



# Mass General Brigham

## **Interim Unaudited Consolidated Financial Statements and Other Information**

**For the Three-Month Period Ended March 31, 2022**

Conduit Issuer: MassDevelopment Finance Agency

Obligor: Mass General Brigham (f/k/a Partners HealthCare System)

Voluntary Filing of Interim Financial & Operating Information Posted May 13, 2022

**Organization**

Mass General Brigham Incorporated (the Company) is the parent organization and sole corporate member of numerous organizations whose financial conditions and operations are described in Management's Discussion and Analysis of Financial Performance and the consolidated financial statements that follow. The terms Mass General Brigham, system, we, our, or us as used herein, unless otherwise stated or indicated by context, refer collectively to the Company and its affiliated organizations.

Mass General Brigham operates academic medical centers, community acute care hospitals, inpatient and outpatient mental health services facilities, urgent care centers, facilities that provide rehabilitation medicine and long-term care services, physician organizations, home health services, nursing homes and a graduate level program for health professions. Our mission is to provide world class health care services to the local communities in which we operate as well as to patients across the United States and the world. In addition, we are a nonuniversity-based non-profit private medical research enterprise and a principal teaching affiliate of the medical and dental schools of Harvard University. Our licensed, not-for-profit managed care organization and licensed, for-profit insurance company (collectively referred to as AllWays Health Partners) provide health insurance products and administrative services to the Massachusetts Medicaid program (MassHealth), ConnectorCare (a state subsidized program for adults who meet income and immigration guidelines) and commercial populations.

**Basis of Presentation**

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal and recurring nature. For further information, refer to the audited financial statements and notes thereto for the year ended September 30, 2021.

# Management's Discussion and Analysis of Financial Results

## Executive Overview

As Mass General Brigham emerges from many of the severe challenges posed by the COVID-19 pandemic, the system continues to navigate the nationwide labor shortage and a capacity crisis throughout its hospitals while facing mounting inflationary pressures. These challenges have profoundly affected patients, providers, staff, and system operations, yet Mass General Brigham is progressing with its strategy to build an efficient and integrated care model that allows patients to receive the right care in the right place, throughout their lifetimes.

Despite the unprecedented challenges of the COVID-19 pandemic, we are making great progress in advancing the Mass General Brigham strategy to build the integrated academic healthcare system of the future with patients at its center. These include advancements in transformative medical research, especially gene and cell therapy; hospital facility upgrades designed to enhance patient access and offer state-of-the-art services; expansion of a value-based health plan offering through AllWays; and our unwavering commitment to bring care directly to those in underserved communities. We are very grateful to our employees who have not wavered in their commitment to our patients, throughout a very difficult time.

## Strategic Initiatives

### *Innovative solutions to labor challenges*

Due to the monumental stresses of caring for patients during several COVID-19 surges, fewer workers are choosing to pursue job opportunities in healthcare. Mass General Brigham is leveraging resources like its own MGH Institute of Health Professions, as well as a commitment to work with community groups and colleges to develop new channels for talent, specifically in underserved communities to enter our workforce for careers in healthcare. Robust programs to address burnout, behavioral health needs of our employees and creation of a trusted, safe, equitable work environment are also underway.

### *Advancing gene and cell therapy research*

Mass General Brigham, a leader in academic discovery and translation of gene and cell therapies (GCT), is at the forefront of an extraordinary revolution to transform the application of GCT to drive innovative treatments for patients with rare and common diseases. Some examples of this work recently highlighted at the Mass General Brigham World Medical Innovation Forum include innovative approaches to projects such as: developing alternatives to immunosuppressive drugs in organ transplantation; designing drug delivery methods to

efficiently cross the blood brain barrier; and discovering better treatments for patients with Parkinson's disease. Throughout the next year, system leaders will identify and expand programming to support novel projects focused on bringing GCT therapies to patients.

### ***AllWays Health Partners expands Allies product and offers new mental health solution***

Allies<sup>SM</sup> is an innovative health insurance product for small and large employers that aims to transform the healthcare experience for the shared patients and members of Mass General Brigham and AllWays Health Partners by delivering affordable primary, specialty, and behavioral healthcare in the community. Key features of this highly integrated value-based care offering include streamlined customer support tools and health navigators to ensure convenient and easy access to care through a consultative approach. This high-performance network product was initially launched in late 2020 with Mass General Brigham's Newton-Wellesley Hospital and will be expanded to include Mass General Brigham's Salem Hospital in June 2022.

### ***State approves projects to increase access and capacity at Mass General and Brigham and Women's Faulkner***

The state's Public Health Council has given Mass General Brigham final approval for facility projects at Massachusetts General Hospital (MGH) and Brigham and Women's Faulkner Hospital (BWFH) that will transform care for patients. This approval is the final step in the Department of Public Health's "Determination of Need" process and clears the way for MGH and BWFH to enter the final planning phase for these significant and important campus renovations that will improve access, quality, and the overall patient care experience. Mass General Brigham remains fully committed to working in partnership with the state to lower the cost of healthcare in Massachusetts, while building a new continuum of care for patients.

### ***Strengthening Communities***

During the second quarter of fiscal year 2022, Mass General Brigham distributed many of the grants that comprise its \$50 million commitment to fund new, comprehensive community and mental health strategies. Recipients include North Shore Community Health, a network of family health centers serving over 13,000 patients, which plans to implement an electronic health record system to enhance quality and make care more efficient and streamlined. These community grants build upon Mass General Brigham's existing \$175 million annual community health investment program and have also funded new fellowship programs at local colleges, including the Leadership in Community Behavioral Health Fellowship at William James College that seeks to build a more diverse and culturally responsive behavioral health workforce.

## Second Quarter Financial Results

Mass General Brigham reported a loss from operations of \$193 million (-4.8% operating margin) for the second quarter of fiscal year 2022, which ended March 31, 2022. This includes losses of \$183 million (-4.8% operating margin) from provider activity and \$10 million (-4.0% operating margin) from insurance activity.

In the comparable 2021 quarter, the system reported income from operations of \$250 million. This includes \$232 million of permanent grants from the Provider Relief Fund of the Coronavirus Aid Relief and Economic Security (CARES) Act, which were used to prevent, prepare for and respond to cases of COVID-19. Excluding these funds, operating income was \$18 million (0.5% operating margin), including income from provider activity of \$21 million (0.6% operating margin) and a loss from insurance activity of \$3 million (-1.2% operating margin).

