expenses was driven by increased salaries and employee benefits, physician fees and salaries, supplies, other expenses, 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 and excess of revenues over expenses margin for the three months ended March 31, 2024 were $160,226 and 6.6%, respectively, compared to $168,116 and 7.5% for the three months ended March 31, 2023.The excess of revenues over expenses was lower than prior year, driven by investment performance. Net investment income totaled $147,367, compared to net investment income of $169,061 in 2023. This was partially offset by an increase in operating income over prior year of $3,401. For additional information, refer to the *Nonoperating Gains and Losses* discussion.

Operating Revenue and Volume

The following table presents consolidated operating revenue and select volume statistics for the three months ended March 2024 and 2023:

	Three months ended March 31,	
	2024	2023
Operating Revenue:		
Inpatient patient service revenue	$ 1,085,604	981,527
Outpatient patient service revenue	729,303	675,740
Professional billing revenue	269,554	229,757
State of NJ subsidy revenue	33,616	30,401
Total patient service revenue	2,118,077	1,917,425
Other operating revenue	165,072	152,838
Total operating revenue	$ 2,283,149	2,070,263
Volume & utilization statistics:		
Acute care licensed beds	5,441	5,423
Average acute care beds in service	4,337	4,380
Acute care occupancy based on beds in service	76%	73%
Acute care length of stay	5.56	5.82
Acute care admissions	54,830	51,229
COVID-19 positive admissions	1,366	2,548
Adult and pediatric admissions	38,226	34,435
Newborn and NICU admissions	6,386	6,416
Maternity and obstetric cases	6,510	6,537
Patient days	299,791	286,690
Same day surgery cases	17,406	17,785
Emergency room visits (excl. admits)	168,106	160,041
Observations	32,237	26,024
Psychiatric hospital inpatient admissions	279	236

Acute Care payor mix, based on patient days, for the three months ended March 31, 2024 and 2023 is presented below:

	March 31,	
Payor Mix	**2024**	**2023**
Medicare	24.9%	25.9%
Medicaid	5.8%	5.9%
Managed Medicare	24.0%	22.3%
Managed Medicaid	18.2%	20.2%
Managed Care	10.6%	10.7%
NJ Blue Cross & Commercial	9.7%	10.2%
Self-pay and Other	6.8%	4.8%
	100.0%	100.0%

Inpatient service revenue of $1,085,604 (excluding subsidy revenue) was favorable to prior year by $104,077 or 10.6%. The increase was primarily due to inpatient volumes which were 7.0% higher than prior year due to strong performance in cardiology and surgical service lines. Cardiac surgeries exceeded prior year by 11%. County Option Program payments to Hospitals have been reconciled to the latest State published schedules and four additional affiliates were added to the program during mid-2023, which collectively resulted in an increase in revenue of $32,061 over prior year.

Outpatient service revenue of $729,303 was favorable to prior year by $53,563 or 7.9%. The acute care hospitals accounted for $32,031 of the increase which was driven by strong volumes in emergency room and observations. Revenue from ambulatory services was favorable to prior year by approximately $15,711 which was primarily due to infusion services, physical therapy and radiology.

Professional billing revenue of $269,554 was favorable to prior year by $39,797 or 17.3%. The increase in revenue was primarily due to expansion of hospital based services including Emergency Medicine, Hospitalist, Anesthesia, and Radiology service lines which collectively contributed $26,995 to the variance. Community based medical group practices contributed $18,054 to the positive variance driven by an increase in wRVU's over prior year of 6.9%. This was partially offset by our academic group practices which were unfavorable to prior year by $3,473.

Other operating revenue of $165,072 was favorable to prior year by $12,234 or 8.0%. Other revenue includes income from grants including FEMA, pharmacy sales (offset in expense), earnings from joint venture arrangements, contributions, net assets released from restriction, cafeteria, and parking. Grants were favorable to prior year by $10,305 mostly due to the Community Health Project State of New Jersey Appropriations grant. This was partially offset by lower FEMA grant revenue compared to prior year. Joint venture revenue exceeded prior year by $6,892 driven primarily by growth in medical practice joint ventures and ambulatory surgery.

