



Colette Boudreau

Vice President – Enterprise Finance and Controller

(916) 286-6928

boudrec@sutterhealth.org

Jonathan Ma

Vice President – Finance and Treasurer

Maj10@sutterhealth.org

May 4, 2022

Enclosed please find the following documents for the three months ended March 31, 2022, required pursuant to certain documents relating to certain Sutter Health System obligations.

- Unaudited financial statements of the Sutter Health System
- Continuing Disclosure Report
- Cash & Investments Report
- Officer's Certificate of the Corporation as to Compliance with No Event of Default
- Supplemental Information

Sutter Health and Affiliates
Unaudited Interim Consolidated Financial Statements
and
Supplementary Information

Three months ended March 31, 2022 and 2021 and the year ended December 31, 2021

Consolidated Balance Sheets	2
Consolidated Statements of Operations and Changes in Net Assets	3
Consolidated Statements of Cash Flows.....	5
Notes to Unaudited Interim Consolidated Financial Statements	7
Supplementary Information	
Management’s Discussion & Analysis	29

Information contained herein is being filed by Sutter Health and Affiliates in connection with Sutter Health’s undertakings under the related continuing disclosure agreements entered in connection with the issuance of bonds issued on behalf of or by Sutter Health.

Sutter Health and Affiliates

Consolidated Balance Sheets (Unaudited) (Dollars in millions)

	March 31,		December 31,
	2022	2021	2021
Assets			
Current assets:			
Cash and cash equivalents	\$ 494	\$ 717	\$ 735
Short-term investments	6,625	6,817	6,884
Patient accounts receivable	1,696	1,371	1,419
Other receivables	861	1,004	976
Inventories	134	152	135
Other	268	278	259
Total current assets	10,078	10,339	10,408
Non-current investments	1,495	1,272	1,427
Property, plant and equipment, net	7,571	7,930	7,683
Other non-current assets	775	873	813
	\$ 19,919	\$ 20,414	\$ 20,331
Liabilities and net assets			
Current liabilities:			
Accounts payable	\$ 648	\$ 700	\$ 747
Accrued salaries and related benefits	832	856	854
Other accrued expenses	1,582	2,497	1,601
Current portion of long-term obligations	25	26	25
Total current liabilities	3,087	4,079	3,227
Non-current liabilities:			
Long-term obligations, less current portion	4,549	4,594	4,556
Other	1,170	2,153	1,168
Net assets:			
Without donor restrictions:			
Controlling	10,502	8,921	10,692
Noncontrolling	97	90	95
With donor restrictions	514	577	593
Total net assets	11,113	9,588	11,380
	\$ 19,919	\$ 20,414	\$ 20,331

Sutter Health and Affiliates

Consolidated Statements of Operations and Changes in Net Assets (Unaudited) (Dollars in millions)

	Three months ended March 31,		Year ended December 31,
	2022	2021	2021
Net assets without donor restrictions:			
Operating revenues:			
Patient service revenues	\$ 2,972	\$ 2,893	\$ 12,145
Premium revenues	418	409	1,605
Contributions	94	10	100
Other	74	120	375
Total operating revenues	3,558	3,432	14,225
Operating expenses:			
Salaries and employee benefits	1,619	1,671	6,645
Purchased services	1,008	883	3,658
Supplies	441	410	1,763
Depreciation and amortization	176	182	735
Rentals and leases	42	44	197
Interest	35	35	138
Insurance	8	8	28
Other	134	248	862
Total operating expenses	3,463	3,481	14,026
Income (loss) from operations	95	(49)	199
Investment income	56	150	758
Change in net unrealized gains and losses on investments	(161)	76	122
Loss on deconsolidation of affiliate	(208)	-	-
Other components of net periodic postretirement cost	52	31	142
(Loss) income	(166)	208	1,221
Less income attributable to noncontrolling interests	(18)	(19)	(83)
(Loss) income attributable to Sutter Health	(184)	189	1,138

Sutter Health and Affiliates

Consolidated Statements of Operations and Changes in Net Assets (continued) (Unaudited) (Dollars in millions)

	Three months ended March 31,		Year ended December 31,
	2022	2021	2021
Net assets without donor restrictions (continued):			
Controlling:			
(Loss) income attributable to Sutter Health	\$ (184)	\$ 189	\$ 1,138
Change in net unrealized gains and losses on investments classified as other-than-trading	(10)	(1)	(3)
Net assets released from restriction for equipment acquisition	6	5	24
Postretirement-related changes other than net periodic postretirement cost	(2)	16	823
Other	—	(29)	(31)
(Decrease) increase in controlling	(190)	180	1,951
Noncontrolling:			
Income attributable to noncontrolling interests	18	19	83
Distributions	(18)	(21)	(81)
Other	2	(21)	(20)
Increase (decrease) in noncontrolling	2	(23)	(18)
Net assets with donor restrictions:			
Contributions	9	5	46
Investment income	2	5	39
Change in net unrealized gains and losses on investments	(6)	8	(4)
Net assets released from restriction	(8)	(9)	(53)
Loss on deconsolidation of affiliate	(75)	—	—
Other	(1)	—	(3)
(Decrease) increase in net assets with donor restrictions	(79)	9	25
(Decrease) increase in net assets	(267)	166	1,958
Net assets, beginning of year	11,380	9,422	9,422
Net assets, end of period	\$ 11,113	\$ 9,588	\$ 11,380

Sutter Health and Affiliates

Consolidated Statements of Cash Flows (Unaudited) (Dollars in millions)

	Three months ended March 31,		Year ended December 31,
	2022	2021	2021
Operating activities			
(Decrease) increase in net assets	\$ (267)	\$ 166	\$ 1,958
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:			
Loss on deconsolidation of affiliate	283	–	–
Depreciation and amortization	176	182	725
Amortization of bond issuance costs, (premium) and discount, net	(6)	(6)	(23)
Net realized gains and losses and change in net unrealized gains and losses on investments	139	(226)	(724)
Restricted contributions and related investment income	(11)	(10)	(85)
Distributions to noncontrolling interests	18	21	81
Change in net postretirement benefits	26	50	(592)
Net changes in operating assets and liabilities:			
Patient accounts receivable and other receivables	(171)	(230)	(250)
Inventories and other assets	(27)	(32)	(33)
Accounts payable and accrued expenses	(117)	401	(448)
Other non-current liabilities	(12)	(249)	(601)
Net cash provided by operating activities	<u>31</u>	<u>67</u>	<u>8</u>
Investing activities			
Purchases of property, plant and equipment	(74)	(56)	(378)
Proceeds from disposal of property, plant and equipment	47	1	10
Purchases of investments	(969)	(1,194)	(4,210)
Proceeds from sales of investments	861	1,143	4,558
Deconsolidation of affiliate	(129)	–	–
Other	–	(1)	(3)
Net cash used in investing activities	<u>(264)</u>	<u>(107)</u>	<u>(23)</u>

Sutter Health and Affiliates

Consolidated Statements of Cash Flows (continued) (Unaudited) (Dollars in millions)

	Three months ended		Year ended
	March 31,		December 31,
	2022	2021	2021
Financing activities			
Payment on line of credit	\$ (800)	\$ (400)	\$ (400)
Proceeds from borrowings on line of credit	800	–	–
Payments of long-term obligations	(2)	(2)	(28)
Proceeds from issuance of long-term obligations	1	1	5
Restricted contributions and related investment income	11	10	85
Distributions to noncontrolling interests	(18)	(21)	(81)
Net cash used in financing activities	(8)	(412)	(419)
Net decrease in cash and cash equivalents	(241)	(452)	(434)
Cash and cash equivalents at beginning of year	735	1,169	1,169
Cash and cash equivalents at end of period	\$ 494	\$ 717	\$ 735

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements

(Dollars in millions)

ORGANIZATION

Sutter Health is a California not-for-profit corporation that is the parent of a multi-provider integrated health care delivery system headquartered in Sacramento, California, which includes a centralized support group and various health care-related businesses operating primarily in Northern California. Sutter Health and its affiliates and subsidiaries provide health care, education, research and administrative services.

Sutter Health's integrated health care delivery system includes acute care, medical foundations, fundraising foundations and a variety of other specialized health care services. These entities are commonly referred to as the affiliates. Most acute care hospitals provide a full range of medical services (e.g., surgical, intensive care, emergency room, and obstetrics). All emergency rooms provide emergency care, regardless of a patient's ability to pay. Sutter Health and its affiliates also serve their communities with various programs, such as health education, health libraries, school-based clinics, home health care, hospice care, adult day care, prenatal clinics, community clinics, immunization services, and health professions education.

ACCOUNTING POLICIES

Basis of Consolidation: The Unaudited Interim Consolidated Financial Statements for Sutter Health and its controlled affiliates and subsidiaries (Sutter) have been prepared in accordance with United States (U.S.) Generally Accepted Accounting Principles and should be read in conjunction with Sutter's 2021 Audited Financial Statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Unaudited Interim Consolidated Financial Statements include all normal and recurring adjustments that are considered necessary in the opinion of management for the fair presentation of the financial position and operating results for the periods reported. Certain estimates and assumptions are made to prepare these Unaudited Interim Consolidated Financial Statements. Interim results of operations are not necessarily indicative of the results that may be expected for any future period or for a full year.

Samuel Merritt University (SMU) and Sutter Bay Hospitals (SBH) mutually agreed for SMU to disaffiliate from SBH to allow each organization to respond more effectively to the needs of the communities they serve and further their respective missions. As of January 1, 2022, SMU became an independent nonprofit public benefit corporation, which resulted in a Loss on deconsolidation of SMU of \$283 in the Consolidated Statements of Operations and Changes in Net Assets in 2022.

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

ACCOUNTING POLICIES (continued)

Securities Lending: In May 2021, Sutter began participating in securities lending transactions with its investment custodian whereby Sutter lends a portion of its securities to various brokers in return for securities as collateral for the securities loaned, usually on a short-term basis. Noncash collateral provided by the brokers generally approximates 102% to 105% of the fair value of the securities on loan and is adjusted for daily market fluctuations. Sutter earns a rebate on the loaned securities. Neither Sutter nor its investment custodian has the ability to pledge or sell securities received as collateral unless a borrower defaults, therefore, these transactions are not recorded on the balance sheet. As of March 31, 2022, and December 31, 2021, the fair value of securities on loan is \$508 and \$503, respectively, and the related noncash collateral is \$541 and \$531, respectively.