Patient care activity for the 2022 quarter was impacted by the Omicron surge, which necessitated reductions in certain elective procedures in January and February, as well as the ongoing clinical staff and bed shortage. While the surge peaked and subsided relatively quickly, labor and supply cost pressures have intensified and will continue to impact operating performance, necessitating a heightened focus on operating efficiencies to enable investments that will improve patient access and affordability over the long-term.

The system generated total operating revenue of \$4.0 billion in the 2022 second quarter. Patient care revenue increased \$107 million (4%) to \$2.9 billion, reflecting higher inpatient acuity at Mass General Brigham's academic and community sites, despite an overall decline in discharges.

Premium revenue increased \$10 million (5%) to \$231 million, reflecting membership growth of 8,378 (3%) to 262,962. As of March 31, 2022, approximately 32% of the members were in commercial fully-insured plans, 16% were in managed Medicaid, and the remaining 52% were in self-insured plans (including approximately 105,000 Mass General Brigham employees and family members).

Research revenue grew \$57 million (10%) to \$611 million. Excluding the CARES Act funds received in the 2021 second quarter, other operating revenue increased \$75 million (28%) to \$343 million, driven by outpatient pharmacy revenue.

Operating expenses totaled \$4.2 billion, an increase of \$461 million (12%) over the 2021 second quarter and remain elevated due to increases in wages (12%, including increased use and cost of temporary staffing as well

as market wage adjustments to facilitate workforce retention), employee health (14%) and retirement (10%) benefits and clinical supplies (15%).

Medical claims expense increased \$20 million (13%) to \$181 million, reflecting increases in membership as well as acuity. The medical loss ratio (the percentage of insurance premiums that were used to pay medical claims) was 94.6% in the 2022 quarter and 90.4% in the 2021 quarter. Effective management of general and administrative costs attributable to insurance activity resulted in a decrease in the administrative expense ratio (the percentage of insurance premiums that were used to pay general and administrative expenses) to 9.8% from 10.9% in the comparable 2021 quarter.

Depreciation and interest expense increased \$5 million (2%) to \$224 million.

The system reported an overall loss of \$866 million in the second quarter of 2022, including a nonoperating loss of \$673 million. Nonoperating activity includes gains and losses on investments and interest rate swaps, which can vary significantly year to year due to volatility in the financial markets, and philanthropic activity. In the comparable 2021 period, the system reported an overall gain of \$956 million, including a nonoperating gain of \$706 million.

### **Year-to-Date Financial Results**

The system reported a loss from operations of \$183 million (-2.2% operating margin) for six months ended March 31, 2022. This includes losses of \$168 million (-2.2% operating margin) from provider activity and \$15 million (-3.3% operating margin) from insurance activity.

In the comparable prior year period, the system reported income from operations of \$380 million. This includes \$232 million of permanent grants from the CARES Act and \$30 million Affordable Care Act risk corridor program subsidies for insurance coverage provided in 2014-2016. Excluding these funds, operating income was \$118 million (1.6% operating margin), including income from provider activity of \$135 million (1.9% operating margin) and a loss from insurance activity of \$17 million (-3.6% operating margin).

For the six months ended March 31, 2022, the system absorbed \$1.1 billion in Medicare, Medicaid, and Health Safety Net shortfalls due to certain government reimbursements that do not cover the full cost of providing care to Medicare, low-income, and uninsured patients, an increase of \$181 million (20%) compared to the shortfall absorbed in the comparable prior year period.

For the six months ended March 31, 2022 and 2021, operating cash flow, consisting of operating income before interest expense, depreciation and amortization (including CARES Act funds recognized) totaled \$264 million (3.2% cash flow margin) and \$561 million (7.4% cash flow margin, excluding the CARES Act funds) and capital expenditures totaled \$414 million and \$258 million, respectively.

The system reported an overall loss of \$762 million for the six months ended March 31, 2022, including a nonoperating loss of \$579 million. In the comparable 2021 six-month period the system reported an overall gain of \$2.0 billion, including a nonoperating gain of \$1.6 billion.

**Attachments:**

- Mass General Brigham consolidated financial statements, notes to the consolidated financial statements and utilization statistics as of and for the three-month periods ended March 31, 2022 and 2021;
- Mass General Brigham consolidated investment liquidity and debt backed by self-liquidity as well as selected statistics on investments identified to support debt backed by self-liquidity as of and for the three-month periods ended March 31, 2022 and 2021.

**Forward-Looking Statements**

*This disclosure contains certain “forward-looking statements” concerning financial and operating plans and results which involve known and unknown risks and uncertainties. In particular, statements preceded or followed by, or that include the words, “projects,” “believes,” “expects,” “estimates,” “anticipates,” “plans,” “intends,” “scheduled,” or similar expressions are forward-looking statements. Various factors could cause Mass General Brigham’ actual results to differ materially including, but not limited to the impact of the COVID-19 pandemic, federal and state regulation of healthcare providers, changes in reimbursement policies of state and federal government and managed care organizations, competition in the healthcare industry in our market, general economic and capital market conditions, and changes in our labor and supply costs and in our ability to retain personnel. For more information on these and other risk factors, please refer to our most recent bond official statement or annual disclosure statement filed on the Electronic Municipal Market Access (EMMA) website maintained by the Municipal Securities Rulemaking Board. We undertake no responsibility to update any such forward-looking statements except as expressly required by law.*

**About Mass General Brigham**

*Mass General Brigham is an integrated academic healthcare system, uniting great minds in medicine to make life-changing impact for patients in our communities and people around the world. Mass General Brigham connects a full continuum of care across a system of academic medical centers, community and specialty hospitals, a health insurance plan, physician networks, community health centers, home care, and long-term care services. Mass General Brigham is a non-profit organization that is committed to patient care, research, teaching, and service to the community. In addition, Mass General Brigham is one of the nation’s leading biomedical research organizations and a principal teaching affiliate of Harvard Medical School. For more information, please visit [massgeneralbrigham.org](http://massgeneralbrigham.org).*

