



## **UNAUDITED QUARTERLY REPORT**

**For the six months ended June 30, 2025 and 2024**

August 14, 2025

Consolidated Financial Statements and Supplementary Information as of June 30, 2025 and  
December 31, 2024 and for the six months ended June 30, 2025 and 2024

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# **RWJ BARNABAS HEALTH, INC.**

## **Summary of Obligations under the Master Trust Indenture and Other Credit Arrangements**

June 30, 2025

### **Bond Obligations under the Master Trust Indenture**

New Jersey Health Care Facilities Financing Authority Revenue and Refunding Bonds:

- RWJ Barnabas Health Obligated Group Issue, Series 2024A
- RWJ Barnabas Health Obligated Group Issue, Series 2024B
- RWJ Barnabas Health Obligated Group Issue, Series 2021A
- RWJ Barnabas Health Obligated Group Issue, Series 2019A
- RWJ Barnabas Health Obligated Group Issue, Series 2019B-2 and 2019B-3
- RWJ Barnabas Health Obligated Group Issue, Series 2016A

Taxable/Other Debt:

- RWJ Barnabas Health Obligated Group Issue, Series 2019
- RWJ Barnabas Health Senior Secured Notes, Series A through D
- RWJ Barnabas Health Taxable Revenue Bonds, Series 2016

### **Other Credit Arrangements**

- Revolving line of credit agreement with JPMorgan Chase Bank, N.A. for the principal amount of \$100 million. The Corporation may request, and the lender at its discretion can approve, up to an additional \$50,000 of principal. No funds have been drawn down under such credit agreement. Includes a sublimit for letters of credit including the self-insured worker's compensation program. Secured under the Master Trust Indenture.
- Construction loans (combined with grants) from the New Jersey Economic Development Authority under its HUD-funded Energy Resilience Bank program for the construction of combined heating and power systems at each of Cooperman Barnabas Medical Center, Newark Beth Israel Medical Center, Robert Wood Johnson University Hospital Somerset, Jersey City Medical Center, and Trinitas Regional Medical Center, and related funding from PSE&G. The aggregate maximum availability of the loans is approximately \$22.6 million; approximately \$21.1 million has been drawn down under the loans.
- The Corporation established a self-liquidity backed commercial paper program which will serve as a source for interim liquidity needs. The program is authorized up to \$200 million. As June 30, 2025, there was \$100 million of principal outstanding of which \$50 million was paid on July 28, 2025.

**RWJ BARNABAS HEALTH, INC.**  
**LIQUIDITY SUMMARY**  
(In thousands)

<b>ASSETS</b>	<b>June 30, 2025</b>
<b>Same Day Liquidity</b>	
Deposit Accounts at A-1 rated Banks	\$ 85,692
US Government Securities and Agencies rated A-1 or better maturing under one year	201,231
Money Market Funds rated Am or better	141,893
<b>Next Day Liquidity</b>	
Investment Grade Debt not included above	607,586
<b>Identified Same Day and Next Day Liquidity <sup>(1)</sup></b>	<b>\$ 1,036,402</b>
<b>LIABILITIES (SELF LIQUIDITY DEBT)</b>	
Commercial Paper Notes <sup>(2)</sup>	\$ 99,076
<b>Total Debt Subject to Self-Liquidity</b>	<b>\$ 99,076</b>

<sup>(1)</sup> Total unrestricted cash and investments as of June 30, 2025 was \$4.86 billion. Certain of these investments are excluded from the above liquidity summary as they are not assets pledged for self-liquidity. The Corporation also has a \$100,000 credit facility in place which includes an accordion feature that allows the Corporation to increase the line by an additional \$50,000. The credit facility has an expiration date of March 27, 2026. As of June 30, 2025, \$6,289 of the credit facility was used in the form of standby letters of credit that provide liquidity support for the Corporation's self-insured workers' compensation and other programs. There was no cash drawn under the credit

<sup>(2)</sup> The Corporation established a self-liquidity backed commercial paper program which serves as a source for interim liquidity needs. The program is authorized up to \$200,000. As of June 30 2025, there was \$100,000 of principal outstanding. On July 28, 2025, \$50,000 was paid with the remainder due on September 22, 2025.

# RWJ BARNABAS HEALTH, INC.

System Overview

June 30, 2025

Facility	Location	Licensed Beds
<b>Acute Care Hospitals:</b>		
Newark Beth Israel Medical Center	Newark	653 <sup>(1)</sup>
Community Medical Center	Toms River	617 <sup>(2)</sup>
Cooperman Barnabas Medical Center	Livingston	597
Robert Wood Johnson University Hospital, New Brunswick Campus	New Brunswick	614 <sup>(3)</sup>
Robert Wood Johnson University Hospital, Somerset Campus	Somerville	343
Monmouth Medical Center	Long Branch	514 <sup>(4)</sup>
Monmouth Medical Center, Southern Campus	Lakewood	241 <sup>(5)</sup>
Clara Maass Medical Center	Belleville	472
Jersey City Medical Center	Jersey City	352
Robert Wood Johnson University Hospital Rahway	Rahway	241
Robert Wood Johnson University Hospital at Hamilton	Hamilton	248
Trinitas Regional Medical Center	Elizabeth	553 <sup>(6)</sup>
<b>Total Acute Care Beds</b>		<b>5,445</b>
<b>Transitional Care Beds:</b>		
Children's Specialized Hospital	New Brunswick	158 <sup>(7)</sup>
Community Medical Center Transitional Care Unit	Toms River	25 <sup>(2)</sup>
TRMC Hospital-based Long Term Care Facility	Elizabeth	124 <sup>(6)</sup>
<b>Total Transitional Care Beds</b>		<b>307</b>
<b>Specialty Hospitals:</b>		
The Children's Hospital of NJ at Newark Beth Israel Medical Center	Newark	156 <sup>(1)</sup>
Barnabas Health Behavioral Health Center	Toms River	100 <sup>(5)</sup>
The Bristol-Myers Squibb Children's Hospital at Robert Wood Johnson University Hospital	New Brunswick	79 <sup>(3)</sup>
The Unterberg Children's Hospital at Monmouth Medical Center	Long Branch	70 <sup>(4)</sup>
<b>Total Specialty Hospital Beds</b>		<b>405</b>

(1) Newark Beth Israel Medical Center is licensed for 653 beds, 156 of which are licensed for Children's Hospital of New Jersey at Newark Beth Israel Medical Center. For presentation purposes, these 156 beds are included in the licensed bed complement for both Newark Beth Israel Medical Center and its designated Children's Hospital.

(2) For presentation purposes, the 25 Transitional Care beds located at the general acute care hospital are included in the licensed bed complement for Community Medical Center.

(3) Robert Wood Johnson University Hospital is licensed for 614 beds, 79 of which are licensed for The Bristol-Myers Squibb Children's Hospital. For presentation purposes, these 79 beds are included in the licensed bed complement for both Robert Wood Johnson University Hospital and its designated Children's Hospital. Robert Wood Johnson University Hospital has been granted temporary approval from the Department of Health to operate an additional 26 neonatal bassinets not included in the count.

(4) Monmouth Medical Center is licensed for 514 beds, 70 of which are licensed for The Unterberg Children's Hospital at Monmouth Medical Center. For presentation purposes, these 70 beds are included in the licensed bed complement for both Monmouth Medical Center and its designated Children's Hospital.

(5) Monmouth Medical Center, Southern Campus is licensed for 241 beds, 60 of which are psychiatric beds located at Barnabas Health Behavioral Health Center. For presentation purposes, these 60 beds are included in the licensed bed complements of both Monmouth Medical Center, Southern Campus combined with the 40 beds licensed to Barnabas Health Behavioral Health Center.

(6) Trinitas Regional Medical Center is licensed for 553 beds, 124 of which are long term and sub acute care. For presentation purposes, these 124 beds are included in the licensed bed complement of Trinitas Regional Medical Center.

(7) These licensed beds represent pediatric long term care and rehabilitation beds. Children's Specialized Hospital operates at multiple locations in New Jersey, including the long term care beds in Mountainside and Toms River, New Jersey.

**RWJ BARNABAS HEALTH, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(In thousands)

***Our Organization***

RWJ Barnabas Health, Inc. (RWJBH or the Corporation) is New Jersey's largest academic health care system with a core service area that covers eight counties and more than five million residents, providing treatment and services to more than three million patients each year, and accounting for more than 20% of all acute care discharges in the State of New Jersey (New Jersey or the State). The Corporation's geographic coverage spans Hudson, Essex, Union, Middlesex, Mercer, Somerset, Monmouth, and Ocean counties. Physicians, nurses, and health professionals are committed to providing the highest quality of patient care, training the next generation of health care providers and, through partnership with Rutgers, The State University of New Jersey (Rutgers) advancing clinical research and cutting-edge therapies. RWJBH is also recognized for making an impact in local communities by emphasizing both the clinical care delivery platform and those services that comprise its social determinants of health platform. RWJBH believes that advancing both platforms is necessary for the improvement of the health of local residents through new educational and other related opportunities.

***RWJBarnabas Health's Mission, Vision, and Values***

RWJBH is one system, one family committed to being the best place to deliver excellent care. At RWJBH, we deliver clinical excellence with care and compassion. We honor and appreciate the privilege of creating and sustaining healthier communities, one person and one community at a time. By accepting this responsibility, we acknowledge the contributions of our team members and support each other in achieving our greatest potential.

We embody the RWJBH values in every interaction; holding ourselves accountable to treating our patients and each other with kindness, empathy, and respect.

Working together, our patients and families will always receive coordinated and equitable care, without compromise. We will challenge ourselves to collaborate and bring together our collective knowledge and talent to achieve world-class outcomes. We will celebrate our diversity and approach each day with a spirit of possibility and optimism.

At the core of the RWJBH mission is the evolution of the enterprise from a "health care" company to an organization dedicated to health – "Let's Be Healthy Together." Our Mission, Vision and Values statements were created to drive the enterprise forward.

**Our Mission**

We are an academic health system, partnering with our communities to build and sustain a healthier New Jersey.

### **Our Vision**

RWJBH will be the premier health care destination providing patient-centered, high-quality academic medicine in a compassionate and equitable manner, while delivering a best-in-class work experience to every member of the team.

### **Our Values**

***Accountability:*** An acceptance of responsibility for honest and ethical conduct towards others.

***Compassion:*** Sympathetic concern for the sufferings or misfortunes of others.

***Curiosity:*** A strong desire to know or learn something.

***Empathy:*** The ability to understand and share the feelings of another.

***Excellence:*** The quality of being outstanding or extremely good.

***Kindness:*** The quality of being friendly, generous and considerate.

***Respect:*** A feeling of deep admiration for someone or something elicited by their abilities, qualities or achievements.

