



# Rush University System for Health

**Annual Report  
For the Fiscal Year Ended June 30, 2022  
Audited**

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Rush Copley Medical Center  
Rush Oak Park Hospital  
Rush University Medical Center  
Rush University

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## **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION IN THIS ANNUAL REPORT**

Certain statements included or incorporated by reference in this Annual Report constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE OBLIGATED GROUP DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THE EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

### **VOLUNTARY INFORMATION REGARDING THE IMPACT OF COVID-19 ON OPERATIONS AND FINANCIAL CONDITION**

In March 2020, the World Health Organization declared the novel coronavirus disease 2019 (“COVID-19”) outbreak a global pandemic. Throughout fiscal year 2022, the COVID-19 surge continued to materially impact RUSH and has impacted the business and financial condition of the RUSH Obligated Group. Management continues to monitor the developments with respect to the COVID-19 pandemic and intends to follow requirements from the Centers for Disease Control and other applicable federal, state, and local regulatory agencies.

As of October 13, 2022, the Johns Hopkins University Corona Virus Resource Center Tracker reported the United States to have the second largest number of 28-day confirmed cases at approximately 1.3 million. Of the United States counties, Cook County, Illinois has the fourth largest number of confirmed cases at approximately 1.4 million. As a result of the ongoing COVID-19 impact, RUSH and other systems nationally are facing workforce challenges. RUSH has made its labor force a priority and implemented crisis pay, retention and signing bonuses, and other labor initiatives. These workforce strategies will continue to impact operating expenses. RUSH continues its efforts to mitigate the financial impacts as it works to maintain elective surgical cases and manage non-COVID related expenses.

RUSH has been provided some relief based on payments made to hospitals as a result of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act and the American Rescue Plan Act (“ARPA”). These various payments of \$84.5 and \$61.2 were recorded as other revenue in the consolidated statements of operations and changes in net assets during the years ended June 30, 2022 and 2021, respectively. In fiscal year 2020, RUSH also received advanced payments from Medicare of \$231.7 which were recorded within estimated third-party settlements and advances payable in the consolidated balance sheets. During fiscal year 2021, RUSH paid back \$39.2 of advanced payments from Medicare and \$192.5 remained outstanding as of June 30, 2021. Throughout fiscal year 2022, RUSH has paid back an additional \$158.6 of advanced payments from Medicare and \$33.9 remains outstanding as of June 30, 2022. The remaining amount will be repaid in fiscal year 2023 and is recorded within estimated third party settlements and advances payable in the consolidated balance sheet.

RUSH continues to work with local and city officials to deliver the COVID-19 vaccine to our community, patients and employees, following the guidelines outlined by the state and local departments of public health.

## **PURPOSE OF THE ANNUAL REPORT**

The purpose of this Annual Report is to present certain financial and operating information for the RUSH Obligated Group as defined below, for fiscal years ended June 30, 2022 and 2021 and management's discussion and analysis of the RUSH Obligated Group's financial condition and results of operations for the fiscal year ended June 30, 2022. This report also provides insights on the quality of earnings reported, significant balance sheet assumptions used and any changes in assumptions used, risks to the balance sheet and statement of operations, and the impact of anticipated future events.

Effective March 1, 2017, Rush University Medical Center ("RUMC") and Rush Copley Medical Center ("RCMC") reorganized their operations under a common corporate parent, Rush System for Health, d/b/a Rush University System for Health (the "System Parent"). The System Parent, together with its various wholly-owned or ultimately controlled subsidiaries, collectively comprise the integrated academic health system referred to herein as "RUSH". RUSH is led by a 13-member board of trustees (the "System Parent Board"), responsible for overseeing the vision and strategy of RUSH. The System Parent, RUMC, RCMC, Rush Oak Park Hospital ("ROPH") and Copley Memorial Hospital ("CMH"), Rush Copley Foundation ("Copley Foundation"), Copley Ventures and Rush Copley Medical Group ("RCMG") comprise the "RUSH Obligated Group" (or the "Obligated Group") pursuant to the Master Trust Indenture, dated as of May 29, 2020 as amended and as entered into by each member of the RUSH Obligated Group ("the Master Trust Indenture").

The financial and operating data in this Annual Report continues to be presented on a consolidated basis for this report. Consolidating schedules for RUSH are included on pages 38 - 40 of this report. For fiscal year ended June 30, 2022, the Obligated Group members constituted approximately 99.1% of the total revenue of RUSH. See "INTRODUCTION OF RUSH - PRESENTATION OF FINANCIAL INFORMATION" below for additional information.

This report includes the consolidated activities and results of the Obligated Group. The primary activities and consolidated results of this report includes the three hospitals, Rush University education and research activities, Rush University Medical Group ("RUMG"), RUMC's faculty practice plans, and other physician practice activity as well as other operating activities.

**OFFICER’S CERTIFICATE**

The undersigned duly appointed and Senior Vice President and Chief Financial Officer of Rush University Medical Center and Rush University System for Health, as the Group Representative pursuant to the Master Continuing Disclosure Agreement dated as of February 1, 2015 between the Group Representative, on behalf of itself and the other members of the Obligated Group, and Digital Assurance Certification, L.L.C., as Dissemination Agent (Dissemination Agent), hereby certifies as follows:

- 1. **Definitions.** Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Master Continuing Disclosure Agreement.
- 2. **Annual Report.** Accompanying this Annual Report Certificate is the Annual Report for fiscal year ended June 30, 2022.
- 3. **Compliance with Master Continuing Disclosure Agreement.** The Annual Report is being delivered to the Dissemination Agent herewith not later than the one-hundred twentieth (120<sup>th</sup>) day following the end of such fiscal year which is the applicable Annual Report Date for purposes of such Annual Report. The Annual Report contains, or includes by reference, the Financial Information and Operating Data required by the Master Continuing Disclosure Agreement. The Financial Information and Operating Data include information with respect to the Obligated Persons identified in Schedule 1 hereto, and such Obligated Persons constitute all of the Obligated Persons with respect to the Related Bonds for the fiscal year covered by the Annual Report. To the extent any information is included in the Quarterly Report by reference, any document so referred to has been previously provided to the Repositories or filed with the SEC or, in the case of a reference to a Final Official Statement, has been filed with the MSRB.

Such Financial Information and Operating Data have been prepared on the same basis as the most recently prepared Audited Financial Statements.

**IN WITNESS WHEREOF** the undersigned has executed and delivered this Annual Report Certificate to the Dissemination Agent, which has received such certificate and the Annual Report, all as of the 27th day of October 2022.

**RUSH UNIVERSITY MEDICAL CENTER**

As Group Representative



By: \_\_\_\_\_

Patricia S. O’Neil

Its: Senior Vice President and Chief Financial Officer

Acknowledgment of Receipt:

Digital Assurance Certification (DAC)

As Dissemination Agent



By: \_\_\_\_\_

Shana Blanchard

Its: Client Service Manager, Deputy Director

## **OBLIGATED PERSONS**

1. Rush University Medical Center (“RUMC”)
2. Rush Oak Park Hospital (“ROPH”)
3. Copley Memorial Hospital, Inc. (“CMH”)
4. Rush Copley Medical Center (“RCMC”)
5. Rush Copley Foundation (“Copley Foundation”)
6. Copley Ventures, Inc. (“Copley Ventures”)
7. Rush Copley Medical Group NFP (“RCMG”)
8. Rush University System for Health (“System Parent”)

## Selected Financial Results and Other Information

The selected financial data for the fiscal year ended June 30, 2022 and 2021 are derived from audited consolidated financial statements of the Obligated Group. The audited consolidated financial statements include all adjustments, including normal recurring accruals, which the Obligated Group considers necessary for a fair presentation of the financial position and the results of operations for these periods. See below for various highlights of the annual Obligated Group results:

*(Dollars in thousands)*

| <b>Financial Results for the Obligated Group (with Stimulus)</b>    | <b>Fiscal Year Ended<br/>Jun 30, 2022</b> | <b>Fiscal Year Ended<br/>Jun 30, 2021</b> | <b>Impact</b> |        |
|---|---|---|---------------|--------|
| Total operating revenue   | \$ 3,166,887                              | \$ 2,997,444                              | \$ 169,443    | 5.7%   |
| Total operating expenses (1)  | 3,056,389                                 | 2,874,621                                 | (181,768)     | -6.3%  |
| Operating income (2)  | 110,498                                   | 122,823                                   | (12,325)      | 10.0%  |
| Non-operating (expense) income                                      | (137,205)                                 | 192,235                                   | (329,440)     | 171.4% |
| Excess of (loss) revenue over expenses                              | (26,707)                                  | 315,058                                   | (341,765)     | 108.5% |
| Operating Cash Flow Margin  | 288,854                                   | 304,991                                   | (16,137)      | -5.3%  |
|   |   |   |               |        |
| <b>Financial Results for the Obligated Group (without Stimulus)</b> | <b>Fiscal Year Ended<br/>Jun 30, 2022</b> | <b>Fiscal Year Ended<br/>Jun 30, 2021</b> | <b>Impact</b> |        |
| Total operating revenue   | \$ 3,082,390                              | \$ 2,936,244                              | \$ 146,146    | 5.0%   |
| Total operating expenses (1)  | 3,056,389                                 | 2,874,621                                 | (181,768)     | -6.3%  |
| Operating income  | 26,001                                    | 61,623                                    | (35,622)      | 57.8%  |
| Non-operating (expense) income                                      | (137,205)                                 | 192,235                                   | (329,440)     | 171.4% |
| Excess of (loss) revenue over expenses                              | (111,204)                                 | 253,858                                   | (365,062)     | 143.8% |
| Operating Cash Flow Margin  | 204,357                                   | 243,791                                   | (39,434)      | -16.2% |
|   |   |   |               |        |
| <b>Selected Obligated Group Cash Flow Information for the</b>       | <b>Fiscal Year Ended<br/>Jun 30, 2022</b> | <b>Fiscal Year Ended<br/>Jun 30, 2021</b> | <b>Impact</b> |        |
| Net cash provided by operating activities                           | \$ 50,593                                 | \$ 425,261                                | \$ (374,668)  | -88.1% |
| Changes in operating assets and liabilities                         | (231,242)                                 | 176,722                                   | (407,964)     | 230.9% |
| Capital expenditures  | (211,670)                                 | (172,554)                                 | (39,116)      | -22.7% |
|   |   |   |               |        |
| <b>Selected Obligated Group Balance Sheet Information as of</b>     | <b>Jun 30, 2022</b>                       | <b>June 30, 2021</b>                      | <b>Impact</b> |        |
| Unrestricted cash and investments                                   | \$ 1,855,516                              | \$ 2,161,836                              | \$ (306,320)  | -14.2% |
| Restricted cash and investments                                     | 868,333                                   | 923,744                                   | (55,411)      | -6.0%  |
| Accounts receivable for patient services                            | 370,352                                   | 364,311                                   | 6,041         | -1.7%  |
| Net property and equipment  | 1,692,178                                 | 1,618,770                                 | 73,408        | 4.5%   |
| Obligated Group indebtedness  | 920,625                                   | 937,510                                   | 16,885        | 1.8%   |
| Postretirement and pension benefits assets                          | 45,582                                    | 65,694                                    | 20,112        | 30.6%  |
| Postretirement and pension benefits liabilities                     | 98,760                                    | 95,216                                    | (3,544)       | -3.7%  |
| Net assets without donor restrictions                               | 1,923,342                                 | 1,978,159                                 | (54,816)      | -2.8%  |

Note 1: Refer to 'Significant Nonrecurring Items' on page 21 of this Annual Report for a listing of items impacting the Obligated Group's reported operating income for the fiscal year ended June 30, 2022 and 2021.

Note 2: Operating income includes Stimulus Funding of \$84.5 and \$61.2 million through fiscal year ended June 30, 2022 and 2021, respectively.



## Financial Ratios – Obligated Group

|  | AUDITED FISCAL YEAR |                |                |                | TARGET                         |
|--|---------------------|----------------|----------------|----------------|--------------------------------|
|  | 2022<br>Actual      | 2021<br>Actual | 2020<br>Actual | 2019<br>Actual | Moody's "A"<br>Median 2021 (2) |
| <b>Operating Performance:</b>  |                     |                |                |                |                                |
| Adjusted Operating Margin - Excluding pension settlement expense (4) | N/A                 | N/A            | N/A            | 2.2%           | 3.1%                           |
| Operating Margin   | 3.5%                | 4.1%           | -2.9%          | 1.3%           | 3.1%                           |
| Operating Margin without Stimulus Funding (5)                        | 0.8%                | 2.1%           | -6.3%          | N/A            | 3.1%                           |
| Excess Margin (1) (4)  | 5.0%                | 5.6%           | -1.7%          | 3.3%           | 6.7%                           |
| Operating Cash Flow Margin (4)                                       | 9.1%                | 10.2%          | 4.1%           | 8.0%           | 8.8%                           |
| <b>Liquidity:</b>  |                     |                |                |                |                                |
| Days Cash on Hand (4)  | 232.8               | 289.5          | 255.9          | 195.5          | 268.4                          |
| Days in Patient Accounts Receivable                                  | 50.0                | 51.6           | 57.0           | 61.9           | 48.3                           |
| <b>Financial Position / Debt Capacity:</b>                           |                     |                |                |                |                                |
| Debt to Capitalization   | 32.4%               | 32.2%          | 39.6%          | 28.5%          | 29.1%                          |
| Debt to Cash Flow (1) (4)  | 3.0                 | 2.9            | 9.4            | 3.2            | 2.6                            |
| Cash to Debt   | 201.5%              | 230.6%         | 175.1%         | 188.8%         | 220.4%                         |
| Maximum Annual Debt Service Coverage (1) (3) (4)                     | 5.4x                | 5.6x           | 2.1x           | 5.2x           | 5.5x                           |
| Annual Debt Service Coverage (1) (3) (4)                             | 7.7x                | 7.5x           | 3.1x           | 5.7x           | 6.0x                           |
| Average Age of Plant in Years  | 13.0                | 12.5           | 11.1           | 12.6           | 12.4                           |
| Capital Spending Ratio   | 1.4                 | 1.2            | 1.4            | 1.5            | 1.1                            |

Note 1: Net income excludes unrealized gains and losses on unrestricted investments, change in fair value of interest rate swaps still outstanding, nonoperating loss on impairment of assets, loss on early extinguishment of debt, and pension settlement expense.

Note 2: As published by Moody's Investor Services, Fiscal Year 2021 Not-for-Profit Health care Medians for Freestanding Hospitals, Single-State and Multi-State Healthcare Systems, September 2022.

Note 3: Net revenue available for debt service excludes unrealized gain and losses on trading securities, net gains and losses on sales, a component of nonoperating income, which is consistent with the Obligated Group debt covenant calculation.

Note 4: In fiscal year 2019, RUMC and ROPH offered an early retirement opportunity ("ERO") to certain eligible employees. The ERO created a \$23.2 million pension settlement expense, which is excluded from total operating expenses above. RUMC and ROPH also paid \$13.1 million in severance to ERO participants, which is included in total operating expenses within salaries and benefits.

Note 5: Operating income excludes Stimulus Funding of \$84.5, \$61.2 and \$86.0 million through fiscal years ended June 30, 2022, 2021 and 2020, respectively.

## **INTRODUCTION**

This Annual Report contains information concerning the RUSH Obligated Group, which comprises Rush System for Health d/b/a Rush University System for Health (the “System Parent”) and its various wholly owned or ultimately controlled subsidiaries (together with the System Parent, collectively, “RUSH”). RUSH shares a common mission across entities to improve the health of the individuals and diverse communities it serves through the integration of outstanding patient care, education, research and community partnerships.