Sutter's noncontributory defined benefit plan also participates in a securities lending arrangement (see Postretirement Benefits).

SIGNIFICANT EVENTS – COVID-19

The need for Sutter to adjust its entire integrated network to respond to the COVID-19 pandemic has been, and continues to be, a costly and difficult endeavor. COVID-19 has negatively impacted patient service revenues and expenses due to several factors, including the scope and duration of community shelter-in-place orders, which began in March 2020 and continued intermittently throughout 2020, 2021 and into 2022, business closures and other restrictions, increases in the number of uninsured patients as a result of higher rates of unemployment, and increases in incremental expenses required for supplies and personal protective equipment. These financial statements include the impact of these factors on the information provided herein as of and for the three months ended March 31, 2022 and the year ended December 31, 2021. Because of these uncertainties, Sutter cannot estimate the length or severity of the impact of COVID-19 on Sutter's operations, which could continue to impact cash flows, revenues, reserves, and potential impairments of goodwill and long-lived assets.

Sutter received \$88 and \$59 in Coronavirus Aid, Relief, and Economic Security (CARES) Act Relief Funds (Relief Funds) from the Department of Health & Human Services for the three months ended March 31, 2022 and the year ended December 31, 2021. These Relief Funds are not subject to repayment and based on an analysis of the compliance and reporting requirements of the Relief Funds and the impact of the pandemic on Sutter's operating results, Sutter believes the applicable terms and conditions have been met to recognize the Relief Funds. Sutter reported Relief Funds of \$87 and \$68 as Contributions and \$1 and \$12 as Patient service revenues in the Consolidated Statements of Operations and Changes in Net Assets for the three months ended March 31, 2022 and the year ended December 31, 2021. Sutter will continue to monitor the terms and conditions of the

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

SIGNIFICANT EVENTS – COVID-19 (continued)

CARES Act and the impact of COVID-19 on revenues and expenses. If Sutter is unable to comply with future terms and conditions, the ability to retain some or all of the Relief Funds received may have an impact on the revenue recognized historically or in the future.

Additionally, during 2020, Sutter received \$999 from the Centers For Medicare and Medicaid Services (CMS) as part of the Accelerated and Advance Payment Program (AAPP), pursuant to which providers receive advance Medicare disbursements and are considered a loan that providers have to pay back as offsets from future services. The Consolidated Balance Sheets include \$437 and \$592 in Other accrued expenses related to these advance payments, as of March 31, 2022 and December 31, 2021, respectively, with repayment to occur based upon terms and conditions of the AAPP.

The CARES Act also provides for a deferral of payments of the employer portion of payroll tax incurred during the pandemic, allowing half of such payroll taxes to be deferred until December 31, 2021, and the remaining half deferred until December 31, 2022. As of March 31, 2022, Sutter has deferred payroll taxes of \$102 that are reported in Accrued salaries and related benefits in the Consolidated Balance Sheets. Additionally, the CARES Act created a payroll tax credit designed to encourage companies to retain employees during the pandemic. In 2020, Sutter evaluated its eligibility for this credit and recorded \$13 of employee retention payroll tax credits pursuant to the CARES Act. These tax credits are reported as Other operating revenues in the Consolidated Statements of Operations and Changes in Net Assets. As of March 31, 2022, the related receivable balance is \$12.

FAIR VALUE MEASUREMENTS

Sutter accounts for certain assets at fair value. A fair value hierarchy for valuation inputs has been established to prioritize the valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels, which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1: Quoted prices are available in active markets for identical assets as of the measurement date.

Level 2: Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets.

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

FAIR VALUE MEASUREMENTS (continued)

Level 3: Pricing inputs are generally unobservable for the assets and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets. The fair values are therefore determined using factors that involve judgment and interpretations, including, but not limited to, private and public comparables, third-party appraisals, discounted cash flow models, fund manager estimates and net asset valuations provided by the underlying private investment companies and/or their administrators. Sutter held no Level 3 financial instruments as of March 31, 2022 and December 31, 2021.

The fair value of Sutter's assets measured on a recurring basis consists of the following:

	March 31, 2022		
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Liquid investments			
Cash equivalents	\$ 243	\$ –	\$ 243
Equity securities			
U.S. equity	1,098	–	1,098
Foreign equity	526	–	526
Fixed income securities			
U.S. government	711	–	711
U.S. government agencies	–	8	8
U.S. state and local government	–	39	39
U.S. federal agency mortgage-backed	–	341	341
Foreign government	–	238	238
U.S. corporate	15	902	917
Foreign corporate	7	270	277
	\$ 2,600	\$ 1,798	\$ 4,398
Investments measured at net asset value			3,722
			\$ 8,120

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

FAIR VALUE MEASUREMENTS (continued)

	December 31, 2021		
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Liquid investments			
Cash equivalents	\$ 226	\$ —	\$ 226
Equity securities			
U.S. equity	1,297	—	1,297
Foreign equity	570	—	570
Fixed income securities			
U.S. government	698	—	698
U.S. government agencies	—	8	8
U.S. state and local government	—	42	42
U.S. federal agency mortgage-backed	—	345	345
Foreign government	—	352	352
U.S. corporate	60	938	998
Foreign corporate	8	268	276
	\$ 2,859	\$ 1,953	\$ 4,812
Investments measured at net asset value			3,499
			\$ 8,311

As of March 31, 2022 and December 31, 2021, the Level 2 instruments listed in the fair value hierarchy tables above use the following valuation techniques and inputs:

U.S. government agencies securities: The fair value of investments in U.S. government agencies securities classified as Level 2 is primarily determined using consensus pricing methods of observable market-based data. Significant observable inputs include quotes, spreads, and data points for yield curves.

U.S. state and local government securities: The fair value of U.S. state and local government securities classified as Level 2 is determined using a market approach. The inputs include yield benchmark curves, prepayment speeds, and observable market data, such as institutional bids, dealer quotes, and two-sided markets.

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

FAIR VALUE MEASUREMENTS (continued)

U.S. federal agency mortgage-backed securities: The fair value of U.S. federal agency mortgage-backed securities classified as Level 2 is primarily determined using matrices. These matrices utilize observable market data of bonds with similar features, prepayment speeds, credit ratings, and discounted cash flows. Additionally, observed market movements, tranche cash flows and benchmark yields are incorporated in the pricing models.

Foreign government and corporate securities: The fair value of investments in foreign government and corporate securities classified as Level 2 is primarily determined using consensus pricing methods of observable market-based data. Significant observable inputs include quotes, bid and ask yields, and issue-specific factors.

U.S. corporate securities: The fair value of investments in U.S. corporate securities classified as Level 2 is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include reported trades, dealer quotes, security-specific characteristics, and multiple sources of spread data points in developing yield curves.

Investments measured at net asset value (NAV): Certain investments that are measured using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The NAV amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Balance Sheets.

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

FAIR VALUE MEASUREMENTS (continued)

Certain of the investments are reported using a calculated NAV per share (or its equivalent). These investments are not expected to be sold at amounts that are different from NAV. The following tables and explanations identify attributes relating to the nature and risk of such investments:

	March 31, 2022			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled funds – U.S. equity securities	\$ 263	\$ –	Daily	1 day
Commingled funds – foreign equity securities	504	–	Monthly	5–30 days
Commingled funds – debt securities	138	–	Daily	3 days
Commodity-linked funds	354	–	Daily	None, 1 day
Hedge funds	1,518	–	Monthly, Quarterly, Annually	10–120 days
Private equity funds	564	420	None	None
Private equity real estate funds	381	256	None, Quarterly	None, 90 days
	\$ 3,722	\$ 676		

	December 31, 2021			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled funds – U.S. equity securities	\$ 272	\$ –	Daily	1 day
Commingled funds – foreign equity securities	538	–	Monthly	5–30 days
Commingled funds – debt securities	147	–	Daily	3 days
Commodity-linked funds	296	–	Daily	None, 1 day
Hedge funds	1,352	–	Monthly, Quarterly, Annually	10–120 days
Private equity funds	525	447	None	None
Private equity real estate funds	369	254	None, Annually	None, 90 days
	\$ 3,499	\$ 701		

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

FAIR VALUE MEASUREMENTS (continued)

Commingled funds – U.S. and foreign equity securities: This class includes investments in commingled funds that invest primarily in U.S. or foreign equity securities and attempt to match the returns of specific equity indices. As of March 31, 2022, approximately 34% of this class is redeemable daily with a notice period of 1 day. The remaining 66% of this class is redeemable monthly with a notice period of 5 to 30 days.

Commingled funds – debt securities: This class includes investments in commingled funds that invest primarily in U.S. debt, of which the majority are traded in over-the-counter markets. As of March 31, 2022, these funds are redeemable daily with a notice period of 3 days.

Commodity-linked funds: This class includes commodity-linked funds that pursue long-only fully collateralized commodity futures strategies to provide diversification and inflation protection. As of March 31, 2022, these funds are redeemable daily with no notice period or a notice period of 1 day.

Hedge funds: This class includes investments in hedge funds that expand the universe of potential investment approaches available by employing a variety of strategies and techniques within and across various asset classes. The primary objective for these funds is to balance returns, while limiting volatility by allocating capital to external portfolio managers selected for expertise in one or more investment strategies that may include, but are not limited to, equity long/short, event driven, relative value, and directional. The following summarizes the redemption criteria for the hedge fund portfolio as of March 31, 2022:

% of Hedge Funds	Redemption Criteria	Notice Period
52%	Redeemable monthly	10–90 days
10%	Redeemable quarterly	45–120 days
3%	Redeemable within one year, with quarterly gates from 25% to 100%	65–120 days
12%	Limited to a 25% gate, redeemable quarterly	60–120 days
3%	Redeemable annually	95 days
3%	One-year lock-up expiring in January 2023	45–95 days
12%	Two-year rolling lock-up expiring in December 2023 and quarterly gate limited to 10% annually	60–120 days
5%	Redeemable over five years after a rolling annual election with quarterly payments or limited to a 5% quarterly gate	120 days

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

FAIR VALUE MEASUREMENTS (continued)

Private equity funds: This class includes domestic and foreign private equity funds that specialize in providing capital to a variety of investment groups including, but not limited to venture capital, leveraged buyout, mezzanine debt, distressed debt, and other strategies, which may include land, water processing, and alternative energy. There is no provision for redemptions during the life of these funds.

