Secondary Market Disclosure Information

December 31, 2023

RWJ BARNABAS HEALTH, INC.

Consolidated Financial Statements and Supplementary Information as of and for the years ended December 31, 2023 and 2022

RWJBARNABAS HEALTH
Secondary Market Disclosure Information
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Summary of Obligations under the
Master Trust Indenture and Other Credit Arrangements

Bond Obligations under the Master Trust Indenture

- Barnabas Health System Taxable Revenue Bonds, Series 2012
- Barnabas Health Issue, Series 2014A
- Robert Wood Johnson University Hospital Issue, Series 2013A
- Robert Wood Johnson University Hospital Issue, Series 2014A
- RWJ Barnabas Health Taxable Revenue Bonds, Series 2016
- RWJ Barnabas Health Obligated Group Issue, Series 2016A
- RWJ Barnabas Health Senior Secured Notes, Series A through D
- RWJ Barnabas Health Obligated Group Issue, Series 2019
- RWJ Barnabas Health Obligated Group Issue, Series 2019A
- RWJ Barnabas Health Obligated Group Issue, Series 2019B-1 through B-3
- RWJ Barnabas Health Obligated Group Issue, Series 2021A

Other Credit Arrangements

- Secured revolving credit facility with JP Morgan Chase Bank, N.A. that includes a sublimit for letters of credit including the self-insured worker's compensation program. Secured under the Master Trust Indenture.
- Revolving line of credit agreement with JPMorgan Chase Bank, N.A. in the maximum available amount of $50 million (with an accordion feature for a potential increase in the line to $100 million in the aggregate); no funds have been drawn down under such credit agreement. 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 building 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 $12.6 million has been drawn down under the loans.

RWJBARNABAS HEALTH

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December 31, 2023

System Overview

Facility	Location	Licensed Beds	
Acute Care Hospitals:			
Newark Beth Israel Medical Center	Newark	653	(1)
Community Medical Center	Toms River	617	(2)
Cooperman Barnabas Medical Center	Livingston	597	
Robert Wood Johnson University Hospital, New Brunswick Campus	New Brunswick	614	(3)
Robert Wood Johnson University Hospital, Somerset Campus	Somerville	339	
Monmouth Medical Center	Long Branch	514	(4)
Monmouth Medical Center, Southern Campus	Lakewood	241	(5)
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	(7)
Total Acute Care Beds		**5,441**	
Transitional Care Beds:			
Children's Specialized Hospital	New Brunswick	158	(6)
Community Medical Center Transitional Care Unit	Toms River	25	(2)
TRMC Hospital-based Long Term Care Facility	Elizabeth	124	(7)
Total Transitional Care Beds		**307**	
Specialty Hospitals:			
The Children's Hospital of NJ at Newark Beth Israel Medical Center	Newark	156	(1)
Barnabas Health Behavioral Health Center	Toms River	100	(5)
The Bristol-Myers Squibb Children's Hospital at Robert Wood Johnson University Hospital	New Brunswick	79	(3)
The Unterberg Children’s Hospital at Monmouth Medical Center	Long Branch	70	(4)
Total Specialty Hospital Beds		**405**	

(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 it's 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 and Barnabas Health Behavioral Health Center.

(6) 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.

(7) 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.

Our Organization

RWJBarnabas Health (RWJBH or the Corporation) is New Jersey’s largest academic health care system with a 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 approximately 20% of all health care system discharges in the state of New Jersey in 2022. The Corporation’s geographic coverage spans Hudson, Essex, Union, Middlesex, Mercer, Somerset, Monmouth and Ocean Counties. Throughout the Corporation, physicians, nurses, and health professionals are committed to providing the highest quality of patient care and health education, 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 programs and educational opportunities.

RWJBarnabas Health’s Mission, Vision, Values, Credo and Mantra

At the core of the Corporation’s mission, as set forth below, is the evolution of the enterprise from a “health care” company to an organization dedicated to “health.” As part of a comprehensive strategic planning process driven by the implementation of a new operating model during 2023, new Mission, Vision and Values statements, along with a Credo statement and unifying Mantra, were created to drive the enterprise forward.

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

Vision
RWJBarnabas Health 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.

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.

Credo
RWJBH is one system, one family committed to being the best place to deliver and receive 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.

Mantra
One system, one family

Partnership with Rutgers, the State University of New Jersey - Realizing our Academic Vision

Through its long-standing relationship with Rutgers, The State University of New Jersey (Rutgers), including Rutgers' two medical schools, schools of nursing, dentistry, pharmacy, allied health professions, public health and biomedical sciences, RWJBH is able to access the most current medical research and treatment technologies. In 2018, the Corporation and Rutgers entered into a Master Affiliation Agreement (MAA). Through the MAA, the Corporation and Rutgers aligned in their mutual support of the educational, research, and clinical missions of an academic health system. The parties consolidated the Corporation's educational and research activities under Rutgers' leadership, in coordination with RWJBH, and consolidated clinical services under the leadership of RWJBH, in coordination with Rutgers. 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 have attracted, and continue to attract, clinicians, researchers, teachers, and students from around the world. Since the effective date of the MAA, RWJBH has made an initial 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 Rutgers Cancer Institute of New Jersey (CINJ), the State's only National Cancer Institute-designated Comprehensive Cancer Center, and Rutgers University Behavioral Health Care.

Redefining Cancer Care Delivery

RWJBH, together with CINJ, is the leading provider of cancer services in New Jersey treating more than 11,000 new patients each year. The partnership with CINJ creates a unique platform for recruitment of leading physicians and researchers. Under the direction of Dr. Steven Libutti, RWJBH and CINJ have been executing upon a joint oncology strategic plan focused on filling identified clinical gaps, improving quality and patient experience, and providing access to high levels of clinical care and research while keeping patients close to home. To better assure alignment across the two organizations, Dr. Libutti serves as both the Director of CINJ and Senior Vice President, Oncology Services for RWJBH. 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 is the expansion of cancer treatment, education and research as part of the development of the Jack and Sheryl Morris Cancer Center in New Brunswick. Developed by RWJBH and CINJ, in partnership with the New Brunswick Development Corporation, the new $750 million, 12-story, 510,000-square-foot facility will be the state's first and only freestanding cancer hospital.

The center will include wide-ranging advanced oncology care services, all under one roof. Greatly enhancing the patient experience and providing further ease of access, the new facility is slated to open in 2025. The new cancer center brings together all facets of research, prevention and clinical care at a single location and will provide a model for cancer care delivery. Patients at the center will be able to receive a range of inpatient and outpatient cancer care, including advanced imaging services as well as radiation therapy, chemotherapy and surgical treatments. Wellness, prevention and education resources will also be available for the community, patients, caregivers and families.

Services at the center will follow a multidisciplinary care model in which cancer specialists throughout RWJBH and CINJ collaborate to devise the best treatment plan for each patient, including clinical trials, immunotherapy and precision medicine.

The center will include state-of-the-art laboratories where teams of scientists will study cancer and develop new treatments. Having labs on-site will help translate lab discoveries directly to the clinical settings at CINJ and across the RWJBH system, enhancing the tailoring of patient treatments and expediting the collection of research data.

Other key cancer centers under construction are the Cancer Center at Cooperman Barnabas Medical Center (CBMC) and the Cancer Center at Monmouth Medical Center's Vogel Medical Campus. The $225 million Cancer Center at CBMC in Livingston will be an outpatient center serving as a regional hub for integrated cancer services. The $200 million Vogel outpatient center will offer comprehensive cancer services and same-day surgery, onsite specialty services and advanced diagnostic imaging.

Staffing

The Corporation is challenged by the industry wide shortages in certain clinical specialties and other factors 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 our 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. These refinements further advance the competitiveness of our total compensation package following significant market adjustments in 2022. 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.

Several months ago, Robert Wood Johnson University Hospital (RWJUH) began negotiations with representatives from the United Steel Workers Local 4-200 (USW), which represents approximately 1,700 nurses. After a series of negotiating sessions between the hospital and the USW, a Memorandum of Agreement was reached and put to a membership vote on July 20, 2023. The agreed-to-terms reflected the values of RWJBH. However, on July 21, 2023, the union membership rejected the contract which had been agreed to, and recommended by, its union leadership. As a precaution, RWJUH had been concurrently planning a robust strike contingency plan to ensure uninterrupted operations for the facility, including the recruitment of more than 1,000 replacement nurses in the event the hospital was issued a strike notice. Despite best efforts by the hospital leadership during ongoing negotiations, the USW nurses elected to strike the morning of August 4, 2023. Thanks to the support of our highly skilled, highly trained, and professional replacement nurses and the support of the nursing leadership both at RWJUH and across the Corporation, staffing levels throughout the hospital were appropriately maintained across all units and all shifts when considering both patient volume and acuity. The transition to replacement nursing staff was successful, their shared commitment to support the hospital, our patients, and our communities was greatly appreciated.

On December 15, 2023, the union ratified a new, three year collective bargaining contract, ending the strike. The agreement validates our efforts and aligns with the strategic goals leadership put in place at the onset of these negotiations and reflects our shared commitment to continue to provide the highest quality patient care and facilitate a safe and supportive working environment for our nurses and all team members. In early January 2024, the RWJUH nurses were reintegrated into the work force safely, seamlessly and without interruption to patient care. Incremental costs incurred, net of savings, were $183,783 through December 31, 2023.