## **RUSH**

Effective March 1, 2017, after 30 years of collaboration as members of the same Obligated Group, Rush University Medical Center (“RUMC”) and Rush Copley Medical Center (“RCMC”) entered into a reorganization agreement to fully integrate their operations under the System Parent, forming RUSH. RUSH comprises: (i) RUMC, RCMC and Rush Oak Park Hospital (“ROPH”), each of which owns and operates a hospital (the “Hospitals”), (ii) numerous outpatient care facilities throughout the Chicagoland area, (iii) Rush University, a health sciences university with more than 2,800 students comprised of Rush Medical College, the College of Nursing, the College of Health Sciences and the Graduate College and (iv) Rush Health, RUSH’s physician hospital organization and clinically integrated network, which includes the Hospitals, Riverside Health System in Kankakee and more than 2,400 affiliated providers. As of June 30, 2022, RUSH included three hospitals, 967 staffed beds, and 846 employed physicians.

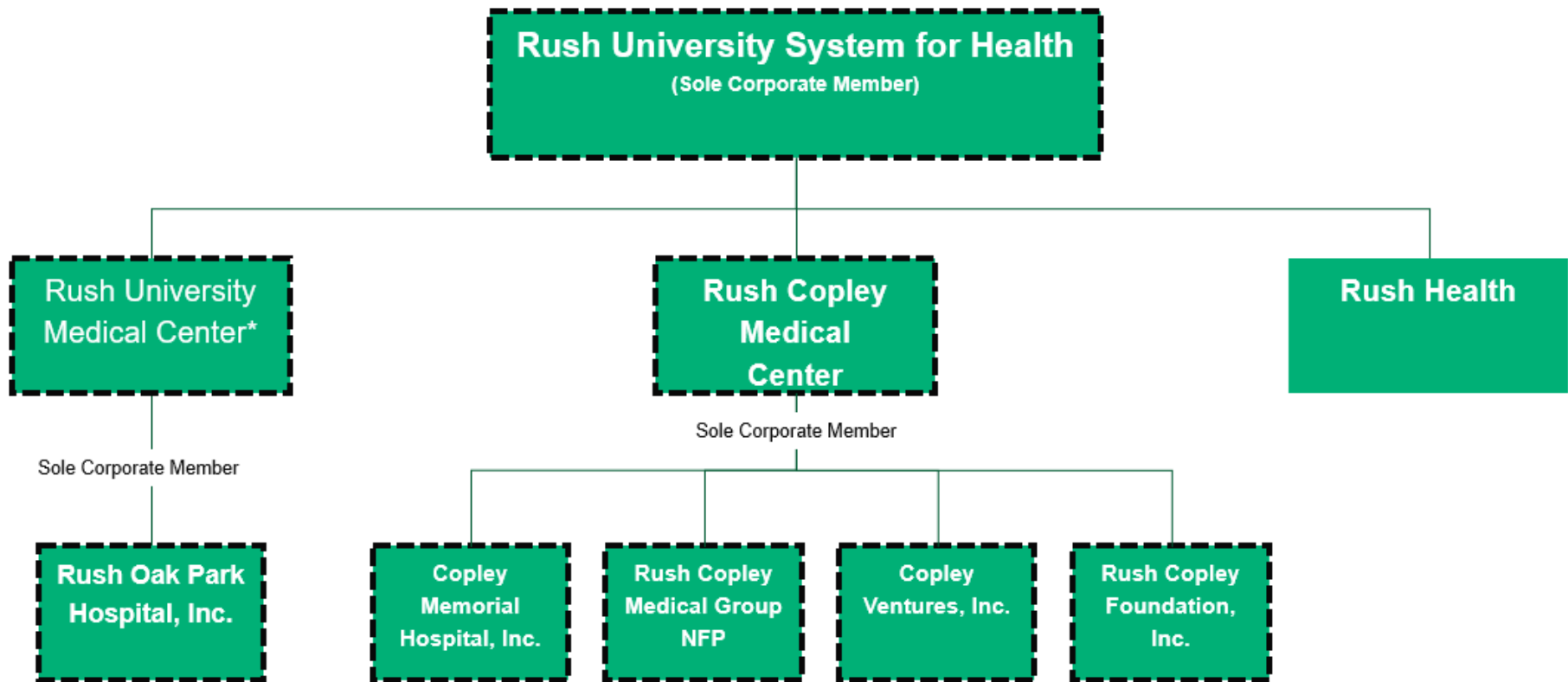
### **The Obligated Group**


The System Parent and certain of its affiliates are members of the RUSH Obligated Group created under the Master Trust Indenture, as described herein. The entities listed as “Obligated Persons” on page 4 of this Report are the only members of the RUSH Obligated Group and are the only entities that have any liability or obligation under the Master Trust Indenture.

Rush Health and Riverside Health System are not members of the RUSH Obligated Group and do not have any liability with respect to the Master Trust Indenture. The Obligated Group members have other affiliates, joint ventures and investments in other organizations which are not members of the RUSH Obligated Group and which do not have any liability with respect to the Master Trust Indenture. These organizations primarily operate inpatient and outpatient health and related services that support the operations of the RUSH Hospitals and the mission of RUSH. In addition, joint ventures and investments, although not members of the Obligated Group, are accounted for in the RUSH financial statements using the equity method or are consolidated depending upon the control exercised by the RUSH Obligated Group.

### **Organizational Chart**

The chart on the following page reflects the corporate organizational structure of RUSH, excluding joint ventures and other affiliated for-profit companies which are disregarded from a federal tax accounting perspective. The entities shown are all members of the Obligated Group other than Rush Health.



 = Member of the Obligated Group

\*Includes Rush University

## **Vision, Mission and Imperatives**

RUSH's vision is to be the leading academic health system in the region and nationally recognized for transforming health care. The mission of RUSH is to improve the health of the individuals and diverse communities it serves through the integration of outstanding patient care, education, research and community partnerships. RUSH's core "I CARE" values — Innovation, Collaboration, Accountability, Respect and Excellence — are the roadmap to its mission and vision.

Excellence at RUSH comes from its singular focus to improve health for all. Across its three hospitals, integrated health sciences university and more than 30 care locations, everything at RUSH is built around this commitment.

RUSH is a learning health care system with research, education, training and excellent clinical care rooted in its values. With this foundation, RUSH is building cutting-edge capacity and an outstanding, best-in-class workforce trained to provide the right care, in the right place, at the right time. Fully leveraging these resources will deliver what matters most to patients: the best value and the best outcomes for the best life.

## **Presentation of Financial Information**

Although the System Parent and the other Obligated Persons listed on page 4 of this report are currently the only members of the RUSH Obligated Group under the Master Trust Indenture, the System Parent controls directly or indirectly, a number of other non-member entities whose revenues and expenses and results of operations are included in RUSH consolidated financial statements included in appendix hereto. Such non-member joint ventures and investment entities are accounted for in RUSH audited consolidated financial statements using the equity method of accounting or are consolidated depending upon the control exercised by the applicable Obligated Group member. Further, the information describing the financial condition of RUSH contained in this Annual Report includes information with respect to these entities which are not Obligated Group members. For the fiscal year ended June 30, 2022, these non-member entities constituted approximately 0.9% of total revenue of RUSH.

## **Obligated Group Members**

***Rush University System for Health*** – The System Parent is the sole corporate member (with reserved powers over the operations) of RUMC, RCMC and Rush Health and oversees all entities that comprise RUSH.

***Rush University Medical Center*** – RUMC owns and operates an academic medical center located in Chicago, Illinois. Major operations of RUMC include Rush University Hospital ("RUH"), Rush University and Rush University Medical Group ("RUMG"). The hospital operations of RUMC are licensed by the State of Illinois to operate 727 beds and includes the Johnston R. Bowman Health Center, which provides medical and rehabilitative care to older adults and people with short- and long-term disabilities, and Rush University Children's Hospital. According to COMPdata, RUMC is the fourth largest hospital provider in the eight county Chicago metropolitan area as measured by market share. RUMC is an Illinois not for profit corporation, which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

***Rush Oak Park Hospital, Inc.*** – ROPH owns and operates a 165 licensed bed acute care facility located approximately eight miles west of RUMC in Oak Park, Illinois. Effective June 30, 2014, ROPH became a member of the Obligated Group. ROPH is an Illinois not for profit corporation, which is exempt from federal income taxes under Section 501(c)(3) of the Code.