Private equity real estate funds: This class includes domestic and foreign investments in real estate that are held in limited partnership funds, joint ventures, and other investments comprised of retail, office, industrial, and multi-family properties. As of March 31, 2022, 3% of this class is redeemable quarterly, with a notice period of at least 90 days. There is no provision for redemptions during the life of these funds for the remaining 97%.

LONG-TERM OBLIGATIONS

Long-term obligations consist of the following:

	March 31, 2022
Tax-exempt revenue bonds under the Sutter Health Master Indenture of Trust, fixed interest at 4.0% to 5.0%, through 2048 (includes net unamortized premiums and discounts of \$132 and debt issuance costs of (\$7) as of March 31, 2022)	\$ 1,704
Taxable bonds under the Sutter Health Master Indenture of Trust, fixed interest at 1.32% to 4.09%, through 2050 (includes unamortized discount of (\$3) and debt issuance costs of (\$12) as of March 31, 2022)	2,662
Various collateralized and unsecured obligations	16
Obligations under finance leases	192
	<u>4,574</u>
Less current portion	(25)
	<u>\$ 4,549</u>

The central financing vehicle for Sutter is the Obligated Group. Those entities that comprise the Obligated Group are each nonprofit public benefit corporations organized and existing under the laws of the State of California. Only the Obligated Group members are subject to the covenants under the Master Trust Indenture, dated as of October 1, 2020. Each Obligated Group member has granted to the Master Trustee a security interest in its

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

LONG-TERM OBLIGATIONS (continued)

gross receivables to secure the timely payment and performance of its covenants under the Master Trust Indenture.

In March 2020, Sutter Health entered into a short-term credit facility and drew down \$400. In February 2021, Sutter Health paid down the outstanding amount and terminated the credit facility. In April 2020, Sutter Health entered into another \$100 credit facility, which it never drew upon, and, in February 2021, Sutter Health terminated this credit facility. In February 2021, Sutter Health entered into a new short-term credit facility with commercial banks for \$500, which matures in February 2024. In April 2021, Sutter Health increased the aggregate amount available to Sutter Health under this credit facility to \$900. In March 2022, Sutter Health drew \$800 on the credit facility, which it repaid in late March 2022. There are currently no draws outstanding under this credit facility.

LEASES

Lease-related assets and liabilities are recorded on the balance sheet as follows:

	Classification	March 31,		December 31,
		2022	2021	2021
Right-of-use Assets				
Operating	Other non-current assets	\$ 391	\$ 459	\$ 418
Finance	Property, plant and equipment, net	162	169	164
		\$ 553	\$ 628	\$ 582
Current Liabilities				
Operating	Other accrued expenses	\$ 103	\$ 109	\$ 108
Finance	Current portion of long-term obligations	4	3	4
Non-current Liabilities				
Operating	Other	345	404	371
Finance	Long-term obligations, less current portion	188	190	189
		\$ 640	\$ 706	\$ 672

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

OPERATING REVENUES

Sutter records revenue in four financial statement categories: Patient service revenues, Premium revenues, Contributions, and Other. Performance obligations are identified based on the nature of the services provided.

Sutter elected the practical expedient and does not adjust the promised amount of consideration for the effects of a significant financing component, due to Sutter's expectation that the period between the time the service is provided and the receipt of payment will be one year or less. However, Sutter does, in certain instances, enter into payment agreements that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract. Additionally, Sutter elected to apply the optional exemption, because all of its performance obligations relate to contracts with a duration of less than one year. Therefore, Sutter is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially satisfied at the end of the reporting period.

Patient service revenues: Sutter's Patient service revenues are reported at the amount that reflects the consideration to which Sutter expects to be paid for providing patient care. These amounts are due from patients and third-party payers, including health insurers and government programs. Patients who meet Sutter's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue. Generally, Sutter bills patients and third-party payers after services are performed.

Patient service revenues are recognized as performance obligations are satisfied. Inpatient services are performance obligations satisfied over time and revenue is recognized based on actual charges incurred in relation to total expected or actual charges. Unsatisfied or partially unsatisfied performance obligations relate to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period. Outpatient services are performance obligations satisfied at a point in time and revenue is recognized when goods or services are provided, and Sutter does not believe it is required to provide additional goods or services.

Sutter uses a portfolio approach to account for categories of patient contracts as a collective group, rather than recognizing revenue on an individual contract basis. The portfolios consist of major payer classes for inpatient and outpatient revenue. Based on historical collection trends, Sutter believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach had been used.

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

OPERATING REVENUES (continued)

The health care industry is subject to voluminous and complex laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement laws and regulations, anti-kickback and anti-referral laws and false claims prohibitions and, in the case of tax-exempt affiliates, the requirements of tax exemption. Sutter Health operates an Ethics and Compliance Program, which reviews compliance with government health care program requirements and investigates allegations of non-compliance received from internal and external sources. From time to time, findings may result in repayment of monies previously received from government and other third-party payers and/or disclosure of such overpayments including, but not limited to, disclosure to CMS and its contracted agents, or the Office of Inspector General, Department of Health and Human Services. As a result, there is at least a reasonable possibility that the recorded estimates may change by a material amount in the near term.

The majority of Sutter's services are provided to patients with third-party coverage and Sutter has agreements with third-party payers that provide for payments to Sutter at contractually adjusted amounts. Patient service revenues are estimated based on the terms of the contractual agreement with the payer, Sutter's historical settlement activity and other information. Settlements with third-party payers for retroactive adjustments due to audits, reviews or investigations are considered variable consideration, and are included in the determination of Patient service revenues when information becomes available. Additional revenues arising from a change in the estimate of transaction price concessions for performance obligations satisfied in prior years were \$72 and \$30 for the three months ended March 31, 2022 and 2021, respectively.

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

OPERATING REVENUES (continued)

Payment arrangements are as follows:

Medicare: Inpatient acute care services and outpatient services provided to Medicare program beneficiaries are paid at prospectively determined rates per diagnosis. Sutter is paid for cost-reimbursable items at a tentative rate. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates. Amounts received from the Medicare programs are subject to audit and final settlement by a Medicare Administrative Contractor after submission of annual cost reports. Sutter's Medicare cost reports have been audited generally through December 31, 2017. The estimated net settlement balances and adjustments from the finalization of prior-year cost reports were immaterial in 2022 and 2021.

Medi-Cal: Inpatient and outpatient services provided to Medi-Cal program beneficiaries are paid either under contracted rates or cost-reimbursable items at a tentative rate. Services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member. Amounts received from Medi-Cal programs are subject to audit and final settlement by the California Department of Health Care Services after submission of annual cost reports. Sutter's Medi-Cal cost reports have been audited generally through December 31, 2017. The estimated net settlement balances and adjustments from the finalization of prior-year cost reports were immaterial in 2022 and 2021.

Commercial: Inpatient and outpatient services provided to patients covered under commercial insurance policies are paid using a variety of payment methodologies based on contractual agreements. The transaction price for commercial payers is reduced by explicit contractual adjustments and implicit price concessions based on collection history with this portfolio of patients.

Other: Inpatient and outpatient services provided to patients, not covered by third-party payers, are paid based on Sutter's policies and the patient's ability to pay. Sutter reduces the transaction price by implicit price concessions to uninsured patients and patients with uninsured balances, such as copays and deductibles. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts Sutter expects to collect based on its collection history with this portfolio of patients. Subsequent changes to the estimates are considered variable consideration and are included in Patient service revenues when information becomes available.

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

OPERATING REVENUES (continued)

As part of its Patient service revenues analysis, Sutter examines the fluctuations in payer, geographical area, and entity type as each factor represents a varying degree of uncertainty regarding the nature, timing, and extent of payments.

The composition of Patient service revenues by payer is as follows:

	Three months ended March 31,	
	2022	2021
Medicare	\$ 850	\$ 815
Medi-Cal	294	421
Commercial	1,784	1,606
Other	44	51
	\$ 2,972	\$ 2,893

The composition of Patient service revenues, based on Sutter's areas of operations and entity types, is as follows:

	Three months ended March 31, 2022			
	Sutter Health Bay Area	Sutter Health Valley Area	Other	Total
Acute Care	\$ 1,066	\$ 928	\$ 31	\$ 2,025
Medical Foundation	651	310	-	961
Other	31	7	166	204
Eliminations	(30)	(27)	(161)	(218)
	\$ 1,718	\$ 1,218	\$ 36	\$ 2,972

	Three months ended March 31, 2021			
	Sutter Health Bay Area	Sutter Health Valley Area	Other	Total
Acute Care	\$ 997	\$ 857	\$ 29	\$ 1,883
Medical Foundation	587	308	-	895
Other	28	7	164	199
Eliminations	(27)	(27)	(30)	(84)
	\$ 1,585	\$ 1,145	\$ 163	\$ 2,893

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

OPERATING REVENUES (continued)

The State of California enacted legislation for a hospital fee program to fund certain Medi-Cal coverage expansions. The program charges certain hospitals a quality assurance fee that is used to obtain federal matching funds for Medi-Cal, with the proceeds redistributed as supplemental payments to California hospitals that treat Medi-Cal patients. There are two approved hospital fee programs: a 30-month hospital fee program covering the period from July 1, 2019 through December 31, 2021 that had activity in activity in 2022 and 2021 and a 30-month hospital fee program covering the period from January 1, 2017 through June 30, 2019 that had activity in 2021. Supplemental payments met all criteria related to revenue recognition, and the quality assurance fees are both probable and estimable. Accordingly, all related supplemental payments were recognized as revenue and related quality assurance fees recognized as expense in 2021.