***Teamwork:*** The combined action of a group of people, especially when effective and efficient.

## ***Key Service Lines***

RWJBH occupies the top, or near top, spot in State-wide markets in essentially all major service lines including behavioral health, cardiovascular, oncology, neurosciences, orthopedics, primary care, and women and children's services (as measured by a percentage of inpatient admissions using the most currently available data). The Corporation provides a full continuum of care through its hospitals, controlled affiliates and joint venture partners and its strategy is to integrate patient experience across care locations using a service line approach. Each major service line has a dyad partnership with a clinical and an operational leader working together, designed to ensure the patient's journey is connected from physician offices to ambulatory facilities and acute care hospitals. Below are highlights of two of our key service lines.

### ***Oncology Service Line***

The centerpiece of RWJBH's Oncology service line is Rutgers Cancer Institute of New Jersey (CINJ). CINJ is one of a small group of comprehensive cancer centers in the U.S. designated by the National Cancer Institute and the only one in the State. The National Cancer Institute's Comprehensive Cancer Center designation is competitively awarded to centers characterized by their scientific leadership, resources, and a track record of research discoveries in basic, clinical, and population-based science. Designated centers must meet rigorous criteria in the areas of clinical care, research, prevention, and education, as well as demonstrate a substantial transdisciplinary approach that integrates each discipline-specific scientific area into one coordinated and comprehensive effort in the fight against cancer.

The service line integrates CINJ with all RWJBH programs to form the leading provider of cancer services in New Jersey, treating more than 11,000 new patients each year. The Oncology service line promotes adherence to evidenced based clinical pathways at all care locations through a common clinical information system and integrated clinical leadership. The service line operates a call center and navigation program allowing patients to access locally based programs for routine treatment and connectivity to a network of sub-specialist and researchers providing access to advanced care. The service line is dedicated to research and education with a statewide clinical trials network and fifteen fellowship programs and is focused on promoting patient access with programs like Screen NJ that brings services to vulnerable populations.

## **MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.**

### **Period ended June 30, 2025**

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The partnership with CINJ creates a unique platform for recruitment of leading physicians and researchers. The program’s approach includes partnering with physicians to identify care gaps, create alignment models, improve access and outcomes, and bring leading-edge technology to the community. As part of its strategic plan for oncology care in New Jersey, RWJBH is making significant investments in cancer facilities, technology, and physician recruitment across multiple markets. Most notable in the plans for expansion of cancer treatment, education and research is the development of the Jack and Sheryl Morris Cancer Center in New Brunswick, which is New Jersey’s first freestanding cancer hospital. This premier facility opened May 13, 2025. This facility, along with the Melchiorre Cancer Center at Cooperman Barnabas Medical Center (CBMC), slated to open in the fourth quarter of 2025, and the Vogel Medical Campus Specialty and Cancer Care Center at Monmouth Medical Center (MMC), slated to open in the first quarter of 2027, is designed to bring “world class” cancer care close to the communities served by the Corporation.

### ***Behavioral Health Service Line***

The Behavioral Health service line provides comprehensive behavioral health and substance use services to New Jersey residents and is the leading provider of integrated, high reliable, trauma informed mental health and substance use treatment services, serving over half a million individuals each year. With both hospital and community-based programs, the service line offers the broadest range of services in New Jersey, at all levels of care for children and adults, including 24-hour crisis intervention, psychiatric emergency screening, mobile crisis teams, crisis evaluation and stabilization, early intervention services, inpatient and outpatient programs, case management services, school based services, peer support hotlines, recovery support services, therapeutic telepsychiatry, and integrated med/psych care. The Corporation has a robust Peer Recovery model across the state focused on the opioid and substance use crisis through its Institute for Prevention and Recovery. Additionally, the Corporation is focused on collaboration with other agencies and resources to ensure there is appropriate access, intervention and care that addresses the needs of the behavioral health patients and communities. Management of the Corporation believes that the ability to deliver comprehensive, ambulatory-based behavioral health services is essential to any value-based risk model and will continue to make significant investments in building needed infrastructure across New Jersey.

### ***Affiliation with Rutgers, the State University of New Jersey - Realizing our Academic Vision***

Through its long-standing relationship with Rutgers, including Rutgers’ two medical schools and schools of nursing, dentistry, pharmacy, allied health professions, public health and biomedical sciences, the Corporation is able to access the most current medical research and treatment technologies. Through the execution of a Master Affiliation Agreement (MAA) in 2018, RWJBH and Rutgers aligned in their mutual support of the educational, research, and clinical missions of an academic health system. RWJBH works with Rutgers’ Robert Wood Johnson Medical School (RWJMS) and New Jersey Medical School to train and educate more than 1,600 medical residents, interns, and fellows throughout the Corporation’s hospitals each year. It is through the elements of the MAA that RWJBH has become the State’s largest academic healthcare system, combining high-quality patient care and leading-edge research with sophisticated health and medical education.

RWJBH and Rutgers continue to attract clinicians, researchers, teachers, and students from around the world. Since the effective date of the MAA, RWJBH has made an investment of \$100 million and committed approximately \$50 million per year to the Rutgers affiliation. In total, more than one billion dollars over 20 years is anticipated to be invested to expand the education and research missions of the academic health system. The affiliation includes CINJ and the Rutgers Institute for Translational

## **MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.**

### **Period ended June 30, 2025**

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Medicine and Science, a recipient of the National Institute of Health’s Clinical Translational Science Award distinguishing the partnership as only one of a small group of institutions with access to clinical studies in both oncology and non-oncology.

### ***Staffing***

The Corporation is challenged by the industry wide shortages in certain clinical specialties which have resulted in increased labor costs and investments in employee retention and other programs. The Corporation is committed to investment in its people and understands success is largely dependent on the dedication and commitment of our employees, nurses and physicians. The demand for healthcare in the state and across the country continues to increase. Nurses continue to be in high demand and in short supply. The Corporation recognizes that our nurses and other clinical staff are the face and the heart of our hospitals. RWJBH has implemented a refinement to its internal hiring processes to expedite our ability to acquire top nursing talent and stabilize the workforce. We have instituted nurse retention programs that focus on professional development through enhanced tuition assistance programs, implemented more flexible work schedules to provide work/life balance, and provided retention and sign-on bonuses to address the staffing needs. In addition, we have recently announced changes to our benefit plans. We have invested in our defined contribution retirement plan by increasing our employer contributions and have also harmonized our paid time off plans to ensure consistent and market competitive time off for all our employees. Additionally, we have launched a new parental leave benefit which is market leading. These enhancements have come under the umbrella of a new, overarching Total Wellbeing Promise to our employees and further advance the competitiveness of our brand and employment package. The Corporation’s strategy is to remain top tier in a competitive compensation market and to remain at the forefront of the communities we serve.

On December 15, 2023, the United Steel Workers Local 4-200 (USW) at Robert Wood Johnson University Hospital (RWJUH) ratified a new, three-year collective bargaining contract. During 2024, the Corporation also concluded successful negotiations with the registered nurses at CBMC, represented by the New Jersey Nurses Union CWA Local 1091, without work stoppages. The current contract expires in November 2026. Additionally, Jersey City Medical Center (JCMC) negotiated a two-year agreement with the United Nurses Organization, which expires January 31, 2026.

### ***RWJBarnabas Health School of Nursing***

Earlier this year, RWJBH announced the renaming of RWJBarnabas Health Trinitas School of Nursing in Elizabeth, New Jersey to RWJBarnabas Health School of Nursing (School of Nursing) in support of an expansion to a second location in Oceanport, New Jersey. Scheduled to open in September 2025, the School of Nursing provides enhanced opportunities for nurses to develop the skills needed to fulfill our mission to build and sustain a healthier New Jersey and to mitigate the current nursing shortage.

The nursing program currently offered in Elizabeth, through a partnership with Union College of Union County, will continue at the School of Nursing. The Registered Nurse program will now be offered at both locations while the LPN to RN program will continue to be offered at the Elizabeth location.

The new Oceanport campus, located at Fort Monmouth, is a state-of-the-art facility offering experienced faculty and hands-on training opportunities while allowing RWJBH to provide greater educational opportunities to more students – particularly those in the Corporation’s southern region. This is a significant milestone that reflects RWJBH’s continuing commitment to excellence in nursing education and to educating and empowering the next generation of compassionate, skilled nurses throughout New

**MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.**  
**Period ended June 30, 2025**

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Jersey. This expansion will proactively address the growing nursing shortage and will provide a pipeline of skilled nurses to RWJBH and to the State.



***Credit Ratings***

In July 2025, S&P affirmed its AA- long-term rating with a stable outlook. S&P notes that “the rating reflects the broad geographic coverage in northeastern New Jersey as one of the leading healthcare systems in the state. The stable outlook reflects the strengthening and increasingly diverse enterprise profile spurred by clinical growth, mergers, joint ventures, and the academic affiliation with Rutgers University.” S&P has also assigned an A-1+ rating for the short-term liquidity program, the highest rating that could be assigned.

In August 2025, Moody’s affirmed its A1 credit rating with a stable outlook. The A1 affirmation reflects “the Corporation’s extensive statewide coverage, academic partnership with Rutgers University, and status as New Jersey’s only NCI-designated cancer center—key differentiators in competitive markets.” Simultaneously, Moody’s affirmed its P-1 short-term liquidity rating, the highest rating that could be assigned. This rating “reflects the long-term A1 rating, the organization’s strong treasury management, sufficiency of assets, and adequacy of the notification and liquidation procedures of the program that allow for repayment of notes upon maturity or failed remarketing.”

***Awards and Distinctions***

RWJBH is the largest, most comprehensive academic health care system in New Jersey, having received many national and regional recognitions, including:

OVERALL	
	RWJBH was again named to the GHX Millennium Club, which recognizes healthcare provider and supplier organizations that generate more than one million automated transactions annually through the GHX Exchange.
	In 2024, RWJBH facilities were recognized as “Leaders in LGBTQ Healthcare Equality” by the Human Rights Campaign Foundation – the educational arm of America's largest civil rights organization – recognizing healthcare institutions that are leaders in efforts to offer equitable care to LGBTQ+ patients by evaluating inclusive policies and practices related to LGBTQ patients, visitors and employees.

**MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.**  
**Period ended June 30, 2025**

 	<p>Thirteen RWJBH facilities were named to CHiME Healthcare’s 2024 Most Wired – 10 of which were awarded highest-possible designation, Level Ten – for their use of information technology to better the patient experience. Facilities earning Level Ten honors were Clara Maass Medical Center, CBMC, JCMC, MMC, Monmouth Medical Center Southern Campus (MMCSC), Newark Beth Israel Medical Center (NBIMC), RWJUH, Robert Wood Johnson University Hospital Hamilton (RWJUH Hamilton) and Robert Wood Johnson University Hospital Somerset (RWJUH Somerset). RWJBH Ambulatory Care Center, Trinitas Regional Medical Center (TRMC) and the RWJBH Medical Group were awarded Level Nine designations, while Children’s Specialized Hospital (CSH) earned Level Six honors. TRMC also received special recognition for having the most improved score overall.</p>
<p align="center"><b>QUALITY</b></p>	
  	<p>In the U.S. News &amp; World Report 2025-2026 Best Hospitals edition, RWJUH and CBMC were both recognized as Best Regional Hospitals ranking in the top ten in NJ and in the top 25 in the Mid-Atlantic Region. RWJUH was ranked #4 in NJ and #17 in the region while CBMC was ranked #8 in NJ and #23 in the region. RWJUH and RWJUH Somerset each received High Performing Specialty awards. RWJUH achieved two new High Performing Specialty awards for Orthopedics and Urology, and, in partnership with CINJ, earned another High Performing Specialty rating for Cancer. RWJUH Somerset also achieved a High Performing Specialty rating for Orthopedics.</p> <p>Seven RWJBH hospitals including CBMC, Community Medical Center (CMC), JCMC, MMC, NBIMC, RWJUH and RWJUH Somerset were each recognized as High Performing for Common Adult Procedures and Conditions</p> <p>Six RWJBH facilities have been recognized among the 2024 – 2025 Best Hospitals for Maternity Care, including CMC, MMC, NBIMC, RWJUH, RWJUH Somerset and TRMC. The prestigious list identifies hospitals that provide high-quality maternity care for uncomplicated pregnancies.</p>

**MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.**  
**Period ended June 30, 2025**

	<p>RWJBH children’s hospitals were named among the nation’s Best Children’s Hospitals for 2024-2025 by U.S. News &amp; World Report. The Bristol-Myers Squibb Children’s Hospital at RWJUH (BMSCH) ranked #34 nationally for orthopedics and ranked #47 for urology. The Urology ranking recognizes a four-hospital practice that is based at BMSCH but that also provides care at three other RWJBH hospitals – with Children’s Hospital of New Jersey at NBIMC, McMullen Children’s Center at CBMC, and Unterberg Children’s Hospital at MMC. Additionally, BMSCH was ranked #2 in NJ and #15 in the Mid-Atlantic Region.</p>
	<p>In May 2025, seven RWJBH facilities were awarded “A” for a Hospital Safety Score including CBMC, CMC, MMC, MMCSC, RWJUH Hamilton, Robert Wood Johnson University Hospital Rahway (RWJUH Rahway) and RWJUH Somerset. It was RWJUH Rahway’s eighth straight A rating and the fifth consecutive award for both CMC and MMCSC.</p>
	<p>Healthgrades named CBMC and RWJUH Somerset among America’s 250 Best Hospitals for 2025. The achievement reflects the hospitals’ unwavering commitment to exceptional patient care and ranks them in the top 5% of hospitals nationwide for overall clinical performance. CBMC ranked first in New Jersey and among the top 5% in the nation for both Cardiology and Cardiac Care and third in the state for Pulmonary Care and Gastrointestinal Surgery. RWJUH Somerset ranked second in New Jersey for both Gastrointestinal Surgery and Medical, and third for Cardiology and GI Care.</p>
	<p>Numerous facilities received the Gold Seal of Approval by the Joint Commission for various programs including joint replacement; disease-specific certifications in Health Care Equity, hip fracture, Ventricular Assist Device (VAD), spine surgery, acute coronary syndrome, cardiac rehabilitation, and heart failure; advanced certification in palliative care, bariatric surgery, and stroke program.</p>






**MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.**  
**Period ended June 30, 2025**

	<p>Several practices within the RWJBH Medical Group and Rutgers received the National Committee for Quality Assurance Patient-Centered Medical Home Recognition, which emphasizes the use of systematic, patient-centered, coordinated care that supports access, communication and patient involvement.</p>
	<p>In 2025, RWJBH was awarded with two Human Experience (HX) Awards from Press Ganey, the global leader in healthcare experience solutions and services. RWJUH has been honored with the HX NDNQI® Award for Outstanding Nursing Quality® and is one of just seven academic medical centers in the country to be honored by Press Ganey for outstanding nursing quality and fostering a culture rooted in improving patient safety and care. CBMC’s NICU has been honored with HX Pinnacle of Excellence Award.</p>
	<p>Six RWJBH facilities have achieved Magnet recognition for excellence in nursing. RWJUH received this recognition six consecutive times – making it one of only seven institutions globally to achieve this distinction. In 2024, MMC became the first hospital in New Jersey and the 11th in the country to earn Magnet with Distinction.</p>
	<p>In 2025, MMC was named by Newsweek as one of the World’s Best Hospitals for the fourth consecutive year. In addition, CSH has been recognized on Newsweek’s 2024 list of World’s Best Specialized Hospitals and RWJUH also received Newsweek America’s Best award for Ambulatory Surgery Centers in New Jersey in 2024 for the third year in a row. MMC and RWJUH have also been included in Newsweek’s list of America’s Best-In-State Hospitals for 2025.</p>

**MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.**  
**Period ended June 30, 2025**

	<p>In 2024, ten RWJBH facilities were awarded Gold recognition for their Antimicrobial Stewardship Programs from the New Jersey Department of Health; MMC has continued to receive Gold since the establishment of the awards program in 2019.</p>
	<p>In 2025, RWJBH was awarded Accreditation with Distinction from the American Nurses Credentialing Center’s (ANCC) Practice Transition Accreditation Program® (PTAP®). This prestigious designation recognizes the health system’s nurse residency program as a national leader in supporting new graduate nurses as they transition into professional practice.</p>
<b>SPECIALTY CARE</b>	
	<p>CINJ, together with RWJBH, is New Jersey’s only National Cancer Institute (NCI) - designated Comprehensive Care Center –recognized for its clinical and scientific research leadership.</p>
	<p>In 2025, five RWJBH facilities received recognition for stroke care, earning a spot on the American Heart Association’s Get With The Guidelines® - Stroke Gold Plus quality achievement award, for their commitment to ensuring stroke patients receive the most appropriate treatment according to nationally recognized, research-based guidelines, ultimately leading to more lives saved and reduced disability. These facilities include CBMC, JCMC, RWJUH, RWJUH Somerset and CMC.</p>
	<p>In 2024, RWJBH Mobile Health received the American Heart Association’s Mission Lifeline EMS Gold Award in 2024. This award is given to an elite group of prehospital providers for their commitment and success in implementing a higher standard of care, ensuring that individuals experiencing a heart attack or stroke receive treatment according to the latest nationally accepted evidence-based guidelines.</p>

**MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.**  
**Period ended June 30, 2025**

   <p><b>American Heart Association</b>  <b>American Stroke Association</b></p> <p><b>CERTIFICATION</b>  Meets standards for  <b>Comprehensive Stroke Center</b></p>	<p>In 2024, cancer programs at several RWJBarnabas Health facilities, in partnership with CINJ, were granted Three-Year Accreditation from the American College of Surgeons Commission on Cancer (CoC). Facilities that received this accreditation include JCMC, CMC, RWJUH Somerset, MMCSC, and RWJUH Hamilton.</p> <p>In 2025, RWJBarnabas Health received a second advanced comprehensive stroke program certification from The Joint Commission (TJC). CBMC has earned its first Gold Seal of Approval for Advanced Certification in Comprehensive Stroke Center, a symbol of quality that reflects a healthcare organization's commitment to providing safe and quality patient care. Offered in collaboration with the American Heart Association/American Stroke Association, achieving Comprehensive Stroke Center (CSC) Certification shows the hospital's dedication to raising the bar for performance. It is the highest level of certification for hospitals with specific abilities to receive and treat the most complex stroke cases.</p>
<b>WORKFORCE</b>	
	<p>In 2025, RWJBH was recognized by Newsweek as America's Greatest Workplaces. RWJBH was also recognized by Newsweek as one of:</p> <ul style="list-style-type: none"> <li>• America's Greatest Workplaces for Diversity for the second consecutive year</li> <li>• America's Greatest Workplaces for Women</li> <li>• America's Greatest Workplaces for Mental Wellbeing</li> <li>• America's Greatest Workplaces for Patients and Families</li> </ul>
	<p>RWJBH has been named one of the 2024 Best Places to Work for People with Disabilities, achieving top scores on the 2024 Disability Equality Index®. The Disability Equality Index is the world's most comprehensive benchmarking tool for Fortune 1000 companies to measure disability workplace inclusion within their organization and to assess performance across industry sectors.</p>

**MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.**  
**Period ended June 30, 2025**

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RWJBH is a CEO Cancer Gold Standard employer, an accreditation awarded by the CEO Roundtable on Cancer, for its dedication and commitment to maintaining a high standard of excellence in cancer prevention, early detection, and quality care for its employees and families.

### ***Epic Implementation***

In order to accomplish the goals of its strategic plan, the Corporation recognized the need to strengthen its core competencies in technology, analytics, and innovation by establishing a unified operating model to drive standardization, continuous quality improvement and cost reductions across the entire system. A key component of this was to deploy an integrated Electronic Health Record with supporting revenue cycle, data analytics and consumer-facing digital capabilities. After a thorough review of the marketplace, the Epic suite of products was chosen to achieve these goals.

The launch of this sweeping initiative, “Epic Together,” formally commenced on January 29, 2020 with simultaneous kick-off events held throughout RWJBH and across key Rutgers campuses. In order to build the Epic system, 3,330 subject matter experts, nurses, physicians, pharmacists, medical school staff at Rutgers and a myriad of other stakeholders throughout the Corporation were identified and assembled into 62 discipline-specific workgroups and councils.

On September 28, 2024, the Corporation completed the final wave of the Epic Together project with the activation of TRMC, CSH and University Behavioral Health Center at Rutgers. The goal that was set in March 2019, to have one unified electronic health record throughout the health system, has been completed.

Over the course of our Epic journey, RWJBH achieved Epic Gold Stars 10 for a third consecutive year placing the Corporation in the top 1% of all Epic customers in the world. In addition, RWJBH earned 11 out of 19 possible gold, silver and bronze awards from The Epic Trophies Program in revenue-based categories such as Hospital Billing (HB), Professional Billing (PB), Claims Denial and Automation, placing us in the top 5% for revenue cycle of Epic customers worldwide. The system continues to enhance its use of Epic and has completed more than 13,000 optimizations over the course of the project.