***Rush Copley Medical Center*** – RCMC is the sole corporate member (with reserved powers over the operations) of the other Copley members of the Obligated Group (a description of each as follows). RCMC supports the other Copley members by providing administrative, management and related services. RCMC is an Illinois not for profit corporation, which is exempt from federal income taxes under Section 501(c)(3) of the Code.

***Copley Memorial Hospital, Inc.*** – Copley owns and operates an acute care hospital located approximately 35 miles west of RUMC in Aurora, Illinois. Copley is licensed by the State of Illinois to operate 210 beds, all of which are currently staffed. Copley is an Illinois not for profit corporation, which is exempt from federal income taxes under Section 501(c)(3) of the Code.

**Rush Copley Foundation** – Copley Foundation solicits contributions to support health care activities in RCMC’s service area, including, but not limited to, those of RCMC. Copley Foundation is an Illinois not for profit corporation, which is exempt from federal income taxes under Section 501(c)(3) of the Code.

**Copley Ventures, Inc.** – Copley Ventures holds title to property for rental purposes. Copley Ventures is an Illinois not for profit corporation, which is exempt from federal income taxes under Section 501(c)(3) of the Code.

**Rush Copley Medical Group NFP** – The Medical Group owns, operates, controls and otherwise coordinates the activities of physician practice health and medical services and provides certain physician billing and administrative services. The Medical Group is an Illinois not for profit taxable corporation.

## **Non-Obligated Group Members**

Rush Health, an Illinois not for profit corporation, was established in 1994 for the purpose of contracting and administering various contracts with certain managed care organizations, marketing and improving clinical processes and outcomes through the integration and coordination of high-quality, patient-focused, cost-effective health care products and services meeting the needs of the patient, employer, community and the provider. Rush Health has evolved into RUSH’s physician hospital organization and clinically integrated network. Members currently include RUMC, ROPH, RCMC, Riverside Health System and more than 2,400 affiliated providers (1,377 affiliated physicians and 1,044 Advance Practice Providers). Rush Health manages more than \$2.9 billion in net patient services revenues and has approximately 146,847 lives covered under a variety of commercial and governmental value-based care arrangements.

Rush Health also operates a subsidiary company, Rush Health ACO, which holds an Medicare Shared Savings Program (“MSSP”) contract. All Rush Health providers are participants in the Rush Health ACO.

## **RUSH Service Area**

RUSH serves the greater eight-county Chicago metro area, which has an estimated population of almost nine million people. This market area encompasses Cook, DuPage, Kane, Kankakee, Kendall, McHenry, Lake and Will counties.

## **Governance**

On March 1, 2017, RUMC and RCMC reorganized their operations under a newly constituted System Parent Board of Trustees (the “System Parent Board” or the “Board”). The Board, established to facilitate nimble, centralized and shared governance over key strategic and threshold matters, is comprised of 13 Trustees (“Trustees”), 10 of which are members of the board of RUMC and three of which are members of the board of RCMC. The System Parent Board has certain reserved powers aimed to ensure RUSH meets the commitments of its mission and supports the continued pursuit of the RUSH vision. Local subsidiary boards at RUMC, RCMC and ROPH have been maintained to support community-focused, patient prioritized governance of Hospital and ambulatory care initiatives. RUSH deems these subsidiary boards critical to system-wide success, as the local leadership and local board of each Hospital best know their communities and understand their unique needs. RUSH’s governance structure and management style rely on, support and respect this expertise.

## **Medical Staff**

Each Hospital has a separate medical staff. The members of each medical staff are appointed by the board of each Hospital in accordance with the appointment and reappointment procedures in the respective medical staff bylaws and according to the respective Hospital’s governance procedures. The categories of membership for each Hospital’s medical staff are determined by each Hospital’s medical staff bylaws. As of June 30, 2022, RUSH’s medical staff consists of 846 employed physicians.

## **Recognition**

All three RUSH hospitals have achieved Magnet status, the highest recognition a hospital can receive for nursing excellence, with Rush University Medical Center receiving its fifth consecutive designation in 2020, Rush Oak Park Hospital receiving its second designation in 2021 and Rush Copley Medical Center receiving their designation in 2020. The Medical Center is the only hospital in Illinois

providing care to both adults and children to have achieved Magnet status five times and was the first hospital for adults and children in the state to achieve Magnet status.

As of September 2022, RUMC was recognized as being among the top academic medical centers nationwide in the annual ranking by Vizient. RUMC ranked number 3 out of 107 comprehensive US academic medical centers assessed by Vizient for excellence in delivering high-quality care. Vizient also ranked RUMC number 3 among 55 participating ambulatory (i.e., outpatient clinic) care practices in its Ambulatory Care Quality and Accountability Ranking.

In July 2022, for the third year in a row, Rush University Medical Center has earned a place on U.S. News & World Report's annual Best Hospitals Honor Roll. Of the more than 4,500 U.S. hospitals evaluated, Rush University Medical Center ranked No. 20 in the nation, with ten of Rush specialties rated among the country's very best and four ranked best in Illinois. To put this achievement in perspective, only about 5.0% of evaluated hospitals receive high enough scores to rank nationally in even one specialty.

In July 2022, all three RUSH hospitals received high marks for quality and patient experience from the Centers for Medicare & Medicaid Services, with Rush University Medical Center and Rush Oak Park Hospital earning five-star ratings, the highest designation, and Rush Copley Medical Center earning four stars.

In May 2022, RUSH achieved Cum Laude in Epic's Honor Roll Program. The Honor Roll Program is a recognition program based on use of strategies, lessons learned, and best practices distilled from Epic's experience serving well-respected healthcare organizations.

In April 2022, for the third consecutive time, all three RUSH hospitals have received 'A' grades, the highest possible, in the latest grades awarded by The Leapfrog Group, a nonprofit watchdog organization. The grades are an assessment of hospitals' success in protecting patients from harm and medical errors.

In January 2022, RUSH System received its ninth Beacon Award. The Beacon award honors excellence in intensive care nursing and is regarded as the top honor in the field. The medical intensive care unit at RUMC, received a silver-level Beacon award in January while being one of the primary units for providing care for patients with COVID-19. ROPH has earned a gold-level designation for its ICU. RCMC also has received a gold-level designation for its ICU, and Rush Copley's intermediate care unit earned a silver-level designation.

## **THE HOSPITALS AND UNIVERSITY**

### **Rush University Medical Center**

#### **History and Background**

Major operations of RUMC include RUH, RUMG and Rush University, a graduate health sciences university that educates students in health related fields and houses Rush Medical College, the College of Nursing, the College of Health Sciences and the Graduate College.

#### **Location**

RUMC is located on the west side of Chicago, Illinois. RUMC operates in the eight county area which includes the City of Chicago and surrounding counties. The clinical and academic facilities of RUMC are primarily located on approximately 33 acres in the northeast portion of the Illinois Medical District ("IMD"), which consists of 560 acres on the near west side of Chicago.

#### **Service Area and Competition**

RUMC considers its service area to be the eight counties surrounding and including the City of Chicago. The eight county market area encompasses Cook, DuPage, Kane, Kankakee, Kendall, McHenry, Lake and Will counties. RUMC is the fourth largest inpatient hospital

provider in this market area, with a market share of 3.4% for the twelve months ended June 30, 2022, down from 3.6% in June 30, 2021. RUMC was the first in Bone and Joint, second in Cancer, second in Neuroscience and fifth in the market in transplant.