The Corporation has also successfully concluded negotiations with the registered nurses at Cooperman Barnabas Medical Center, represented by the New Jersey Nurses Union CWA Local 1091, without work stoppages. The current contract expires in November 2026.

Community Benefit

RWJBH is deeply committed to New Jersey. We are the state's largest provider of charity care and the state's largest provider of care to beneficiaries of the Medicaid program – collectively by more than two times any other health system in New Jersey. Our community benefit programs are therefore a vital part of our vision. They include free or low-cost care (charity care) and the costs of uncompensated care for Medicaid and other government-funded programs, along with proactive investments such as subsidized health services, research, education, and community health improvement. Each year, RWJBH takes a comprehensive approach to community building by identifying unmet needs and responding with tailored community benefit investments designed to improve health and well-being.

Building on our commitment to care for those who are poor and vulnerable, RWJBH invested almost $700 million in net community benefit expense in 2022, an increase of almost $50 million over 2021 (most recently available information).

Awards and Distinctions

In February 2023, S&P confirmed its AA- long-term rating with a stable outlook. S&P reports a "very strong" enterprise profile due to a broad and diverse sevice area with strong market position, continued volume recovery, diversification from joint ventures and partnerships including Rutgers University and ambulatory expansion. The financial profile of the Corporation is also considered "very strong" due to expected signficant operational improvements and postive margin, a conservative debt structure and well funded pesion.

In July 2023, Moody's affirmed its Aa3 credit rating. The outlook was revised to negative from stable. The affirmation reflects the Corporation's broad statewide coverage, its role as the academic health system for Rutgers Unviersity and its position as the only NCI-designated canceer center in New Jersey. The revision of the outlook to negative from stable reflects challenges the Corporation will face in restoring cash flow and dilution of days cash and cash to total debt metrics in relation to planned capital spend.

The Corporation and its affiliates are recognized as a leading academic health care delivery system, having received the following recognitions, among others:

OVERALL	
	U.S. News & World Report, the global authority in hospital rankings and consumer advice, has ranked RWJUH in the Top 5 in NJ and a Top 25 Regional Best Hospital in the NY-Metro area for 2023/2024. The hospital also earned High Performing ratings in 14 adult specialties, procedures and conditions. CINJ received the highest score in NJ in the adult specialty category for cancer, earning a High Performing rating. U.S. News & World Report has also recognized Cooperman Barnabas Medical Center (CBMC), Monmouth Medical Center (MMC), RWJUH, and Robert Wood Johnson University Hospital Somerset (RWJUH Somerset) as High Performing in maternity care and among the 2023-2024 Best Hospitals for Maternity Care, which identifies hospitals that provide high-quality maternity care for uncomplicated pregnancies.
	RWJBH children's hospitals were named among the nation's Best Children's Hospitals for 2023/2024 by U.S. News & 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 Newark Beth Israel Medical Center (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.
	In 2023, NBIMC was named by Newsweek as one of the World's Best Hospitals for the fifth consecutive year and CBMC and MMC were both named Newsweek's 2023 list of America's Best Maternity Care Hospitals. In addition, Children's Specialized Hospital has been recognized on Newsweek's list of World's Best Specialized Hospitals and RWJUH also received Newsweek America's Best award for Ambulatory Surgery Centers in NJ in 2024 for the third year in a row.

healthgrades	In 2024, Healthgrades, the leading marketplace connecting doctors and patients, ranked CBMC and RWJUH Somerset in the top 5% in New Jersey across various specialty care areas. 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 Gastrointestinal Medical and third in the state for Cardiology and Gastrointestinal Care. Both hospitals ranked among America's 250 Best Hospitals, according to Healthgrades.
GHX GHX MILLENNIUM CLUB 2022	For 2022, RWJBH was recognized by healthcare supply chain leader Global Healthcare Exchange (GHX) with the GHXcellence Award for "Healthcare Provider of the Year – Large" for the second consecutive year and was also recognized by GHX as a "Best 50" healthcare provider for the fifth consecutive year for its commitment to a supply chain strategy that removes waste, drives efficiencies and, as a result, raises the quality of patient care delivered. Additionally, RWJBH was named to the 2022 GHX Millennium Club which recognizes healthcare provider and supplier organizations that generate more than one million automated transactions annually through the GHX Exchange.
The Joint Commission	Numerous facilities received the Gold Seal of Approval by the Joint Commission for various programs including joint replacement; disease-specific certifications in acute coronary syndrome, cardiac rehabilitation, and heart failure; advanced certification in palliative care; bariatric surgery; and stroke program.
CHIME Digital Health most wired Survey Acute 2023	Twelve RWJBarnabas Health facilities were named to CHIME Healthcare's 2023 Most Wired – 11 of which were awarded certification Performance Excellence Levels of eight and above for their use of information technology to better the patient experience.
QUALITY	
NATIONALLY RECOGNIZED A FALL 2022 LEAPFROG HOSPITAL SAFETY GRADE	In the Fall of 2023, three RWJBH facilities received an "A" grade including Community Medical Center (CMC), Monmouth Medical Center Southern Campus (MMCSC) and Robert Wood Johnson University Hospital Rahway (RWJUH Rahway). Four RWJBH facilities received "B" ratings. Additionally, MMC was named as a Best Hospital in America for teaching in July.

	In 2023, RWJUH was named to Money's inaugural list of Best Hospitals for Bariatric Surgery. MMC was named to Money's inaugural list of the Best Hospitals in America, created in partnership with The Leapfrog Group. MMC, NBIMC, and RWJUH Somerset were named to Money's 2022 Best Hospitals for Maternity Care list – among just 259 hospitals to receive the award.
	In August 2023, RWJBH was granted accreditation for nursing continuing professional development from the ANCC for its commitment to using evidence-based criteria when developing high-quality educational activities that promote the professional growth of nurses.
	Several practices within the Combined Medical Group of RWJBH and Rutgers Health 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.
	In 2023, 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.
	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.
SPECIALTY CARE	
	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.

	Six RWJBH facilities received recognition for stroke care, earning a spot on the American Stroke Associations 2023 Get With The Guidelines® list, for their commitment to ensuring stroke patients receive the most appropriate treatment according to nationally recognized, evidence-based guidelines. RWJUH, RWJUH Somerset and Jersey City Medical Center (JCMC) each received the Gold Award. CBMC received the Silver Plus Award and Clara Maass Medical Center received the Siler Award.
	In 2022, ten RWJBH facilities were named "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.
WORKFORCE	
	In 2024, RWJBH was recognized for the second consecutive year by Newsweek as America's Greatest Workplaces for Diversity– a scored list of companies that employees say really respect and value different kinds of people.
	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 that will drive standardization, continuous quality improvement and cost reductions across the entire system. Leadership determined that a key component of this is to deploy an integrated Electronic Health Record (EHR) 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 implementation will be done in phases, and the anticipated completion date is 2024, with a cost of approximately $750,000 over ten years.

The launch of this sweeping initiative, which has been named "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 University and a myriad of other stakeholders throughout the Corporation were identified and assembled into 62 discipline specific workgroups and councils.

The project successfully completed five waves from May 29, 2021 through October 28, 2023. The Corporation has all of its acute care facilities with the exception of Trinitas Regional Medical Center and 100% of the Medical Group live on Epic. The team recently completed the 10,000th enhancement to the system as well as four upgrades in 2023. The remaining facilities will complete their implementation in 2024.

RWJBH participated in the Good Install Program, offered by Epic that gives organizations an opportunity to earn a rebate by meeting more than 33 requirements of a successful installation. RWJBH received one of the largest rebates in Epic's history becoming the first customer to earn a Gold Stars ranking of a perfect ten for a new installation. Gold Stars program is the adoption of the 700 best workflows in the world. An Epic Gold Stars ranking of ten represents the top 0.3% of all Epic customers, which include some of the nation's top healthcare providers, including the Mayo Clinic, Johns Hopkins, Mass General, the Cleveland Clinic, UCSF Medical Center, and Cedars-Sinai.

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 87% of the total consolidated assets and 83% of the total consolidated operating revenues as of and for the year ended December 31, 2023. Accordingly, the discussion below includes the financial results of entities that are not members of the Obligated Group. On March 30, 2023, Barnabas Health, Inc., an obligated group member, changed its name to RWJBH Corporate Services, Inc.

COVID-19 Pandemic and CARES Act Funding

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided financial relief under several programs including a funding advance of Medicare payments, deferral of the employer portion of payroll taxes and establishment of the Provider Relief Fund (PRF). Under the PRF, the Corporation recognized approximately $48,143 for the year ended December 31, 2022. As of December 31, 2022, all relief funds have been recognized as revenue and the total amount received from the period of 2020 through 2022 was approximately $684,000.

The Corporation also received approximately $556,000 in Medicare payment advances under the Medicare Accelerated and Advanced Payment Program. As of December 31, 2022, these payments had been fully recouped.

