



**Secondary Market  
Disclosure Information**

September 30, 2024

## **RWJ BARNABAS HEALTH, INC.**

Consolidated Financial Statements and Supplementary Information as of September 30, 2024  
and December 31, 2023 and for the nine months ended September 30, 2024 and 2023

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**RWJBARNABAS HEALTH**  
Secondary Market Disclosure Information  
September 30, 2024

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

**Bond Obligations under the Master Trust Indenture**

- 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-2 and 2019B-3
- RWJ Barnabas Health Obligated Group Issue, Series 2021A
- RWJ Barnabas Health Obligated Group Issue, Series 2024A
- RWJ Barnabas Health Obligated Group Issue, Series 2024B

**Other Credit Arrangements**

- Revolving line of credit agreement with JPMorgan Chase Bank, N.A. in the maximum available amount of \$100 million; no funds have been drawn down under such credit agreement. Includes a sublimit for letters of credit including the self-insured worker's compensation program. 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 the construction of 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 \$16.6 million has been drawn down under the loans.
- The Corporation 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 million. As of September 30, 2024, there was no commercial paper outstanding.

## LIQUIDITY SUMMARY

(In thousands)

<b>ASSETS</b>	<b>September 30, 2024</b>
<b>Same Day Liquidity</b>	
Deposit Accounts at A-1 rated Banks	\$ 84,520
US Government Securities and Agencies rated A-1 or better maturing under one year	264,969
Money Market Funds rated Am or better	151,592
<b>Next Day Liquidity</b>	
Investment Grade Debt not included above	12,226
<b>Identified Same Day and Next Day Liquidity (1)</b>	<u>\$ 513,307</u>
<b>LIABILITIES (SELF LIQUIDITY DEBT)</b>	
Commercial Paper Notes (2)	\$ -
<b>Total Debt Subject to Self-Liquidity</b>	<u>\$ -</u>

- (1) Total unrestricted cash and investments as of September 30, 2024 was \$4.66 billion. Certain of these investments are excluded from the above liquidity summary as they are not assets pledged for self-liquidity. The Corporation also has a \$100,000 credit facility in place with an expiration date of March 28, 2025. As of September 30, 2024, \$4,950 of the credit facility was used in the form of standby letters of credit that provide liquidity support for the Corporation's self-insured workers' compensation and other programs. There was no cash drawn under the credit facility during the term.
- (2) The Corporation 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 principal draw of \$50,000 was executed on May 7, 2024, with varying termination dates between 30 and 60 days. The initial draw, net of a discount, was subsequently rolled over and paid back in its entirety on September 9, 2024. There was no commercial paper outstanding as of September 30, 2024.

**RWJBARNABAS HEALTH**  
Secondary Market Disclosure Information  
September 30, 2024  
System Overview

Facility	Location	Licensed Beds
<b>Acute Care Hospitals:</b>		
Newark Beth Israel Medical Center	Newark	653 <sup>(1)</sup>
Community Medical Center	Toms River	617 <sup>(2)</sup>
Cooperman Barnabas Medical Center	Livingston	597
Robert Wood Johnson University Hospital, New Brunswick Campus	New Brunswick	614 <sup>(3)</sup>
Robert Wood Johnson University Hospital, Somerset Campus	Somerville	339
Monmouth Medical Center	Long Branch	514 <sup>(4)</sup>
Monmouth Medical Center, Southern Campus	Lakewood	241 <sup>(5)</sup>
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 <sup>(6)</sup>
<b>Total Acute Care Beds</b>		<b><u>5,441</u></b>
<b>Transitional Care Beds:</b>		
Children's Specialized Hospital	New Brunswick	158 <sup>(7)</sup>
Community Medical Center Transitional Care Unit	Toms River	25 <sup>(2)</sup>
TRMC Hospital-based Long Term Care Facility	Elizabeth	124 <sup>(6)</sup>
<b>Total Transitional Care Beds</b>		<b><u>307</u></b>
<b>Specialty Hospitals:</b>		
The Children's Hospital of NJ at Newark Beth Israel Medical Center	Newark	156 <sup>(1)</sup>
Barnabas Health Behavioral Health Center	Toms River	100 <sup>(5)</sup>
The Bristol-Myers Squibb Children's Hospital at Robert Wood Johnson University Hospital	New Brunswick	79 <sup>(3)</sup>
The Unterberg Children's Hospital at Monmouth Medical Center	Long Branch	70 <sup>(4)</sup>
<b>Total Specialty Hospital Beds</b>		<b><u>405</u></b>

(1) Newark Beth Israel Medical Center is licensed for 653 beds, 156 of which are licensed for Children's Hospital of New Jersey at Newark Beth Israel Medical Center. For presentation purposes, these 156 beds are included in the licensed bed complement for both Newark Beth Israel Medical Center and its designated Children's Hospital.

(2) For presentation purposes, the 25 Transitional Care beds located at the general acute care 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 combined with the 40 beds licensed to Barnabas Health Behavioral Health Center.

(6) 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.

(7) 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.

**RWJBARNABAS HEALTH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(In thousands)

***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 other 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, 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.

RWJBH uses an 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.

### ***Redefining Cancer Care Delivery***

The centerpiece of RWJBH's Oncology Service Line is Rutgers Cancer Institute of New Jersey (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 providing 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), slated to open in 2026, 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 Corporation.

### ***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 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 CINJ 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.

### ***Staffing***

The Corporation is challenged by the industry wide shortages in certain clinical specialties 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 its 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 across the



## **RWJBARNABAS HEALTH**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.**

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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 CBMC, 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 (JCMC) negotiated a two-year agreement with the United Nurses Organization, which 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 objective of the Plan of Finance was 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 resulted in an overall decrease 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 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 16, 2024, the Corporation completed the RWJ Barnabas Health Obligated Group Issue, Series 2024B bond issuance in the amount of \$250,690. The Series 2024B bonds were used to refund the Barnabas Health System, Series 2014A, Robert Wood Johnson University Hospital, Series 2014A and Robert Wood Johnson University Hospital, Series 2013A.
- On May 16, 2024, the Corporation defeased the Barnabas Health System, Taxable Revenue Bonds, Series 2012 for \$80,979.

Collectively, the above transactions resulted in a gain on extinguishment of debt of \$58,150.

The Corporation established a self-liquidity backed commercial paper program which will serve as source for interim liquidity needs. The program is authorized up to \$200,000. As of September 30, 2024, there was no commercial paper outstanding.

**RWJBARNABAS HEALTH**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.**

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The Corporation had entered into forward interest rate swap agreements with JPMorgan, Bank of America, and U.S. Bank, respectively. The total notional amount of the swap agreements was \$281,960. In April 2024, the Corporation exercised its option to terminate the agreements for \$52,262, net, which resulted in a gain of \$12,892.