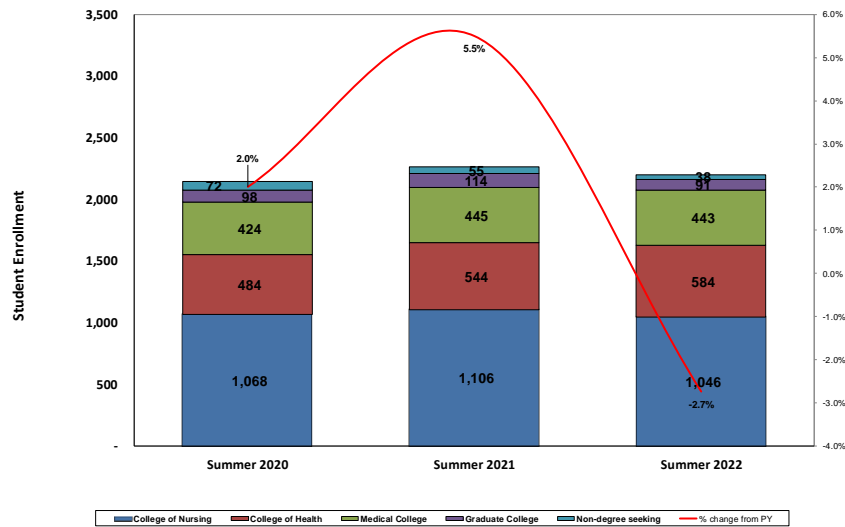
RUMC’s primary service area (“PSA”) consists of 61 ZIP codes that surround the RUMC main campus. These ZIP codes were responsible for 58.0% and 56.9% of RUMC’s total discharges in fiscal year 2021 and 2020, respectively.

RUMC considers its principal, but not exclusive, competition to be the four other academic medical centers in the Chicago metropolitan area. In addition, there are several large institutions in the area that provide certain tertiary levels of care which are also provided by RUMC and numerous community hospitals that provide primary and secondary levels of care which are also provided by RUMC. The four academic medical centers are Northwestern Memorial Hospital, University of Chicago Hospitals & Health System, Loyola University Medical Center and the University of Illinois at Chicago Medical Center.

### Rush University

Rush University, which includes Rush Medical College, the College of Nursing, the College of Health Sciences and the Graduate College, was established in 1972 as the higher education component of RUMC. The antecedent to Rush University dates from 1837 when Rush Medical College was founded, two days before the city of Chicago was chartered. Rush Medical College graduated 10,976 physicians before suspending operations in 1942. It was reactivated in 1969. Rush University’s reputation for excellence is reinforced by U.S. News & World Report 2023 Best Graduate Schools rankings. The College of Nursing is ranked first in the Nursing Administration and Pediatric Acute Care DNP categories. In addition, the College of Nursing ranked in the top five in seven other categories.

Revenue consists mainly of tuition revenue. Expenses are those instructional expenses required to educate the students. Enrollment continues to grow with total enrollment in the four colleges of 2,202 students in the summer of 2022. Total summer enrollment for 2020, 2021 and 2022 in Rush University is shown on the following table.



## **Rush Copley Medical Center**

### **History and Background**

Copley Memorial Hospital, which operates as Rush Copley Medical Center, has served the health care needs of the greater Aurora community since 1886 when it began operations as the Aurora City Hospital. In 1995, Copley opened a new acute care hospital and closed its previously existing facility. RCMC is a full service community hospital offering a comprehensive range of inpatient and outpatient services. In addition to traditional community hospital services, RCMC also provides more sophisticated services including an inpatient rehabilitation unit, cardiovascular surgery, a cancer center with two linear accelerators and stereotactic radiosurgery, gynecologic oncology, neurosurgical services, a movement disorders program, a neuro intensive care unit, and a neonatal intensive care unit.

### **Location**

RCMC is located approximately 35 miles west of RUMC in Aurora, Illinois. The clinical facilities are located primarily on a 98-acre campus serving Aurora and the greater Aurora community, including most of southern Kane County and Kendall County.

### **Service Area and Competition**

RCMC's PSA is located almost wholly in southern Kane County and Kendall County, as well as parts of DuPage, DeKalb, LaSalle, Grundy, and Will counties and is comprised of Aurora and communities to the west of Aurora including Montgomery, Oswego, Sugar Grove, Yorkville and a number of other rural communities in Kendall County. RCMC is the largest inpatient hospital provider in this market area, with a market share of 37.5% for the twelve months ended June 30, 2022.

## **Rush Oak Park Hospital**

### **History and Background**

Opened in 1907 by the Sisters of Misericordia, ROPH was the first hospital in the area. ROPH historically was affiliated with Wheaton Franciscan Services, Inc. In 1997, RUMC assumed full management of hospital operations, bringing its comprehensive services, programs and physicians to ROPH and in 2014 RUMC became the sole corporate member of ROPH. The ROPH campus includes the Breast Center, a state-of-the-art Interventional Radiology and Surgical suites, a comprehensive Center for Diabetes and Endocrine Care with an American Diabetes Association-Recognized Education Program and board-certified endocrinologists, a new emergency department, and a busy Multispecialty Clinic with providers from Rush University Medical Group.

### **Location**

ROPH is located approximately eight miles west of RUMC in Oak Park, Illinois. Oak Park is a village adjacent to the west side of the city of Chicago in Cook County, Illinois.

### **Service Area and Competition**

ROPH has been a key health care provider in the Oak Park and River Forest community for more than 100 years. As a foundational location within RUSH, ROPH combines the convenience and personal touch of a community hospital with the technology and expertise of a major academic health system.

ROPH is a full service community hospital offering a comprehensive range of inpatient and outpatient services. In addition to traditional community hospital services, ROPH also provides comprehensive diabetes care, orthopaedics and a Rush Radiation Therapy Center.



## SUMMARY OF HISTORICAL UTILIZATION AND FINANCIAL INFORMATION

### Historical Utilization of Services

The following tables summarize certain consolidated historical utilization statistics for the Obligated Group for the fiscal years ended June 30, 2022 and 2021:

#### Historical Utilization of Services

|                         | Fiscal Year Ended |             |
|-------------------------|-------------------|-------------|
|                         | June 30,          |             |
|                         | <u>2022</u>       | <u>2021</u> |
| Beds:                   |                   |             |
| Licensed                | 1,102             | 1,122       |
| Staffed                 | 967               | 1,043       |
| Utilization Statistics: |                   |             |
| Admissions              | 45,934            | 49,717      |
| Patient Days            | 250,442           | 253,373     |
| Average length of stay  | 5.45              | 5.10        |
| Adjusted Discharges     | 112,885           | 113,362     |
| Occupancy:              |                   |             |
| RUMC                    | 71.2%             | 71.6%       |
| ROPH                    | 62.6%             | 31.4%       |
| RCMC                    | 73.4%             | 78.1%       |
| Obligated Group         | 71.0%             | 66.6%       |
| Emergency Room Visits:  | 174,950           | 165,614     |
| Surgical Procedures:    |                   |             |
| Inpatient               | 13,744            | 15,907      |
| Outpatient              | 43,579            | 41,301      |
| Total                   | 57,323            | 57,208      |
| Volumes:                |                   |             |
| Provider Visits         | 1,139,279         | 1,074,800   |
| Outpatient Visits       | 926,053           | 1,009,607   |
| Total                   | 2,065,332         | 2,084,407   |

## Summary of Revenues and Expenses

The selected financial data for the fiscal years ended June 30, 2022 and 2021 are derived from audited consolidated financial statements of RUSH. The audited consolidated financial statements include all adjustments, including normal recurring accruals, which RUSH considers necessary for a fair presentation of the financial position and the results of operations for these periods. See below for various highlights of quarterly results:

RUSH currently files annual reports and certain other disclosures on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.

## Operating Results

The operating results of the Obligated Group for the fiscal years ended June 30, 2022 and 2021 were as follows:

Inpatient / Outpatient percentage breakdown was 42.2% / 57.8% and 45.4% / 54.6% for the fiscal years ended June 30, 2022 and 2021.

