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PROVIDENCE REPORTS RESULTS FOR SECOND QUARTER 2021

A Q2 drop in COVID-19 admissions allowed the health system to focus on non-COVID care.

RENTON, WASH. Aug. 13, 2021 – Providence, one of the largest health systems in the U.S., today released results for second quarter 2021. The report showed COVID-19 cases dropping to pre-surge levels through the first six months of the year, allowing the health system to focus on non-COVID-19 and deferred care. As the COVID-19 census declined through Q2, volumes as measured by case mix adjusted index rose 12 percent from prior quarter and 12 percent from prior year. This included higher outpatient visits and inpatient admissions, as well as increased emergency room visits. Acuity levels were also higher in Q2.

“The reprieve from COVID-19 cases allowed us to focus on other health needs, including care that had been delayed due to state orders, capacity or voluntarily by patients. However, we are once again seeing a surge of infections due to the Delta variant. Providence is committed to helping everyone in our communities get vaccinated against the virus. This will not only help protect one another, it will also ensure our nation’s health providers, including Providence, have the capacity to meet the myriad of other health needs in our communities,” said Rod Hochman, M.D., President and CEO of Providence.

The rise in non-COVID-19 volumes helped improve Providence’s operational performance for the first six months of the year, driving higher net patient service revenue. The increased volumes and acuity levels, however, also drove higher costs, including increased labor expenses due to a market-wide workforce shortage.

For the first six months ended June 30, 2021, operating revenues were \$13.4 billion, an increase of 7 percent compared with same period in 2020. Meanwhile, operating expenses were \$13.5 billion, up 6 percent compared with the prior year. This includes a 20 percent increase in agency staffing costs to address the national labor shortage. CARES grants affected the growth rate with \$651 million and \$170 million recognized in the first half 2020 and 2021, respectively. In neither period did the CARES grants sufficiently cover the incremental expenses and lost revenues from addressing the pandemic.

Earnings before interest, depreciation and amortization (EBIDA) were \$648 million, or 4.8 percent of operating revenues, for the first six months of 2021, compared with \$448 million and 3.6 percent for the first six months of last year. The net operating loss was \$94 million for the first six months of the year, compared with a loss of \$221 million for the same period in 2020. Providence also contributed \$847 million in community benefit during the first half of the year, compared with \$749 million for the same period in 2020.

“Providence has been on the front lines of the pandemic since the first U.S. patient with COVID-19 presented at one of our ministries in January 2020. Our communities count on us, and we take that responsibility very seriously. We continue to pursue a three-part strategy for navigating the pandemic. The three pillars of our plan – respond, recover and renew – focus on ensuring the health and safety of caregivers and patients, meeting the health needs of our communities, and continuing to innovate for the future,” said Providence CFO Greg Hoffman.

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About Providence

Providence is a national, not-for-profit Catholic health system comprising a diverse family of organizations and driven by a belief that health is a human right. With 52 hospitals, more than 900 physician clinics, senior services, supportive housing and many other health and educational services, the health system and its partners employ and nearly 121,000 caregivers serving communities across Alaska, California, Montana, New Mexico, Oregon, Texas, and Washington, with system offices in Renton, Wash., and Irvine, Calif. Learn about our vision of *health for a better world* at [Providence.org](https://www.providence.org).