***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***

RWJBH is the largest, most comprehensive academic health care system in New Jersey, having received many national and regional recognitions, including:

OVERALL	
	<p>For 2023, 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.</p>
	<p>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.</p>







**RWJBARNABAS HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.**

	<p>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 System.</p>
	<p>In 2024, RWJBH facilities were recognized as “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. RWJBH facilities recognized and re-designated include Clara Maass Medical Center (CMMC), Community Medical Center (CMC), CBMC, JCMC, MMC, Newark Beth Israel Medical Center (NBIMC) and the Children’s Hospital of New Jersey in Newark, RWJUH, Robert Wood Johnson University Hospital Rahway (RWJUH Rahway) and Robert Wood Johnson University Hospital Somerset (RWJUH Somerset).</p>
<p><b>QUALITY</b></p>	
 	<p>U.S. News &amp; World Report, the global authority in hospital rankings and consumer advice, has named RWJUH 2024-2025 Best Regional Hospital in New Jersey and is ranked #22 (tie) in the highly-competitive New York Metropolitan area. The hospital achieved High Performing recognition among U.S. News’ 2024-2025 edition of Best Hospitals for the Adult Specialty of Cancer, and for 11 Common Adult Conditions and Procedures, including high performing in aortic valve surgery, colon cancer surgery, COPD, gynecologic cancer surgery, heart bypass surgery, heart failure, kidney disease, leukemia, lymphoma and myeloma, lung cancer surgery, prostate cancer surgery and transcatheter aortic valve replacement. CINJ also remains one of the leading cancer programs for oncology in the state as recognized by U.S. News &amp; World Report. RWJUH was also recognized as High Performing in Maternity Care for 2024 and is home to The Bristol-Myers Squibb Children’s Hospital at RWJUH (BMSCH), which currently is recognized as having the #34 pediatric Orthopedics and #47 pediatric Urology program in the nation. CBMC, MMC and RWJUH Somerset are also recognized 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.</p>

**RWJBARNABAS HEALTH**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.**

	<p>RWJBH children’s hospitals were named among the nation’s Best Children’s Hospitals for 2023-2024 by U.S. News &amp; World Report. 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 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.</p>
	<p>In May 2024, five RWJBH facilities were awarded “A” Hospital Safety Score including CMC, MMC, Monmouth Medical Center Southern Campus, Robert Wood Johnson University Hospital Hamilton, and RWJUH Rahway.</p>
	<p>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.</p>
	<p>Numerous facilities received the Gold Seal of Approval by the Joint Commission for various programs including joint replacement; disease-specific certifications in acute coronary syndrome, cardiac rehabilitation, and heart failure; advanced certification in palliative care; bariatric surgery; and stroke program.</p>
	<p>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.</p>

**RWJBARNABAS HEALTH**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.**

	<p>Several practices within the 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.</p>
	<p>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.</p>
	<p>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. In 2024, MMC became the first hospital in NJ and the 11th in the country to earn Magnet with Distinction.</p>
	<p>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.</p>
	<p>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</p>
<p><b>SPECIALTY CARE</b></p>	
	<p>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.</p>



**RWJBARNABAS HEALTH**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.**

	<p>Four RWJBH facilities received recognition for stroke care, earning a spot on the American Stroke Associations 2024 Get With The Guidelines® Stroke Gold Plus quality achievement award, for their commitment to ensuring stroke patients receive the most appropriate treatment according to nationally recognized, research-based guidelines, ultimately leading to more lives saved and reduced disability. These facilities include CBMC, JCMC, RWJUH, and RWUH Somerset.</p>
	<p>RWJBH Mobile Health received the American Heart Association 2024 Mission Lifeline EMS Gold Award. This award is given to an elite group of prehospital providers for their commitment and success in implementing a higher standard of care, ensuring that individuals experiencing a heart attack or stroke receive treatment according to the latest nationally accepted evidence-based guidelines.</p>
<p><b>WORKFORCE</b></p>	
	<p>In 2024, RWJBH was recognized by Newsweek as America's Greatest Workplaces. RWJBH was also recognized by Newsweek as one of:</p> <ul style="list-style-type: none"> <li>• America’s Greatest Workplaces for Diversity for the second consecutive year.</li> <li>• America’s Greatest Workplaces for Women.</li> <li>• America’s Greatest Workplaces for Mental Wellbeing.</li> <li>• America’s Greatest Workplaces for Patients and Families.</li> </ul>
	<p>RWJBH as been named one of the 2024 Best Places to Work for People with Disabilities, achieving top scores on the 2024 Disability Equality Index®. The Disability Equality Index is the world’s most comprehensive benchmarking tool for Fortune 1000 companies to measure disability workplace inclusion within their organization and to assess performance across industry sectors.</p>
	<p>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.</p>

### ***Epic Implementation***

In order to accomplish the goals of its strategic plan, the Corporation recognized the need to strengthen its core competencies in technology, analytics, and innovation by establishing a unified operating model to drive standardization, continuous quality improvement and cost reductions across the entire system. 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 was done in phases at a cost of approximately \$800,000.

The launch of this sweeping initiative, “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. These waves included all acute care facilities with the exception of Trinitas Regional Medical Center (TRMC) and 100% of the Medical Group. The team recently completed the 13,000<sup>th</sup> enhancement to the system as well as four upgrades during 2023.

On April 27, 2024, the Corporation successfully completed the migration of all sites that were live on Epic to Hyperdrive. Hyperdrive is the most modern cloud based version of Epic in the industry. Our customers are now experiencing a 40% increase in speed and functionality.

On September 28, 2024, the Corporation completed the final wave of the Epic Together project with the activation of Trinitas Regional Medical Center, Children’s Specialized Hospital and University Behavioral Health Center at Rutgers. The goal that was set in March 2019 to have one unified electronic health record throughout the health system has been completed.

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. RWJBH was awarded a Gold Stars ranking for the third year in a row in August 2024.