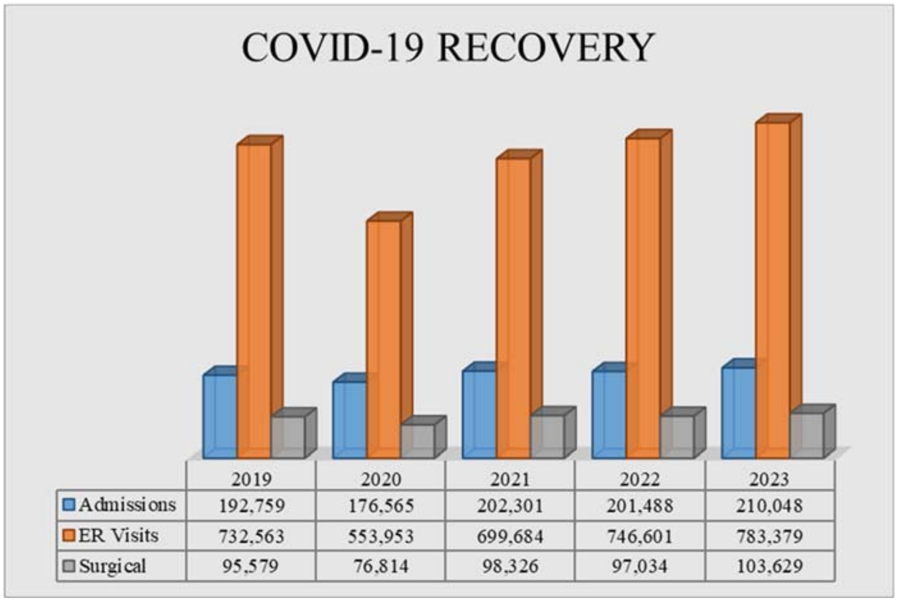
The Corporation elected to defer the deposit and payment of the employer's share of Social Security taxes allowed under the CARES Act, which amounted to approximately $88,000. As of December 31, 2022, these deferred amounts were fully repaid.

The Corporation is also eligible under the CARES Act to receive an employee retention credit (ERC) against the employer portion of Social Security taxes for certain wages during the early part of the COVID-19 pandemic. During the year ended December 31, 2023, the Corporation recognized approximately $17,000 in other revenue under the ERC program.

The Corporation continues to pursue opportunities for additional federal relief funding, including funding from the Federal Emergency Management Agency (FEMA). Included in other revenue in the consolidated statements of operations for the years ended December 31, 2023 and 2022 is $19,907 and $29,253, respectively, for incremental prior year COVID-19 related costs.

The improvement in COVID-19 transmission rates has had a positive impact on volumes, which have been steadily improving. Admissions, surgical and gross emergency room visits for the year ended December 31, 2023 exceeded prior year volumes by 4.2%, 6.8%, and 4.9%, respectively.

The following table portrays select acute care volumes from prior to the COVID-19 pandemic through 2023, demonstrating the volume recovery since the height of the pandemic in 2020 and the eventual growth from pre-pandemic levels in 2022 and 2023.



	2019	2020	2021	2022	2023
Admissions	192,759	176,565	202,301	201,488	210,048
ER Visits	732,563	553,953	699,684	746,601	783,379
Surgical	95,579	76,814	98,326	97,034	103,629

Financial Performance Overview

Operating results for the year ended December 31, 2023 were negatively impacted by the effect of the RWJUH work stoppage, inflation, and industry-wide staffing challenges. Management continues to be focused on the recovery of operations and improved operating results through various initiatives, including those focused on patient access and additional revenue opportunities through new and enhanced facilities, expanding our diversified revenue streams, physician recruitment efforts, and continued revenue cycle initiatives. There is also a continued focus on expense reductions through operational efficiency efforts, program consolidation and supply chain initiatives. The Corporation continues to evaluate and invest in strategic capital needs in relation to operations and technology to facilitate volume recovery and growth and to improve clinical outcomes, patient experience, and operational processes. In addition, RWJBH is making strategic investments in physicians who support our key clinical service lines and staff to support the recovery and growth in the physician and ambulatory network, and in various other safety, quality and service initiatives. Management continues to monitor capital market conditions affecting investment returns, fundraising and debt capacity, so that RWJBH can continue to invest in people, programs and facilities to successfully adapt and respond to changes in the health care industry while continuing to meet the needs of the patients and families in all the communities it serves.

For the year ended December 31, 2023, the Corporation's total operating loss and operating margin were $86,038 and -1.0%, respectively, compared to the operating loss and operating margin of $211,082 and -2.8% for the year ended December 31, 2022. Total operating revenues grew by $989,871 or 13.0% compared to the year ended December 31, 2022, while operating expenses increased by $864,827 or 11.1% during the same period. Included in operating expenses are work stoppage costs of $183,783. Income from operations and operating margin before work stoppage costs was $97,745 and 1.1%, respectively.

Overall, patient service revenue of $7,941,659 was higher than prior year by $947,750 or 13.6%. The favorable variance was due to volume increases in inpatient, outpatient and professional billing. Other operating revenue increased due to grant revenue, joint venture revenue, pharmacy sales and net assets released from restriction. For additional information, refer to the *Operating Revenue and Volume* discussion.

The increase in operating expenses was driven by increased salaries, physician fees and salaries, supplies, other expenses, and depreciation, many of which were impacted by continued staffing challenges and inflationary pressures. Included in operating expenses were $183,783 of work stoppage costs, net of savings. For additional information, refer to the *Operating Expenses* discussion.

The Corporation's excess of revenues over expenses for the year ended December 31, 2023 was $397,660 and 4.4%, respectively, compared to the deficiency of revenues over expenses of $599,765 and -8.3% for the year ended December 31, 2022. Excess of revenues over expenses and excess margin before work stoppage costs was $581,443 and 6.4%, respectively. The excess of revenues over expenses was significantly higher than prior year, driven by investment performance. Net investment income totaled $484,624, compared to net investment losses of $664,428 in 2022. The net investment loss in 2022 was partially offset by the contribution received in the acquisition of Trinitas Regional Medical Center and Trinitas Health of $264,636. For additional information, refer to the *Nonoperating Gains and Losses* discussion.

Operations and Excess of Revenue over Expenses

The following table summarizes key operating performance results and overall performance ratios:

	Years ended December 31,	
	2023	**2022**
Operating loss	(86,038)	(211,082)
Operating margin	-1.0%	-2.8%
EBITDA	340,623	198,629
EBITDA margin	4.0%	2.6%
Excess (deficiency) of revenue	397,660	(599,765)
Excess (deficiency) of revenue margin	4.4%	-8.3%

Operating income and margin prior to work stoppage costs were $97,745 and 1.1% and excess of revenue and excess margin were $581,443 and 6.4%.

Operating Revenue and Volume

The following table presents consolidated operating revenue and select volume statistics for the years ended December 2023 and 2022:

	Years ended December 31,	
	2023	2022
Operating Revenue:		
Inpatient patient service revenue	$ 4,095,862	3,723,853
Outpatient patient service revenue	2,749,378	2,417,638
Professional billing revenue	974,524	738,817
State of NJ subsidy revenue	121,895	113,601
Total patient service revenue	7,941,659	6,993,909
CARES Act grant revenue	-	48,143
Other operating revenue	645,700	555,436
Total operating revenue	$ 8,587,359	7,597,488
Volume & utilization statistics:		
Acute care licensed beds	5,441	5,443
Average acute care beds in service	4,386	4,363
Acute care occupancy based on beds in service	71.0%	70.2%
Acute care length of stay	5.56	5.66
Acute care admissions	210,048	201,488
COVID-19 positive admissions	5,453	13,412
Adult and pediatric admissions	142,648	133,788
Newborn and NICU admissions	25,921	26,285
Maternity and obstetric cases	26,567	26,590
Patient days	1,136,292	1,117,281
Same day surgery cases	70,645	65,047
Emergency room visits (excl. admits)	653,056	624,727
Observations	104,725	94,416
Psychiatric hospital inpatient admissions	1,061	1,039

Acute Care payor mix, based on patient days, for the years ended December 31, 2023 and 2022 is presented below:

	Patient Days	
Payor Mix	**2023**	**2022**
Medicare	25.5%	26.5%
Medicaid	5.9%	5.8%
Managed Medicare	22.7%	21.1%
Managed Medicaid	19.8%	19.6%
Managed Care	10.9%	10.8%
NJ Blue Cross & Commercial	10.1%	11.0%
Self-pay and Other	5.1%	5.2%
	100.0%	100.0%

Inpatient service revenue of $4,095,862 (excluding subsidy revenue), was favorable to prior year by $372,009 or 10.0%. The increase was primarily due to inpatient volumes which were 4.2% higher than prior year due to strong performance in medicine, cardiology, surgical and pulmonary service lines. The Corporation also benefited from increases in Managed care rates, higher Medicaid County Option Pilot program revenue of $75,066 (increase in expenses as well), as well as cost report adjustments which exceeded prior year by $11,800. The favorable variance was partially offset by lower COVID-19 volumes.

Outpatient service revenue of $2,749,378 was favorable to prior year by $331,740 or 13.7%. The variance was impacted by a 2.9% increase in outpatient volumes. The increase in volume can be correlated to the additional revenue sourced from areas such as emergency room services, observations, and outpatient surgeries. Managed care rate increases also contributed to the positive variance as well as the 340B settlement discussed below. Revenue from ambulatory services was favorable to prior year by approximately $119,000 which was primarily due to infusion services and the consolidation of JAG-ONE and On Time Transport (OTT).

