

Intermountain Health Care, Inc. and Affiliated Companies

Included is unaudited consolidated financial information of Intermountain Health Care, Inc. (“Intermountain”) and affiliated companies as of and for the six months ended June 30, 2022. The internally prepared consolidated financial information, although unaudited, does, in the opinion of management, include all normal recurring adjustments necessary to fairly summarize the results of operations for the periods presented. Results of operations for the six months ended June 30, 2022 are not necessarily indicative of the results that may be achieved for the fiscal year ending December 31, 2022.

On December 15, 2021, Intermountain and Sisters of Charity of Leavenworth Health System, Inc. (“SCL Health”) entered into a merger agreement to combine their health systems into a new, unified health system (the “Merger”). The Merger was effective on April 1, 2022. As part of the Merger, Intermountain, which is the sole member of IHC Health Services, Inc., became a member of SCL Health.

The Merger was accounted for as a business combination in accordance with Financial Accounting Standards Board, Accounting Standards Codification 958-805 (Not-for-Profit Entities Business Combinations). Intermountain accounted for the transaction by re-measuring SCL Health’s assets and liabilities at fair value as of the effective date of the transaction. As there was no consideration involved in the transaction, the fair values of the net assets without donor restrictions and the net assets with donor restrictions of SCL Health were recognized as contributions received. The results of operations of SCL Health are included in the Intermountain consolidated financial statements beginning April 1, 2022.

The information contained in this document speaks only for the periods and as of the dates stated therein and shall not under any circumstances create any implication that there has been no change since the date of such information.

Intermountain Health Care, Inc. and Affiliated Companies
Consolidated Balance Sheets (Unaudited)
(In Millions)

	June 30 2022	December 31 2021
Assets		
Current assets:		
Cash and equivalents	\$ 635	\$ 396
Assets limited as to use	954	765
Accounts receivable	1,344	934
Inventory	253	212
Due from brokers for securities sold	204	259
Other current assets	522	396
Total current assets	<u>3,912</u>	<u>2,962</u>
Assets limited as to use	12,913	12,056
Property and equipment, net	5,958	3,429
Other assets	1,411	1,155
Total assets	<u><u>\$ 24,194</u></u>	<u><u>\$ 19,602</u></u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 746	\$ 666
Compensation and related liabilities	718	461
Due to brokers for securities purchased	533	329
Medical claims payable	305	275
Other current liabilities	628	471
Current portion of long-term debt	60	30
Long-term debt subject to short-term remarketing arrangements	421	436
Total current liabilities	<u>3,411</u>	<u>2,668</u>
Pension liability	317	230
Long-term debt	3,089	2,196
Other liabilities	947	911
Net assets:		
Without donor restrictions	15,917	13,194
With donor restrictions	513	403
	<u>16,430</u>	<u>13,597</u>
Total liabilities and net assets	<u><u>\$ 24,194</u></u>	<u><u>\$ 19,602</u></u>

Intermountain Health Care, Inc. and Affiliated Companies
Consolidated Statements of Operations and Changes in Net Assets (Unaudited)
(In Millions)

	Six Months Ended June 30	
	2022	2021
Revenues		
Patient services	\$ 3,587	\$ 2,680
Premiums and capitation	2,551	2,281
Other revenues	381	275
	<u>6,519</u>	<u>5,236</u>
Expenses		
Employee compensation and benefits	2,678	1,934
Medical claims	1,239	1,082
Supplies	1,118	900
Other operating expenses	911	633
	<u>5,946</u>	<u>4,549</u>
Earnings before interest, depreciation and amortization	573	687
Depreciation and amortization	245	194
Interest	43	32
	<u>288</u>	<u>226</u>
Net operating income	285	461
Nonoperating income (loss)		
Investment income (loss)	(1,687)	1,121
Contribution from affiliation	4,147	—
Gain from sale of affiliates	—	315
Loss from nonoperating affiliates	(3)	(16)
	<u>2,457</u>	<u>1,420</u>
Excess of revenues over expenses	<u>\$ 2,742</u>	<u>\$ 1,881</u>

(continued)

Intermountain Health Care, Inc. and Affiliated Companies
Consolidated Statements of Operations and Changes in Net Assets (Unaudited)
(In Millions)

	Six Months Ended June 30	
	2022	2021
Net assets without donor restrictions		
Excess of revenues over expenses	\$ 2,742	\$ 1,881
Other	(19)	—
Increase in net assets without donor restrictions	<u>2,723</u>	<u>1,881</u>
Net assets with donor restrictions		
Restricted contribution from affiliation	92	—
Contributions	47	28
Net assets released from restrictions and other	(29)	(12)
Increase in net assets with donor restrictions	<u>110</u>	<u>16</u>
Increase in net assets	2,833	1,897
Net assets at beginning of period	<u>13,597</u>	<u>10,660</u>
Net assets at end of period	<u>\$ 16,430</u>	<u>\$ 12,557</u>