**Mass General Brigham and Affiliates**  
**Consolidated Balance Sheets**  
(In Thousands)

	<u>March 31, 2022</u> (unaudited)	<u>September 30, 2021</u> (audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and equivalents	\$ 164,499	\$ 177,259
Investments	2,638,828	3,395,005
Current portion of investments limited as to use	5,244,010	5,637,637
Patient accounts receivable, net	1,406,977	1,332,404
Research grants receivable, net	175,493	187,193
Other current assets	750,381	684,632
<b>Total current assets</b>	<b>10,380,188</b>	<b>11,414,130</b>
Investments limited as to use, less current portion	5,876,947	6,202,723
Long-term investments	2,887,002	2,950,684
Property and equipment, net	6,308,934	6,261,727
Right-of-use operating lease assets	1,074,354	1,108,275
Other assets	1,038,674	1,027,593
<b>Total assets</b>	<b>\$ 27,566,099</b>	<b>\$ 28,965,132</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Current portion of long-term obligations	\$ 543,730	\$ 381,987
Accounts payable and accrued expenses	1,448,460	1,730,310
Accrued medical claims and related expenses	105,137	87,289
Accrued employee compensation and benefits	1,226,358	1,414,036
Current portion of operating lease obligations	203,445	200,706
Unexpended funds on research grants	350,674	345,403
<b>Total current liabilities</b>	<b>3,877,804</b>	<b>4,159,731</b>
<b>Other liabilities</b>		
Accrued professional liability	590,932	588,402
Accrued employee benefits	669,537	729,924
Interest rate swaps liability	392,905	472,011
Accrued other	263,853	254,673
Operating lease obligations, less current portion	738,307	782,650
Long-term obligations, less current portion	5,619,885	5,802,238
<b>Total liabilities</b>	<b>12,153,223</b>	<b>12,789,629</b>
<b>Net assets</b>		
Unrestricted	12,081,171	12,806,328
Donor restricted	3,331,705	3,369,175
<b>Total net assets</b>	<b>15,412,876</b>	<b>16,175,503</b>
<b>Total liabilities and net assets</b>	<b>\$ 27,566,099</b>	<b>\$ 28,965,132</b>



**Mass General Brigham and Affiliates**  
**Consolidated Statements of Operations**  
(In Thousands)

	Second Quarter Ended March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021
<b>Operating revenues</b>				
Net patient service revenue	\$ 2,853,649	\$ 2,746,798	\$ 5,839,974	\$ 5,492,727
Premium revenue	231,249	220,827	453,053	465,890
Direct academic and research revenue	472,600	425,186	918,785	843,331
Indirect academic and research revenue	138,247	128,390	273,055	261,203
Other revenue	342,574	499,471	672,086	793,634
<b>Total operating revenues</b>	4,038,319	4,020,672	8,156,953	7,856,785
<b>Operating expenses</b>				
Employee compensation and benefit expenses	2,270,399	1,997,613	4,506,282	4,019,578
Supplies and other expenses	1,083,467	968,208	2,117,414	1,850,900
Medical claims and related expenses	181,225	160,970	350,215	320,302
Direct academic and research expenses	472,600	425,186	918,785	843,331
Depreciation and amortization expenses	183,642	180,129	367,182	359,623
Interest expense	40,170	38,417	80,180	83,343
<b>Total operating expenses</b>	4,231,503	3,770,523	8,340,058	7,477,077
<b>Income (loss) from operations</b>	(193,184)	250,149	(183,105)	379,708
<b>Nonoperating gains (expenses)</b>				
Income (loss) from investments	(853,042)	510,595	(815,201)	1,268,675
Change in fair value of interest rate swaps	143,135	148,679	79,106	253,026
Other nonoperating (expenses) income	(37,534)	10,836	(70,428)	(17,339)
Academic and research gifts, net of expenses	23,786	3,624	127,496	78,076
Non-service related pension income	50,250	31,984	100,500	63,969
<b>Total nonoperating gains (expenses), net</b>	(673,405)	705,718	(578,527)	1,646,407
<b>Excess (deficit) of revenues over expenses</b>	(866,589)	955,867	(761,632)	2,026,115
<b>Other changes in net assets</b>				
Funds utilized for property and equipment	7,703	21,249	21,511	31,399
Other changes in net assets	4,157	6,305	14,964	6,155
<b>Increase (decrease) in unrestricted net assets</b>	\$ (854,729)	\$ 983,421	\$ (725,157)	\$ 2,063,669

**Mass General Brigham and Affiliates**  
**Consolidated Statements of Cash Flows**  
(In Thousands)

	<b>Six Months Ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
Cash flows from operating activities:		
Change in net assets	\$ (762,627)	\$ 2,617,220
Adjustments to reconcile change in net assets to net cash (used for) provided by operating activities:		
Loss on refunding of debt	5	-
Change in fair value of interest rate swaps	(79,106)	(253,026)
Depreciation and amortization	367,182	359,623
Amortization of bond discount, premium and issuance costs	(5,804)	(6,144)
Gain on disposal of property	(83)	(41)
Change in right-of-use operating lease assets	79,368	88,930
Net realized and change in unrealized appreciation on investments	861,861	(1,640,359)
Restricted contributions and investment income	(164,286)	(314,098)
Increases (decreases) in cash resulting from a change in		
Patient accounts receivable	(74,573)	(160,961)
Other assets	(5,485)	(93,128)
Accounts payable and other accrued expenses	(167,067)	302,179
Accrued medical claims and related expenses	17,848	3,981
Operating lease obligations	(87,051)	(73,062)
Settlements with third-party payers	(84,326)	(98,790)
Medicare accelerated payments	(322,246)	1,289
<b>Net cash (used for) provided by operating activities</b>	<b>(426,390)</b>	<b>733,613</b>
Cash flows from investing activities:		
Purchases of property and equipment	(413,543)	(258,239)
Proceeds from sale of property	297	258
Net sales (purchases) of investments	677,401	(448,756)
<b>Net cash provided by (used for) investing activities</b>	<b>264,155</b>	<b>(706,737)</b>
Cash flows from financing activities:		
Payments on long-term obligations	(20,311)	(398)
Proceeds from long-term obligations, net of financing costs	55,735	-
Decrease in auction rate securities holdings	-	29,985
Deposits into refunding trusts	(50,235)	-
Restricted contributions and investment income	164,286	314,098
<b>Net cash provided by financing activities</b>	<b>149,475</b>	<b>343,685</b>
<b>Net (decrease) increase in cash and equivalents</b>	<b>(12,760)</b>	<b>370,561</b>
<b>Cash and equivalents at beginning of period</b>	<b>177,259</b>	<b>2,129,189</b>
<b>Cash and equivalents at end of period</b>	<b>\$ 164,499</b>	<b>\$ 2,499,750</b>

**Notes to Consolidated Financial Statements**  
**(In Thousands)**

1. The accompanying consolidated quarterly financial statements have been prepared on the accrual basis of accounting and include the accounts of the Company and its affiliates. The financial statements do not include all the information and footnote disclosures required by generally accepted accounting principles. These statements should be read in conjunction with the Company's audited consolidated financial statements for the fiscal year ended September 30, 2021.