### ***Management’s Discussion and Analysis of Recent Financial Performance***

Management’s Discussion and Analysis of Recent Financial Performance is based upon the consolidated financial results of the Corporation since the members of the Corporation’s Obligated Group represent 86% of the total consolidated assets and 80% of the total consolidated operating revenues as of and for the six months ended June 30, 2025. Accordingly, the discussion below includes the financial results of entities that are not members of the Obligated Group.

**MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.**  
**Period ended June 30, 2025**

***Financial Highlights***

The following table summarizes key operating performance results for the six months ended June 30, 2025 and 2024 as compared to the S&P benchmark:

	<b>Six months ended June 30,</b>		<b>S&amp;P AA-</b>
	<b>2025</b>	<b>2024</b>	
Operating revenue	5,285,997	4,662,657	N/A
Operating income	334,253	106,103	N/A
Operating margin	6.3%	2.3%	2.3%
Operating cash flow	584,535	334,147	N/A
Operating cash flow margin	11.1%	7.2%	7.5%
Excess of revenue margin	10.9%	7.7%	5.3%

The following table summarizes overall performance ratios as of June 30, 2025 and December 31, 2024 as compared to the S&P benchmark:

	<b>June 30,</b>	<b>December 31,</b>	<b>S&amp;P AA-</b>
	<b>2025</b>	<b>2024</b>	
Unrestricted Cash and Investments	\$ 4,863,852	4,457,285	N/A
Days cash on hand	191.0	182.8	246.7
Total outstanding long-term debt	\$ 3,415,465	3,426,097	N/A
Unrestricted cash to debt	142.3%	130.1%	242.7%
Debt to capitalization	33.9%	36.8%	23.3%
Debt service coverage ratio	7.2x	6.0x	5.6x

For the six months ended June 30, 2025, the Corporation's total operating income and operating margin were \$334,253 and 6.3%, respectively, compared to the operating income and operating margin of \$106,103 and 2.3% for the six months ended June 30, 2024. Total operating revenues for the six months ended June 30, 2025 grew by \$623,340 or 13.4% compared to the six months ended June 30, 2024, while operating expenses, increased by \$395,190 or 8.7% during the same period.

Overall, patient service revenue of \$4,889,261 exceeded prior year by \$568,570 or 13.2%. The increase was due to growth in acute care inpatient and outpatient revenue and professional billing revenue. Other operating revenue increased due to pharmacy sales, grant revenue and joint venture income. For additional information, refer to the *Operating Revenue and Volume* discussion.

The increase in operating expenses of \$395,190 or 8.7% was driven by increased salaries and employee benefits due to additional full time equivalent employees attributed with higher volumes. Physician fees and salaries, supplies, and other expenses also exceeded prior year. For additional information, refer to the *Operating Expenses* discussion.

The Corporation's excess of revenues over expenses (EROE) and EROE margin for the six months ended June 30, 2025 were \$607,478 and 10.9%, respectively, compared to \$382,434 and 7.7% for the six months ended June 30, 2024. Income from operations contributed to the favorable variance to prior year by \$228,150. The increase in EROE was also driven by investment income which was higher than prior year by \$76,725. This was partially offset by gains on interest rate swap settlements and early

**MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.**  
**Period ended June 30, 2025**

extinguishment of debt which collectively had a positive effect on 2024 of \$71,042. For additional information, refer to the *Nonoperating Gains and Losses* discussion.

***Operating Revenue and Volume***

The following table presents consolidated operating revenue and select volume statistics for the six months ended June 30, 2025 and 2024:

	<b>Six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Operating Revenue:</b>		
Inpatient patient service revenue	\$ 2,440,523	2,194,115
Outpatient patient service revenue	1,717,962	1,498,376
Professional billing revenue	681,078	560,961
State of NJ subsidy revenue	49,698	67,231
Total patient service revenue	4,889,261	4,320,683
Other operating revenue	396,736	341,974
Total operating revenue	<u>\$ 5,285,997</u>	<u>4,662,657</u>
<b>Volume &amp; utilization statistics:</b>		
Acute care licensed beds	5,445	5,441
Average acute care beds in service	4,323	4,337
Acute care occupancy based on beds in service	76.8%	75.3%
Acute care length of stay	5.37	5.46
Acute care admissions	111,994	109,851
COVID-19 positive admissions	1,404	1,788
Adult and pediatric admissions	78,074	76,375
Newborn and NICU admissions	12,280	12,492
Maternity and obstetric cases	12,709	12,887
Patient days	601,277	594,255
Same day surgery cases	37,433	35,925
Emergency room visits (excl. admits)	348,590	335,686
Observations	68,954	71,547
Psychiatric hospital inpatient admissions	542	556

**MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.**  
**Period ended June 30, 2025**

Acute Care payor mix, based on patient days, for the periods ending June 30, 2025 and December 31, 2024 is presented below:

Payor Mix	Patient Days	
	2025	2024
Medicare	24.6%	24.8%
Medicaid	5.3%	6.5%
Managed Medicare	24.7%	23.9%
Managed Medicaid	17.8%	17.5%
Managed Care	11.0%	10.8%
NJ Blue Cross & Commercial	9.6%	10.0%
Self-pay and Other	7.0%	6.5%
	100.0%	100.0%

***Operating Revenue***

Inpatient service revenue, excluding subsidy revenue, of \$2,440,523 was favorable to prior year by \$246,408 or 11.2%. The increase was primarily due to inpatient volumes which were 2.0% higher than prior year due to strong performances in medicine and pulmonary service lines. The acute care hospitals received County Option Program revenue of \$243,897 during 2025, an increase of \$74,406 or 43.9% over the prior year. Additionally, the Corporation benefited from managed care rate increases.

Outpatient service revenue of \$1,717,962 was favorable to prior year by \$219,586 or 14.7%. The acute care hospitals accounted for \$209,715 of the increase. Acute care outpatient volume exceeded prior year by 7.0%. Emergency room visits, net of admissions, exceeded prior year by 3.8%. Additional net revenue from the Medicaid Outpatient Add-on payments was \$41,438. Offsetting the additional Medicaid Add-on payments was a reduction to the State of New Jersey charity subsidy of \$20,937.

Professional billing revenue of \$681,078 was favorable to prior year by \$120,117 or 21.4%. Community-based medical group practices contributed \$93,287 to the growth driven by an increase in wRVU's over prior year of 15.1% as well as the addition of new practices. Emergency Medicine, Hospitalist, Anesthesia, and Radiology service lines collectively were favorable to prior year by \$45,982 due to expansion of hospital-based services. The academic group and CINJ were also favorable to prior year by \$11,261 due to increase in wRVU's of 11.9%. This was partially offset by a reduction in physician revenue from acute care hospitals of \$39,930 as hospital-based physicians have been transferred to the medical group.

Other operating revenue of \$396,736 was favorable to prior year by \$54,762 or 16.0%. Other revenue includes income from grants including the Federal Emergency Management Agency (FEMA), pharmacy sales (some offset in expense), earnings from joint venture arrangements, contributions, net assets released from restriction, cafeteria, and parking. Grants were favorable to prior year by \$20,312 primarily due to FEMA Covid-19 grant revenue exceeding prior year by \$13,711. Pharmacy sales were also favorable to prior year by \$26,960 primarily due to increased 340b revenue as a result of increased eligibility under the program. Joint venture revenue exceeded prior year by 6,443 primarily driven by growth in medical practice joint ventures.

**MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.**  
**Period ended June 30, 2025**

Certain joint ventures are reported using the equity method of accounting and are not fully consolidated in the Corporation's financial statements. Additional financial information for these joint ventures is included in the table below:

	Six months ended June 30,					
	2025			2024		
	Operating Revenue	Net Income	Net Income Attributable to RWJBH	Operating Revenue	Net Income	Net Income Attributable to RWJBH
Ambulatory Surgery	\$ 225,581	101,981	28,479	\$ 223,431	101,810	28,266
Home Care & Hospice	81,851	4,516	2,287	84,841	4,087	2,081
Diagnostic Imaging	91,649	15,456	7,874	89,999	15,086	7,683
Medical Practice Joint Ventures	507,037	73,201	35,265	413,573	66,977	29,776
Other	26,139	3,888	1,353	24,209	3,113	1,009
	<u>\$ 932,257</u>	<u>199,042</u>	<u>75,258</u>	<u>\$ 836,053</u>	<u>191,073</u>	<u>68,815</u>

The increase in revenue from ambulatory surgery ventures of \$213 was attributable to one new center that was acquired in January 2025 as well as an increase in the volume of billable procedures of 1.0%. The favorable variance was partially offset by expenses which were unfavorable to budget by 2.0%.

The increase in home care and hospice ventures of \$206 was due to an increase in volume of 0.4%. The increase in volume is attributed to higher homecare visits and hospice patient days by 0.3% and 0.2%, respectively.

The increase in diagnostic imaging ventures of \$191 was due to an increase in volume of 2.0% compared to 2024. The volume increase was driven by CT, PET, and MRI procedures which exceeded prior year by 0.3%, 0.2% and 0.2%, respectively. Expenses associated with imaging procedures decreased by 0.2% from the prior year.

Medical Practice joint ventures were favorable to prior year by \$5,489. The growth was due to expansion of this division. Two new medical practice joint ventures were added during 2025 and various practices were added in the latter part of 2024.

Other ventures were favorable to prior year by \$344. Volume and expenses were both favorable to prior year by 1.0% and 0.1%, respectively.

### ***Operating Expenses***

Total operating expenses for the six months ended June 30, 2025 of \$4,951,744 were unfavorable to prior year by \$395,190 or 8.7%.

Summarized below are the consolidated operating expenses for the six months ended June 30, 2025 and 2024:

	Six months ended June 30,	
	2025	2024
Salaries and employee benefits	\$ 2,275,030	2,114,615
Physician fees and salaries	669,829	600,092
Supplies and other expenses	1,756,603	1,613,803
Interest	49,919	51,631
Depreciation and amortization	200,363	176,413
Total operating expenses	<u>\$ 4,951,744</u>	<u>4,556,554</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.**  
**Period ended June 30, 2025**

For the six months ended June 30, 2025, salaries and employee benefits increased by \$160,415 or 7.6% compared to the six months ended June 30, 2024. The increase was due to salary increases as well as the addition of full-time equivalent employees in response to higher inpatient volumes. Increased salary expenses also resulted in higher payroll taxes and 401k contributions.