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 three months ended March 31,					
	2024			2023		
	Operating Revenue	Net Income	Net Income Attributable to RWJBH	Operating Revenue	Net Income	Net Income Attributable to RWJBH
Ambulatory Surgery	$ 106,690	47,026	13,211	$ 93,507	40,575	11,413
Home Care & Hospice	39,605	1,224	623	39,333	521	267
Diagnostic Imaging	42,496	5,738	2,921	42,126	6,928	3,505
Medical Practice Joint Ventures	200,684	34,790	15,811	137,008	21,346	9,886
Other	12,908	1,337	528	10,424	1,294	1,131
	$ 402,383	90,115	33,094	$ 322,398	70,664	26,202

The increase in revenue from ambulatory surgery ventures was attributable to two new centers acquired in May 2023 and December 2023 as well as an increase in the volume of billable procedures of 4.3%.

The increase in home care and hospice ventures was due to an increase in volume of 0.7%. The increase in volume is attributed to higher homecare visits and hospice patient days by 0.3% and 0.2%, respectively.

Diagnostic imaging ventures decreased from prior year due to an increase in expenses of 1.9% driven by higher salary expense and a decrease in volume of 1.5%.

Medical Practice Joint Ventures were favorable to prior year by $5,925. The favorable variance was due to expansion of this division. Two new ventures were entered during 2024 and an additional 13 practices during 2023.

Other ventures were unfavorable to prior year due to expenses which were unfavorable by 1.3%. This was partially offset by an increase in volume of 8.5%.

Operating Expenses

Total operating expenses for the three months ended March 31, 2024 of $2,274,084 were unfavorable to prior year by $209,485 or 10.1%. Summarized below are the consolidated operating expenses for the three months ended March 31, 2024 and 2023:

	Three months ended March 31,	
	2024	2023
Salaries and employee benefits	$ 1,065,620	967,777
Physician fees and salaries	295,118	251,125
Supplies and other expenses	799,155	736,053
Interest	26,117	27,443
Depreciation and amortization	88,074	82,201
Total operating expenses	$ 2,274,084	2,064,599

For the three months ended March 31, 2024, salaries and employee benefits increased by $97,843 or 10.1% compared to the three months ended March 31, 2023. The increase was due to annual salary increases as well as the addition of full-time equivalent employees in response to higher inpatient volumes. The annual increase in wages resulted in higher payroll taxes and 401(k) employer contributions over prior year.

Physician fees and salaries for the three months ended March 31, 2024 increased by $43,993 or 17.5% compared to the three months ended March 31, 2023. The increase was primarily due to expansion of hospital based services including Emergency Medicine, Hospitalist, Anesthesia, and Radiology service lines which collectively contributed $24,035 to the variance. Community based medical group practices were unfavorable to prior by $7,880 due to increased variable compensation resulting from higher volumes than anticipated. Rutgers and CINJ were also unfavorable to prior year by $5,070 due to continued expansion.

Supplies and other expenses for the three months ended March 31, 2024 increased by $63,102 or 8.6% compared to the three months ended March 31, 2023. Supplies were unfavorable to prior year by $44,008. Volumes exceeded those of the first quarter of 2023 with adjusted admissions and adjusted patient days exceeding prior year by 6.6% and 4.4%, respectively. Other expenses were unfavorable to prior year by $19,094. This increase is driven by Epic costs, rentals, maintenance contracts and repairs, utilities and insurance. Expenses associated with the County Option program increased over prior year by $12,405 (increase in patient service revenue as well).

Interest expense for the three months ended March 31, 2024 decreased by $1,326 or 4.8% compared to the three months ended March 31, 2023 due to an increase in capitalized interest related to various capital projects and income from interest rate swaps. The decrease was partially offset by additional interest expense related to new finance leases.

Depreciation and amortization for the three months ended March 31, 2024 increased by $5,873 or 7.1%, compared to the three months ended March 31 2023. The increase is due to investments in strategic capital projects which were completed in the latter part of 2023. These investments included Epic wave 5, phases of the CBMC surgical services renovations and NBIMC master facility plan which included the new ED, Lobby & Central Registration, Nuclear Medicine, OR Surgery and Cath Lab.

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, 2024 and 2023.

	Three months ended March 31,	
	2024	2023
Investment income	$ 27,969	27,267
Realized gains (losses) on investments	35,441	(7,499)
Unrealized gains on investments	83,957	149,293
Net periodic benefit cost	(2,945)	(1,779)
Interest rate swap valuation changes and other	6,739	(4,830)
Total nonoperating revenue, net	$ 151,161	162,452

Net investment income and realized net investment gains were $63,410 and $19,768 for the three months ended March 31, 2024 and 2023, respectively. For the three months ended March 31, 2024 and 2023, the change in net unrealized gains was $83,957 and $149,293, respectively.

