Trinity Health

Trinity Health, one of the largest faith-based health care organizations in the nation, reports operating income of $198 million during the nine months ended March 31, 2025, growth of $128 million over the prior year

Trinity Health reported improvements in operating performance for the nine months ended March 31, 2025 compared to the same period in the prior fiscal year. The Corporation has continued to take various actions to mitigate the impacts on operations from negative ongoing industry trends, economic factors, and other industry disruptors to continue to enhance its financial position, including the following:

- Improved access to high quality clinical programs, physician partnerships and connected care and service for an exceptional member/patient experience;
- Accretive revenue growth within the Corporation's markets, including the development and growth of a new non-acute community division and new health segments with a heightened focus on medical groups, along with community-based services and connected care across its continuum;
- Labor recruitment, retention and stabilization, with utilization of an innovative virtual connected delivery model using a 3-person team with on-site and virtual nursing named "TogetherTeam Virtual Connected Care" that is active in 27 hospitals and 82 nursing units, with additional sites slated to go live during fiscal year 2025;
- Continued focus on the alignment of operating costs with revenue levels;
- Optimization of revenue realization remains a focus area, utilizing a multifaceted payer strategy to address a challenging payer environment and to obtain fair and accurate payment levels to cover costs; and
- Reallocation of resources to focus on investments supporting attainment of mission-critical initiatives.

Summary Highlights for the First Nine Months of Fiscal Year 2025 (Nine Months Ended March 31, 2025):

- ***Operating cash flow of $1.1 billion, or 5.6 percent operating cash flow margin***; compared to operating cash flow of $944.8 million or 5.3 percent operating cash flow margin for the nine months ended March 31, 2024.
- ***Operating income of $198 million, or 1.0 percent operating margin***; compared to operating income of $70 million or 0.4 percent operating margin for the nine months ended March 31, 2024.
  - Improvements were achieved in payment rates, patient care volumes and other revenue. These improvements were offset by unfavorable acuity.
  - Volumes, as measured by case mix adjusted equivalent discharges ("CMAEDs"), increased 1.7 percent compared to the nine months ended March 31, 2024.
  - Expense growth was contained through a focused effort to manage operating costs while strategically addressing industry-wide staffing shortages and continued inflation in wages, supplies and purchased services.

- ***Operating revenue growth of $1.3 billion or 7.1 percent to $19.0 billion*** compared to the nine months ended March 31, 2024.
    - ***Net patient service revenue grew $921.7 million or 6.0 percent*** primarily due to improvements in payment rates and patient care volumes. These increases were partially offset by a $121.6 million fiscal year 2024 Centers for Medicare & Medicaid Services ("CMS") 340B remedy lump sum settlement.
    - Net patient service revenue per case, as measured by CMAEDs (excluding the prior year 340B settlement), increased 5.4 percent compared to the same period in the prior fiscal year.
    - Other revenue increased $244.1 million or 15.4 percent, driven by $140.7 million of pharmacy revenue and a $70 million one-time settlement. Premium and capitation revenue increased $90.7 million, or 10.9 percent, primarily within the Corporation's health plans and PACE programs.
- ***Operating expenses grew $1.1 billion, or 6.4 percent to $18.8 billion***, compared to the nine months ended March 31, 2024.
    - Total adjusted operating costs per case, as measured by CMAEDs, increased 3.3 percent compared to the same period in the prior year as the Corporation continues to tightly manage operating costs.
    - Salaries and wages rose $439.7 million or 5.6 percent, with a 3.3 percent increase in FTEs, and a 2.2 percent increase in salary rates; employee benefits increased $102.5 million or 6.8 percent, at pace with the increase in salaries and wages; supply costs increased $305.9 million or 9.5 percent driven by rate increases primarily related to retail pharmacy, drugs and surgical supplies, and increased volumes; purchased services and medical claims increased $223.3 million primarily attributed to higher locum utilization and higher health plan claims driven by increased membership. Increases were also reported in other expenses and occupancy. These increases were partially offset by reductions in contract labor.
- ***Excess of revenue over expenses of $725.4 million, net margin of 3.7 percent***; compares to excess of revenue over expenses of $1.3 billion, or net margin of 6.6 percent, for the nine months ended March 31, 2024.
    - The reduction was driven by $408.2 million of decreases in non-operating equity in earnings of unconsolidated affiliates due to the disaffiliation of BayCare in the fourth quarter of fiscal year 2024. In addition, investment earnings decreased $226.1 million compared to the same period of the prior fiscal year driven by volatile investment markets. These decreases were partially offset by an improvement in operating income of $128 million.
- ***The Corporation's balance sheet remains strong*** with capacity for accretive investments driven by the receipt of $4.0 billion in cash related to the BayCare disaffiliation during June of 2024.
    - ***Total assets of $34.2 billion*** as of March 31, 2025, grew $907.5 million or 2.7 percent compared to June 30, 2024 and ***net assets of $19.8 billion*** grew $861.3 million or 4.6 percent compared to June 30, 2024.
    - Net days in accounts receivable decreased by 0.2 days to 46.8 days from June 30, 2024.
    - ***Unrestricted cash and investments of $14.8 billion; days cash on hand of 224 days***, compared to $14.9 billion, or 238 days as of June 30, 2024.
- ***Historical debt service coverage ratio of 3.9x*** compared to 1.1x required.

TRINITY HEALTH

UNAUDITED QUARTERLY REPORT

As of March 31, 2025, and June 30, 2024, and
For the nine months ended March 31, 2025 and 2024

TRINITY HEALTH

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TRINITY HEALTH
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In thousands)

	As of	
ASSETS	**March 31, 2025**	**June 30, 2024**
CURRENT ASSETS:		
Cash and cash equivalents	$ 482,619	$ 404,959
Investments	5,280,001	5,822,925
Security lending collateral	950,008	330,662
Assets limited or restricted as to use - current portion	439,578	453,062
Patient accounts receivable	2,943,820	2,802,458
Estimated receivables from third-party payers	434,303	523,354
Other receivables	500,331	429,249
Inventories	399,881	408,189
Prepaid expenses and other current assets	334,109	196,842
Total current assets	11,764,650	11,371,700
ASSETS LIMITED OR RESTRICTED AS TO USE - noncurrent portion:		
Self-insurance, benefit plans, and other	1,228,166	1,157,778
By Board	8,891,381	8,454,359
By donors	666,994	629,104
Total assets limited or restricted as to use - noncurrent portion	10,786,541	10,241,241
PROPERTY AND EQUIPMENT - Net	8,911,647	8,779,673
OPERATING LEASE RIGHT-OF-USE ASSETS	556,240	562,739
INVESTMENTS IN UNCONSOLIDATED AFFILIATES	544,299	804,881
GOODWILL	941,962	941,054
PREPAID PENSION AND RETIREE HEALTH ASSETS	215,681	204,322
OTHER ASSETS	429,819	337,767
TOTAL ASSETS	$ 34,150,839	$ 33,243,377

TRINITY HEALTH

CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In thousands)

	As of	
LIABILITIES AND NET ASSETS	**March 31, 2025**	**June 30, 2024**
CURRENT LIABILITIES:		
Commercial paper	$ 99,119	$ 99,086
Short-term borrowings	577,295	599,415
Current portion of long-term debt	349,511	464,535
Current portion of operating lease liabilities	141,537	143,620
Accounts payable and accrued expenses	1,573,664	1,958,339
Salaries, wages and related liabilities	1,096,211	1,126,666
Payable under security lending agreements	950,008	330,662
Estimated payables to third-party payers	279,730	303,743
Current portion of self-insurance reserves	319,905	320,090
Total current liabilities	5,386,980	5,346,156
LONG-TERM DEBT - Net of current portion	6,373,823	6,405,170
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	506,235	527,765
SELF-INSURANCE RESERVES - Net of current portion	1,198,808	1,162,330
ACCRUED PENSION AND RETIREE HEALTH COSTS	59,008	72,505
OTHER LONG-TERM LIABILITIES	869,124	833,928
Total liabilities	14,393,978	14,347,854
NET ASSETS:		
Net assets without donor restrictions	18,497,499	17,693,897
Noncontrolling ownership interest in subsidiaries	556,380	537,264
Total net assets without donor restrictions	19,053,879	18,231,161
Net assets with donor restrictions	702,982	664,362
Total net assets	19,756,861	18,895,523
TOTAL LIABILITIES AND NET ASSETS	$ 34,150,839	$ 33,243,377

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

TRINITY HEALTH
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2025 AND 2024
(In thousands)

	2025	2024
OPERATING REVENUE:		
Net patient service revenue	$ 16,241,275	$ 15,319,533
Premium and capitation revenue	924,580	833,872
Net assets released from restrictions	22,908	22,672
Other revenue	1,827,592	1,583,483
Total operating revenue	19,016,355	17,759,560
EXPENSES:		
Salaries and wages	8,359,926	7,920,260
Employee benefits	1,610,829	1,508,370
Contract labor	199,537	278,823
Total labor expenses	10,170,292	9,707,453
Supplies	3,530,704	3,224,805
Purchased services and medical claims	2,473,866	2,250,545
Depreciation and amortization	666,359	668,917
Occupancy	698,836	670,019
Interest	197,329	206,051
Other	1,081,089	961,928
Total expenses	18,818,475	17,689,718
OPERATING INCOME	197,880	69,842
NONOPERATING ITEMS:		
Investment earnings	626,895	853,017
Equity in earnings of unconsolidated affiliates and other loss	24,906	433,100
Change in market value and cash payments of interest rate swaps	(3,290)	9,604
Other net periodic retirement cost	(35,311)	(36,477)
Other, including income taxes	(15,923)	(16,366)
Total nonoperating items	597,277	1,242,878
EXCESS OF REVENUE OVER EXPENSES	795,157	1,312,720
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(69,786)	(51,481)
EXCESS OF REVENUE OVER EXPENSES, NET OF NONCONTROLLING INTEREST	$ 725,371	$ 1,261,239