Physician fees and salaries for the six months ended June 30, 2025 increased by \$69,737 or 11.6% compared to the six months ended June 30, 2024. Community-based medical group practices were unfavorable to prior year due to new practices as well as increased variable compensation resulting from higher volumes as compared to prior year. The academic practices were also unfavorable to prior year due to continued expansion under the integrated practice agreements as well as increased variable compensation due to productivity increases. Additionally, Emergency Medicine, Hospitalist, Anesthesia, and Radiology service lines were unfavorable to prior year due to continued growth in hospital-based services.

Supplies and other expenses for the six months ended June 30, 2025 increased by \$142,800 or 8.8% compared to the six months ended June 30, 2024. Supplies were unfavorable to prior year by \$91,133 driven by higher volumes and market changes. Adjusted admissions and adjusted patient days exceeded prior year by 1.2% and 0.3%, respectively. Other expenses were unfavorable to prior year by \$51,667. This increase was driven by outside lab services, contract labor, purchased services, and rentals, maintenance contracts and repairs. In addition, expenses associated with the County Option program increased over prior year by \$9,599 (increase in patient service revenue as well).

Interest expense for the six months ended June 30, 2025 decreased by \$1,712 or 3.3% compared to the six months ended June 30, 2024. The decrease was due to additional capitalized interest related to various capital projects.

Depreciation and amortization for the six months ended June 30, 2025 increased by \$23,950 or 13.6%, compared to the six months ended June 30, 2024. The increase is due to investments in strategic capital projects which were completed in the latter part of 2024. During 2024, a portion of the RWJUH South Building Operating Room expansion, the JCMC Hazard Mitigation and Hospital Hardening project were placed in service. Additional phases of the CBMC surgical services renovations, NBIMC's master facility plan, various IT refreshes and Epic wave 6 also went live in the latter part of 2024.

### ***Nonoperating Gains and Losses***

The following table presents a summary of nonoperating revenue and expenses of the Corporation for the six months ended June 30, 2025 and 2024.

	<b>Six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
Investment income	\$ 37,425	55,042
Realized gains on investments	36,043	38,514
Unrealized gains on investments	206,151	109,338
Gain on early extinguishment of debt	-	58,150
Gain on interest rate swaps	-	12,892
Insurance proceeds	-	8,284
Net periodic benefit cost	(6,394)	(5,889)
Total nonoperating revenue, net	\$ 273,225	276,331

**MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.**  
**Period ended June 30, 2025**

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Net investment income and realized net investment gains were \$73,468 and \$93,556 for the six months ended June 30, 2025 and 2024, respectively. For the six months ended June 30, 2025 and 2024, net unrealized gains on investments were \$206,151 and \$109,338, respectively. Refer to the *Unrestricted Cash and Investments* discussion for further information on the Corporation's investment strategy.

The Corporation had entered into various interest rate swap agreements in order to hedge future interest rate exposure on fixed rated bonds. The total notional amount of all swap agreements was \$281,960. In April 2024, the Corporation exercised its option to terminate the swap agreements for \$52,262 which resulted in a gain of \$12,892.

The debt transactions executed during the second quarter of 2024 resulted in a gain on the early extinguishment of debt of \$58,150. Refer to Note 5, Long Term Debt, for further information on the transactions.

In 2024, the Corporation also recognized insurance proceeds in nonoperating revenue of \$8,284 related to capital.

***Fundraising***

The Foundations support the programs and services of their affiliated tax-exempt organization and support the capital campaign and other fundraising activities of the Corporation.

The following table presents contributions received by the foundations and fundraising expenses as well as capital and operating support the foundations provided to the hospitals. Conditional gifts are not included until the conditions have been met.

	<b>Six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
Contributions without donor restrictions	\$ 1,831	13,708
Contributions with donor restrictions	13,817	13,442
Total contributions	<u>\$ 15,648</u>	<u>27,150</u>
Fundraising Expenses	\$ 9,228	8,376
Support to affiliates	\$ 26,462	43,500

For the six months ended June 30, 2025, the foundations made distributions of \$26,462 to the Corporation's hospitals and received contributions from donors of \$15,648.

***Unrestricted Cash and Investments***

The Corporation's financial position remains strong with \$13.8 billion in total assets and \$7.0 billion in net assets. Total unrestricted cash and investments amounted to \$4.9 billion (or 191.0 days) at June 30, 2025, an increase of \$406,567 over the balance at December 31, 2024. Net cash provided by operating activities for the six months ended June 30, 2025 was \$562,393. Net investment income of \$279,619 had a positive impact on investments. Borrowing under the commercial paper program also had a positive impact on cash of \$99,076. The Corporation made debt service payments of \$59,821 which includes principal and interest. The Corporation continues to invest in capital with \$323,694 in additions during 2025. Investments in the ambulatory services division of \$111,513 were also executed through June, the largest contributors being: 1) \$40,875 investment in Oncology and Hematology Specialists, 2) the

**MANAGEMENT’S DISCUSSION AND ANALYSIS, cont.**  
**Period ended June 30, 2025**

purchase of the remaining interest in Medemerge for \$43,701, and 3) \$11,925 investment in Ocean Heart Group.

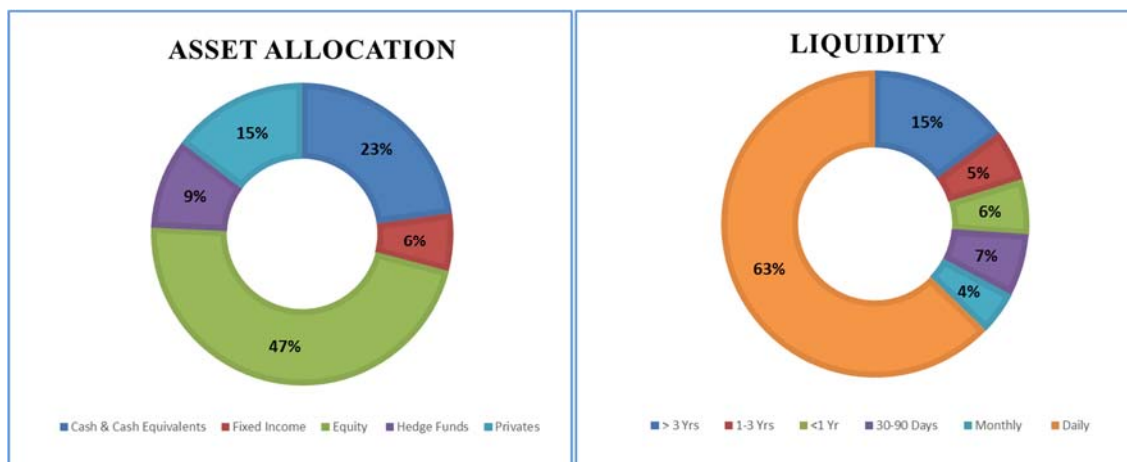
Total unrestricted cash and investments for the Corporation as of June 30, 2025 and December 31, 2024 were as follows:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Cash and cash equivalents	\$ 302,361	291,326
Current investments	203,158	339,978
Noncurrent investments	4,358,333	3,825,981
Total unrestricted cash and investments	<u>\$ 4,863,852</u>	<u>4,457,285</u>

The Corporation manages two distinct investment portfolios within the Unrestricted Cash and Investment (UCI) Portfolio: the Capital Reserve Fund (CRF) and the Long-Term Investment Portfolio (LTIP). The CRF is invested in high quality, low duration fixed income securities to support operating cash flow needs. The LTIP is invested with a longer-term horizon targeting higher risk adjusted returns through a diversified asset allocation to support strategic capital needs.

The Corporations LTIP employs a diversified approach to asset allocation, incorporating a range of asset classes and geographies in order to provide balanced results across market cycles. Within the LTIP, market volatility provides managers and investment staff the opportunity to capitalize on disruptions. In accordance with the Corporation’s Investment Policy Statement, at least 40% of the asset value of the total UCI portfolio must be classified as “monthly” liquidity. As of June 30, 2025, 67% of the total UCI portfolio was classified as monthly or daily liquidity.

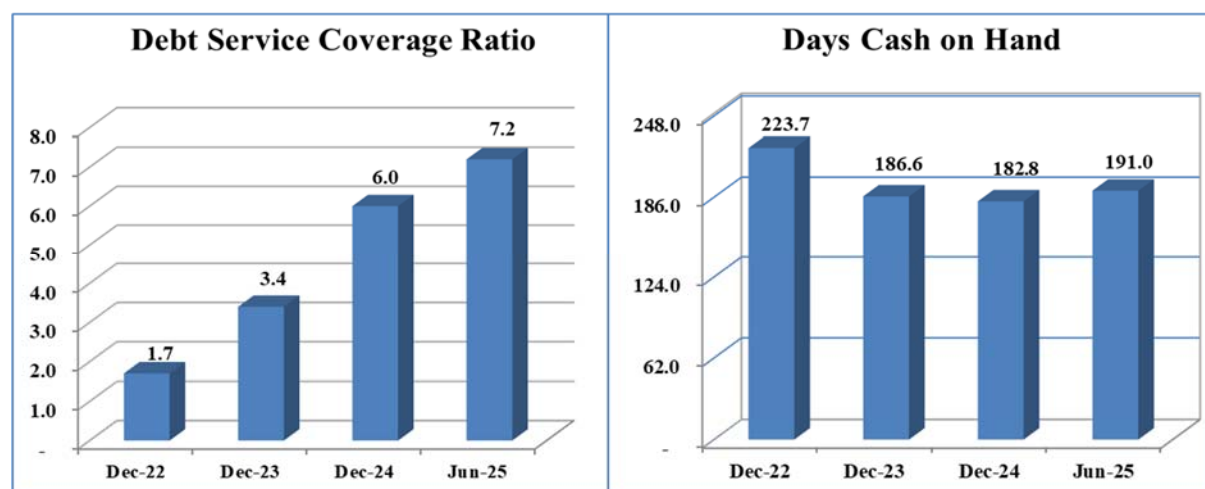
The following charts present the allocation of unrestricted cash and investments by asset type and the portfolio’s liquidity as of June 30, 2025:



**MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.**  
**Period ended June 30, 2025**

***Financial Condition***

The following charts present the debt service coverage ratio and total days cash on hand for the selected dates below:



The increase in debt service coverage ratio from 2023 to 2024 is attributable to an increase in income from operations of \$192,920, before work stoppage costs, over prior year. The decline in days cash on hand from 2022 to 2023 was due to higher operating expenses including work stoppage costs, increase in capital investments and expansion of ambulatory services. The decline was partially offset by positive investment performance. The debt service coverage ratio and days cash on hand have both increased from prior year.

In March 2025, the Corporation renewed its \$100,000 secured revolving promissory note with JPMorgan. The Corporation has the option to request, and the lender at its discretion can approve, an additional \$50,000 of principal. The note will be used for routine capital needs. There were no borrowings outstanding as of June 30, 2025.