In December 2021, a 12-month hospital fee program was established covering the period January 1, 2022 through December 31, 2022. All components have been submitted to CMS and are pending approval. The related revenue and expense did not meet criteria for revenue to be recognized and are not included in the March 31, 2022 financials.

Patient service revenues and Other expenses include amounts for the hospital fee program as follows:

	Three months ended March 31, 2022		2021		Year ended December 31, 2021	
Hospital fee program revenue	\$	–	\$	128	\$	514
Hospital fee program expense		–		(82)		(328)
Income from operations from hospital fee program	\$	–	\$	46	\$	186
				March 31, 2022		December 31, 2021
Other receivables	\$	480	\$	596	\$	628
Accounts payable	\$	213	\$	266	\$	298

Premium revenues: Sutter has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, preferred provider organizations, and members of individual and family plans and subscribing employers for small and large cap coverage. The basis for payment to Sutter, under these agreements, includes capitated

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

OPERATING REVENUES (continued)

arrangements, prospectively determined rates per diagnosis, prospectively determined daily rates, rates by demographics and rates by a number of factors, including experience. The transaction price may be reduced by discounts, reinsurance premiums, and implicit price concessions based on collection history. Other adjustments may include prior year settlements, stop loss recoveries, ceded premiums and risk adjustment factors. Performance obligations are satisfied over the passage of time by standing ready to provide services.

Settlements with third-party payers for retroactive adjustments are considered variable consideration and are included in the determination of Premium revenues when information becomes available. There are no adjustments from the finalization of prior-year settlements and adjustments arising from a change in the transaction price were immaterial for the three months ended March 31, 2022 and 2021, respectively.

As part of its Premium revenues analysis, Sutter examines the fluctuations in geographical area and entity type, as each factor represents a varying degree of uncertainty regarding the nature, timing and extent of payments. Sutter's premium revenue is reported at an amount that reflects the consideration to which Sutter expects to be paid.

The composition of Premium revenues, based on Sutter's areas of operations and lines of business, is as follows:

	Three months ended March 31, 2022			
	Sutter Health Bay Area	Sutter Health Valley Area	Other	Total
Acute Care	\$ 50	\$ 111	\$ –	\$ 161
Medical Foundation	85	105	–	190
Insurance	–	–	153	153
Other	–	14	27	41
Eliminations	(1)	(1)	(125)	(127)
	\$ 134	\$ 229	\$ 55	\$ 418

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

OPERATING REVENUES (continued)

	Three months ended March 31, 2021			
	Sutter Health Bay Area	Sutter Health Valley Area	Other	Total
Acute Care	\$ 50	\$ 114	\$ –	\$ 164
Medical Foundation	83	102	–	185
Insurance	–	–	149	149
Other	–	12	28	40
Eliminations	–	(1)	(128)	(129)
	<u>\$ 133</u>	<u>\$ 227</u>	<u>\$ 49</u>	<u>\$ 409</u>

Contributions: Sutter receives contributions and grants from donors and government agencies. Sutter reported \$87 and \$4 as contributions from Relief Funds from the Department of Health & Human Services for the three months ended March 31, 2022 and 2021, respectively (see Significant Events – COVID-19).

Other revenues: Sutter has additional revenue streams from health professionals, rental properties and parking. Revenue is recognized when obligations under the terms of the contract are satisfied. Revenues from these services are measured as the amount of consideration Sutter expects to receive for those services.

POSTRETIREMENT BENEFITS

Sutter sponsors and participates in various employee benefit plans, including a noncontributory defined benefit plan (the “Retirement Plan”), a noncontributory defined contribution plan, and several contributory defined contribution plans. In addition, certain affiliates participate in multiemployer defined benefit retirement plans. Sutter’s total net postretirement benefits were \$55 and \$95 for the three months ended March 31, 2022 and 2021, respectively.

Sutter’s measurement date for plan assets, pension obligations and net periodic pension cost associated with the Retirement Plan is December 31. The Retirement Plan had a net accrued benefit cost of \$107 as of December 31, 2021.

Retirement Plan assets may also be loaned to various brokers in exchange for securities as collateral. As of March 31, 2022, and December 31, 2021, the fair value of securities on loan is \$70 and \$134, respectively, and the related noncash collateral is \$72 and \$137, respectively.

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

POSTRETIREMENT BENEFITS (continued)

Included in Controlling net assets without donor restrictions as of December 31, 2021 are the following amounts that have not yet been recognized in net periodic benefit cost: unrecognized prior service credit of \$298 and unrecognized actuarial loss of \$854.

The components of the Retirement Plan’s net periodic benefit cost are as follows:

	Three months ended		Year ended
	March 31,		December 31,
	2022	2021	2021
Service cost	\$ 76	\$ 94	\$ 361
Interest cost	48	46	185
Expected return on plan assets	(97)	(91)	(368)
Amortization of actuarial loss	5	16	56
Amortization of prior service credit	(7)	–	(6)
	\$ 25	\$ 65	\$ 228

In addition to the Retirement Plan, Sutter also has noncontributory postretirement health benefit plans (the “Health Plans”). Sutter’s measurement date for plan assets, retiree medical obligations and net periodic retiree medical cost associated with the Health Plans is December 31. The Health Plans had a net accrued benefit cost of \$26 as of December 31, 2021.

Included in Controlling net assets without donor restrictions as of December 31, 2021 are the following amounts that have not yet been recognized in net periodic benefit cost: unrecognized prior service cost of \$6 and unrecognized actuarial gain of \$36.

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

POSTRETIREMENT BENEFITS (continued)

The components of the Health Plans' net periodic benefit cost are as follows:

	Three months ended March 31,		Year ended December 31,
	2022	2021	2021
Service cost	\$ 4	\$ 4	\$ 16
Interest cost	2	2	9
Expected return on plan assets	(4)	(4)	(18)
Amortization of prior service cost	–	–	1
Amortization of actuarial gain	–	–	(1)
	\$ 2	\$ 2	\$ 7

Certain affiliates participate in multiemployer defined benefit retirement plans. The risks of participating in multiemployer plans are different from single-employer plans in the following aspects: (i) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (iii) if the affiliates choose to stop participating in the multiemployer plan, the affiliates may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability. Sutter's contributions to such plans were \$3 for the three months ended March 31, 2022 and 2021.

Sutter also maintains various defined contribution plans for eligible employees. Sutter's contributions to such plans were \$25 for the three months ended March 31, 2022 and 2021.

CONTINGENCIES AND COMMITMENTS

Contingencies: From time to time, Sutter receives and responds to investigations and requests concerning possible violations of reimbursement, false claims, anti-kickback and anti-referral statutes and regulations by health care providers from federal and state regulatory agencies, including, but not limited to, CMS, the U.S. Department of Justice (DOJ), the California Attorney General, and the California Department of Public Health. Sutter is also involved in litigation such as medical malpractice and contractual disputes, as both plaintiff and defendant, and other routine labor matters, proposed class-action complaints, tax examinations, security events resulting in potential privacy incidents, internal compliance activities (including those discussed in Operating Revenues) and regulatory investigations and examinations arising in the ordinary course of business.

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

CONTINGENCIES AND COMMITMENTS (continued)

Based on Sutter's assessment of the matters, the uncertainty of litigation, and the preliminary stages of many of the matters, Sutter cannot estimate the reasonable possible loss or range of loss that may result from these matters, except as stated in the financial statements, including this note. However, there can be no assurance that the resolution of any of these matters will not have a material adverse effect on Sutter's consolidated financial position or results of operations. The COVID-19 pandemic continues to generally delay the outcome of many of these matters. Following is a discussion of matters of note.

A plaintiff filed a civil class action lawsuit against Sutter Health and certain affiliates, alleging violations of Federal antitrust law arising out of, among other things, Sutter Health and those certain affiliates' arrangements with health plans. The court certified the class as to injunctive relief and a monetary damages class but excluded plaintiffs' damages claims and ultimately granted summary judgment against plaintiffs for the 2008-2010 time period. The trial for this matter began on February 10, 2022. On March 11, 2022, the jury returned a unanimous verdict in favor of Sutter Health and the affiliates. On April 26, 2022, plaintiffs filed a notice with the court that they will appeal the verdict.

UFCW & Employers Benefit Trust, a self-funded labor union trust fund that accesses the Sutter Health network through Sutter Health's contract with Blue Shield, filed a civil class action lawsuit against Sutter Health and certain affiliates. The lawsuit alleged that Sutter Health and those certain affiliates' contracting practices led to high prices and reduced competition for health care services in violation of state antitrust and unfair competition laws. The California Attorney General filed a separate complaint and the cases were consolidated for all purposes. Sutter Health and the related affiliates maintain their contracting practices were, and remain, in compliance with industry standards and with all applicable laws and regulations. However, to avoid a protracted trial, combined with years of appeals, Sutter Health and the related affiliates agreed to a settlement consisting of a cash payment of \$575, which was accrued in Other expenses in 2019, and injunctive relief, which consists of modifications to contracting practices with insurance companies and certain agreements related to caps on hospital charge increases for the next five years and adjustments to rates for certain out of network services. On August 27, 2021, the court granted final approval of the parties' settlement. Sutter Health paid \$575 in 2021 and is working with a court-appointed monitor who will oversee compliance with the terms of the stipulated injunction.

Two anonymous plaintiffs filed a civil class action lawsuit against Sutter Health, alleging Sutter Health shared the medical information of plaintiffs and a proposed class of similarly situated individuals with third parties without authorization. The court has dismissed the matter with leave to amend three times. Plaintiffs filed a third amended complaint, to which Sutter Health filed a demurrer and is awaiting a determination from the court.

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

CONTINGENCIES AND COMMITMENTS (continued)

Sutter Health and one of its affiliates finalized contractual dispute issues with third-party commercial payers related to a lab outreach program, and those settlement amounts have been reflected in prior financial statements. Management has also responded to inquiries from, and is engaged in settlements discussions with, the DOJ related to the lab outreach program.