The Corporation entered into various interest rate swap agreements 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, 2024, the aggregate change in the net fair value of the interest rate swap agreements was an unrealized gain of $6,744, as compared to the unrealized loss of $4,830 for the three months ended March 31, 2023. 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. The Corporation exercised its option to terminate the interest rate swap agreements on April 24, 2024 for $52,262 which resulted in a gain of $6,291 that will be recorded in the second quarter of 2024.

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.

	Three months ended March 31,	
	2024	2023
Contributions without donor restrictions	$ 571	891
Contributions with donor restrictions	5,458	8,629
Total contributions	6,029	9,520
Fundraising Expenses	$ 3,752	3,686
Support to affiliates	$ 26,055	20,233

The foundations made distributions of $26,055 during 2024 mainly to support capital projects of the Corporation's hospitals, which exceeded prior year by $5,822.

Unrestricted Cash and Investments

The Corporation's financial position remains strong with $12.3 billion in total assets and $5.6 billion in net assets. Total cash and investments (without donor restrictions) amounted to $4.4 billion (or 189.8 days) at March 31, 2024, an increase of $166,429 over the balance at December 31, 2023. Net cash provided by operating activities for the three months ended March 31, 2024 was $217,344. The Corporation continues to invest in capital with $187,371 in additions during 2024. The Corporation also made debt service payments of $64,211 which includes principal and interest. Investments in the ambulatory services division of $56,464 were also executed through March. Net investment income of $147,367 had a positive impact on investments.

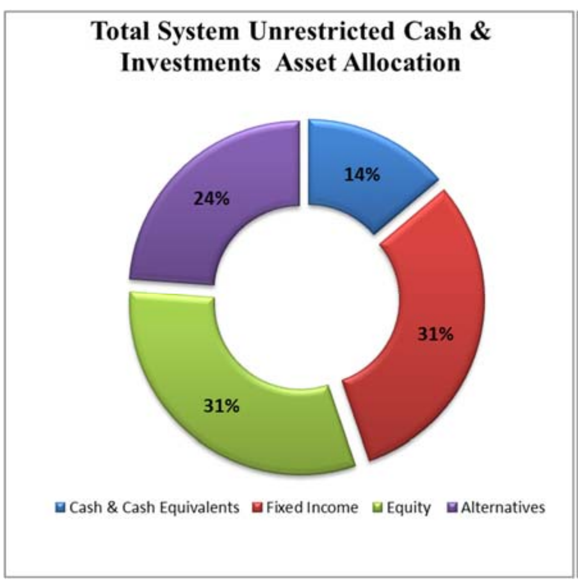
Total unrestricted cash and investments for the Corporation as of March 31, 2024 and December 31, 2023 were as follows:

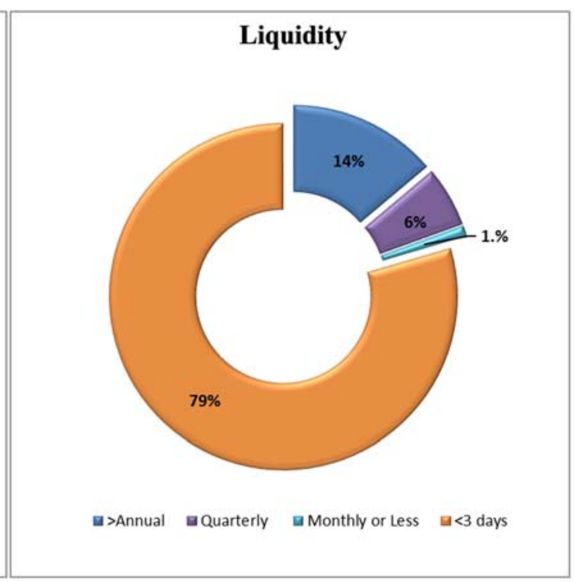
	March 31, 2024	December 31, 2023
Cash and cash equivalents	$ 221,586	177,312
Current investments	576,184	543,380
Noncurrent investments	3,636,731	3,547,380
Total unrestricted cash and investments	$ 4,434,501	4,268,072

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 Corporation's strategic capital plans particularly during times of operating uncertainty and market volatility. The CRF was established 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 March 31, 2024, 80% of the total unrestricted cash and investments were classified as monthly liquidity or less.