The following table presents key financial indicators as of June 30, 2025 and December 31, 2024 and 2023 as compared to S&P's "AA", "AA-" and "A+" medians.

	June 30, 2025	December 31, 2024	December 31, 2023	AA	AA-	A+
Debt service coverage	7.2	6.0	3.4	7.2	5.6	4.1
Debt-to-capitalization	33.9%	36.8%	40.8%	18.3%	23.3%	26.8%
Cash-to-debt	142.3%	130.1%	122.0%	351.1%	242.7%	195.0%
Days cash on hand	191.0	182.8	186.6	314.9	246.7	206.9

The following table presents other select ratios as of June 30, 2025 and December 31, 2024 and 2023:

	June 30, 2025	December 31, 2024	December 31, 2023
Days in patient accounts receivable	37.9	39.8	40.6
Days in accounts payable	63.0	65.3	72.5
Reinvestment ratio *	2.13	2.46	2.84

\* Based on a rolling 12-months.

# RWJ BARNABAS HEALTH, INC.

Consolidated Balance Sheets  
June 30, 2025 and December 31, 2024  
(In thousands)

Assets	June 30, 2025 (unaudited)	December 31, 2024 (audited)
Current assets:		
Cash and cash equivalents	\$ 302,361	291,326
Short-term Investments	203,158	339,978
Assets limited or restricted as to use	128,570	94,486
Patient accounts receivable	1,023,074	963,409
Estimated amounts due from third party payors	199,744	201,837
Other current assets	432,449	388,744
Total current assets	2,289,356	2,279,780
Assets limited or restricted as to use, non-current portion	503,482	477,766
Investments	4,358,333	3,825,981
Property, plant and equipment, net	4,918,129	4,868,981
Right of use asset	296,666	275,921
Other assets, net	1,474,329	1,327,308
Total assets	\$ 13,840,295	13,055,737
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 675,259	650,235
Accrued expenses and other current liabilities	1,267,887	1,383,575
Estimated amounts due to third party payors	24,647	24,907
Short-term borrowings	101,076	-
Long-term debt	52,428	52,172
Lease obligation	47,353	49,678
Self-insurance liabilities	120,706	119,213
Total current liabilities	2,289,356	2,279,780
Estimated amounts due to third party payors, net of current portion	138,748	118,340
Self insurance liabilities, net of current portion	450,724	425,262
Long-term debt, net of current portion	3,363,037	3,373,925
Lease obligation, net of current portion	278,027	253,856
Accrued pension liability	68,049	66,422
Other liabilities	263,153	240,479
Total liabilities	6,851,094	6,758,064
Net assets:		
Without donor restrictions		
Controlling interest	6,646,139	5,865,002
Noncontrolling interest	30,064	28,945
Total net assets without donor restrictions	6,676,203	5,893,947
With donor restrictions	312,998	403,726
Total net assets	6,989,201	6,297,673
Total liabilities and net assets	\$ 13,840,295	13,055,737

See accompanying notes to consolidated financial statements.

**RWJ BARNABAS HEALTH, INC.**  
Consolidated Statements of Operations  
Six months ended June 30, 2025 and 2024  
(In thousands)  
(unaudited)

	<u>2025</u>	<u>2024</u>
Revenue:		
Patient service revenue	\$ 4,889,261	4,320,683
Other revenue, net	396,736	341,974
Total revenue	<u>5,285,997</u>	<u>4,662,657</u>
Expenses:		
Salaries and wages	1,860,110	1,739,278
Physician fees and salaries	669,829	600,092
Employee benefits	414,920	375,337
Supplies	862,778	771,645
Other	893,825	842,158
Interest	49,919	51,631
Depreciation and amortization	200,363	176,413
Total expenses	<u>4,951,744</u>	<u>4,556,554</u>
Income from operations	<u>334,253</u>	<u>106,103</u>
Nonoperating revenue (expenses):		
Investment income, net	279,619	202,894
Other, net	(6,394)	73,437
Total nonoperating revenue, net	<u>273,225</u>	<u>276,331</u>
Excess of revenue over expenses	607,478	382,434
Other changes:		
Pension changes other than net periodic benefit cost	4,768	4,356
Net assets released from restriction for purchases of property and equipment	93,422	20,516
Other, net	76,588	15,975
Increase in net assets without donor restrictions	<u>\$ 782,256</u>	<u>423,281</u>

See accompanying notes to consolidated financial statements.

**RWJ BARNABAS HEALTH, INC.**

Consolidated Statements of Changes in Net Assets  
Six months ended June 30, 2025 and 2024

(In thousands)

(unaudited)

	<b>Controlling Interest</b>	<b>Noncontrolling Interest</b>	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total net assets</b>
Net assets at December 31, 2023	\$ 5,034,583	35,225	5,069,808	336,244	5,406,052
Changes in net assets:					
Excess of revenues over expenses	381,787	647	382,434	-	382,434
Pension related changes other than net periodic benefit cost	4,356	-	4,356	-	4,356
Change in interest in net assets of unconsolidated foundations	-	-	-	(4,570)	(4,570)
Net assets released from restriction	20,516	-	20,516	(31,004)	(10,488)
Restricted contributions	-	-	-	13,503	13,503
Investment income on restricted investments, net	-	-	-	556	556
Other	16,662	(687)	15,975	(856)	15,119
Changes in net assets	423,321	(40)	423,281	(22,371)	400,910
Net assets at June 30, 2024	5,457,904	35,185	5,493,089	313,873	5,806,962
Net assets at December 31, 2024	5,865,002	28,945	5,893,947	403,726	6,297,673
Changes in net assets:					
Excess of revenues over expenses	606,359	1,119	607,478	-	607,478
Pension changes other than net periodic benefit cost	4,768	-	4,768	-	4,768
Change in interest in net assets of unconsolidated foundations	(162)	-	(162)	1,203	1,041
Net assets released from restriction	93,422	-	93,422	(106,375)	(12,953)
Restricted contributions	-	-	-	13,812	13,812
Investment income on restricted investments, net	-	-	-	385	385
Other	76,750	-	76,750	247	76,997
Changes in net assets	781,137	1,119	782,256	(90,728)	691,528
Net assets at June 30, 2025	\$ 6,646,139	30,064	6,676,203	312,998	6,989,201

See accompanying notes to consolidated financial statements.

**RWJ BARNABAS HEALTH, INC.**

Consolidated Statements of Cash Flows

Six months ended June 30, 2025 and 2024

(In thousands)

(unaudited)

	<b>2025</b>	<b>2024</b>
Cash flows from operating activities:		
Change in net assets	\$ 691,528	400,910
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Pension changes other than net periodic benefit cost	(4,768)	(4,356)
Depreciation and amortization expense	200,363	176,413
Amortization of bond financing costs, premiums and discounts	(7,578)	(6,576)
Net change in unrealized gains on investments	(206,151)	(109,338)
Realized gains on investments	(36,043)	(38,514)
Gains on interest rate swaps	-	(12,892)
Equity-based compensation	1,793	-
Equity in income of joint venture	(75,258)	(68,815)
Distributions received from investments in joint ventures	52,274	48,078
Loss (gain) on sale of assets	148	(406)
Gain on extinguishment of debt, net	-	(58,150)
Changes in operating assets and liabilities:		
Patient accounts receivable	(55,259)	(75,954)
Reduction in the carrying amount in the right-of-use assets	26,151	36,057
Other assets	(59,071)	(41,436)
Accounts payable, accrued expenses, and other current liabilities	(18,028)	(111,991)
Estimated amounts due from and to third-party payors, net	22,241	131,353
Accrued pension liability	6,395	5,889
Lease obligation, self-insurance and other long-term liabilities	23,656	17,969
Net cash provided by operating activities	<u>562,393</u>	<u>288,241</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(323,694)	(388,840)
Purchases of investments	(2,785,756)	(5,933,392)
Proceeds from the sale of investments	2,572,643	6,114,347
Investment in equity method and cost method joint ventures	(67,812)	(82,320)
Cash paid in acquisition of subsidiaries, net	(43,701)	-
Proceeds from sale of assets	29	516
Net cash used in investing activities	<u>(648,291)</u>	<u>(289,689)</u>
Cash flows from financing activities:		
Proceeds from issuance of debt	-	690,006
Repayments of long-term debt	(3,433)	(660,445)
Borrowings under commercial paper program	148,698	49,701
Borrowings under letter of credit	3,000	-
Repayments under commercial paper program	(49,622)	(16)
Repayments under letter of credit	(1,000)	-
Payments for deferred financing costs	-	(5,306)
Capital contributions	(686)	-
Settlement of interest rate swaps	-	52,262
Net cash provided by financing activities	<u>96,957</u>	<u>126,202</u>
Net increase in cash, cash equivalents, and restricted cash	11,059	124,754
Cash, cash equivalents, and restricted cash at beginning of year	380,261	257,986
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 391,320</u>	<u>382,740</u>
Cash and cash equivalents	\$ 302,361	306,008
Restricted cash included in assets limited or restricted as to use	88,959	76,732
Total cash, cash equivalents, and restricted cash	<u>\$ 391,320</u>	<u>382,740</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 56,388	57,697
Finance lease obligations incurred	379	—
Supplemental disclosure of noncash investing and financing activity:		
Change in noncash acquisitions of property, plant and equipment	(75,816)	(100,409)

See accompanying notes to the consolidated financial statements.

## **RWJ BARNABAS HEALTH, INC.**

### **Notes to Consolidated Financial Statements**

**June 30, 2025 and 2024**

*(Information pertaining to the six months ended June 30, 2025 and 2024 is unaudited)*

#### **(1) Organization**

RWJ Barnabas Health, Inc. (the Corporation) is a not-for-profit, tax-exempt corporation located in West Orange, New Jersey. RWJ Barnabas Health, Inc. is the sole corporate member or sole shareholder of the Corporation's affiliated organizations. The Corporation was organized to develop and operate a multihospital healthcare system providing a comprehensive spectrum of healthcare services, principally to the residents of New Jersey and surrounding areas.

The services and facilities of the Corporation include 12 acute care hospitals, (including an academic medical center), 3 acute care children's hospitals, a pediatric rehabilitation hospital with a network of outpatient centers, a freestanding 100-bed behavioral health center, two trauma centers, a satellite emergency department, ambulatory care centers, geriatric centers, the state's largest behavioral health network, comprehensive home care and hospice programs, fitness and wellness centers, physical therapy services, retail pharmacy services, medical groups, multi-site imaging centers, an accountable care organization, a burn treatment facility, comprehensive cancer services, breast centers, and comprehensive cardiac surgery services, including a heart transplant center, a lung transplant center, and kidney transplant centers.