### ***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 nine months ended September 30, 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 table summarizes key operating performance results for the nine months ended September 30, 2024 and 2023 as compared to the S&P benchmark:

<b>Operating Results</b>	<b>Nine months ended September 30,</b>		<b>S&amp;P AA-</b>
	<b>2024</b>	<b>2023</b>	
Operating revenue	\$ 7,062,164	\$ 6,315,677	N/A
Operating income (loss)	186,299	(57,606)	N/A
Operating margin	2.6%	-0.9%	0.1%
Operating cash flow	526,823	272,673	N/A
Operating cash flow margin	7.5%	4.3%	6.1%
Excess of revenue margin	9.0%	2.7%	1.4%

The following table summarizes overall performance ratios as of September 30, 2024 and December 31, 2023 as compared to the S&P benchmark:

<b>Selected Other Information</b>	<b>Sept 30, 2024</b>	<b>Dec 31, 2023</b>	<b>S&amp;P AA-</b>
Unrestricted Cash and Investments	\$ 4,663,108	4,268,072	N/A
Days cash on hand	193.2	186.6	238.1
Total outstanding long-term debt	3,432,049	3,497,079	N/A
Unrestricted cash to debt	135.9%	122.0%	229.0%
Debt to capitalization	37.1%	40.8%	25.8%
Debt service coverage ratio	5.1x	3.4x	3.2x

For the nine months ended September 30, 2024, the Corporation's total operating income and operating margin were \$186,299 and 2.6%, respectively, compared to the operating loss and operating margin of \$57,606 and -0.9% for the nine months ended September 30, 2023. Total operating revenues for the nine months ended September 30, 2024 grew by \$746,487 or 11.8% compared to the nine months ended September 30, 2023, while operating expenses increased by \$502,582 or 7.9% during the same period.

Overall, patient service revenue of \$6,556,794 was higher than prior year by \$717,825 or 12.3%. The favorable variance was due primarily to increases in acute care inpatient and outpatient revenue and professional billing revenue. Other operating revenue increased due to joint venture, grant, and pharmacy sales 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 (EROE) and EROE margin for the nine months ended September 30, 2024 were \$679,710 and 9.0%, respectively, compared to \$178,667 and 2.7% for the nine months ended September 30, 2023. The EROE was higher than prior year driven by operating income, investment income, gain on early extinguishment of debt, gain on the termination of the interest



**RWJBARNABAS HEALTH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.**

rate swaps and insurance proceeds. Net investment income totaled \$418,344, compared to net investment income of \$229,545 in 2023. 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 nine months ended September 30, 2024 and 2023:

	<b>Nine months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating Revenue:</b>		
Inpatient patient service revenue	\$ 3,344,595	3,006,390
Outpatient patient service revenue	2,271,048	2,023,169
Professional billing revenue	850,773	717,834
State of NJ subsidy revenue	90,378	91,576
Total patient service revenue	6,556,794	5,838,969
Other operating revenue	505,370	476,708
Total operating revenue	<u>\$ 7,062,164</u>	<u>6,315,677</u>
<b>Volume &amp; utilization statistics:</b>		
Acute care licensed beds	5,441	5,429
Average acute care beds in service	4,340	4,392
Acute care occupancy based on beds in service	74.6%	70.6%
Acute care length of stay	5.42	5.61
Acute care admissions	166,152	155,641
COVID-19 positive admissions	2,863	3,831
Adult and pediatric admissions	115,704	104,745
Newborn and NICU admissions	19,020	19,510
Maternity and obstetric cases	19,804	19,971
Patient days	887,430	846,113
Same day surgery cases	52,643	53,326
Emergency room visits (excl. admits)	506,655	484,832
Observations	105,404	77,718
Psychiatric hospital inpatient admissions	814	764

**RWJBARNABAS HEALTH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.**

Acute Care payor mix, based on patient days, for the nine months ended September 30, 2024 and 2023 is presented below:

Payor Mix	September 30,	
	2024	2023
Medicare	24.8%	25.8%
Medicaid	6.6%	6.1%
Managed Medicare	23.8%	22.3%
Managed Medicaid	17.7%	20.2%
Managed Care	10.8%	10.8%
NJ Blue Cross & Commercial	9.9%	10.1%
Self-pay and Other	6.4%	4.7%
	<u>100.0%</u>	<u>100.0%</u>

**Charity Care Rebalancing and Redirection to New Medicaid Outpatient Add-On Payments**

Following a successful partnership between the hospital industry and State leaders, the NJ hospital Charity Care Program eligibility and funding level has been significantly redesigned, inclusive of funds being redirected and optimized to improve the overall financial support of NJ acute care hospitals that provide services to the Medicaid and uninsured populations.

Effective July 1, 2024 the Statewide Charity Care funding pool was reduced by \$205,000. In combination with this change, a new \$510,000 Medicaid hospital outpatient directed payment add-on program was implemented for all NJ acute care hospitals. The net increased funding level, of over \$305,000, was designed to better optimize federal Medicaid matching funds with no new State investment.

The impact of the above will be a net annual increase of \$51,800 to the Corporation attributable to the Acute Care Hospitals.

***Operating Revenue***

Inpatient service revenue, excluding subsidy revenue, of \$3,344,595 was favorable to prior year by \$338,205 or 11.2%. The increase was primarily due to inpatient volumes which were 6.8% higher than prior year due to strong performance in surgical, medicine and cardiology service lines. The acute care hospitals received additional County Option Program payments over the prior year. Also four additional affiliates were added to the program in July 2023, which collectively resulted in an increase in revenue of \$66,251 over prior year.

Outpatient service revenue of \$2,271,048 was favorable to prior year by \$247,879 or 12.3%. The acute care hospitals accounted for \$199,741 of the increase. Acute care outpatient volume exceeded prior year by 4.3%. Emergency room (net of admissions) and observation volumes exceeded prior year by 4.5% and 35.6%, respectively. Additional revenue from the Medicaid Outpatient Add-on payments (discussed above) was \$20,719. Non-acute care revenue was favorable to prior year by \$48,138 which was primarily due to physical therapy, radiology, and pediatric rehab services.

Professional billing revenue of \$850,773 was favorable to prior year by \$132,939 or 18.5%. The increase in revenue was primarily due to expansion of hospital based services including Emergency Medicine,

**RWJBARNABAS HEALTH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.**

Hospitalist, Anesthesia, and Radiology service lines which collectively contributed \$79,119 to the variance. Community based medical group practices contributed \$54,464 to the positive variance driven by an increase in wRVU's over prior year of 10.3%. The academic group and CINJ were favorable to prior year by \$2,314.

Other operating revenue of \$505,370 was favorable to prior year by \$28,662 or 6.0%. Other revenue includes income from grants including the Federal Emergency Management Agency (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 \$24,401 primarily due State of New Jersey Appropriation grant revenue which was partially offset by lower FEMA grant revenue compared to prior year. Pharmacy sales were also favorable to prior year by \$23,512 primarily due to newly eligible 340B claims and increased volumes in the retail pharmacy. Joint venture revenue exceeded prior year by \$11,990 driven primarily by growth in medical practice joint ventures and ambulatory surgery. The above was partially offset by the employee retention credit of \$15,562 as well as other revenue of approximately \$14,000 which was recorded in 2023 and did not reoccur in 2024.