The consolidated quarterly financial statements are unaudited. These statements include all adjustments (consisting of normal recurring accruals) considered necessary by management to present a fair statement of the results of operations, financial position and cash flows. The results reported in these consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

2. Income from investments (including realized gains and losses, unrealized change in value of investments, interest, dividends and endowment income distributions) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law. Income from investments is reported net of investment-related expenses.
3. We recognize changes in third-party payer settlements and other estimates in the year of the change in estimate. For the three months ended March 31, 2022 and 2021, adjustments to prior year estimates resulted in an increase to operations of \$14,036 and \$43,614, respectively. For the six months ended March 31, 2022 and 2021, adjustments to prior year estimates resulted in an increase to income from operations of \$18,251 and \$48,512, respectively.
4. Risk-based capital (RBC) is a methodology adopted by the National Association of Insurance Commissioners for determining the minimum level of capital and surplus deemed necessary for an insurer based upon the types of assets held and business written. The Company has guaranteed to the Massachusetts Division of Insurance (DOI) (the RBC Guaranty) to maintain AllWays Health's capital and surplus at a specified minimum level, measured quarterly in accordance with an RBC methodology permitted by DOI. The RBC Guaranty may be enforced by the DOI. For the six months ended March 31, 2022 and 2021, respectively, the Company contributed \$11,000 and \$0 to AllWays Health to align RBC with growth in its PPO business segment.
5. The current portion of long-term obligations includes payments scheduled to be made over the next twelve months of \$148,450, bonds supported by self-liquidity that can be tendered prior to March 31, 2023 of \$229,655 and bonds supported by bank facilities with financial institutions (standby bond purchase agreements or letters of credit) that expire prior to March 31, 2023 of \$165,625. The bonds supported by self-liquidity provide the bondholder with an option to tender the bonds to the Company. Accordingly, these bonds are classified as a current liability. The bonds supported by bank facilities provide the bondholder with an option to tender the bonds to the liquidity provider. Generally accepted accounting principles require bonds backed by bank facilities expiring within one year of the balance sheet date as well as potential principal amortization under bank facilities' term out provisions due within one year of the balance sheet date to be classified as a current liability.
6. The Company maintains two lines of credit aggregating \$375,000 that provide access to same day funds. Advances under the lines of credit bear a variable rate of interest based on the London Interbank Offered Rate (LIBOR). As of March 31, 2022, there were no amounts outstanding under the lines of credit. The two lines of credit expire in June 2023.

The Company maintains a \$500,000 Taxable Commercial Paper (CP) program. As of March 31, 2022 and 2021, \$50,235 and \$0, respectively, were outstanding under the CP Program.

**Notes to Consolidated Financial Statements**  
**(In Thousands)**

7. We lease property and equipment under both finance and operating lease agreements. We recognize leases with a term greater than twelve months on the balance sheet.

Some lease agreements require us to pay variable costs including property taxes, insurance, maintenance and repairs. Variable costs are excluded from the right-of-use assets and liability. Lease and nonlease components of agreements are not separated. Some leases contain rental escalation clauses and renewal options that are included in lease payment calculations when appropriate. The estimated incremental borrowing rate is used to discount the lease payment amounts. All operating and finance leases have a weighted discount rate of 4.00%.

The components of lease expense consist of the following:

	6 months ended March 31, 2022		
	Supplies and other expenses	Academic and research gifts, net of expenses	Total
Operating lease expense	\$ 107,134	\$ 3,809	\$ 110,943
Short-term lease expense	6,153	78	6,231
Variable lease expense	36,013	1,228	37,241
Finance lease expense:			
Amortization of lease assets	6,188	88	6,276
Interest on lease liabilities	1,974	16	1,990
Total lease expense	\$ 157,462	\$ 5,219	\$ 162,681

Lease related assets and liabilities are as follows:

	Balance Sheet Classification	March 31, 2022
Operating lease assets	Right-of-use operation lease assets	1,074,354
Finance lease assets	Property and equipment, net	74,636
Total lease assets		<u>\$ 1,148,990</u>
Current operating lease liability	Current portion of operating lease obligations	203,445
Current finance lease liability	Accounts payable and accrued expenses	15,430
Noncurrent operating lease liability	Operating lease obligations, less current portion	738,307
Noncurrent finance lease liability	Accrued other	79,525
Total lease liabilities		<u>\$ 1,036,708</u>

Commitments related to noncancelable operating and finance leases for each of the next five years and thereafter are as follows:

	Operating Leases	Finance Leases
2023	\$ 192,975	\$ 15,124
2024	164,099	14,143
2025	147,552	10,691
2026	134,918	6,218
2027	102,555	3,262
Thereafter	287,729	100,294
Total minimum future payments	<u>\$ 1,029,828</u>	<u>\$ 149,732</u>

**Notes to Consolidated Financial Statements**  
**(In Thousands)**

**8. COVID-19 Pandemic and Government Funding**

On March 11, 2020, the World Health Organization designated COVID-19 as a global pandemic resulting in an extraordinary impact to patient activity in 2020. Federal and state policies, including declarations of a state of emergency by the governors of Massachusetts and New Hampshire on March 10 and March 27, respectively, were enacted to help contain the spread of COVID-19. Beginning on March 18, 2020, our Massachusetts facilities were prohibited from performing nonessential elective procedures. On June 8, 2020, Massachusetts entered phase two of its reopening plan, which permitted our Massachusetts facilities to provide in-person care for certain routine services. Our New Hampshire facilities generally followed a similar timeline.