### Summary of Statement of Operations - Obligated Group

| <i>(In thousands)</i>                      | Fiscal Year Ended  |                   |
|--|--------------------|-------------------|
|  | June 30,           |                   |
|  | <u>2022</u>        | <u>2021</u>       |
| Patient service revenue (1)                | \$ 2,702,767       | \$ 2,574,590      |
| Other operating revenue                    | 464,120            | 422,854           |
| Total operating revenue                    | <u>3,166,887</u>   | <u>2,997,444</u>  |
| Salaries, wages and employee benefits      | 1,592,629          | 1,505,427         |
| Supplies, utilities and other              | 970,180            | 899,939           |
| Professional liability and other insurance | 57,607             | 70,448            |
| Purchased services                         | 257,616            | 216,639           |
| Depreciation and amortization              | 147,748            | 149,136           |
| Interest                                   | 30,609             | 33,032            |
| Total operating expenses                   | <u>3,056,389</u>   | <u>2,874,621</u>  |
| Operating income                           | 110,498            | 122,823           |
| Non-operating (expense) income             | (137,205)          | 192,235           |
| Excess of revenue over expenses            | <u>\$ (26,707)</u> | <u>\$ 315,058</u> |

<sup>(1)</sup> Net patient service revenue is net of implicit and explicit price concessions for the fiscal years ended June 30, 2022 and 2021.

## Liquidity

The following table sets forth the Obligated Group's liquidity, namely unrestricted cash and cash equivalents and marketable securities, which include investments designated for capital purposes and includes Medicare Advance and Accelerated Payments of \$33.9 and \$192.5 million for the fiscal years ended June 30, 2022 and 2021. Excluded from liquidity are investments limited as to use for donor purposes, interest in collateral pools, trust assets limited for use to the self-insurance program and debt service reserve funds.

### Obligated Group Liquidity

| <i>(In thousands)</i>   | <b>Fiscal Year Ended</b> |                  |
|---|--------------------------|------------------|
|   | <b>June 30,</b>          |                  |
|   | <u>2022</u>              | <u>2021</u>      |
| Unrestricted cash and cash equivalents  | \$ 498,247               | \$ 422,915       |
| Unrestricted marketable securities  | <u>1,357,270</u>         | <u>1,738,921</u> |
| Total unrestricted cash and marketable securities                               | 1,855,517                | 2,161,836        |
| Total operating expenses  | 3,056,389                | 2,874,621        |
| Depreciation and amortization   | <u>147,748</u>           | <u>149,136</u>   |
| Total operating expenses less depreciation, amortization and pension settlement | \$ 2,908,641             | \$ 2,725,485     |
| Days cash on hand   | 232.8                    | 289.5            |

### Capitalization

The following table reflects the Obligated Group's historical long-term indebtedness as a percentage of total capitalization for the fiscal years ended June 30, 2022 and 2021:

#### Historical Long-Term Capitalization

| <i>(In thousands)</i>                           | <b>Fiscal Year Ended</b> |                  |
|---|--------------------------|------------------|
|   | <b>June 30,</b>          |                  |
|   | <u>2022</u>              | <u>2021</u>      |
| Long-term debt                                  | \$ 918,262               | \$ 934,018       |
| Capital leases and other financing arrangements | <u>2,363</u>             | <u>3,492</u>     |
| Total debt                                      | 920,625                  | 937,510          |
| Net assets without donor restrictions           | <u>1,923,342</u>         | <u>1,978,159</u> |
| Total Capitalization                            | \$ 2,843,967             | \$ 2,915,669     |
| Capitalization Ratio                            | 32.4%                    | 32.2%            |

### Sources of Revenue

The majority of revenue received by RUSH is attributable to billed services provided to its patients. The payments made on behalf of these patients are from government programs such as Medicare and Medicaid, from managed care companies under negotiated contracts, from commercial insurance carriers with no negotiated contract and directly from patients.

The following is a summary of gross patient service revenue payor mix for the fiscal years ended June 30, 2022 and 2021:

### Sources of Gross Patient Service Revenue - Obligated Group

|                       | Fiscal Year Ended |                |
|-----------------------|-------------------|----------------|
|                       | June 30,          |                |
|                       | <u>2022</u>       | <u>2021</u>    |
| Medicare              | 28.6 %            | 29.7 %         |
| Medicare Managed Care | 12.1              | 9.4            |
| Medicaid              | 2.7               | 2.8            |
| Medicaid Managed Care | 18.9              | 18.3           |
| Blue Cross            | 22.1              | 23.9           |
| Managed Care          | 12.8              | 12.7           |
| Commercial & Self-Pay | 2.8               | 3.2            |
| Total                 | <u>100.0 %</u>    | <u>100.0 %</u> |

In October 2013, CMS approved the Enhanced Illinois Hospital Assessment Program which provides for additional Medicaid payments and a tax assessment for Illinois hospitals based on outpatient gross revenues, collectively referred to along with the existing program as the “Hospital Assessment Program,” which was retroactive to June 2012. Effective July 1, 2018, the State of Illinois and CMS approved a redesign of the Hospital Assessment Program, but has not had a material impact on RUSH from the previous program. The combined Hospital Assessment Program’s impact on the Consolidated Statements of Operations during the fiscal years ended June 30, 2022 and 2021:

### Illinois Hospital Assessment Program Impact

| <i>(In thousands)</i>                 | Fiscal Year Ended |                  |
|---------------------------------------|-------------------|------------------|
|                                       | June 30,          |                  |
|                                       | <u>2022</u>       | <u>2021</u>      |
| Patient service revenue               | \$ 156,292        | \$ 123,248       |
| Supplies, utilities and other expense | 66,378            | 72,019           |
| Operating income*                     | <u>\$ 89,914</u>  | <u>\$ 51,229</u> |

\*Hospital Assessment Program announced an estimate of \$240.0 million in tax relief. RUSH received \$8.5 million of relief for May and June 2022.

### Debt Service Coverage

The following tables sets forth the actual maximum annual debt service coverage on the Indebtedness of the Obligated Group for the fiscal years ended June 30, 2022 and 2021:

## Debt Service Coverage

| <i>(In thousands)</i>                          | Fiscal Year Ended<br>June 30, |             |
|--|-------------------------------|-------------|
|  | <u>2022</u>                   | <u>2021</u> |
| Excess of revenues over expenses               | \$ (26,707)                   | \$ 315,058  |
| Exclude certain special items:                 |                               |             |
| Change in fair value of interest rate swaps    | 7,228                         | 4,668       |
| Loss on extinguishment of debt                 | -                             | -           |
| Unrealized gain / (loss) on trading securities | (189,363)                     | 141,604     |
| Net loss on sales                              | (4,506)                       | (1,553)     |
| Net Income, excluding special items            | 159,934                       | 170,340     |
| Depreciation and amortization                  | 147,748                       | 149,136     |
| Interest                                       | 30,609                        | 33,032      |
| Income available for debt service              | \$ 338,291                    | \$ 352,508  |
| <br>   |                               |             |
| Maximum Annual Debt Service Requirement        | 62,797                        | 62,797      |
| Maximum Annual Debt Service Coverage Ratio     | 5.4                           | 5.6         |

## Recent Financial Performance – Fiscal Years Ended June 30, 2022 and 2021

**Drivers of Performance – Operating Revenue** – Operating revenue for RUSH increased by \$169.4 million or 5.6% from the fiscal year ended June 30, 2021 to the fiscal year ended June 30, 2022. The largest contributor to operating revenue is patient service revenue in the hospitals contributing 71.7% of operating revenue for the fiscal year ended June 30, 2022.

### RUSH Revenue Sources

|                            | Fiscal Year Ended June 30, |                   |                          |                   |
|----------------------------|----------------------------|-------------------|--------------------------|-------------------|
|                            | <u>2022</u>                |                   | <u>2021</u>              |                   |
|                            | <u>Operating Revenue</u>   | <u>% of Total</u> | <u>Operating Revenue</u> | <u>% of Total</u> |
| Patient Service Revenue:   |                            |                   |                          |                   |
| Hospitals                  | \$ 2,272,688               | 71.7%             | \$ 2,162,339             | 72.1%             |
| Physician Practice Plans   | 430,079                    | 13.6%             | 412,249                  | 13.7%             |
| University Services:       |                            |                   |                          |                   |
| Research                   | 170,304                    | 5.4%              | 155,870                  | 5.2%              |
| Education (*)              | 91,240                     | 2.9%              | 87,235                   | 2.9%              |
| Other Operating Activities | 204,121                    | 6.4%              | 181,368                  | 6.0%              |
| Total                      | \$ 3,168,432               | 100.0%            | \$ 2,999,061             | 100.0%            |

\* Includes the Rush Medical College, the College of Nursing, the College of Health Sciences and the Graduate College.