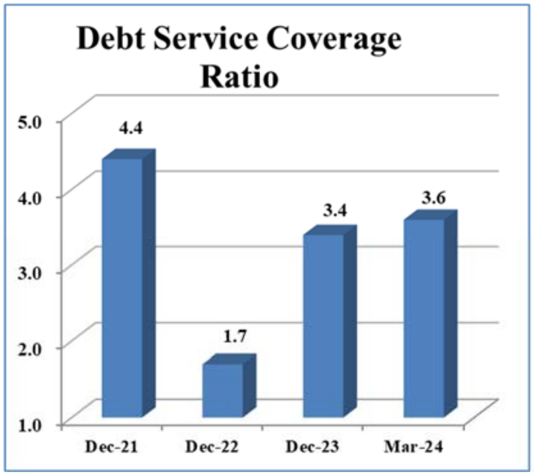
The following charts present the allocation of unrestricted cash and investments by asset type and the portfolio's liquidity as of March 31, 2024:

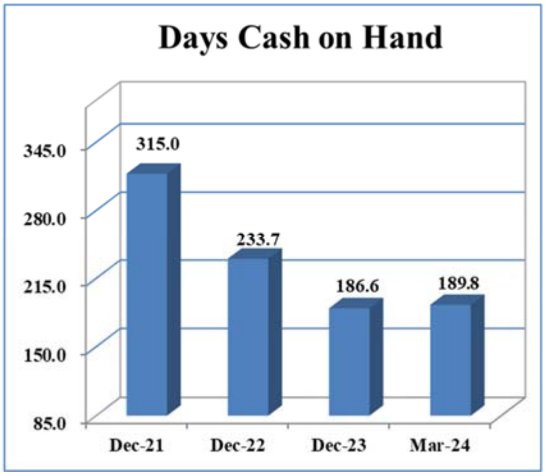




Financial Condition

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





The increase in debt service coverage ratio from 2022 to 2023 is attributable to an increase in income from operations of $308,827, excluding work stoppage costs, over prior year. The decline in days cash on hand from 2022 to 2023 was due to higher operating expenses, increase in capital investments and expansion of ambulatory services. The decline was partially offset by positive investment performance.

On April 1, 2024, the Corporation amended its secured revolving promissory note with JP Morgan Chase Bank, N.A. increasing the principal amount to $100,000. The note will be used for routine capital needs. There were no borrowings outstanding as of March 31, 2024.

The following table presents key financial indicators as of March 31, 2024 and December 31, 2023 and 2022 as compared to S&P's "AA", "AA-" and "A+" medians.

	March 31, 2024	December 31, 2023	December 31, 2022	AA	AA-	A+
Debt service coverage	3.6	3.4	1.7	4.9	3.4	4.0
Debt-to-capitalization	39.9%	40.8%	42.8%	22.4%	28.1%	30.2%
Cash-to-debt	127.0%	122.0%	133.6%	294.7%	214.2%	164.5%
Days cash on hand	189.8	186.6	223.7	294.1	232.8	196.6

The following table presents other select ratios as of March 31, 2024 and December 31, 2023 and 2022:

	March 31, 2024	December 31, 2023	December 31, 2022
Days in patient accounts receivable	38.8	40.6	40.7
Days in accounts payable	64.8	72.5	63.8
Reinvestment ratio	2.67	2.84	2.37

RWJ BARNABAS HEALTH, INC.

Consolidated Balance Sheets

(In thousands)

Assets	March 31, 2024 (unaudited)	December 31, 2023 (audited)
Current assets:		
Cash and cash equivalents	$ 221,586	177,312
Short-term Investments	576,184	543,380
Assets limited or restricted as to use	29,979	97,016
Patient accounts receivable	902,920	883,795
Estimated amounts due from third party payors	202,230	302,468
Other current assets	328,219	314,575
Total current assets	2,261,118	2,318,546
Assets limited or restricted as to use, non-current portion	450,966	460,335
Investments	3,636,731	3,547,380
Property, plant and equipment, net	4,341,590	4,336,734
Right of use asset	301,969	315,922
Other assets, net	1,321,559	1,242,879
Total assets	12,313,933	12,221,796
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	626,745	667,643
Accrued expenses and other current liabilities	1,391,774	1,410,171
Estimated amounts due to third party payors	23,981	22,384
Long-term debt	50,915	51,314
Lease obligation	51,559	52,731
Self-insurance liabilities	116,144	114,303
Total current liabilities	2,261,118	2,318,546
Estimated amounts due to third party payors, net of current portion	118,242	125,092
Self insurance liabilities, net of current portion	411,545	403,573
Long-term debt, net of current portion	3,440,451	3,445,765
Lease obligation, net of current portion	277,635	289,678
Accrued pension liability	56,154	55,387
Other liabilities	180,703	177,703
Total liabilities	6,745,848	6,815,744
Net assets:		
Without donor restrictions		
Controlling interest	5,216,070	5,034,583
Noncontrolling interest	35,440	35,225
Total net assets without donor restrictions	5,251,510	5,069,808
With donor restrictions	316,575	336,244
Total net assets	5,568,085	5,406,052
Total liabilities and net assets	$ 12,313,933	12,221,796