On November 2, 2023, the Centers for Medicare & Medicaid Services (CMS) issued a final rule outlining the remedy for the invalidated outpatient 340B-acquired drug payment policy for the years 2018 through 2022. As a result, CMS indicated a one-time lump sum payment to each 340B covered entity hospital that was paid less as a result of the final ruling would be made. The Corporation's share of the lump sum payments was $45,816 and has been recognized as patient service revenue in the 2023 statement of operations. These amounts were received in January 2024.

Professional billing revenue of $974,524 was favorable to prior year by $235,707 or 31.9%. The increase in revenue was primarily due to expansion of hospital based services including Emergency Medicine, Hospitalist, Anesthesia, and Radiology service lines. The positive variance in our community- based medical group practices was driven by an increase in wRVU's over prior year of 10.6%. Additionally, our academic group practices continued to grow under the IPAs.

State of NJ subsidy revenue, of $121,895, was favorable to prior year by $8,294 or 7.3% primarily due to higher charity care subsidies.

The Corporation recognized CARES Act grant revenue of $48,143 for the year ended December 31, 2022 to help offset the volume shortfalls attributable to COVID-19.

Other operating revenue of $645,700 was favorable to prior year by $90,264 or 16.3%. Other revenue includes income from grants including FEMA, pharmacy sales (offset in expense), earnings from joint venture arrangements, sale of a business, contributions, net assets released from restriction, cafeteria, and parking. Net assets released from restriction were favorable to budget by approximately $19,000 due to distributions of restricted operating funds to the hospitals. Pharmacy sales were favorable to budget by $21,327 mainly due to programs which experienced Medicaid plan changes that increased eligibility for certain patients. Grant revenue was favorable to budget by $12,552 driven primarily by State of NJ appropriations which was partially offset by lower FEMA revenue. Additionally, the Corporation received employer retention credits of $17,000 during 2023. Joint venture arrangements were favorable to budget by $22,424 driven primarily by growth in medical practice joint ventures and ambulatory surgery.

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:

For the year ended December 31,

	2023			2022		
	Operating Revenue	Net Income	Net Income Attributable to RWJBH	Operating Revenue	Net Income	Net Income Attributable to RWJBH
Ambulatory Surgery	$ 401,439	178,378	50,004	$ 333,194	149,211	42,037
Home Care & Hospice	165,485	8,827	4,495	170,946	11,252	5,734
Diagnostic Imaging	168,723	28,858	14,459	142,976	29,088	14,796
Medical Practice Joint Ventures	595,281	96,996	44,648	260,933	55,935	27,329
Other	45,878	5,117	1,809	125,977	7,180	3,095
	$ 1,376,806	318,176	115,415	$ 1,034,026	252,666	92,991

The increase in revenue from ambulatory surgery ventures was attributable to two new centers acquired in December 2022, and one new center in May 2023, as well as an increase in the volume of billable procedures of 6.2%.

The decrease in home care and hospice ventures was due to a decrease in volume of 3.9%. The decline in volume is attributed to lower homecare visits and hospice patient days by 7.3% and 3.3%, respectively.

Diagnostic imaging ventures decreased from prior year due to an increase in expenses of 12.8% driven by higher salary expense. This was partially offset by an increase in volume of 6.2%. On December 1, 2023, the Corporation purchased the remaining interest in University Radiology Group at Robert Wood Johnson, LLC (URG) for $10,452. The transaction resulted in goodwill of $14,182 and a gain on sale of equity investment of $5,946. The gain on sale of equity investment is recorded in nonoperating revenue.

Medical Practice Joint Ventures were favorable to prior year by $17,319. The favorable variance was due to expansion of this division. Five new ventures were entered into in December 2022 and an additional 13 practices during 2023.

In 2022, JAG-ONE and OTT (included in Other Ventures) were among the entities that were accounted for as equity-based joint ventures. However, on July 1, 2022, the Corporation purchased a controlling interest in JAG-ONE for $73,688 and began consolidating the entity. The transaction resulted in goodwill and intangible assets of $219,857, an initial noncontrolling interest of $25,742 and gain on sale of equity investment of $32,540. In January, Health Network purchased an additional 49% share of OTT for $15,066. OTT is now a wholly owned subsidiary of Health Network. The transaction resulted in goodwill of $20,784 and gain on sale of equity investment of $2,552. The gain on sale of equity investment is recorded in nonoperating revenue.

The Corporation acquired a 9.5% share of DaVita dialysis in February 2023 for approximately $51,000. This joint venture is recorded on a cost basis, unlike other joint ventures that are on an equity basis, and is included within other assets in the consolidated balance sheet. Distributions of $1,186 were recorded as investment income in nonoperating revenue.

Operating Expenses

Total operating expenses, for the year ended December 31, 2023, of $8,673,397 were unfavorable to prior year by $864,827 or 11.1% from the year ended December 31, 2022.

Summarized below are the consolidated operating expenses for the year ended December 31, 2023 and 2022:

	Years ended December 31,	
	2023	2022
Salaries and employee benefits	$ 4,105,888	3,629,097
Physician fees and salaries	1,093,782	950,617
Supplies and other expenses	3,047,066	2,819,145
Interest	102,327	106,486
Depreciation and amortization	324,334	303,225
Total operating expenses	$ 8,673,397	7,808,570

For the year ended December 31, 2023, salaries and employee benefits increased by $476,791 or 13.1%, compared to the year ended December 31, 2022. Incremental salary and unemployment costs incurred, net of savings, of approximately $175,536 in connection with the work stoppage at RWJUH, was a primary driver of the negative variance. Increased volumes and new physician practices also contributed to the negative variance. The consolidation of JAG-ONE and OTT had a negative impact on salaries of approximately $72,219 over the prior year.

Physician fees and salaries increased by $143,165 or 15.1%, compared to the year ended December 31, 2022. The increase was primarily driven by the Anesthesia and Radiology service lines which collectively exceeded prior year by approximately $54,282 The Anesthesia service line has grown since it was first launched in the third quarter of 2022 while the Radiology service line was new in 2023. In addition, variable compensation related to increased wRVU's also contributed to the variance.

Supplies and other expenses increased by $227,927 or 8.1% compared to the year ended December 31, 2022. Supplies were unfavorable to prior year by $96,421. There was a significant spike in COVID-19 cases in January 2022 which temporarily slowed down or paused elective surgical procedures. This drove volumes lower in the first quarter of 2022. Volumes in 2023 have returned to a more normal level and procedures, such as transplants, have seen significant increases over 2022. Other expenses were unfavorable to prior year by $131,506. This increase is driven by Epic costs, rentals, maintenance contracts and repairs, utilities and insurance. The inclusion of JAG-ONE and OTT are also driving the increase. Additionally, expenses related to the Medicaid County Option Pilot program increased by $26,181 (increase in patient service revenue as well). Other expenses were negatively impacted by work stoppage costs of $8,247.

Interest expense for the year ended December 31, 2023 decreased by $4,159 or 3.9% compared to the year ended December 31, 2022 due to an increase in capitalized interest related to various capital projects and income from interest rate swaps. The decrease was partially offset by additional interest expense related to new finance leases.

Depreciation and amortization for the year ended December 31, 2023 increased by $21,109 or 7.0%, compared to the year ended December 31, 2022. The increase is due to investments in strategic capital projects which were completed in the latter part of 2022. These investments included the Anne Vogel Family Care and Wellness Center, the Jersey City Medical Center Emergency Department expansion, RWJUH expansion and phases of the Newark Beth Israel master facility plan became operational. Epic also became operational for seven additional affiliates. Additionally, the purchase of JAG-ONE and OTT has contributed to the increase.

Nonoperating Gains and Losses

The following table presents a summary of nonoperating revenue and expenses of the Corporation for the years ended December 31, 2023 and 2022.

	Years ended December 31,	
	2023	**2022**
Investment income	$ 108,018	94,589
Realized gains on investments	15,733	20,657
Unrealized gains (losses) on investments	360,873	(779,674)
Contribution received in acquisition	-	264,636
Net periodic benefit cost	(12,111)	(19,275)
Interest rate swap valuation changes	2,688	30,395
Break-up fee	-	(30,000)
Gain on equity investment	8,498	32,540
Loss on early extinguishment of debt	-	(2,551)
Total nonoperating revenue (expenses), net	$ 483,698	(388,683)

Net investment income and realized net investment gains were $123,751 and $115,246 for the years ended December 31, 2023 and 2022, respectively. For the year ended December 31, 2023, the change in net unrealized gains was $360,873. For the year ended December 31, 2022, the unrealized change was a loss of $779,674.

The Corporation 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 is $281,960. For the years ended December 31, 2023 and 2022, the aggregate change in the net fair value of the interest rate swap agreements was $2,688 and $30,395, respectively. The impact is consistent with the movement of long-term interest rates over these periods. Swap agreements expose the Corporation to credit risk in the event of noncompliance by the counterparties. To help mitigate that risk, the swaps were structured with three different counterparties. The Corporation believes the risk of any material impact to the consolidated financial statements is low.

