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**PROVIDENCE SHOWS SIGNS OF RECOVERY IN SECOND QUARTER**

*While volumes and revenue remain a challenge, the health system is focusing on a three-part plan to respond and emerge from the pandemic with renewed strength.*

RENTON, WASH. Aug. 15, 2020 – Having admitted the first known U.S. patient with COVID-19 in January, Providence, one of the largest health systems in the country, continues to pursue a three-part plan to keep caregivers and patients safe; serve those in need; and accelerate the transformation of health care.

The health system reported a rebound in patient volumes following the government-ordered suspension of non-emergent procedures in March and April. However, volumes remain lower than the previous year. For the first six months of 2020, case mix adjusted admissions were 13 percent less than this time last year. Surgeries and procedures were down 23 percent during the same period while total outpatient visits were down 13 percent. As a result, net patient revenue for the first half of 2020 was \$9.1 billion, which is a decline of 10 percent compared to the previous year.

Funding from the Coronavirus Aid, Relief and Economic Security Act helped mitigate but did not eliminate losses for Providence's 51 hospitals. However, even with \$651 million in federal CARES grants recognized, Providence experienced an operating loss of \$221 million for the first six months of 2020 compared to operating income of \$250 million for the prior year. Operating expenses were \$12.7 billion, 3 percent higher than the previous year, as significant costs were incurred to support caregivers and to serve existing patients, including labor costs and increased personal protective equipment and pharmaceutical spend. The resulting operating EBIDA of \$448 million for the first half of the year is more than 50 percent lower compared to 2019.

"We knew we were in for a marathon the moment we admitted our first patient with COVID-19 seven months ago. Our caregivers have been on the front lines ever since, and we are incredibly proud and grateful for all they are doing to serve our communities during the greatest crisis of our lifetime," said President and CEO Rod Hochman, M.D.

"To support our caregivers, meet the needs of patients and ensure our Mission flourishes into the future, we've mapped out a three-part plan to navigate the road ahead. With the steps we're taking, we believe Providence is poised to lead our communities through the crisis and emerge resilient and transformed."

Providence's plan includes these key strategies:

1. *Respond* – The health and safety of patients and caregivers remains the No. 1 priority. Providence ensures this by rapidly replenishing inventory of personal protective equipment, working with lab partners to improve testing capacity and turnaround times, and continuing to advance promising clinical research and best practices in the treatment of COVID-19.
2. *Recover* – The ability to continue meeting the comprehensive health needs of patients is critical. Following the government shutdown, Providence is performing cases that were delayed and working to restore volumes to pre-COVID-19 levels, all while implementing new safety protocols to ensure the safety of our patients. Providence is also revising its operating model and cost structure to ensure the health system can deliver high-quality services more affordably to everyone, regardless of ability to pay.

3. *Renew* – Providence was on a journey to transform health care well-before COVID-19 arrived. This groundwork made it possible to rapidly innovate and respond to the crisis, including developing an artificial intelligence chat bot to triage patients virtually, ramping up telehealth visits and implementing home monitoring through existing teleICU services. With a renewed commitment to its vision of Health for a Better World, Providence continues its pursuit of innovation and bringing care to people when, how and where they want it.

On Friday, Providence announced the departure of CFO Venkat Bhamidipati, who has accepted a new role in the technology sector in the Bay Area where his family lives. Having played a key role in accelerating Providence’s transformation strategies, Bhamidipati will be greatly missed. Providence is blessed with a strong leadership team and has named Greg Hoffman, who most recently served as chief transformation officer, as interim CFO.

In other highlights from Providence’s second quarter financial report, following \$763 million of investment losses in the first quarter, markets improved throughout the second quarter reducing year to date losses to \$212 million as of June 30, 2020. The comparable six-month period from 2019 saw gains of \$812 million.

In addition, \$1.6 billion from the Centers for Medicaid and Medicare Services Advance Payment Program played a vital role in addressing the liquidity crisis that Providence, along with other health systems, experienced as a result of the shutdown. These funds provided stability and has allowed Providence to keep the focus on caring for patients.

Meanwhile, Providence’s commitment to those who are poor and vulnerable continues unwaveringly. Community benefit contributions remained relatively steady, with an investment \$749 million for the first six months of the year compared with \$753 million in the same period in 2019. The unpaid costs of Medicaid were \$469 million for the six months ended June 30, 2020, compared with \$466 million for the same period in 2019.

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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).