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PROVIDENCE REPORTS YEAR-END 2021 RESULTS

In the second year of the pandemic, the health system reinforced its commitment to its Mission with \$1.9 billion in community benefit, which is over \$366 million more than pre-pandemic levels.

RENTON, WASH. March 8, 2022 – Providence, one of the largest health systems in the nation, today announced results for the fiscal year ended Dec. 31, 2021. The report describes an unprecedented year, marked by three major surges in COVID-19 volumes, a national shortage of health care personnel, as well as deferrals of non-emergent care. In continuing to meet the tremendous need, Providence experienced a net operating loss as higher costs resulting from the pandemic outpaced reimbursement from payers.

Despite the challenges, Providence continued to increase its community benefit contributions. For the fiscal year ended Dec. 31, 2021, the health system provided \$1.9 billion in uncompensated care and other community benefit activities, compared to \$1.8 billion in 2020 and \$1.5 billion in 2019. This represents an increase of \$366 million since the pandemic began.

“Throughout this time of need, Providence continues to be here for our communities. We are deeply grateful to our caregivers for their commitment to the Mission and all they do to help us serve those who are most vulnerable. We are incredibly proud that we continue to increase our community benefit levels amid the challenges of the pandemic,” said Providence President and CEO Rod Hochman, M.D.

Providence continues to forge a path to recovery and renewal. The health system is diligently working to address pent-up health needs that have resulted from deferred care. In addition, Providence unveiled a new strategic plan – Destination Health 2025 – which serves as a roadmap for improving health and transforming health care and ensuring the financial strength of the Mission far into the future.

“Destination Health 2025 redoubles our commitment to our communities and caregivers. We are focusing on healing and rebuilding our teams, as well as creating the workforce of the future. We are also advancing other key strategies, such as diversifying revenue through value-based care and other services to support patient-care operations,” Providence CFO Greg Hoffman said.

Providence experienced higher volumes as well as higher acuity in 2021. Volumes as measured by case mix adjusted admissions were 7% higher for the fiscal year ended Dec. 31, 2021, compared with the same period in 2020. The increases were driven by higher outpatient and inpatient volumes, as well as increased emergency department visits.

For the fiscal year ended Dec. 31, 2021, earnings before interest, depreciation and amortization (EBIDA) were \$812 million, or 3% of operating revenues, compared with \$1.1 billion and 4.4% of operating revenues in the prior year. Operating revenues were \$27.3 billion, an increase of 6% compared with the same period in 2020. Meanwhile, operating expenses were \$28 billion, up 8 percent compared with the prior year. This included a 10% increase in salaries and benefits due to higher wages, increased agency staffing costs and overtime. As a

result, Providence experienced a net operating loss of \$714 million from operations for the year ended Dec. 31, 2021. Despite increased COVID-19 volumes across Providence, the health system recognized \$313 million in CARES Act funding in 2021, compared with \$957 million in the prior year.

In other highlights, non-operating income totaled \$1.2 billion for the fiscal year ended December 31, 2021, compared with \$1 billion in 2020. Non-operating income helps 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 performance.

“When the first U.S. patient with COVID-19 was admitted to a Providence hospital two years ago, there was not a playbook for what was about to unfold. But together we responded to the challenge,” Hoffman said. “Though the headwinds will be strong the next few months, we have charted a clear path to recovery and renewal, and we will continue to invest in the health and well-being of our caregivers and patients. Just as our founders did more than 165 years ago, we will respond to the times while continuing to take the long view to ensure the Mission flourishes into the future.”

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About Providence

Providence is a national, not-for-profit Catholic health system comprising a diverse family of organizations and driven by a belief that health is a human right. With 52 hospitals, more than 900 physician clinics, senior services, supportive housing and many other health and educational services, the health system and its partners employ and nearly 120,000 caregivers serving communities across Alaska, California, Montana, New Mexico, Oregon, Texas, and Washington, with system offices in Renton, Wash., and Irvine, Calif. Learn about our vision of *health for a better world* at [Providence.org](https://www.providence.org).