As a result of the Trinitas acquisition, the Corporation recognized $264,636 of net assets contributed in acquisition for the year ended December 31, 2022. In connection with the acquisition, the Corporation legally defeased Trinitas bonds which resulted in a loss on early extinguishment of debt of $2,551 in January 2022.

For the years ended December 31, 2023 and 2022, the Corporation recognized a gain on the sale of equity investment of $8,498 and 32,540, respectively, as a result of the acquisition of a radiology and ambulance company in 2023 and a physical and occupation therapy company in 2022.

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.

		Years ended December 31,	
		2023	2022
Contributions without donor restrictions	$	10,990	8,267
Contributions with donor restrictions		88,031	55,227
Total contributions		99,021	63,494
Fundraising Expenses	$	18,873	19,233
Support to affiliates	$	83,284	44,028

The foundations made distributions of $83,284 during 2023 to support operations and capital projects of the Corporation's hospitals, which significantly exceeded prior year. The foundations recognized a $38,000 gift that was conditioned on breaking ground at the MMC Tinton Falls campus. The foundations also received an unconditional $30,000 restricted gift in December 2023 to support the Comprehensive Cancer Center at Cooperman Barnabas Medical Center. The fair value of this restricted gift was recognized in 2023.

Unrestricted Cash and Investments

The Corporation's financial position remains strong with $12.2 billion in total assets and $5.4 billion in net assets. Total cash and investments (without donor restrictions) amounted to $4.3 billion (or 186.6 days) at, December 31, 2023, a decrease of approximately $332,000 over the balance at December 31, 2022. The Corporation continues to invest in capital with approximately $921,000 in additions during 2023. During 2023, $192,000 of bond proceeds related to the Series 2021A bonds were reimbursed from the construction fund, which fund has now been fully depleted. The Corporation also made debt service payments of $160,836 which includes principal and interest. The Series 2017A bonds were fully paid in August 2023 in the amount of $6,790. Investments in the ambulatory services division of approximately $252,000 were also executed through December and includes the purchase of the remaining interest in OTT and URG. Net investment income of $484,624 had a positive impact on investments.

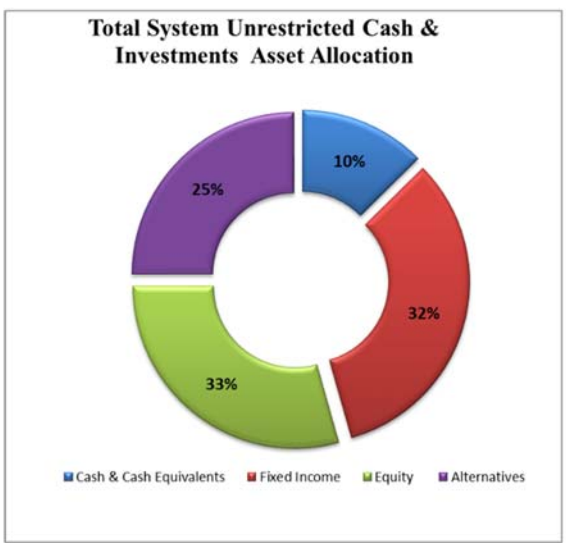
Total unrestricted cash and investments for the Corporation as of December 31, 2023 and 2022 were as follows:

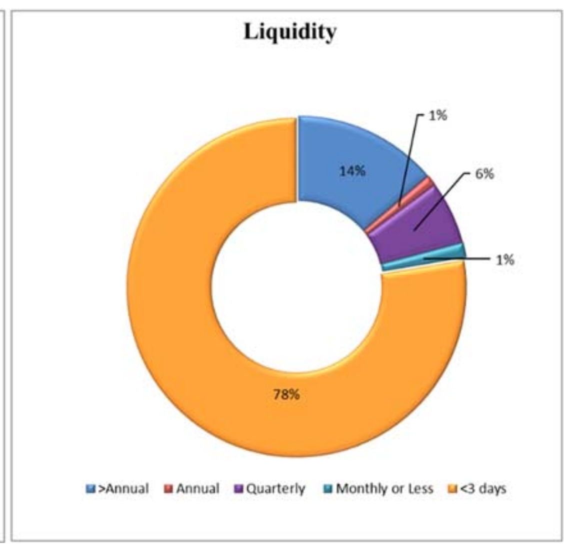
	December 31, 2023	December 31, 2022
Cash and cash equivalents	$ 177,312	267,525
Current investments	531,066	434,257
Noncurrent investments	3,559,694	3,898,462
Total unrestricted cash and investments	$ 4,268,072	4,600,244

There are two distinct investment portfolios within the Unrestricted Cash and Investment Portfolio, the Capital Reserve Fund (CRF) and Long-Term Portfolio (LTP). Management of these portfolios continues to provide flexibility to support the Corporation's strategic capital plans particularly during times of operating uncertainty and market volatility. The CRF was established in anticipation of the Corporation's significant capital investment plans, and is critical to balance near term funding requirements along with long term strategic growth opportunities. It is sized at the beginning of each year to maintain liquidity for the next 12 months of projected extraordinary expenditures in excess of anticipated operating cash flows. The CRF permits the Corporation to assume more risk in the LTP allowing for a higher return potential. The LTP maximizes risk-adjusted returns subject to risk constraints with prudent strategic investing.

In accordance with the Corporation's Investment Policy Statement, at least 75% of the asset value of the unrestricted portfolio must be classified as "monthly" liquidity. As of December 31, 2023, 79% of the total unrestricted cash and investments were classified as monthly liquidity or less.

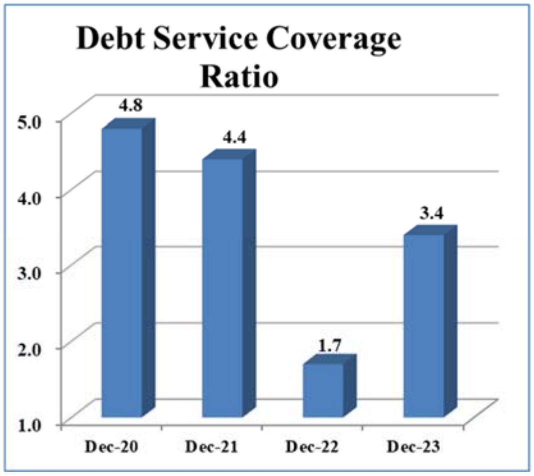
The following charts present the allocation of unrestricted cash and investments by asset type and the portfolio's liquidity as of December 31, 2023:

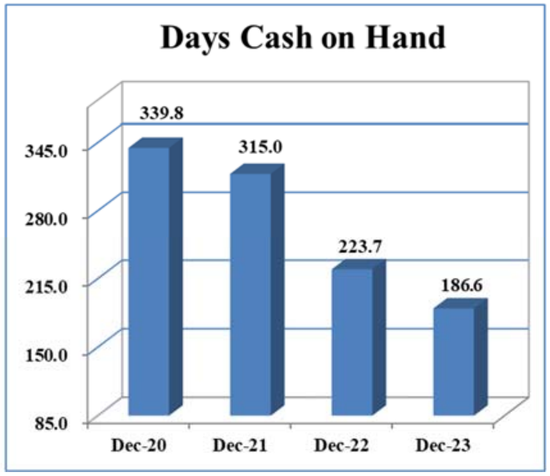




Financial Condition

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 2022 to 2023 is attributable to an increase in income from operations of $308,827, excluding work stoppage costs, over prior year. The decline in days cash on hand from 2022 to 2023 was due to higher operating expenses, increase in capital investments and expansion of ambulatory services. The decline was partially offset by positive investment performance.

On March 31, 2023, the Corporation amended its $50,000 secured revolving promissory note with JP Morgan Chase Bank, N.A. The note contains an accordion feature that allows the Corporation to increase the loan by an additional $50,000. The note will be used for routine capital needs. There are no borrowings outstanding as of December 31, 2023.

The following table presents key financial indicators as of December 31, 2023, 2022 and 2021 as compared to S&P's "AA", "AA-" and "A+" medians.

	December 31, 2023	December 31, 2022	December 31, 2021	AA	AA-	A+
Debt service coverage	3.4	1.7	4.4	4.9	3.4	4.0
Debt-to-capitalization	40.8%	42.8%	39.7%	22.4%	28.1%	30.2%
Cash-to-debt	122.0%	133.6%	161.1%	294.7%	214.2%	164.5%
Days cash on hand	186.6	223.7	315.0	294.1	232.8	196.6

The following table presents other select ratios as of December 31, 2023, 2022 and 2021.

	December 31, 2023	December 31, 2022	December 31, 2021
Days in patient accounts receivable	40.6	40.7	40.8
Days in accounts payable	72.5	63.8	64.9
Reinvestment ratio	2.84	2.37	2.26

RWJ BARNABAS HEALTH, INC.