Sutter Health received notice from the DOJ that it was investigating Sutter Health and one of its medical foundation affiliates for potential False Claims Act violations in connection with the provision of diagnostic and other data submitted to Medicare Advantage (MA) organizations or MA plans related to MA enrollees who have received medical services from the medical foundation affiliate. The DOJ later expanded the scope of its investigation to include Sutter's other medical foundation affiliates. In April 2019, Sutter Health and those other medical foundation affiliates agreed to settle certain of the government's claims on an overpayment basis for \$30. As to the medical foundation affiliate initially investigated by the DOJ, the government intervened in the lawsuit that prompted the investigation. The relator who brought the lawsuit on behalf of the government also maintained certain additional claims against the other medical foundation affiliates. On August 30, 2021, Sutter Health and all its medical foundation affiliates finalized an agreement with the DOJ to resolve the remainder of the matter for \$60. Sutter Health and its medical foundation affiliates also entered into a Corporate Integrity Agreement with the Office of Inspector General of the Department of Health and Human Services. The settlement amounts have been reflected in prior financial statements.

Two separate proposed class-action complaints were filed against Sutter Health and subsequently consolidated by the courts, alleging that Sutter Health, as fiduciaries of Sutter Health's 403(b) savings plan (Plan), and Sutter Health's Retirement Benefits Investment Committee (RBIC) breached the fiduciary duties of loyalty and prudence that they owed to the Plan, to plaintiffs, and others under the Employee Retirement Income Security Act (ERISA). The complaint asserts claims for: (1) breach of fiduciary duty related to the selection of investment options and failure to monitor other fiduciaries of the Plan; (2) failure to monitor against Sutter Health for failing to adequately monitor the RBIC and against the RBIC for failing to monitor delegated appointees; and (3) an alternative claim of liability for knowing breach of trust against all defendants seeking equitable relief in the event any of the defendants are not deemed a fiduciary or co-fiduciary under ERISA. Sutter Health filed a motion to dismiss the consolidated complaint.

A plaintiff filed a proposed class action lawsuit against Sutter Health and certain affiliates, premised on the theory that Sutter Health and the related affiliates submitted and received payment from plaintiff for anesthesia services that were either not provided, separately billed by a third party anesthesiologist, or reimbursed through other charges on the

Sutter Health and Affiliates

Notes to Unaudited Interim Consolidated Financial Statements (continued)

(Dollars in millions)

CONTINGENCIES AND COMMITMENTS (continued)

affiliates' bills. The court certified the class and the trial for this matter is currently scheduled for August 2023.

As of March 31, 2022, Sutter has approximately 53,000 employees. Approximately 25% of these 53,000 employees are represented by collective bargaining units and 48% of the agreements have expired or will expire within one year. Sutter is currently in negotiation or will be in negotiation during 2022 for successor agreements. While working to mitigate any potential work stoppages through successful negotiations, Sutter remains prepared to address the possibility of work stoppages. Should such disruptions occur, they may have a material adverse effect on the operations or on the financial position or results of operations of Sutter. Despite these uncertainties, Sutter remains committed to bargaining in good faith, evaluating positions that remain grounded in the realities of market pay and practices, reflecting business priorities, and acknowledging the needs of the workforce. Additionally, Sutter faces the difficulties of operating in a competitive and complex Northern California labor market further exacerbated by the protracted challenges of the COVID-19 pandemic.

Commitments: Sutter is required to remediate certain of its health care facilities to comply with earthquake retrofit requirements under a State of California law, which is estimated at a cost of \$3,600 (unaudited). Sutter's care facilities subject to these requirements are compliant or have received extensions to bring the facilities into compliance no later than 2030. Sutter is undertaking a comprehensive review of the System's strategic initiatives and priorities across various timelines, including its capital allocation plan. Factors under consideration include the impact of the COVID-19 pandemic, federal and state regulations, and the rapidly evolving health care delivery environment. Any update of the System's strategic framework will build on Sutter's key objectives to deliver health care that is safe, personal, affordable and accessible. Given the impact of the pandemic, Sutter is also actively evaluating the timing and scope of Sutter's capital requirements, facility utilization, and resource allocations in 2022 and over the next several years and is considering all options. The current commitments are estimated at \$900 (unaudited). Sutter remains committed to prioritizing capital investments that strengthen affordability and quality of care, while ensuring all capital decisions remain carefully considered, strategic, and effective.

SUBSEQUENT EVENTS

Sutter has evaluated subsequent events and disclosed all material events through May 4, 2022, which is the date these Unaudited Interim Consolidated Financial Statements were issued.

Sutter Health and Affiliates

Management's Discussion & Analysis

(Dollars in millions)

CONSOLIDATED ANALYSIS

For the three months ended March 31, 2022, compared to the three months ended March 31, 2021

Total operating revenues increased \$126, or 3.7%, for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. Patient service revenues increased \$79, or 2.7%, from the same period in 2021. Hospital fee program revenue has not been recorded for 2022 as the hospital fee program covering the period from January 1, 2022 to December 31, 2022 is not yet approved. Contributions increased \$84, or 840%, from the same period in 2021, primarily due to federal grants related to COVID-19. Other revenue decreased \$46, or (38.3%), from the same period in 2021, primarily due to SMU's disaffiliation in January 2022.

Total operating expenses decreased \$18, or (0.5%), for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. Salaries and Benefits decreased \$52, or (3.1%), due to a reduction of employees and additional pension related cost in 2021. Purchased services increased \$125, or 14.2%, primarily due to professional fees expense. Other expense decreased \$114, or (46%), compared to the three months ended March 31, 2021, primarily due to hospital fee program expense not being recorded for 2022 as the hospital fee program covering the period from January 1, 2022 to December 31, 2022 is not yet approved.

Income from operations was \$95 for the three months ended March 31, 2022, compared to a loss from operations of \$49 for the three months ended March 31, 2021. Earnings (excluding investment income) before interest expense, taxes, depreciation and amortization (EBITDA) for the three months ended March 31, 2022, increased \$138 from \$169 in 2021, to \$307 in 2022.

There was an unfavorable market in the first quarter of 2022. Investment income for the three months ended March 31, 2022 was \$56, compared to \$150 for the three months ended March 31, 2021 and the change in net unrealized gains and losses on investments for March 31, 2022 was a loss of \$161, compared to a gain of \$76 for the same period in 2021.

The Sutter Health System's asset allocation targets on March 31, 2022 and March 31, 2021 were 25% equities, 39% fixed income, and 36% alternative investments.

Loss attributable to Sutter Health was \$184 for the three months ended March 31, 2022, compared to income attributable to Sutter Health of \$189 for the three months ended March 31, 2021. The decrease is due to a decrease in investment income of \$94, a decrease in change in net unrealized gains and losses on investments of \$237, and a loss on

Sutter Health and Affiliates

Management's Discussion & Analysis (continued)

(Dollars in millions)

CONSOLIDATED ANALYSIS (continued)

deconsolidation of affiliate of \$208, offset by an increase in income from operations of \$144 and an increase in other components of net periodic postretirement cost of \$21. The operating margin increased to 2.7% from (1.4%) for the same year-over-year period comparison.

CONTINUING DISCLOSURE REPORT OF SUTTER HEALTH AS OF AND FOR THE FISCAL QUARTER ENDED MARCH 31, 2022

This report (the “Continuing Disclosure Report”) contains an update of certain information contained in Appendix A of the Offering Memorandum or Official Statements, as applicable, related to the issues identified below (collectively, the “Bonds”) pursuant to Sutter Health’s undertakings under the related continuing disclosure agreements (collectively, the “Disclosure Agreements”).

Unless otherwise required by the context, all terms used herein that are defined in the bond indentures related to the Bonds, by and between Sutter Health and Wells Fargo Bank, National Association, or by and between Sutter Health and U.S. Bank, National Association, as applicable, shall have the meanings assigned to them therein, except as set forth herein.

CUSIP*	CUSIP*
California Health Facilities Financing Authority Refunding Revenue Bonds (Sutter Health), Series 2016B	13032UDD7, 13032UDE5, 13032UDF2, 13032UDG0, 13032UDH8, 13032UDJ4, 13032UDK1, 13032UDL9, 13032UDM7, 13032UDN5, 13032UDP0, 13032UDQ8, 13032UDR6, 13032UDS4, 13032UDV7, 13032UDT2, 13032UXH6
California Health Facilities Financing Authority Refunding Revenue Bonds (Sutter Health), Series 2017A	13032UNK0, 13032UNL8, 13032UNM6, 13032UNN4, 13032UNP9, 13032UNQ7, 13032UNR5, 13032UNS3, 13032UNT1, 13032UNU8, 13032UNV6, 13032UNW4, 13032UNX2, 13032UNY0
California Health Facilities Financing Authority Revenue Bonds (Sutter Health), Series 2018A	13032UQV3, 13032UQW1, 13032UQX9, 13032UQY7, 13032UQZ4, 13032URA8, 13032URB6, 13032URC4, 13032URD2, 13032URE0, 13032URF7, 13032URG5, 13032URH3, 13032URJ9, 13032URK6, 13032URL4, 13032URM2, 13032URN0, 13032URP5
Sutter Health Taxable Bonds, Series 2018A	86944BAD5, 86944BAE3
Sutter Health Taxable Bonds, Series 2020A	86944BAF0, 86944BAG8, 86944BAH6, 86944BAJ2

* A registered trademark of The American Bankers Association (“ABA”). CUSIP numbers are provided by the CUSIP Service Bureau (“CSB”), operated by Standard & Poor’s, a Division of The McGraw-Hill Companies on behalf of ABA. This data is not intended to create a database and does not serve in any way as a substitute for the CSB database. CUSIP numbers are provided for convenience of reference only. Sutter Health does not assume any responsibility for the accuracy of such numbers.

COVID-19

COVID-19, a respiratory disease caused by a novel strain of coronavirus, has spread around the world, including in Northern California where the Obligated Group primarily does business. Since the Centers for Disease Control and Prevention (“CDC”) confirmed the spread of the disease to the United States in January 2020 and the World Health Organization declared COVID-19 a pandemic in March 2020, the federal government and the State of California have declared, and remain in, a state of emergency. The State of California was one of the first states in the United States with a confirmed case of COVID-19 on January 26, 2020, and California Governor Gavin Newsom was the first governor to issue a community shelter-in-place order on March 19, 2020.