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 nine months ended September 30,**

	<b>2024</b>			<b>2023</b>		
	<b>Operating Revenue</b>	<b>Net Income</b>	<b>Net Income Attributable to RWJBH</b>	<b>Operating Revenue</b>	<b>Net Income</b>	<b>Net Income Attributable to RWJBH</b>
Ambulatory Surgery	\$ 329,546	146,605	40,813	\$ 292,179	130,263	36,536
Home Care & Hospice	122,443	5,459	2,780	125,941	7,178	3,653
Diagnostic Imaging	137,888	24,099	12,273	134,994	19,696	9,795
Medical Practice Joint Ventures	622,289	93,704	41,659	427,100	70,547	32,709
Other	41,062	5,348	1,815	35,953	3,917	1,366
	<u>\$ 1,253,228</u>	<u>275,215</u>	<u>99,340</u>	<u>\$ 1,016,167</u>	<u>231,601</u>	<u>84,059</u>

The increase in revenue from ambulatory surgery ventures of \$4,277 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 4.7%.

The decrease in home care and hospice ventures of \$873 was due to a decrease in volume of 2.0%. The decrease in volume is attributed to lower homecare visits by 1.9%. Hospice patient days increased by 0.4% compared to 2023.

The increase in diagnostic imaging ventures of \$2,478 was due to an increase in volume of 1.0% compared to 2023.

Medical Practice Joint Ventures were favorable to prior year by \$8,950. The favorable variance was due to expansion of this division. Five new practice joint ventures were added during 2024 and an additional thirteen practices during 2023.

Other ventures were favorable to prior year by \$449. While volumes were favorable to prior year by 0.8%, expenses were unfavorable to prior year by 0.1%.

***Operating Expenses***

Total operating expenses for the nine months ended September 30, 2024 of \$6,875,865 were unfavorable to prior year by \$502,582 or 7.9%. Summarized below are the consolidated operating expenses for the nine months ended September 30, 2024 and 2023:

	<b>Nine months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Salaries and employee benefits	\$ 3,167,904	2,988,031
Physician fees and salaries	917,369	795,900
Supplies and other expenses	2,450,068	2,259,073
Interest	75,550	84,447
Depreciation and amortization	264,974	245,832
Total operating expenses	<u>\$ 6,875,865</u>	<u>6,373,283</u>

For the nine months ended September 30, 2024, salaries and employee benefits increased by \$179,873 or 6.0% compared to the nine months ended September 30, 2023. The increase was due to salary increases as well as the addition of full-time equivalent employees in response to higher inpatient volumes. Increased salary expenses also resulted in higher payroll taxes and social security taxes.

Physician fees and salaries for the nine months ended September 30, 2024 increased by \$121,469 or 15.3% compared to the nine months ended September 30, 2023. The increase was primarily due to expansion of hospital based services including Emergency Medicine, Hospitalist, Anesthesia, and Radiology service lines. Community based medical group practices were unfavorable to prior year due to new practices as well as increased variable compensation resulting from higher volumes as compared to prior year. Rutgers and CINJ were also unfavorable to prior year due to continued expansion.

Supplies and other expenses for the nine months ended September 30, 2024 increased by \$190,995 or 8.5% compared to the nine months ended September 30, 2023. Supplies were unfavorable to prior year by \$114,898 driven by higher volumes. Adjusted admissions and adjusted patient days exceeded prior year by 6.4% and 4.7%, respectively. Other expenses were unfavorable to prior year by \$76,097. This increase is driven by rentals, maintenance contracts and repairs, utilities, and insurance. In addition expenses associated with the County Option program increased over prior year by \$34,611 (increase in patient service revenue as well).

Interest expense for the nine months ended September 30, 2024 decreased by \$8,897 or 10.5% compared to the nine months ended September 30, 2023. The decrease was due to additional capitalized interest related to various capital projects, income from interest rate swap agreements and the benefits of the plan of finance discussed above.

Depreciation and amortization for the nine months ended September 30, 2024 increased by \$19,142 or 7.8%, compared to the nine months ended September 30, 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 Emergency Department, Lobby and Central Registration areas, 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 nine months ended September 30, 2024 and 2023.

	<b>Nine months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Investment income	\$ 81,019	79,623
Realized gains (losses) on investments	150,687	(7,256)
Unrealized gains on investments	186,638	157,178
Gain on early extinguishment of debt	58,150	-
Gain on interest rate swap agreements	12,892	13,259
Insurance proceeds	13,169	-
Net periodic benefit cost	(9,144)	(9,083)
Gain on equity investment	-	2,552
<b>Total nonoperating revenue, net</b>	<b>\$ 493,411</b>	<b>236,273</b>

Net investment income and realized net investment gains were \$231,706 and \$72,367 for the nine months ended September 30, 2024 and 2023, respectively. For the nine months ended September 30, 2024 and 2023, the change in net unrealized gains was \$186,638 and \$157,178, respectively.

As discussed in the *2024 Plan of Finance* section, the debt transactions executed during the second quarter resulted in a gain on the early extinguishment of debt of \$58,150.

The Corporation had entered into various interest rate swap agreements in order to hedge future interest rate exposure on fixed rated bonds. The total notional amount of the swap agreements was \$281,960. In April 2024, the Corporation exercised its option to terminate the swap agreements for \$52,262 which resulted in a gain of \$12,892.

The Corporation also recognized insurance proceeds in nonoperating revenue of \$13,169 related to capital.

### *Fundraising*

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

**RWJBARNABAS HEALTH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.**

The following table presents contributions received by the foundations 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.

	<b>Nine months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Contributions without donor restrictions	\$ 15,346	8,541
Contributions with donor restrictions	18,029	56,651
<b>Total contributions</b>	<b>33,375</b>	<b>65,192</b>
Fundraising Expenses	\$ 13,138	13,688
Support to affiliates	\$ 47,797	73,410

The foundations made distributions of \$47,797 during 2024 mainly to support capital projects of the Corporation's hospitals, which was less than prior year by \$25,613. During 2023, the foundations recognized a \$38,000 gift that had been conditional on breaking ground at the MMC Tinton Falls campus. Additionally, the foundations received a \$12,000 unrestricted bequest in 2024.

***Unrestricted Cash and Investments***

The Corporation's financial position remains strong with \$12.9 billion in total assets and \$6.1 billion in net assets. Total cash and investments (without donor restrictions) amounted to \$4.7 billion (or 193.2 days) at September 30, 2024, an increase of \$395,036 over the balance at December 31, 2023. Net cash provided by operating activities for the nine months ended September 30, 2024 was \$679,861. The Corporation received proceeds from the issuance of new debt of \$690,006. In connection with these issuances, the Corporation refinanced and defeased certain bond series for \$656,212. Interest on long term debt paid through September was \$107,982. The termination of the interest rate swap agreements resulted in cash proceeds of \$52,262. The Corporation continues to invest in capital with \$637,655 in additions during 2024. Investments in the ambulatory services division of \$85,830 were also executed through September. Net investment income of \$418,344 had a positive impact on investments.