Patient service revenue for the hospitals and physician practice plans combined increased by \$128.2 million or 5.0% from the fiscal year ended June 30, 2021 to the fiscal year ended June 30, 2022.

**Reimbursement Environment and Payer Mix** – Revenue for the hospitals includes payments from government programs such as Medicare and Medicaid, from managed care companies under negotiated contracts, from commercial insurance companies with no negotiated contract, and directly from patients. Governmental payers accounted for 62.3% and 60.2% of the Obligated Group's gross

patient service revenues for the fiscal years ended June 30, 2022 and 2021, respectively. There have been modest increases in Medicare reimbursement in the last several years. Effective July 1, 2014, Medicaid reformed and updated its payment system. While the Obligated Group was among several Illinois facilities which would have seen reimbursement decreases due to this change, Medicaid committed to making transitional payments to hold hospitals harmless through June 2018. The State of Illinois and the Centers for Medicare and Medicaid Services (CMS) approved a redesign of the Hospital Assessment Program effective July 1, 2018. The redesign has not had a material impact on the Obligated Group from the previous program.

The Obligated Group is currently seeing a shift in its traditional payer mix of patients. In an effort to reduce the number of uninsured patients, the ACA provided for the creation of Health Insurance Exchanges (“HIX”) and the expansion of Medicaid coverage for adults. This has resulted in increased hospital volume under new Blue Cross HIX plans as well as an increase in the overall Medicaid patient mix. Additionally, the number of self-pay patients has decreased slightly. The State of Illinois has moved a significant portion of its Medicaid population to Managed Care plans. Consequently, the Obligated Group has seen a marked increase in Medicaid Managed Care mix with a concurrent drop in traditional Medicaid.

The mix of patient service revenue, recognized during the years ended June 30, 2022 and 2021, by major payor source and by lines of business was as follows:

|                                 | <b>June 30, 2022</b> |                             |  |  |                     |          |
|---------------------------------|----------------------|-----------------------------|--|--|---------------------|----------|
|                                 | <b>Hospitals</b>     | <b>Physician<br/>Groups</b> | <b>Clinical Joint<br/>Ventures &amp;<br/>Other</b> |  | <b>TOTAL</b>        | <b>%</b> |
|                                 |                      |                             |  |  |                     |          |
| Medicare                        | 458,213              | 57,407                      | 17,540   |  | 533,160             | 19.7%    |
| Medicare Managed Care           | 173,271              | 24,980                      | -  |  | 198,251             | 7.3%     |
| Medicaid                        | 54,379               | 3,431                       | 1,539  |  | 59,349              | 2.2%     |
| Medicaid Managed Care           | 325,905              | 36,624                      | 25,186   |  | 387,715             | 14.4%    |
| Managed care                    | 357,723              | 61,926                      | 43,192   |  | 462,840             | 17.1%    |
| Blue Cross                      | 680,460              | 94,444                      | 16,368   |  | 791,272             | 29.3%    |
| Commercial, self-pay, and other | <u>230,816</u>       | <u>31,192</u>               | <u>8,171</u>                                       |  | <u>270,179</u>      | 10.0%    |
| Total                           | <u>\$ 2,280,767</u>  | <u>\$ 310,004</u>           | <u>\$ 111,996</u>                                  |  | <u>\$ 2,702,767</u> | 100.0%   |

|                                 | <b>June 30, 2021</b> |                             |  |  |                     |          |
|---------------------------------|----------------------|-----------------------------|--|--|---------------------|----------|
|                                 | <b>Hospitals</b>     | <b>Physician<br/>Groups</b> | <b>Clinical Joint<br/>Ventures &amp;<br/>Other</b> |  | <b>TOTAL</b>        | <b>%</b> |
|                                 |                      |                             |  |  |                     |          |
| Medicare                        | 459,920              | 57,389                      | 17,514   |  | 534,823             | 20.8%    |
| Medicare Managed Care           | 131,046              | 11,734                      | -  |  | 142,780             | 5.6%     |
| Medicaid                        | 53,418               | 10,854                      | 3,698  |  | 67,970              | 2.6%     |
| Medicaid Managed Care           | 283,508              | 34,851                      | 17,127   |  | 335,486             | 13.0%    |
| Managed care                    | 339,464              | 76,818                      | 27,677   |  | 443,959             | 17.2%    |
| Blue Cross                      | 696,441              | 81,539                      | 19,272   |  | 797,252             | 31.0%    |
| Commercial, self-pay, and other | <u>221,162</u>       | <u>19,147</u>               | <u>12,010</u>                                      |  | <u>252,319</u>      | 9.8%     |
| Total                           | <u>\$ 2,184,960</u>  | <u>\$ 292,332</u>           | <u>\$ 97,298</u>                                   |  | <u>\$ 2,574,590</u> | 100.0%   |

**Physician Practice Plans** – Total patient service revenue from the physician practice plans increased \$17.8 million or 4.3% from the fiscal year ended June 30, 2021 to the fiscal year ended June 30, 2022 mainly due to increased volumes.

**Other Operating Revenue** – Other operating revenue represented 14.7% of total operating revenue for the fiscal year ended June 30, 2022 and increased \$41.2 million or 9.7% from the fiscal year ended June 30, 2021. Other operating revenue consists primarily of external funding for research and internal fund support to research (37%), tuition and educational grants (20%) and other non-patient care service activities including stimulus funds (43%).

**Drivers of Performance – Operating Expense** – Operating expenses increased by \$181.9 million or 6.3% from the fiscal year ended June 30, 2021 to the fiscal year ended June 30, 2022. Operating costs as a percentage of operating revenue for the fiscal years ended June 30, 2022 and 2021:

**RUSH Operating Costs as a Percentage of Operating Revenue**

|  | <b>Fiscal Year Ended</b> |                    |
|--|--------------------------|--------------------|
|  | <b>June 30,</b>          |                    |
|  | <u><b>2022</b></u>       | <u><b>2021</b></u> |
| Salaries, wages and employee benefits                        | 50.6%                    | 50.6%              |
| Supplies, utilities and other (including purchased services) | 38.9%                    | 37.4%              |
| Depreciation and amortization                                | 4.7%                     | 5.0%               |
| Professional liability and other insurance                   | 1.8%                     | 2.4%               |
| Interest   | 1.0%                     | 1.1%               |

**Salaries, Wages and Employee Benefits** – Salaries, wages and employee benefits increased by \$87.1 million or 5.7% from the fiscal year ended June 30, 2021 to the fiscal year ended June 30, 2022. RUSH, like many health systems nationally, faced labor challenges including vacancies and higher turnover. As a result, RUSH implemented initiatives including special crisis pay, market adjustments, and retention bonuses. These initiatives were critical to remain competitive and continue to provide outstanding patient care.

The table below shows the employed FTEs and employed physicians for RUSH at June 30, 2022 and 2021:

**FTE and Employed Physicians Statistics**

|                                 | <u><b>As of Jun 30,</b></u> |                    | <b>Percent</b> |
|---------------------------------|-----------------------------|--------------------|----------------|
|                                 | <u><b>2022</b></u>          | <u><b>2021</b></u> |                |
| Number of Full-time Equivalents | 12,809                      | 12,723             | 0.7%           |
| Number of Employed Physicians   | 846                         | 858                | -1.4%          |

**Note:** Of the 12,809, FTEs, approximately 7.0% of non-clinical employees are represented by a union.

**Supplies, utilities and other expense, including purchased services** – Supplies, utilities and other expense, including purchased services increased \$111.5 million or 9.9% from the fiscal year ended June 30, 2021 to the fiscal year ended June 30, 2022. The primary increase was driven by inflation and higher drug costs.