In response to COVID-19, the Coronavirus Aid Relief and Economic Security (CARES) Act was enacted which provided different types of economic support to a wide variety of companies and individuals. Mass General Brigham employed several CARES Act provisions, with the most significant impacts summarized below.

**Medicare Accelerated Payments (MAP)**

As of September 30, 2020, we received approximately \$1,018,093 in MAP funding which was recorded in accounts payable and accrued expenses as of September 30, 2020. Medicare started to recoup these payments beginning in April 2021 based upon the terms and conditions of this program and most will be recouped by the end of fiscal year 2022. As of March 31, 2022, we had \$402,223 in MAP funding recorded in accounts payable and accrued expenses.

**Deferred Payment of Employer Payroll Taxes**

As of September 30, 2021 and 2020, we have accumulated \$239,466 and \$165,088, respectively, of deferred employer payroll taxes within accrued employee compensation and benefits. The CARES Act allows for deferred payments of only the employer share of payroll taxes through December 31, 2020 and requires payment of 50% of these deferred taxes by December 31, 2021 and 50% by December 31, 2022. As of March 31, 2022, a balance of \$121,604 was due to be paid prior to December 31, 2022.

**Provider Relief Funds (PRF)**

For the year ended September 30, 2021 and 2020, we recognized approximately \$232,063 and \$546,373, respectively, of permanent grants from the PRF within other operating revenue. For the six months ended March 31, 2022 and 2021 we recognized \$0 and \$232,063 respectively, of PRF. PRF were used to prevent, prepare for and respond to COVID-19. Based on our interpretation of available information as of March 31, 2022 and September 30, 2021, we have deferred \$86,487 of PRF we received. These estimates could change as additional guidance becomes available.

**MASS GENERAL BRIGHAM: ACUTE CARE SECTOR <sup>(1)</sup>**  
**UTILIZATION STATISTICS**

	Second Quarter Ended March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021
<b>INPATIENT:</b>				
Discharges	37,451	38,281	78,899	78,660
% Change	-2.2%		0.3%	
Discharge Days	240,230	227,926	491,764	456,409
% Change	5.4%		7.7%	
Average Length of Stay (Days)	6.41	5.95	6.23	5.80
% Change	7.7%		7.4%	
Patient Days	227,305	218,638	464,604	437,341
% Change	4.0%		6.2%	
Births	4,274	4,031	8,834	7,990
% Change	6.0%		10.6%	
<b>OUTPATIENT:</b>				
ATO's	5,321	5,013	10,797	9,733
% Change	6.1%		10.9%	
ED Observations	6,472	4,474	12,751	8,721
% Change	44.7%		46.2%	
Day Surgery	25,047	24,150	51,807	49,539
% Change	3.7%		4.6%	
Ambulatory visits	503,838	486,125	1,023,764	960,263
% Change	3.6%		6.6%	
ER Visits	98,266	87,071	206,983	175,678
% Change	12.9%		17.8%	
Procedures	455,488	422,211	930,927	820,880
% Change	7.9%		13.4%	
Major Imaging	123,333	112,052	246,763	228,619
% Change	10.1%		7.9%	
Minor Imaging	319,290	285,510	653,119	582,306
% Change	11.8%		12.2%	
Treatments	265,172	243,749	543,937	495,837
% Change	8.8%		9.7%	
Therapies	367,901	324,480	744,892	639,706
% Change	13.4%		16.4%	
Lab Services	3,181,305	2,914,385	6,589,753	5,888,510
% Change	9.2%		11.9%	
<b>CASE MIX INDEX (CMI)<sup>(2)</sup>:</b>				
Combined Academic (The General & BWH)	2.30	2.19	2.24	2.18
	5.0%		2.8%	
Combined Community (BWFH, Salem & NWH)	1.36	1.32	1.34	1.31
	3.0%		2.3%	

<sup>(1)</sup> Includes data from The General, BWH, BWFH, Salem, NWH, Cooley Dickinson, Nantucket, Martha's Vineyard, Wentworth-Douglass and Mass Eye and Ear.

<sup>(2)</sup> CMI based on APR-DRG version 30, NY weight.

**MASS GENERAL BRIGHAM:  
REHABILITATION & PSYCHIATRIC CARE SECTORS  
UTILIZATION STATISTICS**

	Second Quarter Ended March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021
<b>REHABILITATION</b>				
<b>Inpatient:</b>				
Discharges	917	1,074	1,916	2,182
% Change	-14.6%		-12.2%	
Discharge Days	22,551	24,426	45,371	51,166
% Change	-7.7%		-11.3%	
Average Length of Stay (Days)	24.59	22.74	23.68	23.45
% Change	8.1%		1.0%	
Patient Days	23,760	24,811	47,864	50,265
% Change	-4.2%		-4.8%	
<b>Outpatient:</b>				
Home Health	105,032	117,122	219,302	240,362
% Change	-10.3%		-8.8%	
Therapies	265,974	252,142	532,863	510,604
% Change	5.5%		4.4%	

Note: Rehabilitation sector includes Spaulding Boston, Spaulding Cambridge, Spaulding Cape Cod and Mass General Brigham Home Care.

**PSYCHIATRIC**

<b>Inpatient:</b>				
Discharges	1,377	1,328	2,848	2,709
% Change	3.7%		5.1%	
Discharge Days	20,762	18,862	41,792	37,370
% Change	10.1%		11.8%	
Average Length of Stay (Days)	15.08	14.20	14.67	13.79
% Change	6.2%		6.4%	
Patient Days	20,923	19,109	42,082	38,137
% Change	9.5%		10.3%	
<b>Outpatient:</b>				
Psychiatric Services	32,020	33,131	64,868	65,742
% Change	-3.4%		-1.3%	

**MASS GENERAL BRIGHAM: INSURANCE SECTOR  
STATISTICS**

	Second Quarter Ended March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021
<b>Medical loss ratio</b> <sup>(1)</sup>	94.6%	90.4%	93.1%	92.8%
% Change	4.2%		0.3%	
<b>Administrative expense ratio</b> <sup>(1)</sup>	9.8%	10.9%	10.3%	10.9%
% Change	-1.1%		-0.6%	
<b>Total members</b>	262,962	254,584	262,962	254,584
% Change	3.3%		3.3%	

<sup>(1)</sup> Excludes impact of \$30 million prior year settlement in FY21 Q1.