Total unrestricted cash and investments for the Corporation as of September 30, 2024 and December 31, 2023 were as follows:

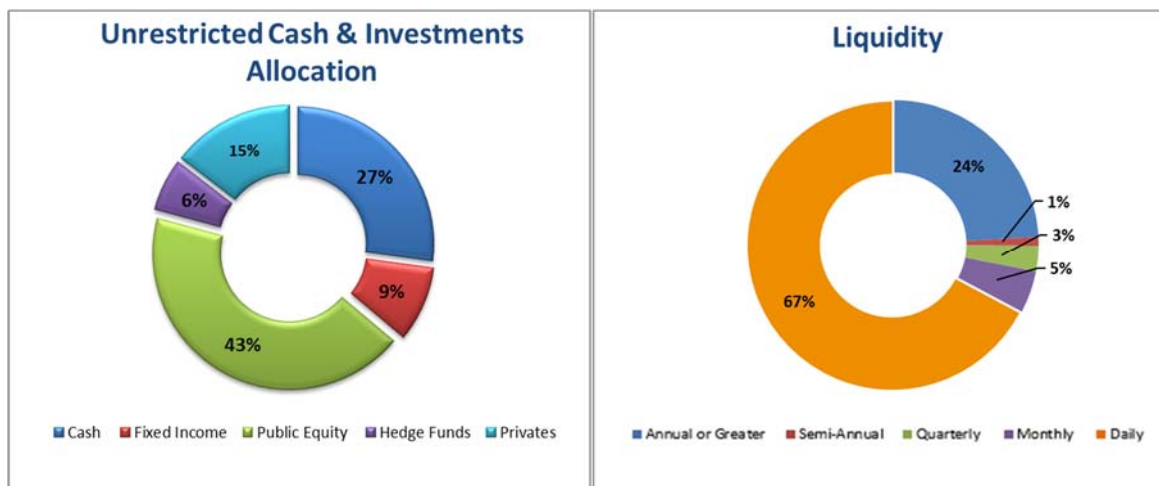
	<b>September 30,</b>	<b>December 31,</b>
	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 459,948	177,312
Current investments	325,091	543,380
Noncurrent investments	3,878,069	3,547,380
<b>Total unrestricted cash and investments</b>	<b>\$ 4,663,108</b>	<b>4,268,072</b>

The Corporation manages two distinct investment portfolios within the Unrestricted Cash and Investment (UCI) Portfolio: the Capital Reserve Fund (CRF) and Long-Term Investment Portfolio (LTIP). The CRF is invested in high quality, low duration fixed income securities to support operating cash flow needs. The LTIP is invested with a longer term horizon targeting higher risk adjusted returns through a diversified asset allocation to support strategic capital needs.

**RWJBARNABAS HEALTH**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.**

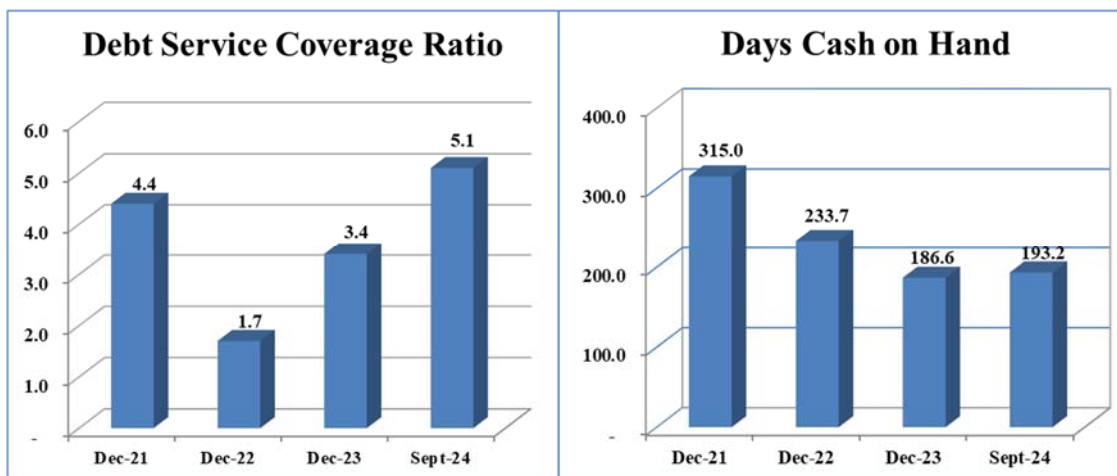
In accordance with the Corporation’s Investment Policy Statement, at least 40% of the asset value of the total UCI portfolio must be classified as “monthly” liquidity. As of September 30, 2024, 72% of the total UCI portfolio was classified as monthly or daily liquidity.

The following charts present the allocation of unrestricted cash and investments by asset type and the portfolio’s liquidity as of September 30, 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 2023 to 2024 is attributable to an increase in income from operations of \$168,765, excluding work stoppage costs, over prior year. The decline in days cash on hand from 2022 to 2023 was due to higher operating expenses including work stoppage costs, increase in capital investments and expansion of ambulatory services. The decline was partially offset by positive investment performance. Days cash on hand is trending up slightly in 2024 due to an increase in unrestricted cash and investments which was partially offset by an increase in operating expenses.

## RWJBARNABAS HEALTH

### MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.

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 cash borrowings outstanding as of September 30, 2024.

The following table presents key financial indicators as of September 30, 2024 and December 31, 2023 and 2022 as compared to S&P's "AA", "AA-" and "A+" medians.

	September 30, 2024	December 31, 2023	December 31, 2022	AA	AA-	A+
Debt service coverage	5.1	3.4	1.7	4.9	3.4	4.0
Debt-to-capitalization	37.1%	40.8%	42.8%	22.4%	28.1%	30.2%
Cash-to-debt	135.9%	122.0%	133.6%	294.7%	214.2%	164.5%
Days cash on hand	193.2	186.6	223.7	294.1	232.8	196.6

The following table presents other select ratios as of September 30, 2024 and December 31, 2023 and 2022:

	September 30, 2024	December 31, 2023	December 31, 2022
Days in patient accounts receivable	41.0	40.6	40.7
Days in accounts payable	64.8	72.5	63.8
Reinvestment ratio	2.63	2.84	2.37



## RWJ BARNABAS HEALTH, INC.

### Consolidated Balance Sheets

(In thousands)