Intermountain Health Care, Inc. and Affiliated Companies
Consolidated Statements of Cash Flows (Unaudited)
(In Millions)

	Six Months Ended	
	June 30	
	2022	2021
Reconciliation of increase in net assets to net cash provided by operating activities		
Increase in net assets	\$ 2,833	\$ 1,897
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Investment losses (gains), net	1,880	(1,051)
Gain from sale of affiliates	—	(315)
Contribution from affiliation	(4,147)	—
Restricted contribution from affiliation	(92)	—
Net change in fair value of interest rate swaps	(116)	(44)
Nonoperating affiliates activities	3	16
Net postretirement benefit plans expense	83	95
Restricted contributions	(15)	(15)
Depreciation and amortization	245	194
Net change in current assets and liabilities:		
Accounts receivable	(54)	(143)
Inventory	17	—
Other current assets	32	(15)
Accounts payable and accrued liabilities	(239)	(70)
Compensation and related liabilities	114	86
Medical claims payable	30	(4)
Other current liabilities	(131)	118
Other	(77)	(120)
Net cash provided by operating activities	\$ 366	\$ 629

(continued)

Intermountain Health Care, Inc. and Affiliated Companies
Consolidated Statements of Cash Flows (Unaudited)
(In Millions)

	Six Months Ended	
	June 30	
	2022	2021
Investing activities		
Purchases of property and equipment	\$ (257)	\$ (136)
Net sales (purchases) of investments	111	(755)
Net proceeds from sale of subsidiaries	—	331
Cash used by nonoperating affiliates	(20)	(5)
Cash prepaid for business acquisition	—	(277)
Cash acquired through affiliation	104	—
Net cash used in investing activities	(62)	(842)
Financing activities		
Repayment of debt	(264)	(35)
Borrowings under term loan agreement	234	—
Restricted contributions and other	4	14
Net cash used in financing activities	(26)	(21)
Net increase (decrease) in cash and equivalents	278	(234)
Cash and equivalents at beginning of period	423	670
Cash and equivalents at end of period	\$ 701	\$ 436
Reconciliation of cash and equivalents		
Cash and equivalents	\$ 635	\$ 370
Cash in assets limited as to use	66	66
Cash and equivalents	\$ 701	\$ 436

Intermountain Health Care, Inc. and Affiliated Companies
Pro Forma Combined System Utilization Statistics

	Six Months Ended June 30	
	2022 ⁽¹⁾	2021 ⁽¹⁾
Licensed beds	4,760	4,777
Available beds	4,521	4,534
Inpatient admissions	100,611	101,747
Adjusted admissions ⁽²⁾	242,953	233,061
Inpatient days	451,190	438,458
Adjusted patient days ⁽³⁾	1,089,523	1,004,328
Newborn deliveries	18,818	19,700
Occupancy on available beds	55.1%	53.4%
Average daily census	2,493	2,422
Average length of stay ⁽⁴⁾	4.5	4.3
Emergency room visits	411,280	371,008
Outpatient visits ^{(5) (6)}	1,819,251	1,956,011
Clinic visits ⁽⁷⁾	2,444,307	2,204,609
Inpatient surgeries	23,812	24,361
Outpatient surgeries ⁽⁶⁾	91,798	88,203
Employed full-time equivalents ⁽⁸⁾	51,734	49,798

(1) Intermountain and SCL Health were affiliated effective April 1, 2022. To allow for meaningful year-over-year comparisons, system utilization statistics are presented on a pro forma basis including both legacy systems for the six months ended June 30, 2022 and 2021. The pro forma statistics for periods prior to April 1, 2022 are presented by combining the historical results of the legacy Intermountain system and the legacy SCL Health system for the respective periods.

(2) Equal to inpatient admissions + (inpatient admissions x (gross outpatient revenue / gross inpatient revenue))

(3) Equal to inpatient days + (inpatient days x (gross outpatient revenue / gross inpatient revenue))

(4) Equal to inpatient days / inpatient admissions

(5) Outpatient visits is the unique count of hospital outpatient visits, including emergency room visits, outpatient surgeries, hospital-based clinic visits, and visits for outpatient ancillary services

(6) Statistics for outpatient visits and outpatient surgeries include joint venture activity

(7) Clinic visits includes all medical group clinic visits and excludes hospital-based clinic visits

(8) Includes both physicians and staff