<b>Statistic</b>	<b>Definition</b>
Discharges	The total number of patients discharged from a hospital bed in a given time period
Discharge Days	The total number of days each discharged patient occupied a bed during the duration of their hospital stay
Average Length of Stay	Patient days divided by the number of patient discharges
Patient Days	Total number of days a patient occupied a hospital bed in a given time period
ATO's	Patients admitted under observation status and generally discharged within 24 hours
ED Observations	Patients admitted under observation status in the ER (at GH and BWH) and generally discharged within 24 hours
Day Surgery	Surgical procedures performed on an outpatient basis
Ambulatory visits	Includes office/outpatient services, consults, preventive medicine and psychiatric visit - clinic O/P
ER Visits	Emergency room visits
Procedures	Includes integumentary, musculoskeletal, oral & maxillofacial surg, respiratory, cardiovascular, hemic/lymphatic, mediastinum/disphragm, digestive, urinary, female/male genital, endocrine, nervous system, eye/ocular adnexa and auditory
Major Imaging	Includes MRI, CT Scan, nuclear medicine and PET Scan
Minor Imaging	Includes radiology diagnostic, ultrasound, breast imaging and 3D reconstruction
Treatments	Includes chemotherapy, radiation therapy, non chemo infusions, dialysis, electroconvulsive therapy and dental
Therapies	Includes respiratory/pulmonary therapy, physical therapy, occupational therapy, speech language pathology, cardiac rehabilitation and nutrition
Lab Services	Lab services
Home Health	Nurse visits, aide visits, physical therapy, occupational therapy, speech-language pathology, registered dietician, medical social work, telemedicine and private duty converted hours
Psychiatric Services	Includes partial days, ART days, individual therapy, group therapy, family therapy, child and adolescent days and other therapies
Case Mix Index	The average diagnosis-related-group weight for all of a hospital's inpatient volume
Medical Loss Ratio	Medical expense as a percentage of premium revenue

**MASS GENERAL BRIGHAM: INVESTMENT LIQUIDITY & DEBT BACKED BY SELF LIQUIDITY**  
as of March 31, 2022  
(In Thousands)

**INVESTMENT LIQUIDITY<sup>(1)</sup>**

**Funds Available**

<b>Investment Pool</b>	<b>Same Day</b>	<b>1 Week</b>	<b>1 Month</b>	<b>3 Months</b>	<b>1 Year</b>	<b>&gt;1 Year</b>	<b>Total</b>
Money Market	\$523,828	-	-	-	-	-	\$523,828
Aggregate Bond	462,782	734,895	-	-	-	-	1,197,676
Long Term	91,508	903,932	1,494,585	3,758,124	1,481,446	6,132,647	13,862,243
<b>Total</b>	<b>\$1,078,118</b>	<b>\$1,638,827</b>	<b>\$1,494,585</b>	<b>\$3,758,124</b>	<b>\$1,481,446</b>	<b>\$6,132,647</b>	<b>\$15,583,747</b>
Cumulative Total	\$1,078,118	\$2,716,945	\$4,211,529	\$7,969,653	\$9,451,099	\$15,583,747	

**DEBT BACKED BY SELF LIQUIDITY**

**Funds Required**

<b>Debt Mode</b>	<b>Same Day</b>	<b>1 Week</b>	<b>1 Month</b>	<b>3 Months</b>	<b>1 Year</b>	<b>&gt;1 Year</b>	<b>Total</b>
Flexible Rate <sup>(2)</sup>	-	\$19,585	-	\$143,005	-	-	\$162,590
Index Floating Rate	-	-	-	-	119,870	216,600	336,470
Term Rate	-	-	-	-	-	207,205	207,205
<b>Total</b>	<b>-</b>	<b>\$19,585</b>	<b>-</b>	<b>\$143,005</b>	<b>\$119,870</b>	<b>\$423,805</b>	<b>\$706,265</b>
Cumulative Total	-	\$19,585	\$19,585	\$162,590	\$282,460	\$706,265	

<sup>(1)</sup> Excludes ERISA.

<sup>(2)</sup> Mass General Brigham limits daily maturities on its flexible rate bonds to \$20 million.