Since May 2020, Governor Newsom and the California Department of Public Health released guidance regarding the ability of certain industry sectors to open or remain open, based on specified criteria, stages, and timelines. This guidance has resulted in regional variance among California counties and industries therein and continues to be updated in response to pandemic trends and progress in California’s efforts to administer COVID-19 vaccines.

COVID-19 requires the Obligated Group to continue to adjust its entire integrated network to respond to the pandemic. These efforts include expanding its in-house COVID testing capabilities, adding general and ICU bed capacity, increasing telehealth capacity and remote working capabilities, coordinating with clinicians and medical groups to spread best practices, as well as developing COVID-19 units to isolate and treat COVID-19-positive patients while safeguarding the health of patients and the workforce. Upon rollout of multiple COVID-19 vaccines in late 2020, the Sutter Health system moved to procure additional necessary supplies and administer vaccines to its patients as quickly and efficiently as possible. These efforts have occurred amid evolving and sometimes conflicting guidance from federal, state and local authorities, economic uncertainties, and severe climate and weather events, including recent wildfires.

This Continuing Disclosure Report includes the impact of COVID-19 on the information included herein as of and for the fiscal quarter ended March 31, 2022.

Employees, Unions and Collective Bargaining Units

As of March 31, 2022, the Sutter Health system had approximately 53,000 employees, of whom approximately 34,000 were full-time employees. Approximately 7,000 of these 53,000 employees were employed by Sutter Health and the remaining employees were employed by Sutter Health affiliates. Approximately 25% of these 53,000 employees, employed at 21 Sutter Health facilities, were represented by labor unions in 60 collective bargaining units as of March 31, 2022. A total of 37 bargaining units are or will be in negotiations during 2022. Of these, 8 bargaining units are presently in negotiation for an initial agreement. An additional 29 collective bargaining agreements have expired or will expire in 2022, and are currently in negotiation or will be in negotiation during 2022 for successor agreements. In connection with negotiations for an initial or successor collective bargaining agreement, there could be work stoppages or other adverse labor actions and potential sympathy walkouts. Fair, market aligned negotiations focused on finding mutually agreeable resolutions remain the best means for avoiding labor disruptions and preserving continuity of care for the communities the Sutter Health System serves. While working to mitigate any potential work stoppages through successful negotiations, the Sutter Health System remains prepared to address the possibility of work stoppages. Should such disruptions occur, they may have a material adverse effect on the operations or on the financial position or results of operations of the Obligated Group taken as a whole.

List of Obligated Group Members

As of March 31, 2022, the Obligated Group Members consisted of the following:

- Sutter Bay Hospitals
- Sutter Bay Medical Foundation
- Sutter Coast Hospital
- Sutter Health
- Sutter Valley Hospitals
- Sutter Valley Medical Foundation
- Sutter Visiting Nurse Association and Hospice

Obligated Group Utilization Data

The following table summarizes the Obligated Group's acute care facility utilization data as of and for the three months ended March 31, 2022.

Obligated Group Acute Care Facility Utilization Data

Data Presented	As of and for the three months ended March 31, 2022
Licensed Beds ⁽¹⁾	4,049
Beds in Service	3,883
Admissions ⁽²⁾	43,759
Patient Days ⁽²⁾	217,744
Average Length of Stay (Days)	5.0
Occupancy % ⁽³⁾	61.5%
Emergency Room Visits ⁽⁴⁾	192,996

(1) Conforms to the Office of Statewide Health Planning and Development's definition of "licensed bed."

(2) Excluding well newborns.

(3) Based on Beds in Service.

(4) Does not include Emergency Room patients subsequently admitted as inpatients.

Obligated Group Medical Foundations Operating Data

The following table summarizes the operating data for medical foundations within the Obligated Group as of and for the three months ended March 31, 2022.

Obligated Group Medical Foundations Operating Data

Obligated Group	As of and for the three months ended March 31, 2022
Physicians	2,663
Facilities ⁽¹⁾	280
Outpatient Visits	2,383,551

(1) Approximate count of facilities may change over time as a result of office openings, closures and consolidations as a part of routine business operations.

Sources of Revenues

Following are summaries of gross patient revenue for the Obligated Group by payer source for the three months ended March 31, 2022.

Obligated Group Payer Mix
March 31, 2022

	Medicare		Medi - Cal		Commercial		Other
	Non-Risk	Risk	Non-Risk	Risk	Non-Risk	Risk	
Total Obligated Group	39.0%	4.7%	18.2%	0.5%	31.0%	4.2%	2.4%
Acute Care Hospitals	41.4%	4.4%	21.8%	0.6%	26.1%	3.0%	2.7%
Medical Foundations	30.1%	5.8%	5.0%	0.4%	48.9 %	8.3%	1.5%

The following table summarizes the number of individuals in each operating unit for whom certain physician independent practice associations and Sutter Health system medical foundation corporations provide health care services on a capitated basis as of March 31, 2022. Capitated members' lives covered by Sutter Health system hospital corporations and these physician associations are not included in the following table.

Capitated Members ⁽¹⁾
March 31, 2022

Sutter Health Members	Sutter Health Valley Area	Sutter Health Bay Area	Total
Capitated members	167,895	134,128	302,023

(1) Includes certain physician independent practice associations, which are non-Obligated Group Members.

Summary Financial Information

A copy of Sutter Health and its affiliate's unaudited financial statements for the three months ended March 31, 2022 (the "Financial Statements") has been provided within this package. Please note that this Continuing Disclosure Report should be read in conjunction with the Financial Statements.

Fixed Payment Coverage Ratio

The table below sets forth the actual Obligated Group's funds generated to cover fixed payments for fiscal year 2021.

Obligated Group Fixed Payment Coverage Ratio \$ Presented In Millions

	Fiscal Year Ended December 31, 2021
Income	1,138
Plus: Depreciation and Amortization	735
Plus: Interest	138
Less: Other	<u>(69)</u>
Income Available For Debt Service ⁽¹⁾	1,942
Debt Service Requirements	179
Fixed Payment Coverage Ratio	10.8

(1) Calculated in accordance with the Master Trust Indenture.

Capitalization

The following table sets forth the actual capitalization for the Obligated Group as of March 31, 2022.

Capitalization of The Obligated Group \$ Presented In Millions

	March 31, 2022
Long-Term Debt, including current portion	<u>4,574</u>
Total Long-Term Debt	4,574
Net Assets:	
Without donor restrictions	
Controlling	10,502
Noncontrolling	97
With donor restrictions	<u>514</u>
Total Net Assets	11,113
Total Capitalization	<u>15,687</u>
Long-Term Debt To Capitalization Ratio	29.2%

Contractual Obligations and Other Commercial Commitments of the Obligated Group

The Obligated Group's contractual debt and finance lease obligations at March 31, 2022, are shown below.

Contractual Debt and Finance Lease Obligations As of March 31, 2022 \$ Presented In Millions

	Total Outstanding	Current Portion	Non-current 2023–2024	Non-current 2025 & Thereafter
Line of Credit ⁽¹⁾⁽²⁾	0	0	0	0
Long-term debt – bond principal ⁽¹⁾	4,256	17	60	4,179
Finance Leases ⁽³⁾	192	4	3	185

⁽¹⁾ Secured under the Master Trust Indenture.

⁽²⁾ As of the date of this Continuing Disclosure Report, Sutter Health maintains a short-term facility with commercial banks to meet temporary capital requirements and to provide flexibility in meeting the Sutter Health system's capital needs that matures in February 2024. The aggregate amount available under this facility to Sutter Health was increased from \$500 million as of March 2021, to \$900 million as of April 2021. There are currently no draws outstanding under this credit facility that matures in February 2024. In March 2022, Sutter drew \$800 million on the credit facility, which it repaid in late March 2022.

⁽³⁾ Not secured under the Master Trust Indenture. Amount reflects finance leases for the Sutter Health system.

The Obligated Group also is obligated with respect to the following contingent obligations. Sutter Health management expects to renew or replace any letters of credit as they expire, in accordance with the terms of such letters of credit.

Contingent Commercial Obligations As of March 31, 2022 \$ Presented In Millions

	Total Commitments	Maturities Fiscal Year 2022	Maturities 2023 and thereafter
Letters of Credit ⁽¹⁾	79	77	2


⁽¹⁾ As of 12/31/2021, Sutter Health had two letters of credit in place totaling \$2.5M. In February 2022, Sutter Health added a third letter of credit in the amount of approximately \$76.6M related to the Sutter Health system's participation as a Direct Contracting entity with the Centers for Medicare & Medicaid Service as the beneficiary.

Other Matters

This Continuing Disclosure Report is provided solely pursuant to the Disclosure Agreements. The filing of this Continuing Disclosure Report does not constitute or imply any representation (i) that all of the information provided herein is material to investors, (ii) regarding any other financial, operating or other information about Sutter Health, the Obligated Group Members or the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the year to which this Continuing Disclosure Report relates (other than as contained in this Continuing Disclosure Report), or any other date specified with respect to any of the information contained in this Continuing Disclosure Report, or that no other information exists, which may have a bearing on the security for the Bonds, or an investor's decision to buy, sell, or hold the Bonds. No statement or financial information in this Continuing Disclosure Report should be construed as a prediction or representation about future financial performance of Sutter Health or any other Obligated Group Member.

Dated: May 4, 2022

SUTTER HEALTH, a California nonprofit public benefit corporation, on behalf of itself and the other Obligated Group Members

DocuSigned by:
By: 
024989DDA71844B...