The accompanying notes are an integral part of the consolidated financial statements. (Continued)

TRINITY HEALTH
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2025 AND 2024
(In thousands)

	2025	2024
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Net assets without donor restrictions attributable to Trinity Health:		
Excess of revenue over expenses	$ 725,371	$ 1,261,239
Net assets released from restrictions for capital acquisitions	27,008	15,522
Net change in retirement plan related items - consolidated organizations	47,738	50,720
Purchase of noncontrolling interest in subsidiary	-	(18,448)
Other	3,485	5,923
Increase in net assets without donor restrictions attributable to Trinity Health	803,602	1,314,956
Net assets without donor restrictions attributable to noncontrolling interest:		
Excess of revenue over expenses attributable to noncontrolling interest	69,786	51,481
Noncontrolling interests attributed to acquisitions	-	60,658
Dividends, distributions and other	(50,670)	(66,208)
Increase in net assets without donor restrictions attributable to to noncontrolling interest	19,116	45,931
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions:		
Program and time restrictions	72,856	56,437
Endowment funds	2,223	1,851
Net investment gains:		
Program and time restrictions	13,215	22,983
Endowment funds	6,500	10,881
Net assets released from restrictions	(49,915)	(38,194)
Other	(6,259)	61
Increase in net assets with donor restrictions	38,620	54,019
INCREASE IN NET ASSETS	861,338	1,414,906
NET ASSETS - BEGINNING OF YEAR	18,895,523	18,326,002
NET ASSETS - END OF PERIOD	$ 19,756,861	$ 19,740,908

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

TRINITY HEALTH

SUMMARIZED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
NINE MONTHS ENDED MARCH 31, 2025 AND 2024
(In thousands)

	2025	2024
OPERATING ACTIVITIES:		
Increase in net assets	$ 861,338	$ 1,414,906
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	666,359	668,917
Amortization of right-of-use asset	99,856	98,047
Change in net unrealized and realized gains and losses on investments	(445,915)	(816,577)
Change in market values of interest rate swaps	503	(10,190)
Undistributed equity in earnings of unconsolidated affiliates and other loss	(40,447)	(430,014)
Loss on purchase of noncontrolling interest in subsidiary	-	18,448
Increase in noncontrolling interest related to acquisitions	-	(60,658)
Deferred retirement items	(47,738)	(7,007)
Restricted contributions and investment income received	(12,967)	(11,185)
Dividends paid attributed to noncontrolling interest	51,889	50,850
Other adjustments	(17,045)	(19,669)
Changes in:		
Patient accounts receivable	(139,925)	(903,699)
Estimated receivables from third-party payers	89,051	(245,906)
Prepaid pension and retiree health costs	32,721	(13,047)
Other assets	(160,792)	6,322
Medicare cash advances	-	161,366
Accounts payable and accrued expenses	(404,729)	311,333
Estimated payables to third-party payers	(24,013)	(45,385)
Operating leases, self-insurance reserves and other liabilities	(64,130)	(31,733)
Accrued pension and retiree health costs	(9,840)	(8,383)
Total adjustments	(427,162)	(1,288,170)
Net cash provided by operating activities	434,176	126,736
INVESTING ACTIVITIES:		
Net sales of investments	506,536	594,654
Purchases of property and equipment	(813,448)	(692,736)
Proceeds from disposal of property and equipment	13,834	10,137
Change in investments in unconsolidated affiliates	(5,795)	(3,650)
Net cash used for acquisitions	(4,210)	(57,503)
Cash from sale of interest in Emory/St. Joseph’s Inc.	150,000	-
Change in other investing activities	(4,395)	(8,270)
Net cash used in investing activities	(157,478)	(157,368)
FINANCING ACTIVITIES:		
Proceeds from issuance of debt	54,434	49,448
Repayments of debt	(198,610)	(186,559)
Net change in commercial paper	33	(150)
Draws on lines of credit	-	600,000
Dividends paid	(51,889)	(50,850)
Proceeds from restricted contributions and restricted investment income	13,045	11,343
Increase in financing costs and other	(789)	(979)
Net cash (used in) provided by financing activities	(183,776)	422,253
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	92,922	391,621
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR	573,907	736,085
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF PERIOD	$ 666,829	$ 1,127,706

The accompanying notes are an integral part of the consolidated financial statements.

1. ORGANIZATION AND MISSION

Trinity Health Corporation, an Indiana nonprofit corporation headquartered in Livonia, Michigan, and its subsidiaries ("Trinity Health" or the "Corporation"), controls one of the largest health care systems in the United States. The Corporation is sponsored by Catholic Health Ministries, a Public Juridic Person of the Holy Roman Catholic Church. The Corporation operates a comprehensive integrated network of health services, including inpatient and outpatient services, physician services, managed care coverage, home health care, long-term care, assisted living care and rehabilitation services located in 26 states. The operations are organized into Regional Health Ministries, National Health Ministries and Mission Health Ministries ("Health Ministries"). The Mission statement for the Corporation is as follows:

We, Trinity Health, serve together in the spirit of the Gospel as a compassionate and transforming healing presence within our communities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial reporting information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal and recurring nature. Operating results for the nine months ended March 31, 2025 are not necessarily indicative of the results to be expected for the fiscal year ending June 30, 2025.

Principles of Consolidation – The consolidated financial statements include the accounts of the Corporation, and all wholly-owned, majority-owned, and controlled organizations. Investments where the Corporation holds less than 20% of the ownership interest are accounted for using the cost method. All other investments that are not controlled by the Corporation are accounted for using the equity method of accounting. The equity share of income or losses from investments in unconsolidated affiliates is recorded in other revenue if the unconsolidated affiliate is operational and projected to make routine and regular cash distributions; otherwise, the equity share of income or losses from investments in unconsolidated affiliates is recorded in nonoperating items in the consolidated statements of operations and changes in net assets. All material intercompany transactions and account balances have been eliminated in consolidation.

Use of Estimates – The preparation of consolidated financial statements in conformity with GAAP requires management of the Corporation to make assumptions, estimates and judgments that affect the amounts reported in the consolidated financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any.

The Corporation considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its consolidated financial statements, including the following: recognition of net patient service revenue, which includes explicit and implicit price concessions; recorded values of investments and derivatives; evaluation of long-lived assets and goodwill for impairment; reserves for losses and expenses related to health care professional, general, and health plan liabilities; and risks and assumptions for measurement of pension and retiree health prepaid assets and liabilities. Management relies on historical experience and other assumptions believed to be reasonable in making its judgments and estimates. Actual results could differ materially from those estimates.

Cash, Cash Equivalents and Restricted Cash – For purposes of the consolidated statements of cash flows, cash, cash equivalents and restricted cash include certain investments in highly liquid debt instruments with original maturities of three months or less.

The following table reconciles cash, cash equivalents and restricted cash shown in the statements of cash flows to amounts presented within the consolidated balance sheets as of March 31 (in thousands):

	2025	**2024**
Cash and cash equivalents	$ 482,619	$ 924,060
Restricted cash included in assets limited or restricted as to use - current portion		
Held by trust under bond indenture	127	222
Self insured benefit plans & other	98,782	115,890
By donors	1,696	1,681
Total restricted cash included in assets limited or restricted as to use - current portion	100,605	117,793
Restricted cash included in assets limited as to use - noncurrent portion		
Self insured benefit plans & other	54,631	48,626
By donors	28,974	37,227
Total restricted cash included in assets limited or restricted as to use - noncurrent portion	83,605	85,853
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	$ 666,829	$ 1,127,706

Investments – Investments, inclusive of assets limited or restricted as to use, include marketable debt and equity securities. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value and are classified as trading securities. Investments also include investments in commingled funds, hedge funds and other investments structured as limited liability corporations or partnerships. Commingled funds and hedge funds that hold securities directly are stated at the fair value of the underlying securities, as determined by the administrator, based on readily determinable market values, or based on net asset value, which is calculated using the most recent fund financial statements. Limited liability corporations and partnerships are accounted for under the equity method.

Investment Earnings – Investment earnings include interest, dividends, realized gains and losses and unrealized gains and losses. Also included are equity earnings from investment funds accounted for using the equity method. Investment earnings on assets held by trustees under bond indenture agreements, assets designated by the Corporation's board of directors ("Board") for debt redemption, assets held for borrowings under the intercompany loan program, assets held by grant-making foundations, assets deposited in trust funds by a captive insurance company for self-insurance purposes, and interest and dividends earned on life plan communities advance entrance fees, in accordance with industry practices, are included in other revenue in the consolidated statements of operations and changes in net assets. Investment earnings, net of direct investment expenses, from all other investments and Board-designated funds are included in nonoperating investment income unless the income or loss is restricted by donor or law.