Assets	<u>September 30, 2024</u> (unaudited)	<u>December 31, 2023</u> (audited)
Current assets:		
Cash and cash equivalents	\$ 459,948	177,312
Short-term Investments	325,091	543,380
Assets limited or restricted as to use	27,067	97,016
Patient accounts receivable	982,314	883,795
Estimated amounts due from third party payors	190,023	302,468
Other current assets	359,184	314,575
Total current assets	2,343,627	2,318,546
Assets limited or restricted as to use, non-current portion		
Investments	461,220	460,335
Property, plant and equipment, net	3,878,069	3,547,380
Right of use asset	4,636,021	4,336,734
Other assets, net	284,982	315,922
	1,310,534	1,242,879
Total assets	12,914,453	12,221,796
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	638,374	667,643
Accrued expenses and other current liabilities	1,465,838	1,410,171
Estimated amounts due to third party payors	23,266	22,384
Long-term debt	52,017	51,314
Lease obligation	48,653	52,731
Self-insurance liabilities	115,479	114,303
Total current liabilities	2,343,627	2,318,546
Estimated amounts due to third party payors, net of current portion	119,440	125,092
Self insurance liabilities, net of current portion	423,141	403,573
Long-term debt, net of current portion	3,380,032	3,445,765
Lease obligation, net of current portion	265,613	289,678
Accrued pension liability	50,007	55,387
Other liabilities	206,808	177,703
Total liabilities	6,788,668	6,815,744
Net assets:		
Without donor restrictions		
Controlling interest	5,775,722	5,034,583
Noncontrolling interest	34,636	35,225
Total net assets without donor restrictions	5,810,358	5,069,808
With donor restrictions		
	315,427	336,244
Total net assets	6,125,785	5,406,052
Total liabilities and net assets	\$ 12,914,453	12,221,796

See accompanying notes to consolidated financial statements.

**RWJ BARNABAS HEALTH, INC.**  
Consolidated Statements of Operations  
Nine months ended September 30, 2024 and 2023  
(In thousands)  
(unaudited)

	<b>2024</b>	<b>2023</b>
Revenue:		
Patient service revenue	\$ 6,556,794	5,838,969
Other revenue, net	505,370	476,708
Total revenue	7,062,164	6,315,677
Expenses:		
Salaries and wages	2,627,066	2,493,104
Physician fees and salaries	917,369	795,900
Employee benefits	540,838	494,927
Supplies	1,169,179	1,054,281
Other	1,280,889	1,204,792
Interest	75,550	84,447
Depreciation and amortization	264,974	245,832
Total expenses	6,875,865	6,373,283
Income (loss) from operations	186,299	(57,606)
Nonoperating revenue:		
Investment income, net	418,344	229,545
Other, net	75,067	6,728
Total nonoperating revenue, net	493,411	236,273
Excess of revenue over expenses	679,710	178,667
Other changes:		
Pension changes other than net periodic benefit cost	4,524	2,194
Net assets released from restriction for purchases of property and equipment	20,828	27,813
Other, net	35,488	5,320
Increase in net assets without donor restrictions	\$ 740,550	213,994

See accompanying notes to consolidated financial statements.

**RWJ BARNABAS HEALTH, INC.**  
Consolidated Statements of Changes in Net Assets  
Nine months ended September 30, 2024 and 2023  
(In thousands)  
(unaudited)

	<b>Controlling interest</b>	<b>Noncontrolling interest</b>	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total net assets</b>
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	177,647	1,020	178,667	-	178,667
Pension related changes other than net periodic benefit cost	2,194	-	2,194	-	2,194
Change in interest in restricted net assets of unconsolidated foundations	-	-	-	(3,089)	(3,089)
Net assets released from restriction	27,813	-	27,813	(32,827)	(5,014)
Restricted contributions	-	-	-	56,884	56,884
Investment income on restricted investments, net	-	-	-	548	548
Distributions from noncontrolling interest	-	(532)	(532)	-	(532)
Other	5,852	-	5,852	15	5,867
Changes in net assets	<u>213,506</u>	<u>488</u>	<u>213,994</u>	<u>21,531</u>	<u>235,525</u>
Net assets at September 30, 2023	<u>4,797,177</u>	<u>26,479</u>	<u>4,823,656</u>	<u>311,528</u>	<u>5,135,184</u>
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	679,612	98	679,710	-	679,710
Pension changes other than net periodic benefit cost	4,524	-	4,524	-	4,524
Change in interest in restricted net assets of unconsolidated foundations	-	-	-	(4,570)	(4,570)
Net assets released from restriction	20,828	-	20,828	(34,736)	(13,908)
Restricted contributions	-	-	-	18,097	18,097
Investment income on restricted investments, net	-	-	-	899	899
Distributions from noncontrolling interest	-	(687)	(687)	-	(687)
Other	36,175	-	36,175	(507)	35,668
Changes in net assets	<u>741,139</u>	<u>(589)</u>	<u>740,550</u>	<u>(20,817)</u>	<u>719,733</u>
Net assets at September 30, 2024	<u>\$ 5,775,722</u>	<u>34,636</u>	<u>5,810,358</u>	<u>315,427</u>	<u>6,125,785</u>

See accompanying notes to consolidated financial statements.

**RWJ BARNABAS HEALTH, INC.**

Consolidated Statements of Cash Flows

Nine months ended September 30, 2024 and 2023

(In thousands)

	<u>2024</u>	<u>2023</u>
	(unaudited)	(audited)
Cash flows from operating activities:		
Change in net assets	\$ 719,733	235,525
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Pension changes other than net periodic benefit cost	(4,524)	(2,194)
Depreciation and amortization expense	264,974	245,832
Amortization of bond financing costs, premiums and discounts	(11,019)	(8,687)
Net change in unrealized gains on investments	(186,638)	(157,178)
Realized (gains) losses on investments	(150,687)	7,256
Gains on interest rate swaps	(12,892)	(13,259)
Equity in income of joint venture	(99,340)	(87,350)
Distributions received from investments in joint ventures	74,392	54,791
Distributions to noncontrolling interests	687	61
Gain on sale of assets	(253)	(348)
Gain on acquisition of subsidiary	-	(2,552)
Gain on early extinguishment of debt, net	(58,150)	-
Changes in operating assets and liabilities:		
Patient accounts receivable	(98,519)	(74,267)
Reduction in the carrying amount in the right-of-use assets	51,386	46,312
Other assets	(41,761)	(14,844)
Accounts payable, accrued expenses, and other current liabilities	123,488	53,860
Estimated amounts due from and to third-party payors, net	107,675	(8,361)
Accrued pension liability	(856)	(916)
Lease obligation, self-insurance and other long-term liabilities	2,165	(23,630)
Net cash provided by operating activities	<u>679,861</u>	<u>250,051</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(637,655)	(656,635)
Purchases of investments	(10,085,255)	(7,322,504)
Proceeds from the sale of investments	10,366,382	7,657,504
Investment in equity method and cost method joint ventures	(85,830)	(222,799)
Acquisition of subsidiaries, net	-	(14,510)
Proceeds from sale of assets	518	482
Net cash used in investing activities	<u>(441,840)</u>	<u>(558,462)</u>
Cash flows from financing activities:		
Proceeds from issuance of debt	690,006	-
Repayments of long-term debt	(704,520)	(48,416)
Borrowings under commercial paper program	49,701	-
Repayments under commercial paper program	(49,701)	-
Payments for deferred financing costs	(5,308)	-
Distributions to noncontrolling interest	(687)	(61)
Settlement of interest rate swaps	52,262	-
Net cash provided by (used in) financing activities	<u>31,753</u>	<u>(48,477)</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	269,774	(356,888)
Cash, cash equivalents, and restricted cash at beginning of year	<u>257,986</u>	<u>522,888</u>
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 527,760</u>	<u>166,000</u>
Cash and cash equivalents	\$ 459,948	132,200
Restricted cash included in assets limited or restricted as to use	67,812	33,800
Total cash, cash equivalents, and restricted cash	<u>\$ 527,760</u>	<u>166,000</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 107,982	123,766
Finance lease obligations incurred	12,042	112,710
Supplemental disclosure of noncash investing and financing activity:		
Change in noncash acquisitions of property, plant and equipment	(86,597)	(88,977)