#### **(2) Significant Accounting Policies**

##### ***(a) Basis of Accounting of Financial Statement Presentation***

The accompanying unaudited consolidated financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial reporting. Footnotes and other disclosures that would substantially duplicate the disclosures contained in an audited financial statement have been omitted. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements of the Corporation. Eliminations and reporting adjustments have been made to present the information in accordance with GAAP. The data should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2024 and related notes. Information as of and for the six months ended June 30, 2025 are not based on audited information but, in the opinion of management, is presented on a basis consistent with the audited consolidated financial statements and includes adjustments necessary for a fair presentation therein. Adjustments to these financial statements may occur as a result of a more comprehensive review undertaken as part of the audit process for the year ending December 31, 2025.

The consolidated financial statements include all affiliates and other entities for which operating control is exercised by the Corporation. Investments in entities where the Corporation does not have operating control are recorded under the equity or cost method of accounting. The Corporation has included its equity share of income or losses from investments in unconsolidated affiliates in other operating revenue. Intercompany balances and transactions have been eliminated.

##### ***(b) Use of Estimates***

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements

## **RWJ BARNABAS HEALTH, INC.**

### **Notes to Consolidated Financial Statements**

**June 30, 2025 and 2024**

*(Information pertaining to the six months ended June 30, 2025 and 2024 is unaudited)*

and reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

#### ***(c) Accounting Pronouncements***

No new accounting pronouncements were released or adopted that will have a material effect on the Corporation's consolidated financial statements.

### **(3) Revenue**

#### ***(a) Patient Service Revenue***

The Corporation's patient service revenue is recognized at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts are due from patients and third-party payors and include an estimate of variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from the facility.

Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Corporation measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Corporation has elected to apply the optional exemption provided in FASB Accounting Standards Codification (ASC) 606-10-50-14 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at year-end, which primarily relate to acute care patients (in-house). The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of year-end.

The majority of the Corporation's services are rendered to patients with third-party payor insurance coverage. Reimbursement under these programs for all payors is based on a combination of prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Amounts received under Medicare and Medicaid programs are subject to review and final determination by program intermediaries or their agents and the contracts the Corporation has with commercial payors also provide for retroactive audit and review of claims. Agreements with third-party payors typically provide for payments at amounts less than established charges. Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are

## **RWJ BARNABAS HEALTH, INC.**

### **Notes to Consolidated Financial Statements**

**June 30, 2025 and 2024**

*(Information pertaining to the six months ended June 30, 2025 and 2024 is unaudited)*

uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Implicit price concessions are determined on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change and are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Adjustments arising from a change in the transaction price were not significant for the years ended June 30, 2025 or 2024. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. There was no bad debt expense for the six months ended June 30, 2025 or 2024.

Consistent with the Corporation's mission, care is provided to patients regardless of their ability to pay. The Corporation has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (e.g., co-pays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Corporation expects to collect based on its collection history with those patients. Patients who meet the Corporation's criteria for charity care are provided care without charge or at amounts less than established charges. The Corporation has determined that it has provided sufficient implicit price concessions for these accounts. Price concessions, including charity care, are not reported as revenue.

The Corporation has elected the financing component practical expedient and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payors pays for that service will be one year or less. However, the Corporation does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract. The Corporation has determined that the nature, amount, timing, and uncertainty of patient service revenue and cash flows are affected by payors and service lines.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is a possibility that recorded estimates could change by a material amount. During the six months ended June 30, 2025 and 2024 certain prior year third-party cost reports were audited and settled, or tentatively settled by third-party payors. Adjustments resulting from such audits, settlements, and management reviews are reflected as adjustments to patient service revenue in the period that adjustments become known. The effect of cost report settlements increased patient service revenue by \$3,951 and \$10,324, respectively, for the six months ended June 30, 2025 and 2024. Although certain other prior year cost reports submitted to third-party payors remain subject to audit and retroactive adjustment, management does not expect any material adverse settlements.

#### ***(b) Other Revenue***

Other revenue includes income from grants, equity in the income of healthcare joint ventures, unrestricted contributions, net assets released from restriction, cafeteria sales, and parking receipts. Grant revenue and contributions of the Corporation are nonexchange transactions in which no

## RWJ BARNABAS HEALTH, INC.

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

*(Information pertaining to the six months ended June 30, 2025 and 2024 is unaudited)*

commensurate value is exchanged. In such cases, contribution accounting is applied under ASC Topic 958, Not-for-Profit Entities. Equity in the income of joint ventures is evaluated under ASC Topic 323, *Investments – Equity Method and Joint Ventures*.

Additionally, pharmacy sales and other contracts related to healthcare services are included in other revenue and consist of contracts, which vary in duration and in performance. Revenue is recognized when the performance obligations identified within the individual contracts are satisfied and collections are probable.

#### **(4) Fair Value Measurements**

ASC 820, *Fair Value Measurement* establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

*Level 1:* Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include cash and cash equivalents and debt and equity securities that are traded in an active exchange market.

*Level 2:* Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage-backed debt securities and corporate bonds.

*Level 3:* Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. The Corporation currently holds no Level 3 investments.

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

*(Information pertaining to the six months ended June 30, 2025 and 2024 is unaudited)*

The following tables present the Corporation's fair value hierarchy for those assets measured at fair value on a recurring basis, and exclude pledges receivable, net, other investments, and accrued interest receivable, as of June 30, 2025 and December 31, 2024:

		<b>June 30, 2025</b>				
		<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>
Investment categories:						
Cash and cash equivalents						
and money market funds	\$	458,984	458,984	—	—	—
Equity securities		2,718	2,718	—	—	—
Equity mutual funds		1,665,280	1,665,280	—		
Equity funds		950,914	950,914			
Fixed income mutual funds		273,487	273,487	—	—	—
Certificates of deposit		—	—	—	—	—
Unit investment trust		1,192	1,192	—	—	—
Commercial mortgage-backed securities		58,792	—	58,792	—	—
Corporate bonds		324,034	—	324,034	—	—
Asset-backed securities		214,141	—	214,141	—	—
Government bonds		110,018	—	110,018	—	—
Government mortgage-backed securities		34,844	—	34,844	—	—
Municipal bonds		14,277	—	14,277	—	—
Alternative investments		856,520	—	—	—	856,520
Total	\$	<u>4,965,201</u>	<u>3,352,575</u>	<u>756,106</u>	<u>—</u>	<u>856,520</u>

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

*(Information pertaining to the six months ended June 30, 2025 and 2024 is unaudited)*

		December 31, 2024				
		Fair value	Level 1	Level 2	Level 3	NAV
Investment categories:						
Cash and cash equivalents						
and money market funds	\$	430,242	430,242	—	—	—
Equity securities		187,993	187,993	—	—	—
Equity mutual funds		1,414,622	1,414,622	—	—	—
Equity funds		830,445	830,445	—	—	—
Fixed income mutual funds		276,566	276,566	—	—	—
Certificates of deposit		—	—	—	—	—
Unit investment trust		1,185	1,185	—	—	—
Commercial mortgage-backed securities		62,508	—	62,508	—	—
Corporate bonds		245,290	—	245,290	—	—
Asset-backed securities		178,823	—	178,823	—	—
Government bonds		101,264	—	101,264	—	—
Government mortgage-backed securities		16,354	—	16,354	—	—
Municipal bonds		6,923	—	6,923	—	—
Alternative investments		762,856	—	—	—	762,856
Total	\$	4,515,071	3,141,053	611,162	—	762,856

# RWJ BARNABAS HEALTH, INC.

## Notes to Consolidated Financial Statements

June 30, 2025 and 2024

*(Information pertaining to the six months ended June 30, 2025 and 2024 is unaudited)*

### (5) Long-term Debt

Long-term debt consists of the following:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Revenue and refunding bonds	\$ 2,644,498	2,644,498
Senior secured notes	300,000	300,000
Notes payable	11	11
Finance lease obligations	268,332	271,386
Total long-term debt	<u>3,212,841</u>	<u>3,215,895</u>
Plus unamortized bond premium	219,003	227,207
Less:		
Deferred financing costs, net	16,379	17,005
Current portion	52,428	52,172
Long-term portion	<u>\$ 3,363,037</u>	<u>3,373,925</u>

Under the terms of the Master Trust Indenture (MTI), Children’s Specialized Hospital, Clara Maass Medical Center, Community Medical Center, Jersey City Medical Center, Monmouth Medical Center, Newark Beth Israel Medical Center, RWJ Barnabas Health, Inc., RWJBH Corporate Services, Inc., Robert Wood Johnson University Hospital, Robert Wood Johnson University Hospital at Hamilton, Robert Wood Johnson University Hospital Rahway, and Cooperman Barnabas Medical Center, are members of an Obligated Group. Substantially all of the Corporation’s debt is subject to the provisions of the MTI.

To secure its payment obligations, the Obligated Group has granted to the Trustee a first lien and security interest in the gross revenue of each member of the Obligated Group.

Obligated Group members are jointly and severally liable under the MTI. The Corporation does have the right to name designated affiliates. Though designated affiliates are not obligated to make debt service payments on the obligations under the MTI, the Corporation may cause each designated affiliate to transfer such amounts as necessary to enable the Obligated Group members to comply with the terms of the MTI, including payment of the outstanding obligations.

The Corporation’s Obligated Group is required to maintain certain financial covenants in connection with the NJHCFFA and credit arrangements with a consortium of banks, including JPMorgan Chase Bank, N.A. (JPMorgan) and U.S. Bank.

On April 8, 2024, the Corporation made an offer to purchase bonds in an aggregate principal amount of up to \$330,000 relating to select maturities of the Series 2016 and Series 2019 bonds. In connection with that offer, the Corporation purchased tendered target bonds in an aggregate principal amount of \$261,397. The settlement date was May 8, 2024.

## **RWJ BARNABAS HEALTH, INC.**

### **Notes to Consolidated Financial Statements**

**June 30, 2025 and 2024**

*(Information pertaining to the six months ended June 30, 2025 and 2024 is unaudited)*

On May 1, 2024, the Corporation completed the RWJ Barnabas Health Obligated Group Issue, Series 2024A bond issuance in the amount of \$370,330. Series 2024A was issued at a premium for a total source of funds of \$404,142. The Corporation used a portion of these proceeds to defease the Series 2019 B-1 bonds in the amount of \$70,812. The remainder of the proceeds was used for reimbursement of prior capital costs.

On May 16, 2024, the Corporation completed the RWJ Barnabas Health Obligated Group Issue, Series 2024B bond issuance in the amount of \$250,690. The Series 2024B bonds were used to refund the Barnabas Health System, Series 2014A, Robert Wood Johnson University Hospital, Series 2014A and Robert Wood Johnson University Hospital, Series 2013A.