Derivative Financial Instruments – The Corporation periodically utilizes various financial instruments (e.g., options and swaps) to hedge interest rates, equity downside risk and other exposures. The Corporation's policies prohibit trading in derivative financial instruments on a speculative basis. The Corporation recognizes all derivative instruments in the consolidated balance sheets at fair value.

Securities Lending – The Corporation participates in securities lending transactions whereby a portion of its investments are loaned, through its agent, to various parties in return for cash and securities from the parties as collateral for the securities loaned. Each business day, the Corporation, through its agent, and the borrower determine the market value of the collateral and the borrowed securities. If on any business day the market value of the collateral is less than the required value, additional collateral is obtained as appropriate. The amount of cash collateral received under securities lending is reported as an asset and a corresponding payable in the consolidated balance sheets and is up to 105% of the market value of securities loaned. As of March 31, 2025, and June 30, 2024, the Corporation had securities loaned of $1.3 billion and $663.7 million, respectively, and received collateral (cash and noncash) totaling $1.3 billion and $685.1 million, respectively, relating to the securities loaned. The fees received for these transactions are recorded in nonoperating investment earnings in the consolidated statements of operations and changes in net assets. In addition, certain pension plans participate in securities lending programs with the Northern Trust Company, the plans' agent.

The Corporation evaluates the financial condition of its securities lending plan managers and borrowing institutions to minimize exposure to credit risk. Credit risk is regularly monitored and minimized by Trinity Health's managers of the program by selecting borrowers with stringent financial viability standards, underwriting and approval procedures as set forth by the institution. An established framework is also used to size borrower credit limits to reduce concentration risk. In addition, the vast majority of borrowers have long-term credit ratings of A or better and short-term ratings of A-1 or better from at least one nationally recognized statistical rating organization. The Corporation does not expect any credit losses related to the securities lending arrangement.

Patient Accounts Receivable, Estimated Receivables from and Payables to Third-Party Payers – An unconditional right to payment, subject only to the passage of time is treated as a receivable. Patient accounts receivable, including billed accounts and unbilled accounts for which there is an unconditional right to payment, and estimated amounts due from third-party payers for retroactive adjustments, are receivables if the right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. For patient accounts receivable, the estimated uncollectable amounts are generally considered implicit price concessions that are a direct reduction to patient service revenue and accounts receivable.

The Corporation has agreements with third-party payers that provide for payments to the Corporation's Health Ministries at amounts different from established rates. Estimated retroactive adjustments under reimbursement agreements with third-party payers and other changes in estimates are included in net patient service revenue and estimated receivables from and payables to third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Estimated receivables from third-party payers also includes amounts receivable under state Medicaid provider tax programs.

Assets Limited as to Use – Assets set aside by the Board for quasi-endowments, future capital improvements, strategic development funds, future funding of retirement programs and insurance claims, retirement of debt, held for borrowings under the intercompany loan program, and other purposes over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by trustees under bond indenture and certain other agreements, and self-insurance trust and benefit plan arrangements are included in assets limited as to use.

Donor-Restricted Gifts – Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or program restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions included in other revenue in the consolidated statements of operations and changes in net assets.

Inventories – Inventories are stated at the lower of cost or market. The cost of inventories is determined principally by the weighted-average cost method.

Property and Equipment – Property and equipment, including internal-use software, are recorded at cost, if purchased, or at fair value at the date of donation, if donated. Finance lease right-of-use assets included in property and equipment represent the right to use the underlying assets for the lease term and are recognized at the lease commencement date based on the present value of lease payments over the term of the lease.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using either the straight-line or an accelerated method and includes finance lease right-of-use asset amortization and internal-use software amortization. The useful lives of property and equipment range from 2 to 75 years, and finance lease agreements have initial terms typically ranging from 3 to 30 years. Interest costs incurred during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as support without donor restrictions and are excluded from the excess of revenue over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions.

Right-of-Use Lease Assets and Lease Liabilities – The Corporation determines if an arrangement is a lease at inception of the contract. Right-of-use assets represent the right to use the underlying assets for the lease term and lease liabilities represent the obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Corporation uses the implicit rate noted within the contract, when available. Otherwise, the Corporation uses its incremental borrowing rate estimated using recent secured debt issuances that correspond to various lease terms, information obtained from banking advisors, and the Corporation's secured debt fair value. The Corporation does not recognize leases, for operating or finance type, with an initial term of 12 months or less ("short-term leases") on the consolidated balance sheets, and the lease expense for these short-term leases is recognized on a straight-line basis over the lease term within occupancy expense in the consolidated statements of operations and changes in net assets. The Corporation's finance leases are primarily for real estate. Finance lease right-of-use assets are included in property and equipment, with the related liabilities included in current and long-term debt on the consolidated balance sheets.

Operating lease right-of-use assets and liabilities are recorded for leases that are not considered finance leases. The Corporation's operating leases are primarily for real estate, vehicles, and medical and office equipment. Real estate leases include outpatient, medical office, ground, and corporate administrative office space. The Corporation's real estate lease agreements typically have an initial term of 2 to 10 years. The Corporation's equipment lease agreements typically have an initial term of 2 to 6 years. The real estate leases may include one or more options to renew, with renewals that can extend the lease term from 5 to 10 years. The exercise of lease renewal options is at the Corporation's sole discretion. For accounting purposes, options to extend or terminate the lease are included in the lease term when it is reasonably certain that the option will be exercised. Operating lease liabilities represent the obligation to make lease payments arising from the leases and are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Certain of the Corporation's lease agreements for real estate include payments based on common area maintenance expenses and others include rental payments adjusted periodically for inflation. These variable lease payments are recognized in occupancy expense, net, but are not included in the right-of-use asset or liability balances when they can be separately identified in the contract. The Corporation's lease agreements do not contain any material residual value guarantees, restrictions, or covenants.

Goodwill – Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized.

Asset Impairments –

Property, Equipment and Right-of-Use Lease Assets – The Corporation evaluates long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future undiscounted cash flows. If the estimated future undiscounted cash flows are less than the carrying value of the assets, the impairment recognized is calculated as the carrying value of the long-lived assets in excess of the fair value of the assets. The fair value of the assets is estimated based on appraisals, established market values of comparable assets or internal estimates of future net cash flows expected to result from the use and ultimate disposition of the assets.

Goodwill – Goodwill is tested for impairment on an annual basis or when an event or change in circumstance indicates the value of a reporting unit may have changed. Testing is conducted at the reporting unit level. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. Estimates of fair value are based on appraisals, established market prices for comparable assets or internal estimates of future net cash flows.

Other Assets – Other assets include long-term notes receivable, reinsurance recovery receivables, definite- and indefinite-lived intangible assets other than goodwill and prepaid retiree health costs. The net balances of definite-lived intangible assets include noncompete agreements, physician guarantees and other definite-lived intangible assets with finite lives amortized using the straight-line method over their estimated useful lives, which generally range from 2 to 20 years. Indefinite-lived intangible assets primarily include trade names, which are tested annually for impairment.

Short-Term Borrowings – Short-term borrowings include puttable variable-rate demand bonds supported by self-liquidity or liquidity facilities considered short-term in nature.

Medicare Cash Advances – Change Healthcare, a subsidiary of UnitedHealth Group and a major clearinghouse for medical claims, experienced a cyberattack in February 2024. Although the Corporation's systems were not directly impacted by this cyberattack, the event disrupted the billing and collection of patients accounts receivable. As a result, on March 9, 2024, Centers for Medicare & Medicaid Services ("CMS") made available accelerated payments to providers and suppliers experiencing disruptions due to the incident. These advances were granted in amounts of up to 30 days of claims payments and were repaid through automatic recoupment from Medicare. The Corporation received $201.0 million of these cash advances, of which $39.6 million was recouped as of March 31, 2024, with the remaining $161.4 million recouped in the fourth quarter of fiscal year ending June 30, 2024.

Other Long-Term Liabilities – Other long-term liabilities include deferred compensation, asset retirement obligations, interest rate swaps and deferred revenue from entrance fees. Deferred revenue from entrance fees are fees paid by residents of facilities for the elderly upon entering into continuing care contracts, which are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident, net of the portion that is refundable to the resident.

Net Assets with Donor Restrictions – Net assets with donor restrictions are those whose use by the Corporation has been limited by donors to a specific time period or program. In addition, certain net assets have been restricted by donors to be maintained by the Corporation in perpetuity.

Net Patient Service Revenue – The Corporation reports patient service revenue at the amount that reflects the consideration it is expected to be entitled to in exchange for providing patient care. These amounts are due from patients, third-party payers (including commercial payers and government programs) and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills patients and third-party payers several days after the services are performed or the patient is discharged from a facility.

The Corporation determines performance obligations based on the nature of the services provided. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in hospitals receiving inpatient acute care services, or receiving services in outpatient centers, or in their homes (home care).

The Corporation measures performance obligations from admission to the hospital, or the commencement of an outpatient service, to the point when it is no longer required to provide services to the patient, which is generally at the time of discharge or the completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) and the Corporation does not believe that it is required to provide additional goods and services related to that sale.