Consolidated Balance Sheets

(In thousands)

Assets		**December 31, 2023** (unaudited)	**December 31, 2022** (audited)
Current assets:			
Cash and cash equivalents	$	177,312	267,525
Short-term Investments		531,066	434,257
Assets limited or restricted as to use		97,016	98,259
Patient accounts receivable		883,795	780,089
Estimated amounts due from third party payors		302,468	185,029
Other current assets		314,575	309,288
Total current assets		2,306,232	2,074,447
Assets limited or restricted as to use, non-current portion		460,335	567,624
Investments		3,559,694	3,898,462
Property, plant and equipment, net		4,323,946	3,590,972
Right of use asset		315,922	262,886
Other assets, net		1,242,879	920,235
Total assets		12,209,008	11,314,626
Liabilities and Net Assets			
Current liabilities:			
Accounts payable		667,643	541,871
Accrued expenses and other current liabilities		1,397,857	1,299,590
Estimated amounts due to third party payors		22,384	18,306
Long-term debt		51,314	42,948
Lease obligation		52,731	47,693
Self-insurance liabilities		114,303	124,039
Total current liabilities		2,306,232	2,074,447
Estimated amounts due to third party payors, net of current portion		125,092	132,203
Self insurance liabilities, net of current portion		403,573	358,435
Long-term debt, net of current portion		3,445,765	3,400,919
Lease obligation, net of current portion		289,678	236,923
Accrued pension liability		57,412	53,326
Other liabilities		177,702	158,714
Total liabilities		6,805,454	6,414,967
Net assets:			
Without donor restrictions			
Controlling interest		5,032,561	4,583,671
Noncontrolling interest		34,749	25,991
Total net assets without donor restrictions		5,067,310	4,609,662
With donor restrictions		336,244	289,997
Total net assets		5,403,554	4,899,659
Total liabilities and net assets	$	12,209,008	11,314,626

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Operations

Years ended December 31, 2023 and 2022

(In thousands)

	2023	2022
	(unaudited)	(audited)
Revenue:		
Patient service revenue	$ 7,941,659	6,993,909
CARES Act grant revenue	-	48,143
Other revenue, net	645,700	555,436
Total revenue	8,587,359	7,597,488
Expenses:		
Salaries and wages	3,270,096	3,031,080
Physician fees and salaries	1,093,782	950,617
Employee benefits	660,256	598,017
Supplies	1,418,051	1,321,661
Other	1,620,768	1,497,484
Interest	102,327	106,486
Depreciation and amortization	324,334	303,225
Total expenses	8,489,614	7,808,570
Income (loss) from operations before work stoppage costs	97,745	(211,082)
Work stoppage costs	183,783	-
Loss from operations	(86,038)	(211,082)
Nonoperating revenue (expenses):		
Investment income (loss), net	484,624	(664,428)
Contribution received in acquisition	-	264,636
Other, net	(926)	11,109
Total nonoperating revenue (expenses), net	483,698	(388,683)
Excess (deficiency) of revenue over expenses	397,660	(599,765)
Other changes:		
Pension changes other than net periodic benefit cost	(1,975)	(5,033)
Net assets released from restriction for purchases of property and equipment	34,317	49,725
Other, net	27,646	45,848
Increase (decrease) in net assets without donor restrictions	$ 457,648	(509,225)

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Changes in Net Assets

Years ended December 31, 2023 and 2022

(In thousands)

(unaudited)

	Controlling interest	Noncontrolling interest	Without donor restrictions	With donor restrictions	Total net assets
Net assets at December 31, 2021	$ 5,118,766	121	5,118,887	269,662	5,388,549
Changes in net assets:					
(Deficiency) excess of revenues over expenses	(600,231)	466	(599,765)	-	(599,765)
Contribution received in acquisition	-	-	-	12,019	12,019
Pension related changes other than net periodic benefit cost	(5,033)	-	(5,033)	-	(5,033)
Change in interest in restricted net assets of unconsolidated foundations	-	-	-	7,042	7,042
Net assets released from restriction	49,725	-	49,725	(53,223)	(3,498)
Restricted contributions	-	-	-	55,188	55,188
Investment loss on restricted investments, net	-	-	-	(631)	(631)
Acquisition of noncontrolling interest	-	25,742	25,742	-	25,742
Distributions from noncontrolling interest	-	(338)	(338)	-	(338)
Other	20,444	-	20,444	(60)	20,384
Changes in net assets	(535,095)	25,870	(509,225)	20,335	(488,890)
Net assets at December 31, 2022	4,583,671	25,991	4,609,662	289,997	4,899,659
Changes in net assets:					
Excess of revenues over expenses	395,871	1,789	397,660	-	397,660
Pension changes other than net periodic benefit cost	(1,975)	-	(1,975)	-	(1,975)
Change in interest in restricted net assets of unconsolidated foundations	-	-	-	(2,275)	(2,275)
Net assets released from restriction	34,317	-	34,317	(39,736)	(5,419)
Restricted contributions	-	-	-	88,309	88,309
Investment income on restricted investments, net	-	-	-	1,050	1,050
Distributions from noncontrolling interest	-	(186)	(186)	-	(186)
Change in noncontrolling interest	-	7,155	7,155	-	7,155
Other	20,677	-	20,677	(1,101)	19,576
Changes in net assets	448,890	8,758	457,648	46,247	503,895
Net assets at December 31, 2023	$ 5,032,561	34,749	5,067,310	336,244	5,403,554

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2023 and 2022

(In thousands)

	2023 (unaudited)	2022 (audited)
Cash flows from operating activities:		
Change in net assets	$ 503,895	(488,890)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution received in acquisitions	-	(276,655)
Acquisition of noncontrolling interest	-	(25,742)
Pension changes other than net periodic benefit cost	1,975	5,033
Depreciation and amortization expense	324,334	303,225
Amortization of bond financing costs, premiums and discounts	(11,586)	(12,019)
Net change in unrealized (gains) losses on investments	(360,873)	779,674
Realized gains on investments	(15,733)	(20,657)
Unrealized gains on interest rate swaps	(2,688)	(30,395)
Equity in income of joint venture	(115,415)	(92,991)
Distributions received from investments in joint ventures	88,304	77,623
Distributions to noncontrolling interests	186	338
Impairment of intangible asset	-	45,000
Gain on sale of assets	(657)	(1,635)
Gain on acquisition of subsidiary	(8,498)	(32,540)
Contributions restricted for long-term use	(18,570)	(29,580)
Loss on early extinguishment of debt, net	-	2,551
Changes in operating assets and liabilities:		
Patient accounts receivable	(96,332)	(61,961)
Reduction in the carrying amount in the right-of-use assets	64,290	56,576
Other assets	(45,173)	78,717
Accounts payable, accrued expenses, and other current liabilities	197,054	149,146
Estimated amounts due from and to third-party payors, net	(120,472)	(440,540)
Accrued pension liability	2,111	19,275
Lease obligation, self-insurance and other long-term liabilities	(7,132)	(23,565)
Net cash provided by (used in) operating activities	379,020	(20,012)
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(921,186)	(719,851)
Purchases of investments	(9,552,731)	(9,711,346)
Proceeds from the sale of investments	10,116,301	10,399,895
Investment in joint venture	(229,282)	(72,974)
Acquisition of subsidiaries, net	(22,491)	94,215
Proceeds from sale of assets	1,116	2,164
Net cash used in investing activities	(608,273)	(7,897)
Cash flows from financing activities:		
Repayments of long-term debt	(49,762)	(160,216)
Distributions to noncontrolling interest	(186)	(338)
Proceeds from contributions restricted for long-term use	18,570	29,580
Proceeds from conditional grants and contributions for long-term use	6,891	4,778
Net cash used in financing activities	(24,487)	(126,196)
Net decrease in cash, cash equivalents, and restricted cash	(253,740)	(154,105)
Cash, cash equivalents, and restricted cash at beginning of year	522,888	676,993
Cash, cash equivalents, and restricted cash at end of year	$ 269,148	522,888
Cash and cash equivalents	$ 177,312	267,525
Restricted cash included in assets limited or restricted as to use	91,836	255,363
Total cash, cash equivalents, and restricted cash	$ 269,148	522,888
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 111,074	99,841
Finance lease obligations incurred	112,710	129,243
Supplemental disclosure of noncash investing and financing activity:		
Change in noncash acquisitions of property, plant and equipment	14,342	18,615

See accompanying notes to the consolidated financial statements.

(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, 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.

Trinitas Regional Medical Center Acquisition

The Corporation, Trinitas Regional Medical Center (Trinitas) and Trinitas Health (TH) closed on an affiliation transaction, effective January 1, 2022 (Trinitas Acquisition Date), whereby the Corporation has replaced TH as the sole member of Trinitas. TH merged with, and into Trinitas, with Trinitas as the surviving merger entity. Trinitas is a 554 bed, Catholic, acute care teaching hospital, headquartered in Elizabeth, New Jersey. Under the terms of the Definitive Agreement, dated November 11, 2020, the role of Trinitas as a full service, Catholic provider of acute healthcare services for the eastern Union County community will be enhanced. Together, both organizations will be able to increase access to high-quality healthcare in the northern and central New Jersey regions, and expand outreach to underserved communities. This includes a specific focus on cardiac care, oncology, emergency services, renal care/dialysis, women's health and wound care, as well as behavioral health services and others.

No cash consideration was exchanged at the closing of the transaction. The Corporation accounted for this business combination by applying the acquisition method, consistent with Financial Accounting Standards Codification (ASC) Topic 954-805 Health Care Entities Business Combinations (Topic 954-805), and accordingly, the inherent contribution received was valued as the excess of the fair value of the assets acquired over the fair value of the liabilities assumed. The results of Trinitas' operations have been included in the consolidated financial statements commencing on the Trinitas Acquisition Date.

