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Providence Reports Q1 2023 Results

While continuing to absorb the rising cost of care to meet community needs, the not-for-profit health system stayed the course on its strategies for recovery and renewal.

RENTON, Wash., May 22, 2023 – Providence, a not-for-profit health system serving the Western U.S., today announced results for the three months ended March 31, 2023. The report showed the ongoing impact of inflation, the national health care labor shortage, delayed reimbursement from payors and global supply chain disruptions. Providence, like other health systems across the country, continued to absorb the increased cost of caring for patients even as revenue and reimbursement did not keep pace.

“Although external pressures are expected to persist into 2023, we are optimistic about the road ahead. Staying the course on our strategies for recovery and renewal is key to navigating the times and positioning us to continue improving the health of our communities well into the future,” said Providence CFO Greg Hoffman.

Some of those strategies include a continued focus on retention and recruitment as the health system works to reduce overall reliance on costly agency staffing. Other key strategies include addressing discharge challenges related to severe staffing shortages in community-based post-acute facilities, as well as a continued focus on increasing surgical capacity to meet vital health care needs. Efforts to reduce the number of executive leadership roles, as well as renegotiate payment rates with commercial insurers have also helped to shore up resources for patients and caregivers.

Continuing to meet growing patient needs, Providence saw patient volumes increase during the three months ended March 31, 2023, with net patient revenues increasing 8%. Meanwhile, the cost of pharmaceuticals and medical supplies jumped 13%, and salary and benefit expenses increased 5% due to wage increases and the continued need for agency labor.

Though costs outpaced revenue, Providence narrowed its net operating losses to \$345 million for the three months ended March 31, 2023, compared to \$510 million for the same period last year. Operating EBIDA was \$26 million for the first three months of the year. Additionally, a financial market rebound drove investment gains of \$259 million for the three months ended March 31, 2023, bringing Providence’s total unrestricted cash and investments to \$9.4 billion.

Despite the challenges, Providence’s commitment to its Mission has not wavered. For the three months ended March 31, 2023, the health system provided \$563 million in community benefit, which is \$151 million higher compared to the same period last year.

“I am incredibly proud that Providence continues to be here for our communities, especially for those who are most vulnerable. Last year, we provided nearly \$2.1 billion in uncompensated care and other

community benefit activities, which is our largest investment in community benefit to date and represents an increase of \$600 million since the pandemic began. Thank you to everyone at Providence for making this possible. Together, we will continue meeting the health care needs of our communities, no matter how challenging the environment gets, and will ensure the Mission of Providence thrives for years to come,” said Rod Hochman, M.D., Providence President and CEO.

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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, more than 1,000 physician clinics, senior services, supportive housing and many other health and educational services, the health system and its partners employ more than 117,000 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).