On May 16, 2024, the Corporation defeased the Barnabas Health System, Taxable Revenue Bonds, Series 2012 for \$80,979.

Collectively, the above transactions effectuated during 2024 resulted in a gain on extinguishment of debt of \$58,150 which is recorded in other, net within nonoperating revenue (expenses).

In May 2024, the Corporation established a self-liquidity backed commercial paper program which serves as a source for interim liquidity needs. The program is authorized up to \$200,000. As of June 30, 2025, there was \$99,076, net of discount, of commercial paper outstanding. On July 28, 2025, \$50,000 was paid with the remainder due on September 22, 2025. There was no commercial paper outstanding as December 31, 2024.

On July 1, 2025, the Series 2019 B-2 bonds were subject to a mandatory tender. At that time, the bonds were converted via a direct placement with JPMorgan at the same par value. The new long-term interest rate was set at 3.625% with a new mandatory purchase date of June 30, 2026.

The Corporation had entered into forward interest rate swap agreements with JPMorgan, Bank of America, and U.S. Bank, respectively. The total notional amount of all swap agreements was \$281,960. Under the terms of these agreements, the Corporation was paying fixed interest rates ranging from 0.90275% to 1.3625% in exchange for variable rate payments equal to 70% of the effective Federal funds rate. The notional amounts on these swap agreements were tied to the outstanding principal on the underlying bond series. On April 24, 2024, the Corporation exercised its option to terminate the interest rate swap agreements for \$52,262, net, which resulted in a gain of \$12,892.

## **RWJ BARNABAS HEALTH, INC.**

### **Notes to Consolidated Financial Statements**

**June 30, 2025 and 2024**

*(Information pertaining to the six months ended June 30, 2025 and 2024 is unaudited)*

Effective March 29, 2024, the Corporation entered into a secured revolving promissory note (the Note) for the principal amount of \$100,000 with JPMorgan for routine working capital needs. The terms of the Note include a commitment fee of 0.12%. The interest rate is based on Secured Overnight Financing Rate (SOFR) and an adjusted term SOFR fixed rate of 0.10% for the interest period plus 0.55% per annum. As of December 31, 2024, \$6,289 of the Note was used in the form of standby letters of credit (LOC) that provides liquidity support for the Corporation's self-insured workers' compensation and other programs. There was no cash drawn from the Note during the term. The Note expired on March 28, 2025, and was replaced with a \$100,000 secured revolving promissory note (New Note) with JPMorgan expiring on March 27, 2026. The terms of the Note include a commitment fee of 0.08%. The interest rate is based on SOFR and an adjusted term SOFR fixed rate of 0.10% for the interest period plus 0.50% per annum. The Corporation may request, and the lender at its discretion can approve, up to an additional \$50,000 of principal.

#### **(6) Employee Benefit Plans**

The Corporation maintains several benefit plans for its employees. The following are brief descriptions of those plans and related expenses for the six months ended June 30, 2025 and 2024:

- The Corporation provides pension benefits to its employees through defined contribution plans. Contributions to these plans are based on percentages of annual salaries. It is the policy of the Corporation to fund accrued costs under these plans on a current basis. Pension expense related to these defined contribution plans was approximately \$59,000 and \$53,664 for the six months ended June 30, 2025 and 2024, respectively.
- Certain affiliates of the Corporation contribute to various multiemployer defined benefit pension plans under the terms of collective bargaining agreements that cover union-represented employees. Contributions to these plans approximated \$4,188 and \$3,443 for the six months ended June 30, 2025 and 2024, respectively.
- Certain employees of the Corporation participate in deferred compensation plans. Eligible employees may defer compensation under a salary reduction agreement, subject to certain dollar limitations. Payments, upon retirement or termination of employment, are based on amounts credited to individual accounts. In connection with these plans, certain affiliates deposit amounts with trustees on behalf of participating employees. Under the terms of these plans, the Corporation is not responsible for investment gains or losses incurred. The assets are restricted for payments under the plans. The plans are funded based upon the benefit formula as outlined in the plan documents.

The RWJ Barnabas Health Retirement Income Plan (the RWJBH Plan) covers substantially all employees of the Corporation. The RWJBH Plan is currently frozen and no participants accrue credited service or contribute to the RWJBH Plan.

The assets of the RWJBH Plan are managed under a liability-driven investment (LDI) strategy. Under the LDI strategy, the expected rate of return on plan assets is based upon the assumption that plan assets will be invested primarily in fixed income and other related securities based upon their ability to perform similarly to the characteristics of the plan liabilities over time. The policy of the Corporation is to evaluate

## **RWJ BARNABAS HEALTH, INC.**

### **Notes to Consolidated Financial Statements**

**June 30, 2025 and 2024**

*(Information pertaining to the six months ended June 30, 2025 and 2024 is unaudited)*

the annual funding liability on a calendar year basis. Based on this evaluation, no contributions were made to the RWJBH Plan during the six months ended June 30, 2025 and 2024, respectively.

#### **(7) Partnership with Rutgers, the State University of New Jersey**

The Corporation, Rutgers, the State University of New Jersey (Rutgers), and Rutgers Health Group (RHG) entered into a Master Affiliation Agreement (MAA) with the goal of integrating medical education, advanced research and healthcare delivery.

The MAA requires reciprocal commitments and the alignment of each party's respective strategic, operational, and financial interests, and activities as part of a coordinated and mutually supportive academic health system. The Corporation and Rutgers have continued to execute on strategies contemplated in the MAA including integrating the clinical operations of the Faculty of Robert Wood Johnson Medical School (RWJMS) and the Rutgers CINJ through Integrated Practice Agreements (IPA). Under the terms of these agreements, Rutgers will continue to employ providers and certain support staff, but the Corporation is responsible for the operations of the clinical practices and related financial results. This included establishing a unified medical records system across the Corporation's entire medical group (including RWJMS and CINJ) and creating a unified and integrated patient experience.

As of June 30, 2025 and December 31, 2024, the Corporation owed Rutgers \$121,796 and \$112,599, net, respectively, under the MAA and IPA agreements. These amounts are included in accrued expenses and other current liabilities in the consolidated balance sheets.

#### **(8) Subsequent Events**

Management evaluated all events occurring subsequent to June 30, 2025 and through August 14, 2025, the date the consolidated financial statements were available to be issued. The Corporation did not have any recognizable subsequent events during the period, except as previously disclosed.

## **RWJ BARNABAS HEALTH, INC.**

### **Note to Consolidated Financial Statements - Obligated Group**

The following financial information as of June 30, 2025 (unaudited) and December 31, 2024 (audited) and for the six months ended June 30, 2025 and 2024 (unaudited) on pages 38 and 39 of the Corporation's Obligated Group was prepared for purposes of accommodating a certain group of bond and note holders. The financial information reflects the financial position and results of operations and changes in net assets of the Obligated Group and not of the entire Corporation and is not intended to be presented in conformity with U.S. generally accepted accounting principles.

**RWJ BARNABAS HEALTH, INC.**  
Consolidated Balance Sheets - Obligated Group  
(In thousands)

Assets	<u>June 30, 2025</u> (unaudited)	<u>December 31, 2024</u> (audited)
Current assets:		
Cash and cash equivalents	\$ 267,215	242,147
Short-term investments	-	240,828
Assets limited or restricted as to use	107,729	66,281
Patient accounts receivable, net	814,095	779,352
Estimated amounts due from third party payors	183,485	181,930
Other current assets	370,111	371,594
Total current assets	<u>1,742,635</u>	<u>1,882,132</u>
Assets limited or restricted as to use, non-current portion	202,789	191,163
Investments	4,548,140	3,911,919
Property, plant and equipment, net	4,557,262	4,506,359
Right-of-use asset	144,944	154,034
Due from affiliates, long term, net	47,394	48,606
Other assets, net	704,142	692,942
Total assets	<u><u>11,947,306</u></u>	<u><u>11,387,155</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	579,465	564,218
Accrued expenses and other current liabilities	852,480	941,410
Estimated amounts due to third party payors	19,848	23,530
Short-term borrowings	99,076	-
Long-term debt	50,968	50,747
Lease obligation	17,908	18,621
Due to affiliates, net	49,821	230,492
Self-insurance liabilities	54,608	53,115
Total current liabilities	<u>1,724,174</u>	<u>1,882,133</u>
Estimated amounts due to third party payors, net of current portion	91,792	73,093
Self insurance liabilities, net of current portion	171,846	158,017
Long-term debt, net of current portion	3,289,122	3,299,278
Lease obligation, net of current portion	136,838	146,044
Accrued pension liability	68,049	66,422
Other liabilities	174,917	157,510
Total liabilities	<u>5,656,738</u>	<u>5,782,497</u>
Net assets	<u>6,290,568</u>	<u>5,604,658</u>
Total liabilities and net assets	<u><u>\$ 11,947,306</u></u>	<u><u>11,387,155</u></u>

See accompanying note to consolidated financial statements - obligated group.

**RWJ BARNABAS HEALTH, INC.**

Consolidated Statements of Operations and Changes in Net Assets - Obligated Group

Six months ended June 30, 2025 and 2024

(In thousands)

(unaudited)

	<b>2025</b>	<b>2024</b>
Revenue:		
Net patient service revenue	\$ 3,832,358	3,441,380
Other revenue, net	396,531	326,709
Total revenue	<u>4,228,889</u>	<u>3,768,089</u>
Expenses:		
Salaries and wages	1,417,144	1,373,230
Physician fees and salaries	367,482	335,388
Employee benefits	329,160	300,951
Supplies	764,166	681,577
Other	704,363	654,487
Interest	47,222	48,802
Depreciation and amortization	177,178	155,944
Total expenses	<u>3,806,715</u>	<u>3,550,379</u>
Income from operations	<u>422,174</u>	<u>217,710</u>
Nonoperating revenue (expenses):		
Investment income, net	278,861	201,597
Other, net	(6,279)	61,594
Total nonoperating revenue, net	<u>272,582</u>	<u>263,191</u>
Excess of revenue over expenses	<u>694,756</u>	<u>480,901</u>
Pension changes other than net periodic benefit cost	4,768	4,356
Net assets released from restriction for purchases		
of property and equipment	93,422	20,479
Net assets transferred from non-obligated group	-	130,146
Other, net	(107,036)	(71,123)
Total other changes in net assets:	<u>(8,846)</u>	<u>83,858</u>
Increase in net assets	<u>\$ 685,910</u>	<u>564,759</u>

See accompanying note to consolidated financial statements - obligated group.