The estimated fair value of the assets acquired and liabilities assumed as of the Trinitas Acquisition Date is as follows:

		January 1, 2022
Current assets	$	196,174
Noncurrent assets (including property, plant and equipment)		322,915
Total assets acquired		519,089
Current liabilities		84,160
Noncurrent liabilities		158,274
Total liabilities assumed		242,434
Contribution received in acquisition	$	276,655
Net assets:		
Without donor restrictions	$	264,636
With donor restrictions		12,019
Total net assets	$	276,655

JAG-ONE Acquisition

On July 1, 2022 (JAG-ONE Acquisition Date), the Corporation acquired an additional 33.55% voting interest in JAG-ONE, a comprehensive outpatient physical and occupational therapy company which provides rehabilitative care, for a purchase price of $73,688. Upon completion of the transaction, the Corporation owns 86.19% of JAG-ONE and obtained operational control. As the controlling interest in the joint venture was obtained in the transaction, the Corporation accounted for this as a business combination under the acquisition method, consistent with ASC Topic 954-805. The fair value of the noncontrolling interest and the previously held equity interest in JAG-ONE was estimated by applying the income approach and market approach. The goodwill of $206,044 arising from the transaction relates to the estimated future economic benefits associated with assembled workforce as well as synergies and cost reductions expected to be achieved. The Corporation also recognized an intangible asset related to the JAG-ONE trade name of $13,813. The goodwill and intangible asset are included in other noncurrent assets, net in the consolidated balance sheets as of December 31, 2023 and 2022.

The following table summarizes the consideration paid for the acquisition and the estimated fair value of the assets acquired and liabilities assumed, the fair value of previously held equity interest, as well as the fair value of the noncontrolling interest at the JAG-ONE Acquisition Date:

		July 1, 2022
Cash consideration	$	73,688
Fair value of equity interest before the business combination		86,970
Fair value of consideration	$	160,658
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Current assets	$	17,984
Noncurrent assets		46,826
Current liabilities		(21,290)
Noncurrent liabilities		(76,977)
Total identifiable net liabilities assumed		(33,457)
Goodwill and intangible assets		219,857
Fair value of noncontrolling interest		(25,742)
Total	$	160,658

Included in the acquired noncurrent assets are right-of-use assets of $38,221. Acquired current liabilities include operating lease obligations of $10,723 and noncurrent liabilities include operating lease liabilities of $28,911. Additionally, included in noncurrent liabilities was $48,066 of long-term debt which was immediately repaid by the Corporation.

The Corporation recognized a gain of $32,540 as a result of the remeasuring to fair value its 52.64% equity interest in JAG-ONE held before the business combination. The gain is included within other, net within nonoperating revenue (expenses) in the consolidated statement of operations for the year ended December 31, 2022.

The following table summarizes the amounts attributable to Trinitas and JAG-ONE since their respective Acquisition Dates that are included in the accompanying consolidated financial statements:

		Trinitas December 31, 2023	**JAG-ONE December 31, 2023**	**Combined Year ended December 31, 2023**
Total operating revenue	$	329,919	139,896	469,815
Total operating expenses		378,427	130,455	508,882
(Loss) income from operations		(48,508)	9,441	(39,067)
Total nonoperating revenue, net		748	—	748
(Deficiency) excess of revenue over expenses		(47,760)	9,441	(38,319)
Other changes in net assets:				
Without donor restrictions		11,957	7,155	19,112
With donor restrictions		(3,430)	—	(3,430)
Change in net assets		8,527	7,155	15,682
(Decrease) increase in net assets	$	(39,233)	16,596	(22,637)

		Trinitas January 1, 2022 – December 31, 2022	JAG-ONE July 1, 2022 – December 31, 2022	Combined Year ended December 31, 2022
Total operating revenue	$	312,384	58,297	370,681
Total operating expenses		342,264	56,715	398,979
(Loss) income from operations		(29,880)	1,582	(28,298)
Total nonoperating expenses, net		(10,475)	—	(10,475)
(Deficiency) excess of revenue over expenses		(40,355)	1,582	(38,773)
Other changes in net assets:				
Without donor restrictions		7,245	—	7,245
With donor restrictions		(1,706)	—	(1,706)
Change in net assets		5,539	—	5,539
(Decrease) increase in net assets	$	(34,816)	1,582	(33,234)

The following table represents the proforma financial information, assuming the acquisition of Trinitas and JAG-ONE had taken place on January 1, 2022. The proforma financial information is not necessarily indicative of the results of operations as they would have been had the transaction been effected on January 1, 2022.

		Years ended December 31	
		2023	2022
Total operating revenue	$	8,587,359	7,650,722
Total operating expense		8,673,397	7,862,055
Loss income from operations		(86,038)	(211,333)
Total nonoperating (expenses) revenue		483,698	(685,859)
Excess (deficiency) of revenue over expenses		397,660	(897,192)
Other changes in net assets:			
Without donor restrictions		59,988	90,540
With donor restrictions		46,247	20,335
Change in net assets		106,235	110,875
Increase (decrease) in net assets	$	503,895	(786,317)

Proforma excess of revenue over expenses for the year ended December 31, 2022 excludes $264,636 of nonoperating revenue and $12,019 of net assets with donor restrictions which represents the contribution received as a result of the Trinitas acquisition. The gain on the sale of equity investment of $32,540 recognized in the JAG-ONE acquisitions has also been excluded from the proforma results. As of December 31, 2023, the Corporation had an 80.33% interest in JAG-ONE.

(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, 2022 and related notes. Information as of and for the year ended December 31, 2023 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 ended December 31, 2023.

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

(c) Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The main objective of ASU 2016-13 and related ASU updates is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. This guidance is effective for fiscal years beginning after December 15, 2022. The adoption of this guidance did not materially impact the Corporation’s financial position or results of operation.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This standard eliminates Step 2 from the goodwill impairment test by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. This guidance is effective for fiscal years beginning after December 15, 2022. The adoption of this guidance did not materially impact the Corporation's financial positon or results of operation.

(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. For further discussion on third-party reimbursement, refer to note 5. 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 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 December 31, 2023 or 2022. 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 years ended December 31, 2023 or 2022.

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 years ended December 31, 2023 and 2022 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 $34,529 and $22,728, respectively, for the years ended December 31, 2023 and 2022. 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, sale of a business, 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 commensurate value is exchanged. In such cases, contribution accounting is applied under ASC Topic 958, Not-for-Profit Entities. See note 5 for grant funding received under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Federal Emergency Management Agency (FEMA). 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) Work Stoppage

During 2023, Robert Wood Johnson University Hospital (RWJUH) began negotiations with representatives from the United Steel Workers Local 4-200 (USW), which represents approximately 1,700 nurses. Despite best efforts by the hospital leadership during ongoing negotiations, the USW nurses elected to strike the morning of August 4, 2023. RWJUH executed a robust strike contingency plan to ensure uninterrupted operations for the facility, including the recruitment of more than 1,000 replacement nurses. On December 15, 2023, the union ratified a new, three year collective bargaining contract. Effective January 8, 2024, the nurses were reintegrated into the workforce. Incremental costs incurred, net, were $183,783 through December 31, 2023. The costs are comprised of agency costs of $250,468 and other costs of $27,490, offset by salary and benefit savings of $94,175.

(5) Covid-19 Pandemic and Cares Act Funding

The CARES Act provided financial relief under several programs including a funding advance of Medicare payments, deferral of the employer portion of payroll taxes and establishment of the Provider Relief Fund (PRF). Under the PRF, the Corporation recognized approximately $48,143 for the year ended December 31, 2022. As of December 31, 2022, all relief funds have been recognized as revenue and the total amount received from the period of 2020 through 2022 was approximately $684,000.

The Corporation also received approximately $556,000 in Medicare payment advances under the Medicare Accelerated and Advanced Payment Program. As of December 31, 2022, these payments had been fully recouped.

The Corporation elected to defer the deposit and payment of the employer’s share of Social Security taxes allowed under the CARES Act, which amounts approximately $88,000. As of December 31, 2022, these deferred amounts were fully repaid.

The Corporation is also eligible under the CARES Act to receive an employee retention credit (ERC) against the employer portion of Social Security taxes for certain wages during the early part of the COVID-19 pandemic. During the year ended December 31, 2023, the Corporation recognized approximately $17,000 in other revenue under the ERC program.

The Corporation continues to pursue opportunities for additional federal relief funding, including funding from FEMA. Included in other revenue in the consolidated statements of operations for the years ended

December 31, 2023 and 2022 is $19,907 and $29,253, respectively, for incremental prior year COVID-19 related costs. The Corporation has a balance due from FEMA of $19,417 and $28,261 in other current assets in the consolidated balances sheets as of December 31, 2023 and 2022, respectively.