# Mass General Brigham

## Money Market Pool

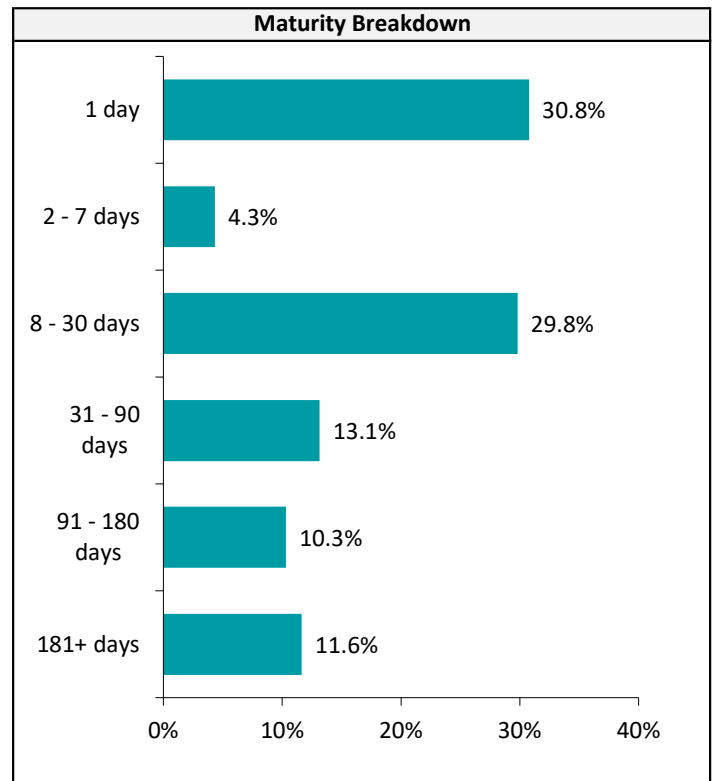
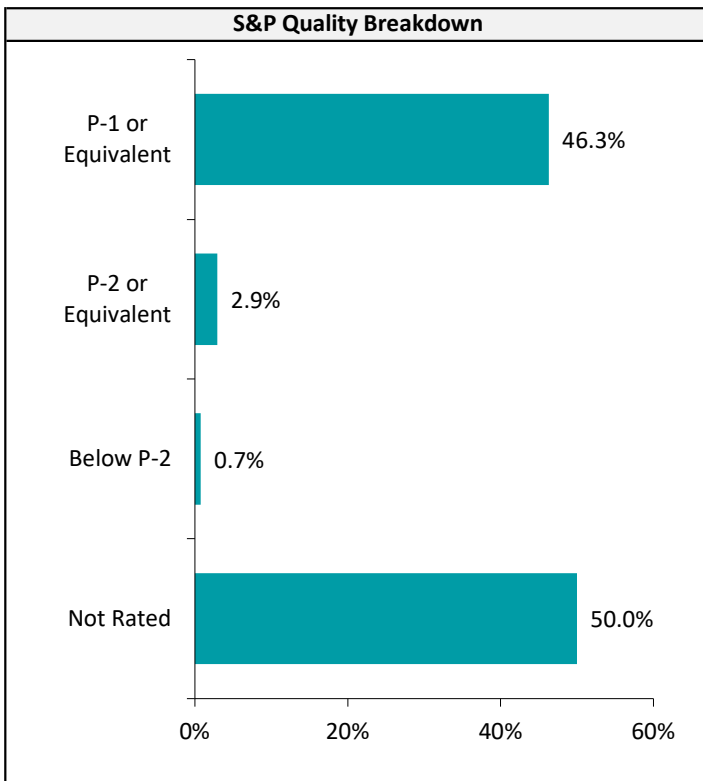
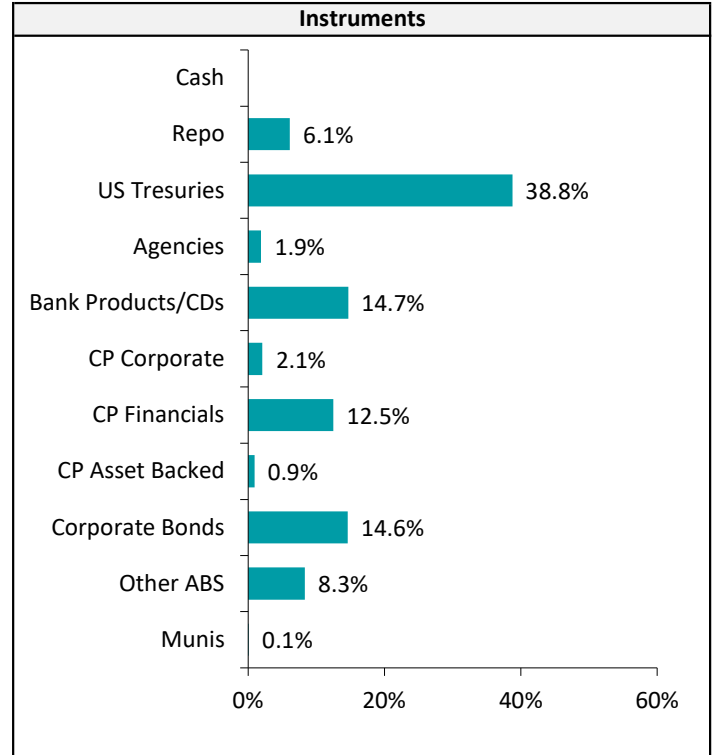
3/31/2022

Portfolio Manager **Wellington Management Co. - Tim Smith**  
 Benchmark **iMoneyNet Money Market Fund Average/All Taxable**

Characteristics	Portfolio	Benchmark
Market Value (\$000)	\$ 523,828	n/a
Avg Rating	P-1	P-1
Avg Maturity (Days)	68.9	n/a
Avg Life (Days)	134.8	n/a
Current Yield	1.83%	n/a
Daily Liquidity (%)	45.90%	n/a
Weekly Liquidity (%)	50.32%	n/a
144A Securities (%)	9.22%	n/a
Floating Rate (%)	9.56%	n/a

Net Asset Value 1.00

Annualized Returns	Portfolio	Benchmark	Relative
Month	-0.01%	0.00%	- 0.01%
Quarter	-0.02%	0.00%	- 0.02%
FYTD	-0.06%	0.00%	- 0.07%
CYTD	-0.02%	0.00%	- 0.02%
1 Year	-0.05%	0.01%	- 0.06%
3 Year	0.70%	0.55%	+ 0.15%
5 Year	1.04%	0.83%	+ 0.21%
Inception (12/31/94)	2.44%	2.03%	+ 0.41%