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Operations

Three months ended March 31, 2024 and 2023

(In thousands)

(unaudited)

	2024	2023
Revenue:		
Patient service revenue	$ 2,118,077	1,917,425
Other revenue, net	165,072	152,838
Total revenue	2,283,149	2,070,263
Expenses:		
Salaries and wages	872,295	800,462
Physician fees and salaries	295,118	251,125
Employee benefits	193,325	167,315
Supplies	390,541	346,533
Other	408,614	389,520
Interest	26,117	27,443
Depreciation and amortization	88,074	82,201
Total expenses	2,274,084	2,064,599
Income from operations	9,065	5,664
Nonoperating revenue (expenses):		
Investment income, net	147,367	169,061
Other, net	3,794	(6,609)
Total nonoperating revenue, net	151,161	162,452
Excess of revenue over expenses	160,226	168,116
Other changes:		
Pension changes other than net periodic benefit cost	2,178	2,048
Net assets released from restriction for purchases of property and equipment	18,319	11,317
Other, net	979	614
Increase in net assets without donor restrictions	$ 181,702	182,095

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Changes in Net Assets

Three months ended March 31, 2024 and 2023

(In thousands)

(unaudited)

	Controlling interest	Noncontrolling interest	Without donor restrictions	With donor restrictions	Total net assets
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	167,860	256	168,116	-	168,116
Pension related 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	-	-	-	8,842	8,842
Investment income on restricted investments, net	-	-	-	233	233
Other	614	-	614	-	614
Changes in net assets	181,839	256	182,095	(15,869)	166,226
Net assets at March 31, 2023	4,765,510	26,247	4,791,757	274,128	5,065,885
Net assets at December 31, 2023	5,034,583	35,225	5,069,808	336,244	5,406,052
Changes in net assets:					
Excess of revenues over expenses	160,011	215	160,226	-	160,226
Pension changes other than net periodic benefit cost	2,178	-	2,178	-	2,178
Net assets released from restriction	18,319		18,319	(25,634)	(7,315)
Restricted contributions	-	-	-	5,474	5,474
Investment income on restricted investments, net	-	-	-	347	347
Other	979	-	979	144	1,123
Changes in net assets	181,487	215	181,702	(19,669)	162,033
Net assets at March 31, 2024	$ 5,216,070	35,440	5,251,510	316,575	5,568,085

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Cash Flows

Three months ended March 31, 2024 and 2023

(In thousands)

(unaudited)

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 162,033	166,226
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Pension changes other than net periodic benefit cost	(2,178)	(2,048)
Depreciation and amortization expense	88,074	82,201
Amortization of bond financing costs, premiums and discounts	(2,806)	(2,896)
Net change in unrealized gains on investments	(83,957)	(149,293)
Realized (gains) losses on investments	(35,441)	7,499
Unrealized (gains) losses on interest rate swaps	(6,744)	4,830
Equity in income of joint venture	(33,094)	(26,202)
Distributions received from investments in joint ventures	20,373	12,189
Gain on sale of assets	(28)	(20)
Loss on early extinguishment of debt, net	5	-
Changes in operating assets and liabilities:		
Patient accounts receivable	(19,125)	(33,570)
Reduction in the carrying amount in the right-of-use assets	19,027	15,220
Other assets	(16,395)	17,298
Accounts payable, accrued expenses, and other current liabilities	35,146	(19,920)
Estimated amounts due from and to third-party payors, net	94,985	50,477
Accrued pension liability	2,945	1,778
Lease obligation, self-insurance and other long-term liabilities	(5,476)	(14,396)
Net cash provided by operating activities	217,344	109,373
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(187,371)	(224,858)
Purchases of investments	(2,994,305)	(2,023,977)
Proceeds from the sale of investments	3,073,384	2,067,539
Investment in joint venture	(56,464)	(185,690)
Acquisition of subsidiaries, net	-	(14,510)
Proceeds from sale of assets	28	104
Net cash used in investing activities	(164,728)	(381,392)
Cash flows from financing activities:		
Repayments of long-term debt	(2,875)	(1,417)
Payments for deferred financing costs	(37)	-
Net cash used in financing activities	(2,912)	(1,417)
Net increase (decrease) in cash, cash equivalents, and restricted cash	49,704	(273,436)
Cash, cash equivalents, and restricted cash at beginning of year	257,986	522,888
Cash, cash equivalents, and restricted cash at end of period	$ 307,690	249,452
Cash and cash equivalents	$ 221,586	140,786
Restricted cash included in assets limited or restricted as to use	86,104	108,666
Total cash, cash equivalents, and restricted cash	$ 307,690	249,452
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 61,336	60,211
Finance lease obligations incurred	—	97,931
Supplemental disclosure of noncash investing and financing activity:		
Change in noncash acquisitions of property, plant and equipment	(94,441)	(58,300)