See accompanying notes to the consolidated financial statements.

## **RWJ BARNABAS HEALTH, INC.**

### Notes to Consolidated Financial Statements

September 30, 2024 and 2023

*(Information pertaining to the nine months ended September 30, 2024 and 2023 is unaudited)*

#### **(1) Organization**

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

The services and facilities of the Corporation include 12 acute care hospitals, (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 nine months ended September 30, 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 ending 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

## RWJ BARNABAS HEALTH, INC.

### Notes to Consolidated Financial Statements

September 30, 2024 and 2023

*(Information pertaining to the nine months ended September 30, 2024 and 2023 is unaudited)*

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

## **RWJ BARNABAS HEALTH, INC.**

### Notes to Consolidated Financial Statements

September 30, 2024 and 2023

*(Information pertaining to the nine months ended September 30, 2024 and 2023 is unaudited)*

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 nine months ended September 30, 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 nine months ended September 30, 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.

## RWJ BARNABAS HEALTH, INC.

### Notes to Consolidated Financial Statements

September 30, 2024 and 2023

*(Information pertaining to the nine months ended September 30, 2024 and 2023 is unaudited)*

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 nine months ended September 30, 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 \$27,087 and \$23,009, respectively, for the nine months ended September 30, 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



**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

September 30, 2024 and 2023

*(Information pertaining to the nine months ended September 30, 2024 and 2023 is unaudited)*

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 September 30, 2024 and December 31, 2023:

	<b>September 30, 2024</b>				
	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>
Investment categories:					
Cash and cash equivalents and money market funds	\$ 531,260	531,260	-	-	-
Equity securities	450,953	450,953	-	-	-
Equity mutual funds	1,098,188	1,098,188	-	-	-
Fixed income mutual funds	399,737	399,737	-	-	-
Certificates of deposit	-	-	-	-	-
Unit investment trust	1,211	1,211	-	-	-
Commercial mortgage-backed securities	38,663	-	38,663	-	-
Corporate bonds	245,174	-	245,174	-	-
Asset-backed securities	205,243	-	205,243	-	-
Government bonds	88,362	-	88,362	-	-
Government mortgage-backed securities	11,499	-	11,499	-	-
Municipal bonds	5,731	-	5,731	-	-
Alternative investments	1,396,671	-	-	-	1,396,671
Total	<u>\$ 4,472,692</u>	<u>2,481,349</u>	<u>594,672</u>	<u>-</u>	<u>1,396,671</u>

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

September 30, 2024 and 2023

*(Information pertaining to the nine months ended September 30, 2024 and 2023 is unaudited)*

	<b>December 31, 2023</b>				
	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>
Investment categories:					
Cash and cash equivalents					
and money market funds	\$ 388,804	388,804	-	-	-
Equity securities	575,884	575,884	-	-	-
Equity mutual funds	983,361	983,361	-		
Fixed income mutual funds	378,202	378,202	-	-	-
Certificates of deposit	-	-	-	-	-
Unit investment trust	1,076	1,076	-	-	-
Commercial mortgage-backed securities	48,441	-	48,441	-	-
Corporate bonds	506,186	-	506,186	-	-
Asset-backed securities	207,652	-	207,652	-	-
Government bonds	179,346	-	179,346	-	-
Government mortgage-backed securities	184,884	-	184,884	-	-
Municipal bonds	13,253	-	13,253	-	-
Alternative investments	942,814	17,928	-	-	924,886
Total	\$ <u>4,409,903</u>	<u>2,345,255</u>	<u>1,139,762</u>	<u>-</u>	<u>924,886</u>

**(5) Short-term borrowings**

The Corporation 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 in May 7, 2024 with varying termination dates between 30 and 60 days, which further increased cash and established short term debt on the balance sheet. The initial draw, net of discount, was subsequently rolled over and paid back on September 9, 2024. There was no commercial paper outstanding as of September 30, 2024.

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

September 30, 2024 and 2023

*(Information pertaining to the nine months ended September 30, 2024 and 2023 is unaudited)*

**(6) Long-term debt**

Long-term debt consists of the following:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Revenue and refunding bonds	\$ 2,644,498	2,757,630
Senior secured notes	300,000	300,000
Notes payable	23	1,567
Finance lease obligations	272,740	263,376
Total long-term debt	3,217,261	3,322,573
Plus unamortized bond premium	232,148	192,358
Less:		
Unamortized bond discount	-	729
Deferred financing costs, net	17,360	17,123
Current portion	52,017	51,314
Long-term portion	\$ 3,380,032	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 had 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 was \$281,960. The notional amounts on these swap agreements were tied to the outstanding principal on the underlying bond series.

## RWJ BARNABAS HEALTH, INC.

### Notes to Consolidated Financial Statements

September 30, 2024 and 2023

*(Information pertaining to the nine months ended September 30, 2024 and 2023 is unaudited)*

On April 24, 2024, the Corporation exercised its option to terminate the interest rate swap agreements for \$52,262, net, which resulted in a gain of \$12,892, and is included in nonoperating revenue.

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 September 30, 2024, \$4,950 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.

#### **2024 Plan of Finance**

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 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 16, 2024, the Corporation completed the RWJ Barnabas Health Obligated Group Issue, Series 2024B bond issuance in the amount of \$250,690. The Series 2024B bonds were used to refund the Barnabas Health System, Series 2014A, Robert Wood Johnson University Hospital, Series 2014A and Robert Wood Johnson University Hospital, Series 2013A.