Brian Dean
Senior Vice President and Chief Financial Officer

Sutter Health and Affiliates
Cash and Investment Balances
(Dollars in millions)

	Year Ended 12/31/2021	Quarter Ended 03/31/2022
Restricted		
Charitable Contributions	\$ 554	\$ 481
Insurance Reserves/Professional Liability	457	447
Deferred Compensation and Other	14	14
Total Restricted	1,025	942
Total Unrestricted	8,021	7,672
Total Cash & Investments	9,046	8,614
Less cash and current portion	(7,619)	(7,119)
Non-current investments	<u>\$ 1,427</u>	<u>\$ 1,495</u>

Officer's Certificate of the Corporation
as to Compliance with No Event of Default Covenant

I, Brian Dean, Senior Vice President and Chief Financial Officer of Sutter Health, do hereby certify, in accordance with Section 4.06 (b) of the Master Indenture of Trust by and between Sutter Health, the other Obligated Group Members (as defined therein) and U. S. Bank National Association, as Master Trustee, dated October 1, 2020, that, to the best of my knowledge,

No event which constitutes an Event of Default has occurred and is continuing as of the date of this certificate.

Certified by:

DocuSigned by:

Brian Dean

024989DDA71844B...

Brian Dean

Senior Vice President and Chief Financial Officer
Sutter Health

May 4, 2022

Acute Care Utilization Statistics

	2019	2020	2021	Q1 2021	Q1 2022
Obligated Group Total					
Current Licensed Beds ¹	4,049	4,041	4,049	4,067	4,049
Beds in Service ²	3,862	3,886	3,883	3,966	3,883
Admissions	189,341	174,547	181,836	44,677	43,759
Patient Days	857,503	810,061	856,145	214,562	217,744
Average Length of Stay	4.5	4.6	4.7	4.8	5.0
% Occupancy Based on Beds in Service	60.8%	57.1%	60.4%	59.3%	61.5%
Emergency Room Visits	845,091	691,054	752,371	169,328	192,996
Outpatient Revenues	10,222,063,090	9,294,599,548	11,093,633,212	2,507,508,833	3,012,450,621
Total Gross Revenues	25,048,510,713	23,782,920,467	27,082,676,356	6,349,682,654	7,003,811,309
Outpatient Revenue as % of Total Revenues	40.8%	39.1%	41.0%	39.5%	43.0%
Sutter Medical Center Sacramento					
Current Licensed Beds	596	596	596	596	596
Beds in Service	596	596	596	596	596
Admissions	31,246	29,850	31,187	7,207	7,349
Patient Days	149,387	146,302	153,357	37,546	37,833
Average Length of Stay	4.8	4.9	4.9	5.2	5.1
% Occupancy Based on Beds in Service	68.7%	67.3%	70.5%	69.0%	69.6%
Emergency Room Visits	104,517	85,255	92,033	19,670	23,370
Outpatient Revenues	1,333,557,067	1,232,396,364	1,482,098,896	345,279,245	390,693,930
Total Gross Revenues	4,015,744,902	3,932,542,371	4,414,290,772	1,060,782,512	1,088,480,652
Outpatient Revenue as % of Total Revenues	33.2%	31.3%	33.6%	32.5%	35.9%
Novato Community Hospital					
Current Licensed Beds	47	47	47	47	47
Beds in Service	47	47	47	47	47
Admissions	2,229	1,844	1,863	462	483
Patient Days	7,141	6,092	5,917	1,684	1,737
Average Length of Stay	3.2	3.3	3.2	3.6	3.6
% Occupancy Based on Beds in Service	41.6%	35.5%	34.5%	39.3%	40.5%
Emergency Room Visits	16,278	12,529	14,316	2,978	3,578
Outpatient Revenues	145,749,374	129,295,351	160,847,506	35,553,985	45,650,167
Total Gross Revenues	277,333,296	245,735,800	283,506,223	65,946,303	83,128,973
Outpatient Revenue as % of Total Revenues	52.6%	52.6%	56.7%	53.9%	54.9%
Sutter Coast Hospital					
Current Licensed Beds	49	49	49	49	49
Beds in Service	49	49	49	49	49
Admissions	2,495	1,924	1,929	443	502
Patient Days	9,594	7,968	8,763	2,127	2,305
Average Length of Stay	3.8	4.1	4.5	4.80	4.59
% Occupancy Based on Beds in Service	53.6%	44.6%	49.0%	47.6%	51.6%
Emergency Room Visits	20,022	15,328	15,510	3,442	4,201
Outpatient Revenues	181,623,756	178,474,519	200,578,313	49,070,213	53,793,031
Total Gross Revenues	296,757,361	277,554,794	317,723,086	75,321,795	84,394,791
Outpatient Revenue as % of Total Revenues	61.2%	64.3%	63.1%	65.1%	63.7%
Sutter Solano Medical Center					
Current Licensed Beds	106	106	106	106	106
Beds in Service	106	106	106	106	106
Admissions	4,387	3,886	3,629	927	905
Patient Days	17,724	17,416	18,346	4,527	4,836
Average Length of Stay	4.0	4.5	5.1	4.9	5.3
% Occupancy Based on Beds in Service	45.8%	45.0%	47.4%	46.8%	50.0%
Emergency Room Visits	34,313	25,196	25,507	5,656	6,292
Outpatient Revenues	274,131,099	232,380,968	253,603,001	59,471,407	68,807,894
Total Gross Revenues	590,334,687	542,153,344	581,330,353	143,469,254	151,080,097
Outpatient Revenue as % of Total Revenues	46.4%	42.9%	43.6%	41.5%	45.5%

Acute Care Utilization Statistics

	2019	2020	2021	Q1 2021	Q1 2022
Sutter Davis Hospital					
Current Licensed Beds	48	48	48	48	48
Beds in Service	48	48	48	48	48
Admissions	3,765	3,419	3,613	857	859
Patient Days	11,319	9,941	10,621	2,521	2,693
Average Length of Stay	3.0	2.9	2.9	2.94	3.14
% Occupancy Based on Beds in Service	64.6%	56.7%	60.6%	57.6%	61.5%
Emergency Room Visits	28,773	23,581	27,154	5,593	7,382
Outpatient Revenues	270,864,032	263,710,945	322,532,447	71,861,733	92,978,665
Total Gross Revenues	474,011,878	447,226,267	521,063,060	120,665,339	141,404,333
Outpatient Revenue as % of Total Revenues	57.1%	59.0%	61.9%	59.6%	65.8%
Sutter Auburn Faith Hospital					
Current Licensed Beds	64	64	64	64	64
Beds in Service	64	64	64	64	64
Admissions	3,392	3,402	3,290	773	759
Patient Days	11,346	11,381	11,790	2,596	3,156
Average Length of Stay	3.3	3.3	3.6	3.36	4.16
% Occupancy Based on Beds in Service	48.6%	48.7%	50.5%	44.5%	54.0%
Emergency Room Visits	29,053	24,071	27,800	5,786	7,029
Outpatient Revenues	358,745,452	337,055,909	414,877,767	91,284,320	121,051,836
Total Gross Revenues	561,533,115	551,199,700	640,604,723	144,725,313	174,268,027
Outpatient Revenue as % of Total Revenues	63.9%	61.1%	64.8%	63.1%	69.5%
Sutter Delta Medical Center					
Current Licensed Beds	145	145	141	141	141
Beds in Service	145	145	141	141	141
Admissions	7,823	6,413	6,509	2,038	1,586
Patient Days	29,623	25,710	25,794	8,004	6,379
Average Length of Stay	3.8	4.0	4.0	3.93	4.02
% Occupancy Based on Beds in Service	56.0%	48.6%	50.1%	62.2%	49.6%
Emergency Room Visits	54,091	39,822	42,297	13,341	10,755
Outpatient Revenues	324,821,572	272,222,512	327,451,879	49,530,233	89,428,987
Total Gross Revenues	837,970,352	730,920,853	830,062,288	155,493,211	218,797,528
Outpatient Revenue as % of Total Revenues	38.8%	37.2%	39.4%	31.9%	40.9%
Sutter Lakeside Hospital					
Current Licensed Beds	30	30	30	30	30
Beds in Service	25	25	25	25	25
Admissions	1,998	1,656	1,641	394	413
Patient Days	6,553	5,791	5,877	1,248	1,511
Average Length of Stay	3.3	3.5	3.6	3.17	3.66
% Occupancy Based on Beds in Service	71.8%	63.5%	64.4%	54.7%	66.2%
Emergency Room Visits	20,837	16,674	18,014	3,812	4,519
Outpatient Revenues	183,071,139	168,277,343	209,602,949	49,210,173	56,353,414
Total Gross Revenues	256,748,211	241,811,499	287,554,074	66,451,473	77,927,882
Outpatient Revenue as % of Total Revenues	71.3%	69.6%	72.9%	74.1%	72.3%
Sutter Amador Hospital					
Current Licensed Beds	52	52	52	52	52
Beds in Service	52	52	52	52	52
Admissions	2,298	2,208	2,164	491	534
Patient Days	8,397	8,616	9,401	2,249	2,871
Average Length of Stay	3.7	3.9	4.3	4.58	5.38
% Occupancy Based on Beds in Service	44.2%	45.4%	49.5%	47.4%	60.5%
Emergency Room Visits	23,894	21,822	24,202	5,263	6,081
Outpatient Revenues	172,446,015	170,416,605	199,641,045	45,592,217	53,024,321
Total Gross Revenues	296,951,735	299,303,237	346,741,029	80,896,482	94,302,234
Outpatient Revenue as % of Total Revenues	58.1%	56.9%	57.6%	56.4%	56.2%