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, (including an academic medical center), 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.

(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, 2023 and related notes. Information as of and for the three months ended March 31, 2024 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, 2024.

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.

(c) Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The main objective of ASU 2016-13 and related ASU updates is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. This guidance is effective for fiscal years beginning after December 15, 2022. The adoption of this guidance did not materially impact the Corporation's financial position or results of operation.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This standard eliminates Step 2 from the goodwill impairment test by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. This guidance is effective for fiscal years beginning after December 15, 2022. The adoption of this guidance did not materially impact the Corporation's financial position or results of operation.

(3) Revenue

(a) Patient Service 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. 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 three months ended March 31, 2024 or 2023. 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 three months ended March 31, 2024 or 2023.

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, 2024 and 2023 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 $7,586 and $7,762, respectively, for the three months ended March 31, 2024 and 2023. 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, 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. 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 March 31, 2024 and December 31, 2023:

		March 31, 2024				
		Fair value	**Level 1**	**Level 2**	**Level 3**	**NAV**
Investment categories:						
Cash and cash equivalents and money market funds	$	439,322	439,322	—	—	—
Equity securities		538,669	538,669	—	—	—
Equity mutual funds		1,016,517	1,016,517	—		
Fixed income mutual funds		375,888	375,888	—	—	—
Certificates of deposit		—	—	—	—	—
Unit investment trust		1,127	1,127	—	—	—
Commercial mortgage-backed securities		46,388	—	46,388	—	—
Corporate bonds		464,011	—	464,011	—	—
Asset-backed securities		206,860	—	206,860	—	—
Government bonds		224,619	—	224,619	—	—
Government mortgage-backed securities		186,101	—	186,101	—	—
Municipal bonds		22,286	—	22,286	—	—
Alternative investments		925,427	—	—	—	925,427
Total	$	4,447,215	2,371,523	1,150,265	—	925,427

	December 31, 2023				
	Fair value	**Level 1**	**Level 2**	**Level 3**	**NAV**
Investment categories:					
Cash and cash equivalents					
and money market funds	$ 406,732	406,732	—	—	—
Equity securities	575,884	575,884	—	—	—
Equity mutual funds	983,361	983,361	—		
Fixed income mutual funds	378,202	378,202	—	—	—
Unit investment trust	1,076	1,076	—	—	—
Commercial mortgage-backed	48,441	—	48,441	—	—
securities	—				
Corporate bonds	506,186	—	506,186	—	—
Asset-backed securities	207,652	—	207,652	—	—
Government bonds	179,346	—	179,346	—	—
Government mortgage-backed	184,884	—	184,884	—	—
securities	—				
Municipal bonds	13,253	—	13,253	—	—
Alternative investments	924,886	—	—	—	924,886
Total	$ 4,409,903	2,345,255	1,139,762	—	924,886

(5) Long-term debt

Long-term debt consists of the following:

		March 31, 2024	December 31, 2023
Revenue and refunding bonds	$	2,757,630	2,757,630
Senior secured notes		300,000	300,000
Notes payable		23	1,567
Finance lease obligations		262,050	263,376
Total long-term debt		3,319,703	3,322,573
Plus unamortized bond premium		189,203	192,358
Less:			
Unamortized bond discount		675	729
Deferred financing costs, net		16,865	17,123
Current portion		50,915	51,314
Long-term portion	$	3,440,451	3,445,765

Under the terms of the Master Trust Indenture (MTI), Children's Specialized Hospital, Clara Maass Medical Center, Community Medical Center, Jersey City Medical Center, Monmouth Medical Center, Newark Beth Israel Medical Center, RWJ Barnabas Health, Inc., RWJBH Corporate Services (fka Barnabas Health, Inc.), RWJUH, Robert Wood Johnson University Hospital at Hamilton, Robert Wood Johnson University Hospital Rahway, and Cooperman Barnabas Medical Center, 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) and U.S. Bank.

