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## **PROVIDENCE REPORTS YEAR-END 2020 RESULTS**

*The health system led its communities through an unprecedented year, responding to the pandemic while continuing to serve patients in need.*

RENTON, WASH. March 8, 2021 – Having admitted the first known U.S. patient with COVID-19, Providence, one of the largest health systems in the country, today announced results for the fiscal year ended Dec. 31, 2020.

“We knew we were in for a marathon the moment we admitted our first patient with COVID-19 in January 2020. Our caregivers have been on the front lines ever since, and we are incredibly proud and grateful for all they have done to serve our communities during this challenging time,” said Providence President and CEO Rod Hochman, M.D.

To navigate the pandemic, Providence engaged in a three-part strategy last year. The first strategy, Respond, focused on keeping caregivers and patients safe by investing in the staff, supplies, tests and treatments needed to safely and effectively respond to the virus. The second strategy, Recover, focused on continuing to meet the ongoing health needs of the community by ensuring access to non-COVID-19 related care. Meanwhile, the third strategy, Renew, involved accelerating innovation to rapidly improve Providence’s COVID-19 response while transforming health care for the future.

“These three strategies allowed us to effectively steward our resources throughout the pandemic. The steps we took made it possible for us to ensure our caregivers were well supported and that we could continue to meet the needs of our patients. Thanks to everyone at Providence, we have been able to lead our communities through the crisis while ensuring our Mission flourishes into the future,” said Providence CFO Greg Hoffman.

The pandemic had a direct impact on Providence’s results for fiscal year ended Dec. 31, 2020. Government orders to temporarily suspend non-emergent procedures in March 2020 and other service reductions across the year led to an unprecedented decrease in patient volumes. As a result, Providence experienced a significant reduction in patient revenue, coupled with an increase in costs incurred for personal protective equipment, pharmaceuticals and labor.

Volumes as measured by case mix adjusted admissions declined 9% for the fiscal year ended Dec. 31, 2020. Operating revenues were \$25.7 billion, an increase of 3% compared to the previous year. This was driven by growth in capitation, premium and diversified revenue streams, and was supported by a recognition of \$957 million of CARES provider grants, which partly offset lower volumes. Meanwhile operating expenses were \$26 billion, an increase of 5% compared with the previous year. Operating EBIDA (earnings before interest, depreciation and amortization) was \$1.1 billion, or 4.4% of operating revenues, compared with \$1.6 billion and 6.2% for the same period in 2019.

Providence increased its community benefit contributions to \$1.8 billion compared to \$1.5 billion in 2019. This includes \$1.1 billion in unpaid costs of Medicaid for the fiscal year ended Dec. 31, 2020, compared with \$816 million in 2019. The increase was largely driven by an increase in patients covered by Medicaid who needed more complex, higher acuity care.

In other highlights, non-operating income totaled \$1 billion for the fiscal year ended December 31, 2020, compared with \$1.1 billion in 2019. Non-operating income helped to recoup operating losses resulting from the pandemic and offset reimbursement shortfalls from Medicaid and Medicare coverage, allowing us to serve vulnerable populations while balancing our financial standing.

“The past year is one we’ll never forget. Thank you to everyone at Providence for rising to the occasion and continuing to serve our communities in a time of immense need. As I reflect on the efforts of our dedicated caregivers, I have never been more confident in the future of our organization,” Dr. Hochman said.

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#### **About Providence**

Providence is a national, not-for-profit Catholic health system comprising a diverse family of organizations and driven by a belief that health is a human right. With 51 hospitals, nearly 1,000 physician clinics, senior services, supportive housing and many other health and educational services, the health system and its partners serve communities across seven states, Alaska, California, Montana, New Mexico, Oregon, Texas and Washington with system offices in Renton, Wash., and Irvine, Calif. Learn about our vision of health for a better world at [Providence.org](https://www.providence.org).