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

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payers 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 payer 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 determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured and underinsured patients in accordance with the Corporation's policy, and implicit price concessions provided to uninsured patients, underinsured patients and other payers. The Corporation determines its estimates of contractual adjustments and discounts based on contractual agreements, discount policies and historical experience. The estimate of implicit price concessions is based on historical collection experience with the various classes of patients using a portfolio approach as a practical expedient to account for patient contracts with similar characteristics, as collective groups rather than individually. The financial statement effect of using this practical expedient is not materially different from an individual contract approach.

Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured and underinsured patients, and offers those uninsured and underinsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and for those who are uninsured and underinsured based on historical experience and current market conditions, using the portfolio approach. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the payer's or patient's ability to pay are recorded as bad debt expense in other expenses in the statement of operations and changes in net assets. Agreements with third-party payers typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payers is as follows:

Medicare (Parts A and B) – Acute inpatient and outpatient services rendered to Medicare program beneficiaries are paid primarily at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Certain items are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediaries.

Medicare Advantage (Part C) – Acute inpatient and outpatient services rendered to Medicare beneficiaries that chose an Advantage plan are paid primarily at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Medicaid – Reimbursement for services rendered to Medicaid program beneficiaries includes prospectively determined rates per discharge, per diem payments, discounts from established charges, fee schedules and cost reimbursement methodologies with certain limitations. Cost reimbursable items are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicaid fiscal intermediaries.

Medicaid Health Maintenance Organization ("HMO") – Reimbursement for services rendered to Medicaid program beneficiaries that chose an HMO program includes payments that are prospectively determined under rates per discharge, per diem payments, discounts from established charges, fee schedules and cost reimbursement methodologies with certain limitations.

Other – Reimbursement for services to certain patients is received from commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for reimbursement includes prospectively determined rates per discharge, per diem payments and discounts from established charges.

Cost report settlements under these programs are subject to audit by Medicare and Medicaid auditors and administrative and judicial review, and it can take several years until final settlement of such matters is determined and completely resolved. Because the laws, regulations, instructions, and rule interpretations governing Medicare and Medicaid reimbursement are complex and change frequently, the estimates that have been recorded could change by material amounts.

Settlements with third-party payers for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

For the nine months ended March 31, 2024, the Corporation accrued $121.6 million for the 340B remedy lump sum settlement under the CMS November 8, 2023 Final Rule related to underpayments in the drug discount program for calendar years 2018 to 2022.

Financial Assistance – The Corporation provides services to all patients regardless of ability to pay. In accordance with the Corporation’s policy, a patient is classified as a financial assistance patient based on specific criteria, including income eligibility as established by the *Federal Poverty Guidelines,* as well as other financial resources and obligations.

Charges for services to patients who meet the Corporation’s guidelines for financial assistance are not reported as net patient service revenue in the accompanying consolidated financial statements. Therefore, the Corporation has determined it has provided implicit price concessions to uninsured and underinsured patients and patients with other uninsured balances (for example, copays 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.

Self-Insured Employee Health Benefits – The Corporation administers self-insured employee health benefit plans for employees. The majority of the Corporation’s employees participate in the programs. The provisions of the plans permit employees and their dependents to elect to receive medical care at either the Corporation’s Health Ministries or other health care providers. Patient service revenue has been reduced by an allowance for self-insured employee health benefits, which represents revenue attributable to medical services provided by the Corporation to its employees and dependents in such years.

Premium and Capitation Revenue – The Corporation has certain Health Ministries that arrange for the delivery of health care services to enrollees through various contracts with providers and common provider entities. Enrollee contracts are negotiated on a yearly basis. Premiums are due monthly and are recognized as revenue during the period in which the Corporation is obligated to provide services to enrollees. Premiums received prior to the period of coverage are recorded as deferred revenue and included in accounts payable and accrued expenses in the consolidated balance sheets.

Certain of the Corporation’s Health Ministries have entered into capitation arrangements whereby they accept the risk for the provision of certain health care services to health plan members. Under these agreements, the Corporation’s Health Ministries are financially responsible for services provided to the health plan members by other institutional health care providers. Capitation revenue is recognized during the period for which the Health Ministry is obligated to provide services to health plan enrollees under capitation contracts. Capitation receivables are included in other receivables in the consolidated balance sheets.

Reserves for incurred but not reported claims have been established to cover the unpaid costs of health care services covered under the premium and capitation arrangements. The premium and capitation arrangement reserves are included in accounts payable and accrued expenses in the consolidated balance sheets. The liability is estimated based on actuarial studies, historical reporting, and payment trends. Subsequent actual claim experience will differ from the estimated liability due to variances in estimated and actual utilization of health care services, the amount of charges and other factors. As settlements are made and estimates are revised, the differences are reflected in current operations.

Other Revenue – Other revenue is recorded at amounts the Corporation expects to collect in exchange for providing goods or services not directly associated with patient care and recorded over the time in which obligations to provide goods or services are satisfied. Other revenue includes revenue from the following sources: grants, retail pharmacy, operating investment income, professional services, assisted and independent living, equity in earnings of unconsolidated affiliates if the unconsolidated affiliate is operational and projected to make routine and regular cash distributions, incentive revenue, and gainshare recognized under alternative payment models and ancillary services. The Corporation received a $70.0 million one-time settlement that is recorded in other revenue in the consolidated statement of operations for the nine months ended March 31, 2025.

Grant Revenue – Where grants are determined to be contributions, unconditional grants are recognized as revenue when received. Conditional grants are recognized as revenue when the Corporation has complied with and substantially met the conditions associated with the grant. For grants that are not contributions, the Corporation recognizes revenue at the amount that reflects the consideration it is expected to be entitled to in exchange for providing services under the term of the grant agreement.

Income Taxes – The Corporation and substantially all of its subsidiaries have been recognized as tax-exempt pursuant to Section 501(a) of the Internal Revenue Code. The Corporation also has taxable subsidiaries, which are included in the consolidated financial statements. The Corporation includes penalties and interest, if any, with its provision for income taxes in other nonoperating items in the consolidated statements of operations and changes in net assets.

Excess of Revenue Over Expenses – The consolidated statements of operations and changes in net assets includes excess of revenue over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenue over expenses, consistent with industry practice, include the effective portion of the change in market value of derivatives that meet hedge accounting requirements, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets received or gifted (including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets), net change in retirement plan related items, discontinued operations and cumulative effects of changes in accounting principles.

Adopted Accounting Pronouncements –

In October 2021, the FASB issued No. 2021-08, *"Business Combinations (Topic 805) – Accounting for Contract Assets and Contract Liabilities from Contracts with Customers"*. This guidance was issued to address the inconsistency in accounting related to recognition of an acquired contract liability and the payment terms and their effect on subsequent revenue by the acquirer. The amendments in this update require that the acquirer recognize, and measure contract assets and contract liabilities acquired in a business combination in accordance with FASB Topic 606, as if it had originated the contracts, generally consistent with how they were recognized and measured in the acquiree's financial statements.

This guidance was effective for the Corporation beginning July 1, 2024. The adoption of this guidance had no impact on the Corporation's financial position, or results of operations during the first nine months ending March 31, 2025. The Corporation will continue to apply this guidance in consideration of any future business combinations.

3. INVESTMENTS IN UNCONSOLIDATED AFFILIATES, BUSINESS ACQUISITIONS AND DIVESTITURES

Investments in Unconsolidated Affiliates – The Corporation and certain of its Health Ministries have investments in entities that are recorded under the cost and equity methods of accounting. The Corporation's share of equity earnings or losses from entities accounted for under the equity method and the classification on the consolidated statements of operations and changes in net assets for the nine months ended March 31 are as follows (in thousands):

	2025	2024
Other revenue	$ 57,307	$ 52,332
Nonoperating items	24,906	433,100
Total equity in earnings of unconsolidated affiliates	$ 82,213	$485,432

BayCare Health System – The Corporation held a 50.4% interest in BayCare Health System Inc. and Affiliates ("BayCare"), a Florida not-for-profit corporation exempt from state and federal income taxes. BayCare was formed in 1997 pursuant to a Joint Operating Agreement ("JOA") among the not-for-profit, tax-exempt members of the Trinity Health BayCare Participants, Morton Plant Mease Health Care, Inc., and South Florida Baptist Hospital, Inc. (collectively, the "Members"). BayCare consists of three community health alliances located in the Tampa Bay area of Florida, including St. Joseph's-Baptist Healthcare Hospital, St. Anthony's Health Care, and Morton Plant Mease Health Care. The Corporation had the right to appoint nine of the 21 voting members of the Board of Directors of BayCare; therefore, the Corporation accounted for BayCare under the equity method of accounting. As of March 31, 2025, and June 30, 2024, the Corporation's investment in BayCare totaled $0.

On May 24, 2024, Trinity Health and BayCare signed a Definitive Agreement that was effective June 27, 2024. Pursuant to the agreement BayCare transferred corporate assets in the amount of $4 billion, in cash, to Trinity Health, and Trinity Health then disaffiliated and resigned (i) as a corporate member of BayCare, and (ii) as a corporate member of each participant in BayCare that had Trinity Health as its corporate member.

Emory/St. Joseph's Inc.– The Corporation, through an affiliate, held a 49% interest in Emory/St. Joseph's, Inc.("EH/SJ"). EH/SJ operates several healthcare organizations, including two acute care hospitals, Emory St. Joseph's Hospital, Atlanta, and Emory John's Creek Hospital.