On August 1, 2023, the Corporation paid the outstanding balance of $6,790 of RWJ Barnabas Health Obligated Issue, Series 2017A bonds (previously Children's Specialized Hospital Issue, Series 2013A).

The Corporation has entered into forward interest rate swap agreements with JPMorgan, Bank of America, and U.S. Bank, respectively. The total notional amount of all swap agreements is $281,960. 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. As of March 31, 2024 and December 31, 2023, the fair value of the interest rate swap agreements, net of a credit value adjustment of $2,525 and $2,433, was $45,971 and $39,228, respectively, and is included in other assets, net. The Corporation exercised its option to terminate the interest rate swap agreements on April 24, 2024 for $52,262, net, which resulted in a gain of $6,291.

On March 31, 2023, the Corporation entered into a secured revolving promissory note (the Note) for the principal amount of $50,000 with JPMorgan for routine working capital needs. The terms of the Note include a commitment fee of 0.12%. The interest rate is based on Secured Overnight Financing Rate (SOFR) and an adjusted term SOFR fixed rate of 0.10% for the interest period plus 0.55% per annum. As of March 31, 2024, $5,450 of the Note was used in the form of standby letters of credit 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 April 1, 2024 and was replaced with a $100,000 secured revolving promissory note (New Note) with JPMorgan expiring on March 28, 2025. All other terms of the New Note have not changed from the prior Note.

On April 8, 2024, the Corporation made an offer to purchase bonds in an aggregate principal amount of up to $330,000 relating to select maturities of the Series 2016 and Series 2019 bonds. In connection with that offer, the Corporation purchased tendered target bonds in an aggregate principal amount of $261,397. The settlement date was May 8, 2024

On May 1, 2024, the Corporation successfully completed the RWJ Barnabas Health Obligated Group Issue, Series 2024A bond issuance in the amount of $370,330. Series 2024A was issued at a premium for a total source of funds of $404,142. The Corporation used a portion of these proceeds to defease the Series 2019 B-1 bonds in the amount of $70,812. The remainder of the proceeds was used for reimbursement of prior capital costs.

On May 2, 2024, the Corporation filed a Preliminary Official Statement for the issuance of additional bonds in an amount to approximate $250,690 (Series 2024B). Series 2024B bonds are expected to be used to refund and/or refinance certain outstanding bonds. The transaction is expected close on May 16, 2024.

The Corporation has established a self-liquidity backed commercial paper program which will serve as a source for interim liquidity needs. The program is authorized up to $200,000. An initial draw of $50,000 was executed on May 7, 2024 with varying termination dates between 30 and 60 days.

(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, 2024 and 2023:

- 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 $26,974 and $25,629 for three months ended March 31, 2024 and 2023, 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 $1,746 and $1,406 for the three months ended March 31, 2024 and 2023, 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 during the three months ended March 31, 2024 and 2023.

(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, 2024 and December 31, 2023, the Corporation owed Rutgers $211,265 and $211,275, net, respectively, under the MAA and IPA agreements. These amounts are included in accrued expenses and other current 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 is being completed in phases. The anticipated completion date of the entire project is 2024. Through March 31, 2024, the Corporation has incurred approximately $722,000 in capital and operating costs and anticipates spending an additional $78,000 to complete the project.

(11) Subsequent Events

Management evaluated all events occurring subsequent to March 31, 2024 and through May 15, 2024, 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.

RWJ BARNABAS HEALTH, INC.

Note to Consolidated Financial Statements - Obligated Group

The following financial information as of March 31, 2024 (unaudited) and December 31, 2023 (audited) and for the three months ended March 31, 2024 and 2023 (unaudited) on pages 35 and 36 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.

In 2024, the Corporation ceased allocating medical group practice losses to the acute care hospitals. The bridge schedule on page 37 reflects the results of the Obligated Group's Statement of Operations and Changes in Net Assets for the three months ended March 31, 2023 as adjusted for the impact of the medical group practice loss allocation and as reported in our March 31, 2023 filing posted to EMMA on May 15, 2023.