Acute Care Utilization Statistics

	2019	2020	2021	Q1 2021	Q1 2022
Sutter Tracy Community Hospital					
Current Licensed Beds	77	77	77	77	77
Beds in Service	77	77	77	77	77
Admissions	3,679	3,369	3,514	896	864
Patient Days	11,874	11,885	12,580	3,358	2,998
Average Length of Stay	3.2	3.5	3.6	3.75	3.47
% Occupancy Based on Beds in Service	42.2%	42.3%	44.8%	47.8%	42.7%
Emergency Room Visits	34,353	26,518	28,344	5,986	7,177
Outpatient Revenues	284,406,137	257,425,444	318,933,786	73,264,397	82,673,867
Total Gross Revenues	479,005,591	463,449,854	545,279,435	134,309,640	143,327,474
Outpatient Revenue as % of Total Revenues	59.4%	55.5%	58.5%	54.5%	57.7%
Sutter Roseville Medical Center					
Current Licensed Beds	328	352	382	382	382
Beds in Service	328	352	382	382	382
Admissions	21,008	20,508	23,417	5,360	6,032
Patient Days	90,701	93,181	109,886	26,158	28,102
Average Length of Stay	4.3	4.5	4.7	4.88	4.7
% Occupancy Based on Beds in Service	75.8%	72.5%	78.8%	75.0%	80.6%
Emergency Room Visits	80,760	72,508	86,397	18,805	22,690
Outpatient Revenues	894,322,398	914,563,191	1,173,379,245	270,528,347	343,307,436
Total Gross Revenues	2,459,429,600	2,606,665,286	3,248,381,769	754,469,680	875,155,858
Outpatient Revenue as % of Total Revenues	36.4%	35.1%	36.1%	35.9%	39.2%
Sutter Maternity and Surgery Center					
Current Licensed Beds	28	28	28	28	28
Beds in Service	28	28	28	28	28
Admissions	1,227	1,141	1,045	275	243
Patient Days	3,205	2,804	2,756	724	598
Average Length of Stay	2.6	2.5	2.6	2.63	2.46
% Occupancy Based on Beds in Service	31.4%	27.4%	27.0%	28.3%	23.4%
Emergency Room Visits	-	-	-	-	-
Outpatient Revenues	161,917,148	156,851,940	187,201,579	39,811,127	52,994,080
Total Gross Revenues	212,193,818	206,326,144	236,849,371	53,965,617	65,777,587
Outpatient Revenue as % of Total Revenues	76.3%	76.0%	79.0%	73.8%	80.6%
Sutter Santa Rosa Regional Hospital					
Current Licensed Beds	84	84	84	84	84
Beds in Service	84	84	84	84	84
Admissions	6,762	6,984	7,335	1,738	1,702
Patient Days	24,688	25,100	25,612	6,282	6,290
Average Length of Stay	3.7	3.6	3.5	3.61	3.70
% Occupancy Based on Beds in Service	80.5%	81.9%	83.5%	82.0%	82.1%
Emergency Room Visits	35,555	31,126	34,121	7,516	8,155
Outpatient Revenues	427,768,289	442,460,823	519,987,459	125,712,525	145,303,363
Total Gross Revenues	928,606,868	980,330,589	1,114,642,372	270,269,797	300,910,502
Outpatient Revenue as % of Total Revenues	46.1%	45.1%	46.7%	46.5%	48.3%
Memorial Medical Center & Memorial Hospital Los Banos					
Current Licensed Beds	459	459	457	459	457
Beds in Service	419	419	417	459	417
Admissions	19,768	19,462	21,086	4,906	4,540
Patient Days	85,646	92,096	102,225	25,036	26,664
Average Length of Stay	4.3	4.7	4.8	5.1	5.9
% Occupancy Based on Beds in Service	56.0%	60.2%	67.2%	59.8%	70.1%
Emergency Room Visits	112,169	97,202	108,223	23,145	28,187
Outpatient Revenues	1,196,923,917	1,099,494,662	1,282,742,331	290,675,917	343,926,551
Total Gross Revenues	2,766,597,452	2,726,780,633	3,120,079,580	739,726,554	819,459,251
Outpatient Revenue as % of Total Revenues	43.3%	40.3%	41.1%	39.3%	42.0%

Acute Care Utilization Statistics

	2019	2020	2021	Q1 2021	Q1 2022
Alta Bates Summit Medical Center					
Current Licensed Beds	892	892	892	892	892
Beds in Service	812	812	771	812	771
Admissions	28,337	25,093	25,105	6,204	5,983
Patient Days	149,254	134,381	134,620	34,524	32,587
Average Length of Stay	5.3	5.4	5.4	5.56	5.45
% Occupancy Based on Beds in Service	50.4%	45.3%	47.8%	46.6%	46.3%
Emergency Room Visits	83,898	64,904	68,627	15,883	17,408
Outpatient Revenues	1,324,980,252	1,109,396,740	1,301,142,302	299,223,127	343,678,417
Total Gross Revenues	3,653,218,215	3,201,847,185	3,511,974,172	855,702,261	863,680,174
Outpatient Revenue as % of Total Revenues	36.3%	34.6%	37.0%	35.0%	39.8%
Mills-Peninsula Medical Center					
Current Licensed Beds	301	301	301	301	301
Beds in Service	301	301	301	301	301
Admissions	13,403	11,872	12,272	2,909	3,170
Patient Days	59,360	53,237	55,741	14,052	14,159
Average Length of Stay	4.4	4.5	4.5	4.8	4.5
% Occupancy Based on Beds in Service	54.0%	48.5%	50.7%	51.2%	51.6%
Emergency Room Visits	49,212	40,930	43,487	9,907	11,275
Outpatient Revenues	856,732,867	743,520,178	948,771,488	218,931,486	250,743,791
Total Gross Revenues	1,812,556,925	1,627,720,504	1,945,062,911	466,141,465	496,724,802
Outpatient Revenue as % of Total Revenues	47.3%	45.7%	48.8%	47.0%	50.5%
Menlo Park Surgical Hospital					
Current Licensed Beds	16	16	-	16	-
Beds in Service	16	16	-	-	-
Admissions	182	141	-	-	-
Patient Days	275	206	-	-	-
Average Length of Stay	1.5	1.5	-	-	-
% Occupancy Based on Beds in Service	4.7%	3.5%	-	-	-
Emergency Room Visits	-	-	-	-	-
Outpatient Revenues	34,624,547	24,804,628	-	-	-
Total Gross Revenues	47,984,137	35,044,262	-	-	-
Outpatient Revenue as % of Total Revenues	72.2%	70.8%	-	-	-
California Pacific Medical Center					
Current Licensed Beds	597	565	565	565	565
Beds in Service	535	535	565	565	565
Admissions	26,250	22,727	23,530	6,715	5,826
Patient Days	140,826	122,383	126,004	32,307	33,508
Average Length of Stay	5.4	5.4	5.4	4.8	5.8
% Occupancy Based on Beds in Service	72.1%	62.7%	61.1%	62.7%	65.0%
Emergency Room Visits	70,895	57,511	59,959	14,281	15,843
Outpatient Revenues	1,364,391,278	1,187,872,581	1,363,466,879	293,586,103	365,985,537
Total Gross Revenues	3,821,288,156	3,504,314,816	3,867,375,595	847,016,102	1,009,941,700
Outpatient Revenue as % of Total Revenues	35.7%	33.9%	35.3%	34.7%	36.2%
Eden Medical Center					
Current Licensed Beds	130	130	130	130	130
Beds in Service	130	130	130	130	130
Admissions	9,092	8,648	8,707	2,082	2,009
Patient Days	40,590	35,571	36,855	9,619	9,517
Average Length of Stay	4.5	4.1	4.2	4.6	4.7
% Occupancy Based on Beds in Service	85.5%	75.0%	77.7%	81.1%	80.2%
Emergency Room Visits	46,471	36,077	36,380	8,264	9,054
Outpatient Revenues	430,986,751	373,978,845	426,774,340	98,922,278	112,055,334
Total Gross Revenues	1,260,244,414	1,161,993,329	1,270,155,543	314,329,856	315,049,444
Outpatient Revenue as % of Total Revenues	35.2%	32.2%	33.6%	31.5%	35.6%

Notes:

1. The calculation of current licensed beds conforms to the Office of Statewide Health Planning and Development's definition of "licensed bed."

Supplemental Information

Acute Care Payer Mix As of March 31, 2022	Medicare Non-Risk	Risk	Medi-Cal Non-Risk	Risk	Commercial Non-Risk	Risk	Other	Total
Sutter Medical Center-Sacramento	30.4%	7.0%	23.5%	0.6%	24.7%	6.8%	7.0%	100.0%
Sutter Solano Medical Center	47.6%	0.0%	33.8%	0.0%	16.3%	0.4%	1.9%	100.0%
Sutter Davis Hospital	32.8%	6.6%	23.4%	0.0%	29.4%	6.2%	1.6%	100.0%
Sutter Coast Hospital	49.6%	0.0%	28.5%	0.0%	21.9%	0.0%	0.0%	100.0%
Sutter Delta Medical Center	42.9%	0.1%	36.1%	0.0%	19.3%	0.6%	1.0%	100.0%
Sutter Auburn Faith Hospital	50.3%	12.6%	13.2%	0.0%	19.5%	3.6%	0.8%	100.0%
Sutter Tracy Community Hospital	38.2%	0.3%	24.2%	0.0%	33.1%	1.1%	3.1%	100.0%
Sutter Roseville Medical Center	42.2%	9.2%	15.4%	0.1%	26.1%	5.0%	2.0%	100.0%
California Pacific Medical Center	44.4%	0.5%	15.4%	3.4%	32.4%	1.7%	2.2%	100.0%
Sutter Maternity and Surgery Center	39.5%	4.1%	8.7%	0.0%	42.4%	2.9%	2.4%	100.0%
Mills Peninsula Medical Center	45.1%	6.5%	10.7%	0.1%	34.6%	2.2%	0.8%	100.0%
Sutter Lakeside Hospital	45.0%	0.0%	33.3%	0.0%	20.2%	0.1%	1.4%	100.0%
Memorial Medical Center & Memorial Hospital Los Banos	37.6%	8.5%	27.8%	0.0%	22.6%	2.3%	1.2%	100.0%
Novato Community Hospital	56.5%	0.2%	18.4%	0.0%	23.3%	0.4%	1.2%	100.0%
Alta Bates Summit Medical Center	44.4%	0.6%	26.8%	0.0%	23.1%	1.4%	3.7%	100.0%
Sutter Santa Rosa Regional Hospital	45.5%	1.4%	24.5%	0.0%	22.9%	4.5%	1.2%	100.0%
Sutter Amador Hospital	54.3%	0.5%	19.8%	0.0%	24.4%	0.1%	0.9%	100.0%
Eden Medical Center	46.0%	0.1%	26.5%	0.0%	25.5%	0.8%	1.1%	100.0%
Total Acute Care Payer Mix (%)	41.4%	4.4%	21.8%	0.6%	26.1%	3.0%	2.7%	100.0%