

# MaineHealth

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**MAINEHEALTH SYSTEM  
(MaineHealth Services and Subsidiaries)**

Quarterly Disclosure Report

*For the 1st Quarter Ended December 31, 2022*

**DATED: February 22, 2023**

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## MaineHealth First Quarter of Fiscal Year 2023 Financial Results

### Summary Financial Results

MaineHealth reported income from operations of \$16.0 million resulting in an operating margin of 1.6% for the first quarter of fiscal year 2023, which ended December 31, 2022. When compared to the prior year, income from operations for the quarter ended December 31, 2022 was \$34.5 million lower than the quarter ended December 31, 2021. The primary causes of this quarter to quarter decrease in income from operations resulted from less COVID-19 relief funding.

The financial performance of MaineHealth has continued to be impacted by external pressures, including widespread workforce shortages forcing MaineHealth to rely heavily on contract labor in order to maintain access to timely high quality care. The workforce shortage has also impacted long term care providers in Maine who have been forced to staff fewer beds. With fewer long term care beds available for discharging patients from MaineHealth's acute care hospitals, length of stay continues to remain high compared to historical levels.

The following unaudited summary consolidated balance sheets and statements of operations for MaineHealth were prepared by management of MaineHealth and were derived from the financial records of MaineHealth. Unaudited consolidated financial information includes all adjustments, including normal recurring accruals that management considers necessary for a fair presentation of the financial position and results for the quarter ended December 31, 2022.

### Consolidated Statement of Operation

On a consolidated basis, MaineHealth reported total unrestricted revenue and other support of \$979.7 million for the first quarter of fiscal year 2023, which represented a \$41.6 million or 4.4% increase compared to \$938.1 million for the first quarter of fiscal year 2022. Net patient service revenue increased 7.9% over the prior year quarter and was driven by an increase in the volume of patient days, surgical cases and emergency room visits and an increase in negotiated payment rates. Other operating revenue, excluding COVID-19 relief funds, increased 24.5% due to increases in specialty and retail pharmacy revenue.

On a consolidated basis, MaineHealth reported total operating expenses of \$963.7 million for the first quarter of fiscal year 2023, which was an increase of \$76.1 million or 8.6% compared to \$887.6 million in the first quarter of fiscal year 2022. Of this increase, \$36.4 million was a result of increased contract labor expense due to staffing vacancies. Employee salaries and benefits were \$27.5 million or 5.1% higher in the first quarter of fiscal year 2023 than in the same period of fiscal year 2022. This increase was primarily driven by compensation increases. Pharmaceutical and supply expense in the first quarter of fiscal year 2023 were \$19.9 million or 13.3% higher than in the same quarter of 2022 as a result of increased specialty and retail pharmacy sales and procedural volume.

Due largely to favorable market conditions impacting investments, a total non-operating gain of \$38.1 million was reported in the first quarter of fiscal year 2023 compared to a non-operating loss of \$2.6 million in the first quarter of fiscal year 2022.

The excess (deficit) of revenue and non-operating gains (losses) – net over expenses for the first quarter of fiscal year 2023 was an excess of \$54.2 million which was \$6.0 million higher than the excess of \$48.1 million reported for the first quarter of the prior fiscal year.

#### Summary Consolidated Balance Sheet

When combined, cash and cash equivalents, investments, board designated and plant replacement fund balances at December 31, 2022 of \$1.3 billion decreased by \$117.9 million from September 30, 2022. This decrease was the result of approximately \$67.0 million in re-payments associated with the CARES Act Accelerated and Advance Payments program and CARES Act authorized deferred payroll taxes.

Other current liabilities of \$537.2 million as of December 31, 2022 decreased by \$63.8 million or 10.6% from September 30, 2022 balances of \$601.1 million. This decrease was also a result of repayments from the CARES Act Accelerated and Advance Payments program and CARES Act authorized deferred payroll taxes.

Accrued retirement benefits of \$208.3 million as of December 31, 2022 decreased by \$27.0 million or 11.5% from the September 30, 2022 balance. This decrease was primarily the result of retiring employees electing lump sum pay outs of their retirement benefits.