# Mass General Brigham

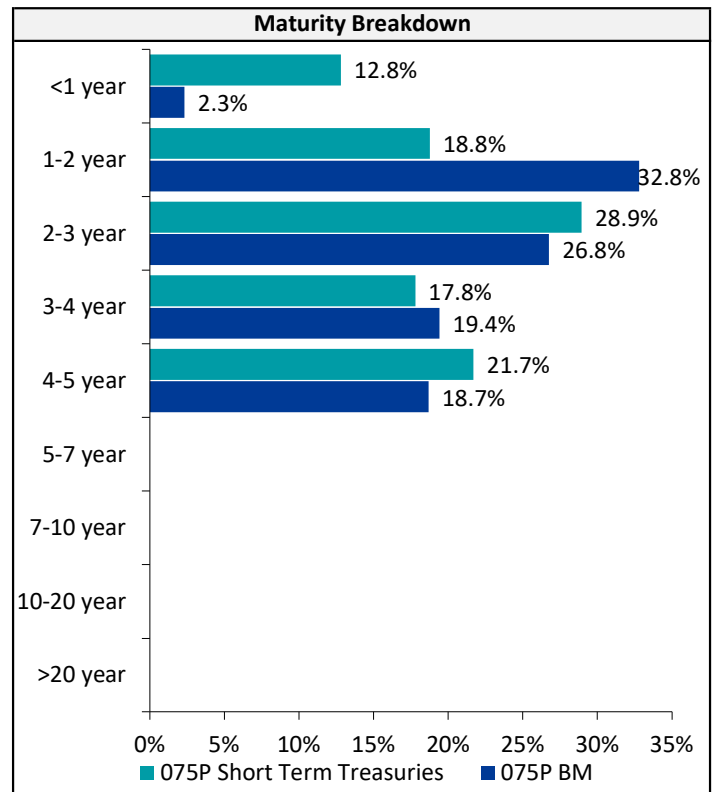
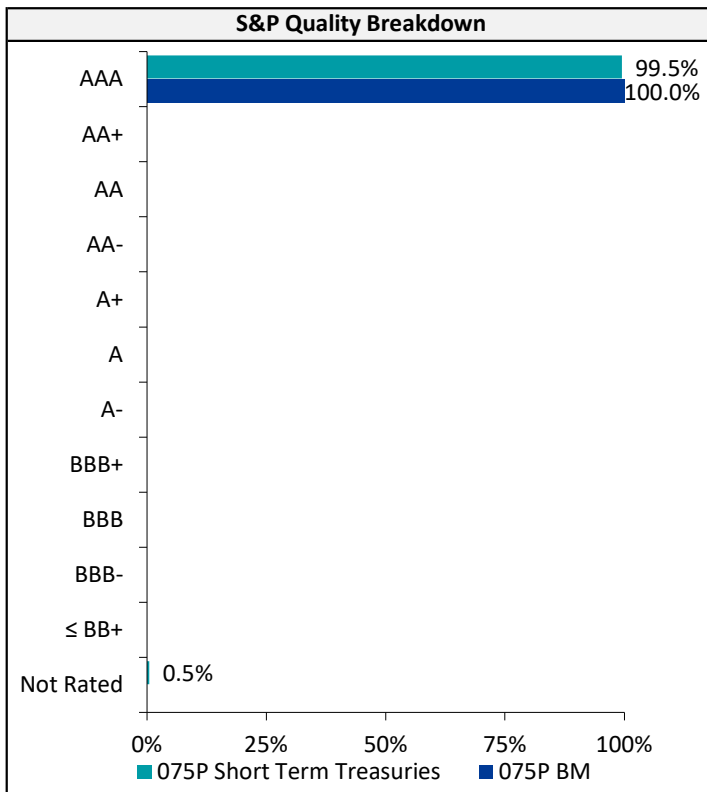
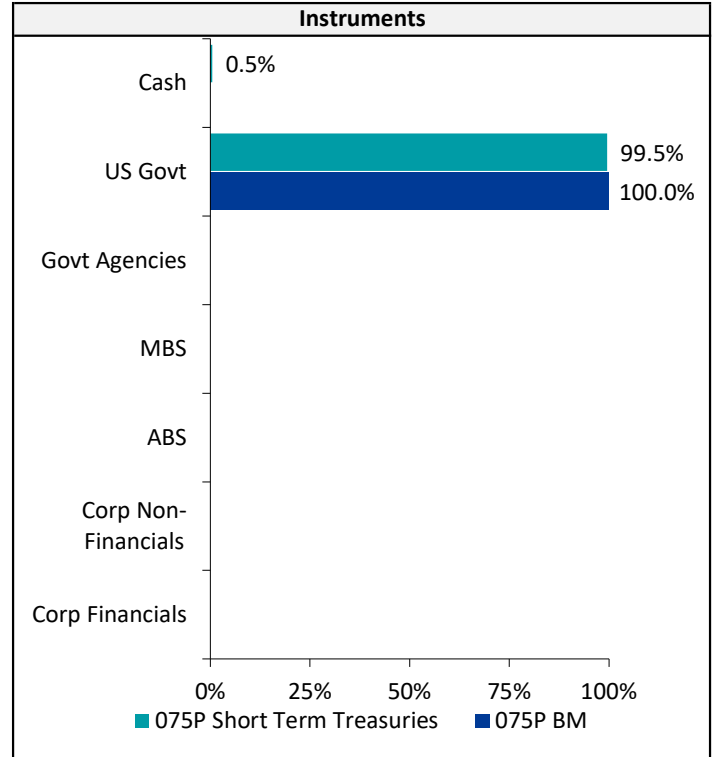
## Short Term Treasury Fund

3/31/2022

Portfolio Manager **Congress Asset Management - Jeff Porter**  
 Benchmark **Barc. US Treas 1-5 yr**

	Portfolio	Benchmark
Market Value (\$000)	\$ 187,505	n/a
# Issues	14	153
Avg Coupon	1.77%	1.30%
Avg Rating	AAA	AAA
Avg Maturity	2.79	2.72
Avg Yield	2.33%	2.36%
Avg Mod. Duration	2.67	2.67
Avg. Convexity	0.10	0.10

Annualized Returns	Portfolio	Benchmark	Relative
Month	-1.96%	-1.97%	+ 0.01%
Quarter	-3.30%	-3.37%	+ 0.07%
FYTD	-4.06%	-4.08%	+ 0.02%
CYTD	-3.30%	-3.37%	+ 0.07%
1 Year	-3.99%	-3.96%	- 0.03%
3 Year	1.12%	0.87%	n/a
5 Year	1.23%	1.13%	n/a
Inception (4/1/14)	1.16%	1.11%	+ 0.05%





# Mass General Brigham

## Intermediate Domestic Bond Fund

3/31/2022

Portfolio Manager **Congress Asset Management - Jeff Porter**  
 Benchmark **Barc. Intermediate US Govt/Credit**

	Portfolio	Benchmark
Market Value (\$000)	\$ 275,465	n/a
# Issues	37	5,447
Avg Coupon	2.36%	1.91%
Avg Rating	AA	AA
Avg Maturity	4.33	4.29
Avg Yield	2.50%	2.68%
Avg Mod. Duration	3.91	3.98
Avg. Convexity	0.24	0.24

Annualized Returns	Portfolio	Benchmark	Relative
Month	-2.25%	-2.45%	+ 0.20%
Quarter	-4.24%	-4.51%	+ 0.27%
FYTD	-4.73%	-5.05%	+ 0.33%
CYTD	-4.24%	-4.51%	+ 0.27%
1 Year	-3.67%	-4.10%	+ 0.43%
3 Year	1.52%	1.50%	+ 0.02%
5 Year	1.81%	1.81%	+ 0.01%
Inception (5/31/02)	3.84%	3.44%	+ 0.40%