On May 16, 2024, the Corporation defeased the Barnabas Health System, Taxable Revenue Bonds, Series 2012 for \$80,979.

Collectively, the above transactions resulted in a gain on extinguishment of debt of \$58,150.

#### **(7) 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 nine months ended September 30, 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 \$73,082 and \$76,063 for nine months ended September 30, 2024 and 2023, respectively.

## RWJ BARNABAS HEALTH, INC.

### Notes to Consolidated Financial Statements

September 30, 2024 and 2023

*(Information pertaining to the nine months ended September 30, 2024 and 2023 is unaudited)*

- 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 \$5,481 and \$5,064 for the nine months ended September 30, 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. Based on this evaluation, contributions of \$10,000 was made to the RWJBH Plan during the nine months ended September 30, 2024 and 2023, respectively.

#### **(8) 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 September 30, 2024 and December 31, 2023, the Corporation owed Rutgers \$155,226 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.

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

September 30, 2024 and 2023

*(Information pertaining to the nine months ended September 30, 2024 and 2023 is unaudited)*

**(9) 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 was completed in phases. The completion date of the entire project was September 2024. Through September 30, 2024, the Corporation has incurred approximately \$761,000 in capital and operating costs and anticipates spending an additional \$39,000 to complete the project.

**(11) Subsequent Events**

Management evaluated all events occurring subsequent to September 30, 2024 and through November 14, 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.

## **RWJ BARNABAS HEALTH, INC.**

### Note to Consolidated Financial Statements - Obligated Group

The following financial information as of September 30, 2024 (unaudited) and December 31, 2023 (audited) and for the nine months ended September 30, 2024 and 2023 (unaudited) on pages 38 and 39 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 40 reflects the results of the Obligated Group's Statement of Operations and Changes in Net Assets for the nine months ended September 30, 2023 as adjusted for the impact of the medical group practice loss allocation and as reported in our September 30, 2023 filing posted to EMMA on November 14, 2023.

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

<b>Assets</b>	<b>September 30, 2024</b> <small>(unaudited)</small>	<b>December 31, 2023</b> <small>(audited)</small>
Current assets:		
Cash and cash equivalents	\$ 396,723	6,714
Short-term investments	320,438	788,484
Assets limited or restricted as to use	2,512	66,560
Patient accounts receivable, net	773,593	708,231
Estimated amounts due from third party payors	172,304	283,706
Other current assets	344,696	274,318
Total current assets	2,010,266	2,128,013
Assets limited or restricted as to use, non-current portion	183,713	185,737
Investments	3,870,084	3,289,105
Property, plant and equipment, net	4,293,645	4,031,104
Right-of-use asset	160,721	171,959
Due from affiliates, long term, net	49,217	50,910
Other assets, net	675,223	566,323
Total assets	11,242,869	10,423,151
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	550,411	585,673
Accrued expenses and other current liabilities	937,672	911,389
Estimated amounts due to third party payors	21,966	22,048
Long-term debt	55,470	55,043
Lease obligation	18,934	19,680
Due to affiliates, net	380,574	490,117
Self-insurance liabilities	45,239	44,063
Total current liabilities	2,010,266	2,128,013
Estimated amounts due to third party payors, net of current portion	73,713	80,577
Self insurance liabilities, net of current portion	163,909	150,220
Long-term debt, net of current portion	3,305,211	3,356,206
Lease obligation, net of current portion	153,058	161,535
Accrued pension liability	50,007	55,387
Other liabilities	146,969	127,143
Total liabilities	5,903,133	6,059,081
Net assets	5,339,736	4,364,070
Total liabilities and net assets	\$ 11,242,869	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

Nine months ended September 30, 2024 and 2023

(In thousands)

(unaudited)

	<u>2024</u>	<u>2023</u>
Revenue:		
Net patient service revenue	\$ 5,229,424	4,702,905
Other revenue, net	485,545	550,517
Total revenue	<u>5,714,969</u>	<u>5,253,422</u>
Expenses:		
Salaries and wages	2,066,975	1,975,169
Physician fees and salaries	504,242	455,054
Employee benefits	438,910	404,944
Supplies	1,033,870	930,222
Other	1,000,044	1,083,364
Interest	71,519	81,010
Depreciation and amortization	234,270	219,421
Total expenses	<u>5,349,830</u>	<u>5,149,184</u>
Income from operations	365,139	104,238
Nonoperating revenue:		
Investment income, net	416,026	226,790
Other, net	58,387	4,308
Total nonoperating revenue, net	<u>474,413</u>	<u>231,098</u>
Excess of revenue over expenses	839,552	335,336
Other changes in net assets:		
Pension changes other than net periodic benefit cost	4,524	2,194
Net assets released from restriction for purchases of property and equipment	20,499	23,478
Net assets transferred from non-obligated group	130,146	-
Other, net	<u>(19,055)</u>	<u>(188,535)</u>
Increase in net assets	<u>\$ 975,666</u>	<u>172,473</u>

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

Nine months ended September 30, 2023

(In thousands)

(unaudited)

	<u>2023 Adjusted</u>	<u>Medical Group Practice Loss Allocation</u>	<u>2023 As Reported</u>
Revenue:			
Net patient service revenue	\$ 4,702,905	-	4,702,905
Other revenue, net	550,517	1,010	551,527
Total revenue	<u>5,253,422</u>	<u>1,010</u>	<u>5,254,432</u>
Expenses:			
Salaries and wages	1,975,169	-	1,975,169
Physician fees and salaries	455,054	122,399	577,453
Employee benefits	404,944	-	404,944
Supplies	930,222	-	930,222
Other	1,083,364	38,350	1,121,714
Interest	81,010	-	81,010
Depreciation and amortization	219,421	-	219,421
Total expenses	<u>5,149,184</u>	<u>160,749</u>	<u>5,309,933</u>
Income (loss) from operations	<u>104,238</u>	<u>(159,739)</u>	<u>(55,501)</u>
Nonoperating revenue:			
Investment income, net	226,790	-	226,790
Other, net	4,308	-	4,308
Total nonoperating revenue, net	<u>231,098</u>	<u>-</u>	<u>231,098</u>
Excess (deficiency) of revenue over expenses	335,336	(159,739)	175,597
Other changes in net assets:			
Pension changes other than net periodic benefit cost	2,194	-	2,194
Net assets released from restriction for purchases of property and equipment	23,478	-	23,478
Other, net	<u>(188,535)</u>	<u>(549)</u>	<u>(189,084)</u>
Increase (decrease) in net assets	<u>172,473</u>	<u>(160,288)</u>	<u>12,185</u>

See accompanying note to consolidated financial statements - obligated group.