RWJ BARNABAS HEALTH, INC.

Consolidated Balance Sheets - Obligated Group

(In thousands)

Assets		**March 31, 2024** (unaudited)	**December 31, 2023** (audited)
Current assets:			
Cash and cash equivalents	$	83,628	6,714
Short-term investments		751,207	788,484
Assets limited or restricted as to use		2,291	66,560
Patient accounts receivable, net		740,184	708,231
Estimated amounts due from third party payors		183,596	283,706
Other current assets		276,396	274,318
Total current assets		2,037,302	2,128,013
Assets limited or restricted as to use, non-current portion		188,266	185,737
Investments		3,450,275	3,289,105
Property, plant and equipment, net		4,040,489	4,031,104
Right-of-use asset		168,174	171,959
Due from affiliates, long term, net		50,334	50,910
Other assets, net		564,329	566,323
Total assets		10,499,168	10,423,151
Liabilities and Net Assets			
Current liabilities:			
Accounts payable		538,302	585,673
Accrued expenses and other current liabilities		885,624	911,389
Estimated amounts due to third party payors		22,587	22,048
Long-term debt		55,135	55,043
Lease obligation		19,254	19,680
Due to affiliates, net		470,496	490,117
Self-insurance liabilities		45,905	44,063
Total current liabilities		2,037,302	2,128,013
Estimated amounts due to third party payors, net of current portion		73,727	80,577
Self insurance liabilities, net of current portion		150,003	150,220
Long-term debt, net of current portion		3,352,069	3,356,206
Lease obligation, net of current portion		158,663	161,535
Accrued pension liability		56,154	55,387
Other liabilities		130,018	127,143
Total liabilities		5,957,936	6,059,081
Net assets		4,541,232	4,364,070
Total liabilities and net assets	$	10,499,168	10,423,151

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, 2024 and 2023

(In thousands)

(unaudited)

	2024	2023
Revenue:		
Net patient service revenue	$ 1,688,932	1,556,043
Other revenue, net	155,830	180,008
Total revenue	1,844,762	1,736,051
Expenses:		
Salaries and wages	691,943	635,452
Physician fees and salaries	169,145	145,443
Employee benefits	153,078	134,052
Supplies	342,680	306,808
Other	316,435	349,344
Interest	24,697	26,457
Depreciation and amortization	77,885	73,199
Total expenses	1,775,864	1,670,755
Income from operations	68,898	65,296
Nonoperating revenue (expenses):		
Investment income, net	146,096	167,426
Other, net	3,843	(6,583)
Total nonoperating revenue, net	149,939	160,843
Excess of revenue over expenses	218,837	226,139
Other changes in net assets:		
Pension changes other than net periodic benefit cost	2,178	2,048
Net assets released from restriction for purchases of property and equipment	18,283	6,982
Other, net	62,136	(211,396)
Increase in net assets	$ 177,162	23,773

See accompanying note to consolidated financial statements - obligated group.

RWJ BARNABAS HEALTH, INC.

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

Bridge Schedule for Medical Group Loss Allocation

Three months ended March 31, 2023

(In thousands)

(unaudited)

	2023 Adjusted	Medical Group Practice Loss Allocation	2023 As Reported
Revenue:			
Net patient service revenue	$ 1,556,043	95	1,556,138
Other revenue, net	180,008	376	180,384
Total revenue	1,736,051	471	1,736,522
Expenses:			
Salaries and wages	635,452	-	635,452
Physician fees and salaries	145,443	42,752	188,195
Employee benefits	134,052	-	134,052
Supplies	306,808	-	306,808
Other	349,344	12,469	361,813
Interest	26,457	-	26,457
Depreciation and amortization	73,199	-	73,199
Total expenses	1,670,755	55,221	1,725,976
Income (loss) from operations	65,296	(54,750)	10,546
Nonoperating revenue (expenses):			
Investment income, net	167,426	-	167,426
Other, net	(6,583)	-	(6,583)
Total nonoperating revenue, net	160,843	-	160,843
Excess (deficiency) of revenue over expenses	226,139	(54,750)	171,389
Other changes in net assets:			
Pension changes other than net periodic benefit cost	2,048	-	2,048
Net assets released from restriction for purchases of property and equipment	6,982	-	6,982
Other, net	(211,396)	-	(211,396)
Increase (decrease) in net assets	$ 23,773	(54,750)	(30,977)

See accompanying note to consolidated financial statements - obligated group.