On March 12, 2025, the Corporation and its affiliates executed a Membership Interest Purchase Agreement ("Agreement") assigning its 49% membership interest in EH/SJ to an affiliate of Emory Healthcare, Inc. As part of the Agreement, the Corporation received cash in the amount of $150 million and a promissory note of $150 million to be paid with interest on a quarterly basis for a period of two years from the effective date of the Agreement. Furthermore, the Corporation recorded a reduction to investments in unconsolidated affiliates in the consolidated balance sheet and a $20.6 million loss in non-operating items equity in earnings of unconsolidated affiliates and other loss. As of March 31, 2025, and June 30, 2024, the Corporation's investment in EH/SJ totaled $0 and $279.2 million, respectively.

4. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows (in thousands):

	March 31, 2025	June 30, 2024
Land	$ 443,967	$ 436,763
Buildings and improvements	11,732,852	11,548,755
Equipment	7,741,803	7,575,356
Finance lease right-of-use assets	98,276	96,519
Total	20,016,898	19,657,393
Accumulated depreciation and amortization	(12,109,996)	(11,531,483)
Construction in progress	1,004,745	653,763
Property and equipment - net	$ 8,911,647	$ 8,779,673

In conjunction with the March 1, 2023 acquisition of Genesis Health System, "Genesis", the Corporation and Mercy Health Network, d/b/a MercyOne, committed to allocate not less than $450 million of capital to Genesis over seven years with the commitment period ending March 1, 2030. The capital commitment period may be extended up to 18 months under certain circumstances. The Corporation's related capital spending for Genesis through March 31, 2025 is $92.3 million.

5. LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

Obligated Group and Other Requirements – The Corporation has debt outstanding under a master trust indenture dated October 3, 2013, as amended and supplemented, the amended and restated master indenture ("ARMI"). The ARMI permits the Corporation to issue obligations to finance certain activities. Obligations issued under the ARMI are joint and several obligations of the obligated group established thereunder (the "Obligated Group," which currently consists of the Corporation). Proceeds from tax-exempt bonds and refunding bonds are to be used to finance the construction, acquisition and equipping of capital improvements. Proceeds from taxable bonds are to be used to finance corporate purposes or advance refund tax-exempt bonds. Certain Health Ministries of the Corporation constitute designated affiliates and the Corporation covenants to cause each designated affiliate to pay, loan or otherwise transfer to the Obligated Group such amounts necessary to pay the amounts due on all obligations issued under the ARMI. The Obligated Group and the designated affiliates are referred to as the Trinity Health Credit Group.

Pursuant to the ARMI, the Obligated Group agent (which is the Corporation) has caused the designated affiliates representing, when combined with the Obligated Group members, at least 85% of the consolidated net revenues of the Trinity Health Credit Group to grant to the master trustee security interests in their pledged property which security interests secure all obligations issued under the ARMI. There are several conditions and covenants required by the ARMI with which the Corporation must comply, including covenants that require the Corporation to maintain a minimum historical debt-service coverage and limitations on liens or security interests in property, except for certain permitted encumbrances, affecting the property of the Corporation or any material designated affiliate (a designated affiliate whose total revenues for the most recent fiscal year exceed 5% of the combined total revenues of the Corporation for the most recent fiscal year). Long-term debt outstanding as of March 31, 2025 and June 30, 2024, which has not been secured under the ARMI is generally collateralized by certain property and equipment.

Commercial Paper – The Corporation's commercial paper program is authorized for borrowings up to $600 million. As of March 31, 2025, and June 30, 2024, the total amount of commercial paper outstanding was $99.1 million. Proceeds from this program are to be used for general purposes of the Corporation. The notes are payable from the proceeds of subsequently issued notes and from other funds available to the Corporation, including funds derived from the liquidation of securities held by the Corporation in its investment portfolio.

Liquidity Facilities – On September 19, 2024, the Corporation renewed its revolving credit agreement ("RCAI"), by and among the Corporation and U.S. Bank National Association, which acts as an administrative agent for a group of lenders under RCAI. RCAI establishes a revolving credit facility for the Corporation, under which that group of lenders agree to lend to the Corporation amounts that may fluctuate from time to time. Amounts drawn under the RCAI can only be used to support the Corporation's obligation to pay the purchase price of bonds that are subject to tender and that have not been successfully remarketed, and the maturing principal of and interest on commercial paper notes. Of the $600 million available balance, the first tranche of $300 million expires on September 25, 2026 and the second tranche of $300 million expires on September 28, 2027. As of March 31, 2025 and June 30, 2024, there were no amounts outstanding under RCAI.

On September 19, 2024, the Corporation renewed its three-year general-purpose credit facility ("RCAII") of $600 million, with a maturity date of September 25, 2026. The agreement is by and among the Corporation and U.S. Bank National Association, which acts as an administrative agent for a group of lenders under RCAII and establishes a revolving credit facility for the Corporation, under which that group of lenders agree to lend to the Corporation amounts that may fluctuate from time to time. Amounts drawn under the RCAII can be used for general corporate purposes and working capital needs. On March 19, 2024, the Corporation executed a draw of $500 million, with an additional $100 million drawn on March 25, 2024. The draws were executed as a result of the cyberattack on Change Healthcare, which disrupted the billing and collection of patients accounts receivable and greatly impacted the Corporation's cash flow as of March 31, 2024. The $600 million of draws were fully repaid during the fourth quarter of fiscal year ended June 30, 2024. As of March 31, 2025, and June 30, 2024, there were no amounts outstanding under RCAII.

Each financial institution providing liquidity support under RCAI and RCAII is secured by an obligation under the ARMI.

Standby Letters of Credit – The Corporation maintains an arrangement for multiple standby letters of credit with a financial institution with a capacity available of $65.0 million and $90.0 million as of March 31, 2025 and June 30, 2024, respectively. The arrangement supports multiple insurance, unemployment, and other risk liabilities that total $50.5 million and $52.7 million as of March 31, 2025 and June 30, 2024, respectively. As of March 31, 2025, and June 30, 2024, there were no draws on the letters of credit.

In addition, the Corporation maintains a two-year arrangement for standby letters of credit with an additional financial institution in the amount of $50.0 million. The arrangement is for letters of credit that can relate to multiple insurance, unemployment, and other risk liabilities. There were no letters of credit issued under this arrangement as of March 31, 2025, and June 30, 2024, respectively.

The banks providing standby letters of credit are not secured by an obligation under the ARMI.

Transactions – In September 2023, the Corporation renewed $75.0 million direct placement bonds that were scheduled for mandatory tender in September 2023.

In November 2024, the Corporation refinanced $50.0 million of direct placement bonds that were scheduled for mandatory tender in November 2024, extending the mandatory tender to December 2029.

In December 2024, the Corporation refinanced $75.0 million private placement bonds that were scheduled for mandatory tender in December 2024, extending the mandatory tender to December 2027.

In December 2024, the Corporation refinanced $75.0 million direct placement bonds that were scheduled for mandatory tender in December 2024; the bonds were remarketed as a private placement, extending the mandatory tender to December 2029.

In February 2025, the Corporation refinanced $100.0 million of publicly issued bonds that were scheduled for mandatory tender in February 2025; the bonds were remarketed as a private placement, extending the mandatory tender to February 2028.

Each series of the referenced bonds are secured by an obligation issued under the ARMI.

6. PROFESSIONAL AND GENERAL LIABILITY PROGRAMS

The Corporation operates a wholly owned insurance company, Trinity Assurance, Ltd. ("TAL"). TAL qualifies as a captive insurance company and provides certain insurance coverage to the Corporation's Health Ministries under a centralized program. The Corporation is self-insured for certain levels of general and professional liability, workers' compensation, and certain other claims. The Corporation has limited its liability by purchasing other coverages from unrelated third-party commercial insurers. TAL has also limited its liability through commercial reinsurance arrangements.

On March 1, 2023, the Corporation acquired Genesis Health System, an Iowa nonprofit corporation, which was the sole member and shareholder of Misericordia Assurance Company, LTD ("MAC"), a captive insurance company domiciled in the Cayman Islands. Effective March 1, 2023, TAL policies included the facilities and individuals that were previously insured with MAC. Policies issued and reinsurance purchased by MAC prior to March 1, 2023, and all losses previous to March 1, 2023, were assumed by TAL through the merger of MAC into TAL effective as of December 1, 2023.

The Corporation's current self-insurance program includes $25 million per occurrence with an additional $5 million ($10 million aggregate) layer for the professional liability and $15 million per occurrence for general liability as well as $10 million per occurrence for hospital government liability, $5 million per occurrence for miscellaneous errors and omissions liability and network security and privacy liability, and $1 million per occurrence for management liability (directors' and officers' and employment practices), and certain other coverages. In addition, through TAL and its various commercial reinsurers, the Corporation maintains integrated excess liability coverage with separate annual aggregate limits for professional/general liability and management liability. The Corporation self-insures $750,000 per occurrence for workers' compensation in most states, with commercial insurance providing coverage up to the statutory limits and self-insures up to $500,000 per occurrence for first-party property damage with commercial insurance providing additional coverage. Privacy and network security coverage in excess of the self-insurance is also commercially insured.