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**MaineHealth System**  
**(MaineHealth Services and Subsidiaries)**  
**Summary Consolidated Statements of Operations**  
**(\$ in thousands)**

	<b>First Quarter Ended December 31, 2021 (Unaudited)</b>	<b>First Quarter Ended December 31, 2022 (Unaudited)</b>
Unrestricted revenue and other support:		
Net patient service revenue	\$ 789,062	\$ 851,410
COVID-19 Relief Funds	54,904	11,129
Other revenue	94,139	117,200
Total unrestricted revenue and other support	<u>938,105</u>	<u>979,739</u>
Expenses:		
Salaries & employee benefits	536,199	563,667
Professional fees, purchased services & supplies	260,362	307,891
Interest	4,456	3,864
Depreciation and amortization	40,397	40,352
Other	46,187	47,948
Total expenses	<u>887,601</u>	<u>963,722</u>
Income (loss) from operations	<u>50,504</u>	<u>16,017</u>
Nonoperating gains (losses):		
Gifts and donations – net of related expenses	204	727
Other	(2,592)	37,418
Total nonoperating gains (losses) – net	<u>(2,388)</u>	<u>38,145</u>
Excess (deficit) of revenue and nonoperating gains (losses) – net over expenses	48,116	54,162
Other	7,801	2,530
Increase (decrease) in unrestricted net assets	<u>\$ 55,917</u>	<u>\$ 56,692</u>

**MaineHealth System**  
**(MaineHealth Services and Subsidiaries)**  
**Summary Consolidated Balance Sheets**  
**(\$ in thousands)**

	<b>September 30, 2022</b>	<b>December 31, 2022</b>
<b>Assets</b>	<b>(audited)</b>	<b>(unaudited)</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 303,765	\$ 209,219
Investments	995,099	965,067
Patient accounts receivable – net	356,256	378,539
Other current assets	268,290	281,275
Total current assets	1,923,410	1,834,100
<b>Investments whose use is limited</b>		
Board designated & plant replacement funds	142,402	149,116
Other	286,849	299,509
Total investments whose use is limited	429,251	448,625
Property, plant, and equipment – net	1,498,755	1,533,767
Other assets	322,713	331,240
Total assets	\$ 4,174,129	\$ 4,147,732
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 43,612	\$ 43,552
Other current liabilities	601,087	537,246
Total current liabilities	644,699	580,798
Accrued retirement benefits	235,242	208,263
Long-term debt – less current portion	715,631	709,071
Other liabilities	237,333	243,662
Total liabilities	1,832,905	1,741,794
<b>Net assets:</b>		
Net assets without donor restrictions	2,077,843	2,134,535
Net assets with donor restrictions	263,381	271,403
Total net assets	2,341,224	2,405,938
Total liabilities and net assets	\$ 4,174,129	\$ 4,147,732

The following table illustrates MaineHealth’s utilization for the first quarter ended December 31, 2021 and 2022.

MaineHealth System-Wide Utilization

	<b>First Quarter Ended <u>December 31, 2021</u></b>	<b>First Quarter Ended <u>December 31, 2022</u></b>
Inpatient Discharges (excluding newborns)	12,261	12,482
Acute Care Patient Days (excluding newborns)	81,425	80,897
Observation Bed Days	5,435	8,098
Hospital Inpatient Occupancy (beds in service)	75.4%	73.5%
Average Length of Stay (days)	6.64	6.49
Surgical Cases - Inpatient	3,663	3,979
Surgical Cases - Outpatient	10,914	12,287
Births	1,301	1,340
Emergency Visits	55,142	63,463
Urgent Care Visits	23,609	19,866
Radiology	95,977	101,677
CT Scans	33,031	37,752
MRI Studies	10,611	11,583

System-wide inpatient discharges during the quarter ended December 31, 2022 were 12,482 compared to 12,261 for the quarter ended December 31, 2021, which was a 1.8% increase. Acute care patient days of 80,897 for the quarter ended December 31, 2022 decreased by 438 or 0.5% compared to the quarter ended December 31, 2021 while observation bed days increased by 2,663 days or 49.0% for the same period. The length of stay for the quarter ended December 31, 2022 was 6.49 compared to 6.64 for the same period in 2022. Inpatient surgical cases of 3,979 for the quarter ended December 31, 2022 were 316 or 8.6% above the quarter ended December 31, 2021. Outpatient surgical cases of 12,287 for the quarter ended December 31, 2022 were 1,373 or 12.6% above the same period in the prior year.

Total combined imaging volume of radiology exams, CT scans and MRI studies were 151,012 for the quarter ended December 31, 2022 compared to 139,619 for the quarter ended December 31, 2021, which was an 8.2% increase. Emergency visits of 63,463 for the quarter ended December 31, 2022, were 8,321 visits or 15.1% above the prior year while urgent care visits of 19,866 were 15.9% lower.

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