(6) 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

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 December 31, 2023 and 2022:

		December 31, 2023				
		Fair value	Level 1	Level 2	Level 3	NAV
Investment categories:						
Cash and cash equivalents and money market funds	$	388,804	388,804	-	-	-
Equity securities		575,884	575,884	-	-	-
Equity mutual funds		983,361	983,361	-		
Fixed income mutual funds		378,202	378,202	-	-	-
Certificates of deposit		-	-	-	-	-
Unit investment trust		1,076	1,076	-	-	-
Commercial mortgage-backed securities		48,441	-	48,441	-	-
Corporate bonds		506,186	-	506,186	-	-
Asset-backed securities		207,652	-	207,652	-	-
Government bonds		179,346	-	179,346	-	-
Government mortgage-backed securities		184,884	-	184,884	-	-
Municipal bonds		13,253	-	13,253	-	-
Alternative investments		942,814	-	-	-	942,814
Total	$	4,409,903	2,327,327	1,139,762	-	942,814

	December 31, 2022					
		Fair value	**Level 1**	**Level 2**	**Level 3**	**NAV**
Investment categories:						
Cash and cash equivalents and money market funds	$	659,272	659,272	-	-	-
Equity securities		518,104	518,104	-	-	-
Equity mutual funds		926,074	903,081	22,993		
Fixed income mutual funds		365,378	365,378	-	-	-
Certificates of deposit		-	-	-	-	-
Unit investment trust		1,215	1,215	-	-	-
Commercial mortgage-backed securities		93,104	-	93,104	-	-
Corporate bonds		665,822	-	665,822	-	-
Asset-backed securities		255,350	-	255,350	-	-
Government bonds		207,059	-	207,059	-	-
Government mortgage-backed securities		186,872	-	186,872	-	-
Municipal bonds		29,249	-	29,249	-	-
Alternative investments		943,695	-	-	-	943,695
Total	$	4,851,194	2,447,050	1,460,449	-	943,695

(7) Long-term debt

Long-term debt consists of the following:

	December 31,	
	2023	**2022**
Revenue and refunding bonds	$ 2,757,630	2,801,978
Senior secured notes	300,000	300,000
Notes payable	1,567	34
Finance lease obligations	263,376	155,763
Total long-term debt	3,322,573	3,257,775
Plus unamortized bond premium	192,358	205,371
Less:		
Unamortized bond discount	729	945
Deferred financing costs, net	17,123	18,334
Current portion	51,314	42,948
Long-term portion	$ 3,445,765	3,400,919

Under the terms of the Master Trust Indenture (MTI), RWJBH Corporate Services, Inc. (formerly known as Barnabas Health, Inc.), Children's Specialized Hospital (CSH), Clara Maass Medical Center, Community Medical Center, Jersey City Medical Center, Monmouth Medical Center, Newark Beth Israel Medical Center, RWJ Barnabas Health, Inc., Robert Wood Johnson University Hospital (RWJUH), Robert Wood Johnson University Hospital at Hamilton, Robert Wood Johnson University Hospital Rahway, and Cooperman Barnabas Medical Center (CBMC) 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 New Jersey Healthcare Facilities Financing Authority (NJHCFFA) and credit arrangements with a consortium of banks, including JPMorgan Chase Bank, N.A. (JPMorgan), TD Bank and U.S. Bank.

The Corporation has entered into forward interest rate swap agreements with JPMorgan, Bank of America, and U.S. Bank, respectively. Under the terms of these agreements, the Corporation is 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 are tied to the outstanding principal on the underlying bond series. The Corporation has the option to terminate the interest rate swap agreements on or before July 1, 2034. As of December 31, 2023 and December 31, 2022, the fair value of the interest rate swap agreements, net of a credit value adjustment of $2,433 and $4,231, was $39,228 and $36,540, respectively, and is included in other assets, net.

On March 31, 2023, the Corporation entered into a secured revolving promissory note (the Note) for the principal amount of $50,000 with JPM for routine working capital needs. The Note contained an accordion feature that allowed the Corporation to increase the loan by an additional $50,000. The terms of the Note include a commitment fee of .12%. The interest rate is based on SOFR and an adjusted term SOFR fixed rate of 0.10% for the interest period plus 0.55% per annum. As of December 31, 2023 and 2022, $5,025 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 expires on March 30, 2024 and is currently being reviewed for renewal terms, which are not expected to be substantially different from the prior Note. As of February 14, 2024, there was no cash drawn from the Note.

On January 27, 2022, in connection with the Definitive Agreement, the Corporation legally defeased all of the outstanding NJHCFFA Refunding and Revenue Bonds, Trinitas Regional Medical Center Obligated Issue, Series 2016A and all of the outstanding NJHCFFA Refunding Bonds, Trinitas Regional Medical Center Obligated Issue, Series 2017A. The total payment for the defeased bonds was $72,252. The transaction resulted in a loss on extinguishment of debt of $2,551 which is recorded in other, net within nonoperating revenue.

(8) 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 years ended December 31, 2023 and 2022:

- 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 $96,947 and $90,459 for years ended December 31, 2023 and 2022, 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 $6,815 and $5,399 for the years ended December 31, 2023 and 2022, 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 the annual funding liability on a calendar year basis. Based on this evaluation, a contribution of $10,000 was made during the year ended December 31, 2023 (no contributions were made for 2022).

(9) 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 December 31, 2023 and 2022, the Corporation owed Rutgers $211,275 and $211,935, net, respectively, under the MAA and IPA agreements. These amounts are included in accrued expenses and other current liabilities in the consolidated balance sheets.

(10) Commitments

The Corporation entered into an agreement with Epic to deploy an integrated Electronic Health Record (EHR) with supporting revenue cycle, data analytics, and consumer facing digital capabilities. When completed, this integration will, among other things, establish one EHR across all ambulatory sites to support the ability to manage physicians as one integrated practice and support the consolidation of the various revenue cycle systems to an integrated solution.

The implementation is being completed in phases. The anticipated completion date of the entire project is 2024. Through December 31, 2023, the Corporation has incurred approximately $708,000 in capital and operating costs and anticipates spending an additional $42,000 to complete the project.

(11) Subsequent Events

On February 12, 2024, the Corporation entered into a Memorandum of Understanding with the NJHCFFA as a preliminary step towards a potential bond financing.

Management evaluated all events occurring subsequent to December 31, 2023 and through February 14, 2024, the date the consolidated financial statements were available to be issued. The Corporation did not have any material recognizable subsequent events during the period, except as previously disclosed.

The following financial information as of and for the years ended December 31, 2023 (unaudited) and 2022 (audited) on pages 43 and 44 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

December 31, 2023 and 2022

(In thousands)

Assets	2023 (unaudited)	2022 (audited)
Current assets:		
Cash and cash equivalents	$ 6,714	22,681
Short-term investments	776,400	696,062
Assets limited or restricted as to use	66,560	67,474
Patient accounts receivable, net	708,231	653,458
Estimated amounts due from third party payors	283,706	176,748
Other current assets	274,317	278,981
Total current assets	2,115,928	1,895,404
Assets limited or restricted as to use, non-current portion	185,737	309,667
Investments	3,301,189	3,609,957
Property, plant and equipment, net	4,018,546	3,316,116
Right-of-use asset	171,959	144,395
Due from affiliates, long term, net	50,910	35,318
Other assets, net	566,324	521,060
Total assets	10,410,593	9,831,917
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	585,673	469,157
Accrued expenses and other current liabilities	899,306	819,984
Estimated amounts due to third party payors	22,048	17,997
Long-term debt	55,043	48,423
Lease obligation	19,680	18,812
Due to affiliates, net	490,115	470,183
Self-insurance liabilities	44,063	50,848
Total current liabilities	2,115,928	1,895,404
Estimated amounts due to third party payors, net of current portion	80,577	87,638
Self insurance liabilities, net of current portion	150,220	138,273
Long-term debt, net of current portion	3,356,206	3,324,325
Lease obligation, net of current portion	161,535	132,119
Accrued pension liability	57,412	53,326
Other liabilities	127,144	115,889
Total liabilities	6,049,022	5,746,974
Net assets	4,361,571	4,084,943
Total liabilities and net assets	$ 10,410,593	9,831,917

See accompanying note to consolidated financial statements - obligated group.

RWJ BARNABAS HEALTH, INC.

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

Years ended December 31, 2023 and 2022

(In thousands)

	2023 (unaudited)	2022 (audited)
Revenue:		
Net patient service revenue	$ 6,400,899	5,821,627
CARES Act Funding	-	38,560
Other revenue, net	744,533	429,535
Total revenue	7,145,432	6,289,722
Expenses:		
Salaries and wages	2,570,141	2,459,117
Physician fees and salaries	798,530	783,916
Employee benefits	543,521	484,696
Supplies	1,249,261	1,174,728
Other	1,495,439	1,176,909
Interest	97,473	103,781
Depreciation and amortization	290,147	273,491
Total expenses	7,044,512	6,456,638
Income (loss) from operations before work stoppage	100,920	(166,916)
Work stoppage costs	183,783	-
Loss from operations	(82,863)	(166,916)
Nonoperating revenue (expenses):		
Investment income (loss), net	479,279	(649,942)
Other, net	(9,247)	(18,828)
Total nonoperating revenue (expenses), net	470,032	(668,770)
Excess (deficiency) of revenue over expenses	387,169	(835,686)
Other changes in net assets:		
Pension changes other than net periodic benefit cost	(1,975)	(5,033)
Net assets released from restriction for purchases of property and equipment	29,720	46,303
Net assets transferred from non-obligated group	(2,011)	-
Other, net	(136,275)	(184,204)
Increase (decrease) in net assets	$ 276,628	(978,620)

See accompanying note to consolidated financial statements - obligated group.