TAL reinsures a portion of its risks in order to limit its exposure to losses. This reinsurance coverage is in excess of various attachment points. Reinsurance contracts do not relieve TAL from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to TAL. Consequently, TAL evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers to minimize exposure to significant losses from reinsurer insolvencies. TAL's reinsurance contracts are placed with 21 commercial third party reinsurers with A.M. Best ratings of A- or better. Credit risk is minimized by TAL by monitoring counterparty creditworthiness. TAL manages credit risk on the reinsurance recoverable by dealing only with reinsurers with good credit ratings.

The liability for self-insurance reserves represents estimates of the ultimate net cost of all losses and loss adjustment expenses, which are incurred but unpaid at the consolidated balance sheet date. The reserves are based on the loss and loss adjustment expense factors inherent in the Corporation's premium structure. Independent consulting actuaries determined these factors from estimates of the Corporation's expenses and available industry-wide data.

The Corporation discounts the reserves to their present value and used a discount rate of 3.0% as of both March 31, 2025 and June 30, 2024. The reserves include estimates of future trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the liability for unpaid claims and related adjustment expenses is adequate based on the loss experience of the Corporation. The estimates are continually reviewed and adjusted as necessary. The changes to the estimated self-insurance reserves were determined based upon the annual independent actuarial analyses.

Claims in excess of certain insurance coverage and the recorded self-insurance liability have been asserted against the Corporation by various claimants. The claims are in various stages of processing, and some may ultimately be brought to trial. There are known incidents occurring through March 31, 2025, that may result in the assertion of additional claims and other claims may be asserted arising from services provided in the past. While it is possible that settlement of asserted claims and claims which may be asserted in the future could result in liabilities in excess of amounts for which the Corporation has provided, management, based upon the advice of legal counsel, believes that the excess liability, if any, should not materially affect the consolidated financial statements of the Corporation.

7. PENSION AND OTHER BENEFIT PLANS

Deferred Compensation – The Corporation has nonqualified deferred compensation plans at certain Health Ministries that permit eligible employees to defer a portion of their compensation. The deferred amounts are distributable in cash after retirement or termination of employment. As of March 31, 2025, and June 30, 2024, the assets under these plans totaled $501.8 million and $472.1 million, respectively, and liabilities totaled $505.8 million and $480.3 million, respectively, which are included in self-insurance, benefit plans and other assets and other long-term liabilities in the consolidated balance sheets.

Defined Contribution Benefits – The Corporation sponsors defined contribution pension plans covering substantially all its employees. These programs are funded by employee voluntary contributions, subject to legal limitations. Prior to January 1, 2024, employer contributions to the majority of these plans included a nonelective contribution of 3% for participants who satisfied certain eligibility requirements, with a minimum nonelective contribution for certain participants, and varying levels of matching contributions based on employee service. Effective January 1, 2024, the nonelective contribution was eliminated and the matching contribution formula changed for most of the plans. The new formula provides 100% match on the first 3% of eligible compensation plus a 50% match on the next 7% of eligible compensation, regardless of employee service. Eligibility requirements to receive the matching contribution did not change. The employees direct their voluntary contributions and employer contributions among a variety of investment options. Contribution expense under the plans totaled $335.2 million and $309.5 million for the nine-month periods ended March 31, 2025 and 2024, respectively, which is included in employee benefits in the consolidated statements of operations and changes in net assets.

Noncontributory Defined Benefit Pension Plans ("Pension Plans") – The Corporation maintains qualified Pension Plans that are closed to new participants, and under which benefit accruals are frozen. Certain nonqualified, supplemental plan arrangements also provide retirement benefits to specified groups of participants. One of the plans is subject to the provisions of ERISA. The remainder of the plans sponsored by the Corporation are intended to be "Church Plans," as defined in the Code Section 414(e) and Section 3(33) of the ERISA, as amended, which have not made an election under Section 410(d) of the Code to be subject to ERISA. The Corporation's adopted funding policy for its qualified church plans, which is reviewed annually, is to fund the current service cost based on the accumulated benefit obligations and amortization of any under or over funding.

Postretirement Health Care and Life Insurance Benefits ("Postretirement Plans") – The Corporation sponsors both funded and unfunded contributory plans to provide health care benefits to certain of its retirees. All of the Postretirement Plans are closed to new participants. The Postretirement Plans cover certain hourly and salaried employees who retire from certain Health Ministries. Medical benefits for these retirees are subject to deductibles and cost sharing provisions. The funded plans provide benefits to certain retirees at fixed dollar amounts in health reimbursement account arrangements for Medicare eligible participants.

Components of net periodic benefit expense (income) for the nine-month periods ended March 31 consisted of the following (in thousands):

	Pension Plans		Postretirement Plans	
	2025	2024	2025	2024
Interest cost	$ 214,800	$ 220,880	$ 2,598	$ 2,824
Expected return on assets	(217,344)	(223,124)	(9,070)	(7,818)
Amortization of prior service cost	(3,677)	(3,678)	(116)	(260)
Recognized net actuarial loss (gain)	53,616	51,900	(5,496)	(4,247)
Net periodic benefit expense (income)	$ 47,395	$ 45,978	$ (12,084)	$ (9,501)

8. COMMITMENTS AND CONTINGENCIES

Contingencies - Change Healthcare, a subsidiary of UnitedHealth Group and a major clearinghouse for medical claims, experienced a cyberattack in February 2024. Although the Corporation's systems were not directly impacted by this cyberattack, the event disrupted the billing and collection of patients accounts receivable and impacted the Corporation's balance sheet during the third and fourth quarters of fiscal year 2024. The residual impacts to the Corporation's balance sheet related to this cyberattack were mainly resolved during the first quarter of fiscal year 2025.

Litigation and Settlements – The Corporation is involved, from time to time, in litigation and regulatory investigations that may result in litigation or settlement, arising in the ordinary course of doing business. After consultation with legal counsel, management believes that these matters will be resolved without material adverse effect on the Corporation's future consolidated financial position or results of operations.

Health Care Regulatory Environment – The health care industry is subject to numerous and complex federal, state and local government laws and regulations. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, data privacy and security, government health care program participation requirements, government reimbursement rules for patient services, government rules for receipt and use of federal funding programs, fraud and abuse prevention requirements, Executive Orders, and requirements for tax-exempt organizations. Laws and regulations concerning government programs, including Medicare, Medicaid, and Medicare Advantage, are subject to varying regulatory and judicial interpretation. Compliance with such laws and regulations is nuanced and can be subject to future government and judicial review and interpretation as well as significant regulatory enforcement actions, including fines, penalties, and potential exclusion from government health care programs such as Medicare and Medicaid.

The Corporation and its Health Ministries periodically receive requests for information and notices of investigations regarding potential noncompliance with those laws and regulations, billing, payment, or other reimbursement matters; or indicating the existence of whistleblower litigation which, in some instances, have resulted in the Corporation entering into significant settlement agreements. There can be no assurance that regulatory authorities will not challenge the Corporation's compliance with these laws and regulations. In addition, the contracts the Corporation has with commercial payers also provide for retroactive audit and review of claims.

The health care industry in general is experiencing an increase in these activities as federal and state governments increase their enforcement activities and institute new programs and tools designed to identify potential fraud, waste and abuse, irregularities in reimbursement, or quality of patient care. Based on the information received to date, management does not believe the ultimate resolution of these matters will have a material adverse effect on the Corporation's future consolidated financial position or results of operations. Trinity Health monitors its business activities for compliance with applicable laws and regulations and operates a values-based ethics and compliance program that is designed to meet or exceed applicable federal guidelines and industry standards.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 16, 2025, the date the quarterly report was issued. There were no subsequent events requiring adjustment to or disclosure in the consolidated financial statements.

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Discussion and Analysis of Financial Condition and Results of Operations for Trinity Health

March 31, 2025

Introduction to Management's Discussion & Analysis

Trinity Health Corporation, an Indiana nonprofit corporation headquartered in Livonia, Michigan, and its subsidiaries (“Trinity Health” or the “Corporation”), controls one of the largest health care systems in the United States.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Corporation to make assumptions, estimates and judgments that affect the amounts reported in the financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. The Corporation considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its financial statements, including the following: recognition of net patient service revenue, which includes explicit and implicit price concessions; recorded values of investments and derivatives; evaluation of long-lived assets and goodwill for impairment; reserves for losses and expenses related to health care professional, general, and health plan liabilities; and risks and assumptions for measurement of pension and retiree health prepaid assets and liabilities. Management relies on historical experience and other assumptions, believed to be reasonable under the circumstances, in making its judgments and estimates. Actual results could differ materially from those estimates.

The Corporation uses operating cash flow as a measure of performance. The Corporation believes aggregate operating cash flow is important because it provides additional information about the Corporation’s ability to incur and service debt and make capital contributions. Operating cash flow consists of operating income before depreciation and amortization, and interest expense. Operating cash flow is not a measurement of financial performance or liquidity under generally accepted accounting principles. It should not be considered in isolation or as a substitute for revenue over expenses, operating income, cash flows from operating activities or financing activities, or any other measure calculated in accordance with generally accepted accounting principles. The items excluded from operating cash flow are significant components in understanding and evaluating financial performance.

Certain statements constitute “forward-looking statements.” Such statements generally are identifiable by the terminology used such as “plan,” “expect,” “predict,” “estimate,” “anticipate,” “forecast” or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties, and other factors, many of which the Corporation is unable to predict or control, that may cause actual results, performance, or achievements to be materially different from those expressed or implied by forward-looking statements.

Economic Impacts and Industry Trends

Change Healthcare Cyberattack Incident – Change Healthcare, a major clearinghouse for medical claims, experienced a cyberattack in February 2024. The attack did not directly impact the Corporation’s systems, but like other major health care systems, the event greatly disrupted the billing and collection of patients accounts receivable and impacted the Corporation’s balance sheet during the third and fourth quarters of fiscal year 2024. In the prior fiscal year during March 2024, the Corporation drew $600 million from a general-purpose liquidity facility. In April 2024, the Corporation expanded the general-purpose credit facility and executed an additional line of credit draw of $200 million to aid in offsetting the decrease in cash collections and to maintain liquidity needs. The $800 million of draws were fully repaid during the fourth quarter of fiscal year 2024.

During March of 2024, Centers for Medicare & Medicaid Services (“CMS”) made available accelerated payments to providers and suppliers experiencing disruptions due to the incident. These advances were granted in amounts of up to 30 days of claims payments and were repaid through automatic recoupment from Medicare for a period of 90 days. The Corporation received $201 million of these cash advances, of which $39.6 million was recouped as of March 31, 2024, with the remaining $161.4 million recouped in the fourth quarter of fiscal year 2024.

The remaining residual impacts to the Corporation's balance sheet related to this cyberattack were mostly resolved during the first quarter of fiscal year 2025.

Patient Behavioral Trends – The Corporation is experiencing the following trends seen in the U.S. Health Care industry that continue to challenge and shape its health care services including: a shift from acute inpatient care to ambulatory, home health, PACE, urgent care, specialty pharmacy and digital telehealth care; changing demographics with a growing aging population requiring higher acuity treatments; and rising consumerism and shift to accountable health focusing on outcomes and lower-cost value based solutions.

Labor and Inflationary Trends – The Corporation's operating results show significant improvement over the prior year. However, the Corporation continues to endure negative impacts from changes in payer mix and patient behaviors, as well as broad global economic factors such as continued inflated costs of labor and supplies, and the on-going nationwide shortage of nursing and clinical staff as well as other industry disruptors. The Corporation's response to these ongoing economic factors continues to require increased labor rates, use of contract labor and locum tenens staff. Potential policy changes and spending cuts by the Trump administration have added additional uncertainties for Medicare, state Medicaid and other federal funding.

Strategies and Response – The Corporation continues to take various actions utilizing the execution framework "Run, Evolve and Transform" in fiscal year 2025 to mitigate the impact on operations from negative ongoing industry trends and economic factors as well as other industry disruptors to continue to enhance its financial position including the following:

- Improved access to high quality clinical programs, physician partnerships and connected care and service for an exceptional member/patient experience;
- Accretive revenue growth within the Corporation's markets, including development and growth of a new non-acute community division and new health segments with a heightened focus on medical groups, along with community-based services and connected care across its continuum;
- Labor recruitment, retention, and stabilization, with utilization of an innovative care delivery model using a 3-person team with on-site and virtual nursing named "TogetherTeam Virtual Connected Care" that is being implemented system-wide and is active in 27 hospitals and 82 nursing units, with additional sites slated to go live throughout fiscal year 2025;
- Continued focus on the alignment of operating costs with revenue levels;
- Optimization of revenue realization remains a focus area, utilizing a multifaceted payer strategy to address a challenging payer environment and obtain fair and accurate payment levels to cover costs; and
- Reallocation of resources to focus on investments supporting attainment of mission-critical initiatives.

Recent Developments

The Corporation continually evaluates potential opportunities for strategic growth as part of the overall strategic plan. In addition to pursuing growth through strategic capital investment and organically, at our ministries, the Corporation's approach to strategic growth includes pursuing prudent mergers, acquisitions, joint ventures, and portfolio management transactions. As further described in Note 3 of the March 31, 2025 unaudited financial statements, the following material transactions were undertaken.

BayCare Health System – The Corporation held a 50.4% interest in BayCare Health System Inc. and Affiliates ("BayCare"), a Florida not-for-profit corporation. The Corporation accounted for BayCare under the equity method of accounting. The Corporation and BayCare signed a Definitive Agreement that was effective June 27, 2024 under which the Corporation disaffiliated as a corporate member of BayCare.

Emory/St. Joseph's Inc. – The Corporation, through an affiliate, held a 49% interest in Emory/St. Joseph's, Inc. ("EH/SJ"). EH/SJ operates several healthcare organizations, including two acute care hospitals, Emory St. Joseph's Hospital, Atlanta, and Emory John's Creek Hospital.

On March 12, 2025, the Corporation and its affiliates executed a Membership Interest Purchase Agreement ("Agreement") assigning its 49% membership interest in EH/SJ to an affiliate of Emory Healthcare, Inc.

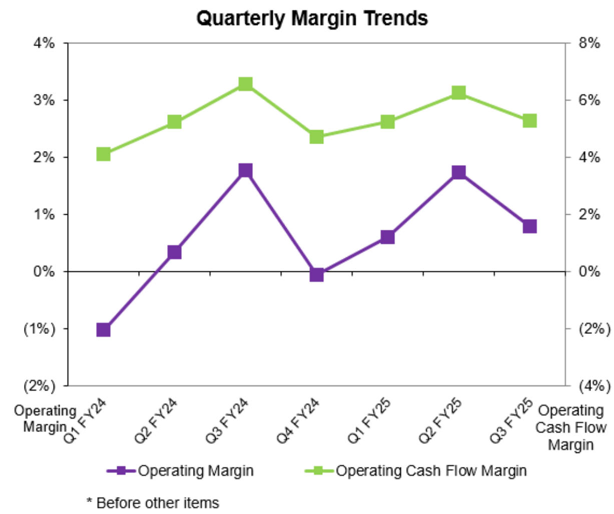
As part of the Agreement, the Corporation received cash in the amount of $150 million and a promissory note of $150 million to be paid with interest on a quarterly basis for a period of two years from the effective date of the Agreement. Furthermore, the Corporation recorded a reduction to investments in unconsolidated affiliates in the consolidated balance sheet and a $20.6 million loss in non-operating items equity in earnings of unconsolidated affiliates and other loss. As of March 31, 2025, and June 30, 2024, the Corporation's investment in EH/SJ totaled $0 and $279.2 million, respectively.

Results from Operations

For the nine months ended March 31,		
(dollars in millions)	**FY24**	**FY25**
Operating Income	$70	$198
Operating Revenue	$17,760	$19,016
Operating Margin	0.4%	1.0%
Operating Cash Flow Margin	5.3%	5.6%

Operating Income

Trinity Health reported improvements in operating performance with operating income of $198 million (operating margin of 1.0 percent) for the nine months ended March 31, 2025. Operating income grew $128 million from operating income of $70 million, (operating margin of 0.4 percent) for the nine months ended March 31, 2024. During the nine months ended March 31, 2025, operating cash flow of $1.1 billion (operating cash flow margin of 5.6 percent) grew $116.8 million, or 12.4 percent compared to $944.8 million (operating cash flow margin of 5.3 percent) for the same period of the prior fiscal year. Improvements were achieved in payment rates, patient care volumes, and other revenue. These improvements were offset by unfavorable acuity. In addition, there were several revenue and cost management initiatives that improved operations as described above in "*Economic Impacts and Industry Trends – Strategies and Response*" and subsequently in "*Revenue.*" Expense growth was contained through a focused effort to manage operating costs while strategically addressing industry-wide staffing shortages and continued inflation in wages, supplies and purchased services. Quarterly margins continue to show improvement over the prior year and positive trajectory as illustrated in the chart below.

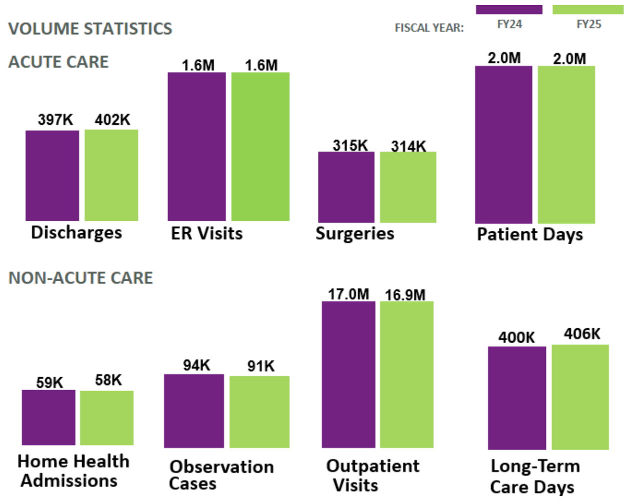


Volumes as measured by case mix adjusted equivalent discharges ("CMAEDs"), increased 1.7 percent, during the nine months ended March 31, 2025, compared to the same period in the prior fiscal year.

Revenue

Total operating revenue of $19.0 billion increased $1.3 billion, or 7.1 percent, for the nine months ended March 31, 2025 compared to the same period in the prior fiscal year. Net patient service revenue grew $921.7 million, or 6.0 percent primarily due to improvements in payment rates and patient care volumes. These increases were partially offset by a $121.6 million fiscal year 2024 Centers for Medicare & Medicaid Services ("CMS") 340B remedy lump sum settlement. Net patient service revenue per case, as measured by CMAEDs (excluding the prior year 340B remedy settlement), increased 5.4 percent as compared to the same period in the prior fiscal year.

Other revenue in the first nine months of fiscal year 2025 increased $244.1 million, or 15.4 percent, compared to the same period of the prior fiscal year, primarily driven by $140.7 million of pharmacy revenue and a $70 million one-time settlement. Premium and capitation revenue increased $90.7 million or 10.9 percent, primarily within the Corporation's health plans and PACE programs. The majority of the Corporation's revenue is comprised of outpatient and other non-patient revenue, and the Corporation continues to diversify its business segments to gain better position for balanced performance when individual segments are challenged.



Expenses

Total operating expenses of $18.8 billion increased by $1.1 billion, or 6.4 percent, for the nine months ended March 31, 2025, compared to the same period in the prior fiscal year. Adjusted operating costs per case, as measured by CMAEDs, increased 3.3 percent compared to the same period in the prior year as the Corporation continues to tightly manage operating costs. Salaries and wages rose $439.7 million, or 5.6 percent, with a 3.3 percent increase in FTEs and a 2.2 percent increase in salary rates, as the Corporation continues to implement actions to address industry wide staffing shortages and wage inflation to keep labor cost in line with revenue. Employee benefits increased $102.5 million or 6.8 percent, at pace with the increase in salaries and wages, and primarily driven by a $39.8 million, or 7.8 percent, increase in colleague health benefit costs and other increases related to growth in FTEs.

Supply costs increased $305.9 million, or 9.5 percent, driven by rate increases, primarily related to retail pharmacy, drugs, and surgical supplies; and increased volumes. Supplies as a percent of net patient service revenue, (excluding the 340B remedy settlement from fiscal year 2024), was flat compared to prior year. Purchased services and medical claims increased $223.3 million primarily attributed to higher locum utilization and higher health plan claims due to increased membership. Increases were also reported in other expenses and occupancy. These increases were partly offset by reductions in contract labor.

Nonoperating Items

The Corporation reported non-operating income of $597.3 million for the nine months ended March 31, 2025 compared to non-operating income of $1.2 billion for the nine months ended March 31, 2024. The decrease is primarily driven by equity in earnings of unconsolidated affiliates which decreased $408.2 million, or 94.2 percent in the first nine months of fiscal year 2025, largely due to the disaffiliation of BayCare in the fourth quarter of fiscal year 2024. In addition, The Corporation reported investment earnings of $626.9 million, or 4.7 percent for the nine months ended March 31, 2025, compared to earnings of $853.0 million or 9.1 percent for the same period in the previous fiscal year.

Excess of Revenue over Expenses

Excess of revenue over expenses of $725.4 million, or net margin of 3.7 percent for the nine months ended March 31, 2025, compares to excess of revenue over expenses of $1.3 billion, or net margin of 6.6 percent for the same period of the prior fiscal year. The reduction was driven by $408.2 million decreases in equity in earnings of unconsolidated affiliates, primarily due to the disaffiliation of BayCare in the fourth quarter of fiscal year 2024. In addition, investment earnings decreased $226.1 million compared to the same period of the prior fiscal year. These decreases were partially offset by an improvement in operating income of $128 million.

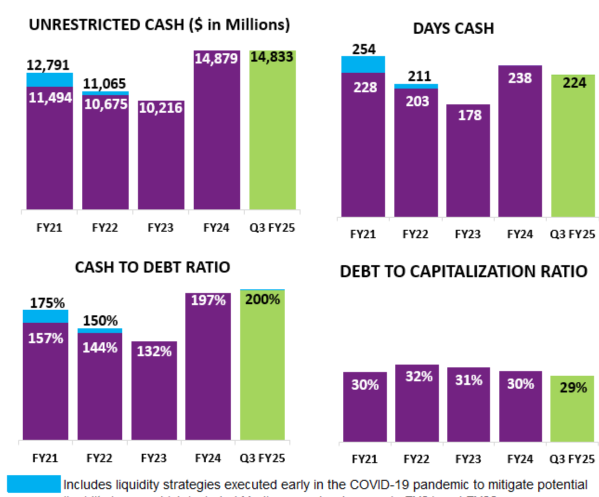
Balance Sheet

The Corporation's balance sheet remains strong with continued capacity for accretive investments due to the receipt of $4.0 billion in cash related to the BayCare disaffiliation in June of 2024. The Corporation reported total assets of $34.2 billion as of March 31, 2025, an increase of $907.5 million, or 2.7 percent compared to June 30, 2024. This growth includes a $619.3 million increases in security lending collateral, $141.4 million increase in net patient accounts receivable, $137.3 million increases in prepaid expenses and other assets for prepaid software maintenance costs, and $89.0M increases in other long-term assets, primarily due to a $76 million note receivable from the sale of interest in EH/SJ. The increases were partially offset by a reduction in investments in unconsolidated affiliates of $260.6 million primarily driven by the sale of interest in EH/SJ of $323.8 million.

Unrestricted cash and investments totaled $14.8 billion, or 224 days cash on hand, as of March 31, 2025, compared to $14.9 billion, or 238 days, as of June 30, 2024. The decrease in days cash was driven by capital expenditures of $805 million, working capital changes from disruptions caused by the Change Healthcare incident that have since normalized and $144.2 million principal and interest payments on debt net of debt issued. These decreases were partially offset by investment earnings of $626.9 million and $150 million cash receipt from the sale of interest in EH/SJ. Net days in accounts receivable decreased by 0.2 days to 46.8 days from June 30, 2024 to March 31, 2025.

Total liabilities of $14.4 billion increased $46.1 million or 0.3 percent compared to June 30, 2024. The payable under security lending agreements increased $619.3 million. Partially offsetting the increase was a $384.4 million decrease in accounts payable and accrued expenses, as the Corporation released payments to certain vendors that were slowed as of June 30, 2024 due to billing disruptions caused by Change Healthcare's cyber event. In addition, total debt decreased $168.5 million, mainly due to principal payments. Debt to capitalization was 28.6 percent as of March 31, 2025, compared to 30.0 percent as of June 30, 2024. Cash to debt increased from 197 percent as of June 30, 2024 to 201 percent as of March 31, 2025.

Balance Sheet Metrics



Statement of Cash Flows

Cash, cash equivalents and restricted cash increased $92.9 million during the nine months ended March 31, 2025. Operating activities provided $434.2 million of cash, while investing activities used $157.5 million of cash, including $813.4 million for purchases of property and equipment offset by $506.5 million net sales of investments and $150 million of cash received from the sale of interest in EH/SJ. Financing activities used $183.8 million of cash, driven by $144.2 million in debt repayments net of debt issued.

TRINITY HEALTH
Liquidity Reporting
March 31, 2025

	($ in millions) (unaudited)	
ASSETS		
Daily Liquidity		
Money Market Funds (Moody's rated Aaa)	$ 495	
Checking and Deposit Accounts (at P-1 rated bank)	426	
Repurchase Agreements	-	
U.S. Treasuries & Aaa-rated Agencies	-	
Dedicated Bank Lines	600	
Subtotal Daily Liquidity (Cash & Securities)	$ 1,521	
Undrawn Portion of $600 Million Taxable Commercial Paper Program	500	
Subtotal Daily Liquidity Including Taxable Commercial Paper Program		$ 2,021
Weekly Liquidity		
Exchange Traded Equity	$ 4,456	
Publicly Traded Fixed Income Securities Rated at least Aa3 and Bond Funds	4,817	
Equity Funds	854	
Other	217	
Subtotal Weekly Liquidity		10,344
TOTAL DAILY AND WEEKLY LIQUIDITY		$ 12,365
Longer-Term Liquidity		
Funds, vehicles, investments that allow withdrawals with less than one-month notice	-	
Funds, vehicles, investments that allow withdrawals with one-month notice or longer	3,568	
Total Longer-Term Liquidity		$ 3,568
LIABILITIES (Self-liquidity Variable Rate Demand Bonds & Commercial Paper)		
Weekly Put Bonds		
VRDO Bonds (7-day)		$ 150
Long-Mode Put Bonds		
VRDO Bonds (Commercial Paper Mode)		125
Taxable Commercial Paper Outstanding		100
TOTAL SELF-LIQUIDITY DEBT AND COMMERCIAL PAPER		$ 375
Ratio of Daily and Weekly Liquidity to Self-Liquidity Debt and Commercial Paper		32.97

Trinity Health

Financial Ratios and Statistics (Unaudited)

	March 31, 2024	March 31, 2025
<u>**Financial Indicators**</u>		
Liquidity Ratios (as of March 31)		
Days Cash on Hand	173	224
Days in Accounts Receivable, Net	56.1	46.8
Leverage Ratios (as of March 31)		
Debt to Capitalization	31%	29%
Cash to Debt	131%	201%
Profitability Ratios (For the nine months ended March 31)		
Operating Margin	0.4%	1.0%
Operating Cash Flow Margin	5.3%	5.6%
<u>**Statistical Indicators (For the nine months ended March 31)**</u>		
(Rounded to nearest thousand)		
Discharges	397,000	402,000
Patient Days	1,963,000	1,993,000
Outpatient Visits	17,039,000	16,936,000
Emergency Room Visits	1,590,000	1,602,000
Observation Cases	94,000	91,000
<u>Continuing Care</u>		
Home Health Admissions	59,000	58,000
Long-term Care Patient Days	400,000	406,000