**Depreciation and amortization expense** – Depreciation and amortization expense decreased by \$1.2 million or 0.8% from fiscal year ended June 30, 2021 to the fiscal year ended June 30, 2022.

**Professional liability and other insurance** – Professional liability and other insurance expense decreased by \$12.8 million or 18.1% from the fiscal year ended June 30, 2021 to the fiscal year ended June 30, 2022.

**Interest expense** – Interest expense was \$30.6 million for the fiscal year ended June 30, 2022, a decrease of \$2.6 million or 7.9% from the fiscal year ended June 30, 2021.

**Significant Nonrecurring Items** – During the fiscal years ended June 30, 2022 and 2021, significant nonrecurring items impacted RUSH’s reported operating income as follows:

| <i>(In millions)</i>               | <b>Jun 30, 2022</b> | <b>Jun 30, 2022<br/>Operating<br/><u>Margin</u></b> | <b>Jun 30, 2021</b> | <b>Jun 30, 2021<br/>Operating<br/><u>Margin</u></b> |
|------------------------------------|---------------------|---|---------------------|---|
| <b>Operating income reported</b>   | <b>\$95.6</b>       | <b>3.0%</b>   | <b>\$108.2</b>      | <b>3.6%</b>   |
| Items impacting operating revenue  | (102.3)             | (3.2)   | (59.5)              | (2.0)   |
| Items impacting operating expenses | 29.1                | 0.9   | 37.6                | 1.3   |
| <b>Total adjustments</b>           | <b>(73.2)</b>       | <b>(2.3)</b>  | <b>(21.9)</b>       | <b>(0.7)</b>  |
| <b>Operating income</b>            | <b>\$22.4</b>       | <b>0.7%</b>   | <b>\$86.3</b>       | <b>2.9%</b>   |

Nonrecurring items for fiscal year ended June 30, 2022 includes stimulus funding impacting operating revenue and special pay bonuses impacting operating expenses.

**Non-operating Income/Expense** – Total non-operating income decreased by \$329.8 million from the fiscal year ended June 30, 2021 to the fiscal year ended June 30, 2022. Non-operating income consists of investment income, unrestricted contributions, and interest rate swaps. The decrease is due to unfavorable market returns.

**Liquidity and Capital Resources** – The Obligated Group’s unrestricted cash and investments at market value decreased by \$306.2 million or 14.2% from June 30, 2021. The days cash on hand decreased 56.7 days to 232.8 days as of June 30, 2022 from 289.5 as of June 30, 2021. Included in unrestricted cash and investments was \$168.1 million and \$146.2 million of Specific Purpose Fund balances as of June 30, 2022 and June 30, 2021, respectively, and \$75.4 million and \$84.9 million of appreciation on the unrestricted portion of RUMC’s endowment as of June 30, 2022 and June 30, 2021, respectively.

Excluded from unrestricted cash and investments is the appreciation on the restricted portion of RUMC’s endowment fund of \$367.9 million and \$422.6 million as of June 30, 2022 and June 30, 2021, respectively. These temporarily restricted funds are used to support specific purposes such as research and education.

RUSH hospitals, as well as other Illinois hospitals, have experienced significant delays in payments by the State of Illinois for amounts due under Medicaid, Medicaid Managed Care, and the Aetna State of Illinois insurance programs over the last several years. As of June 30, 2022, the State of Illinois receivables has decreased by 6.4% compared to June 30, 2021 and amounts outstanding over 90 days have increased by 4.1%. RUSH will continue to closely monitor the outstanding receivables from the state and evaluate any impact of possible future delays in collections.

The Obligated Groups’ indebtedness, including capital leases, deferred financing obligations and guarantees, was \$920.6 million and \$937.5 million at June 30, 2022 and June 30, 2021, respectively. The Obligated Group’s ratio of the sum of unrestricted cash and investments and debt service reserve funds to indebtedness was 201.5% at June 30, 2022 a decrease from 230.6% at June 30, 2021.

**Capital Expenditures**

Total capital expenditures for RUSH amounted to \$211.6 million for the fiscal year ended June 30, 2022. Some of largest initiatives during fiscal year 2022 was the continued build out of the Joan and Paul Rubschlager Building that will enhance cancer and neuroscience care at RUMC. It is expected to open its doors February 2023. Other initiatives include 4 Tower PR-8 Biplane Replacement of \$1.8 million, RADC Buildout of \$2.0 million, 5 Atrium Renovation of \$1.7 million and Information Technology solutions (refer to page 30 for Information Technology). The Obligated Group’s construction commitments outstanding as of June 30, 2022 and June 30, 2021 were \$186.4 and \$186.6 million, respectively.



## MISCELLANEOUS

### New Accounting Pronouncements

In March 2021, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Updates (“ASU”) No. 2021-03—*Intangibles—Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events*, which provides not-for-profit entities with an accounting alternative to perform the goodwill impairment triggering event evaluation as required in Subtopic 350-20 as of the end of the reporting period, whether the reporting period is an interim or annual period. An entity that elects this alternative is not required to monitor for goodwill impairment triggering events during the reporting period but, instead, should evaluate the facts and circumstances as of the end of each reporting period to determine whether a triggering event exists and, if so, whether it is more likely than not that goodwill is impaired. An entity that does not elect the accounting alternative for amortizing goodwill and that performs its annual impairment test as of a date other than the annual reporting date should perform a triggering event evaluation only as of the end of the reporting period. ASU No. 2021-03 was effective for RUSH beginning on July 1, 2021. The ASU did not have a material impact on the consolidated financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ASU No. 2020-07 which requires contributed nonfinancial assets to be presented as a separate line item in the statements of operations and changes in net assets. Additional disclosures around qualitative information and any policies on monetization, description of any donor-imposed restrictions and a description of valuation techniques are also required. ASU No. 2020-07 was effective for RUSH beginning on July 1, 2021. The ASU did not have a material impact on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-14, *Compensation-Retirement Benefits-Defined Benefit Plans*. The ASU modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The ASU allows entities to remove disclosures over accumulated comprehensive income and certain information about plan assets. The ASU also requires entities to add disclosures over reasons for significant gains and losses affecting the benefit obligation and any explanation for other significant changes in the benefit obligation or plan assets. ASU No. 2018-14 was effective for RUSH beginning on July 1, 2021. The ASU did not have a material impact on the consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The ASU No. 2017-04 eliminates Step 2 from the goodwill impairment test. The annual, or interim, goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit’s fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The ASU also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. RUSH will still have the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. ASU No. 2017-04 was effective for RUSH beginning on July 1, 2021. The ASU did not have a material impact on the consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which requires the application of a current expected credit loss (“CECL”) impairment model to financial assets measured at amortized cost (including trade accounts receivable), net investments in leases, and certain off-balance-sheet credit exposures. Under the CECL model, lifetime expected credit losses on such financial assets are measured and recognized at each reporting date based on historical, current, and forecasted information. Furthermore, the CECL model requires financial assets with similar risk characteristics to be analyzed on a collective basis. ASU No. 2016-13 was originally effective on July 1, 2021. However, ASU No. 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)*, delayed the effective date of this new standard for RUSH to July 1, 2023. RUSH is currently reviewing the requirements of the standard and evaluating the impact on the consolidated financial statements.

## **Ratings**

Moody's, S&P and Fitch have assigned municipal bond ratings of "A1", "A+" and "AA-," respectively, to the long-term debt of the Obligated Group. As of September 23, 2021, S&P affirmed the Obligated Group's A+ rating and affirmed the outlook to "Stable". As of February 17, 2022, Fitch reaffirmed the Obligated Group's rating to AA- and reaffirmed the outlook to "Stable". As of April 27, 2022, Moody's affirmed the Obligated Group's A1 rating and "Stable" outlook.

Any explanation of the significance of such ratings may only be obtained from Moody's, S&P and Fitch. Certain information and materials not included in this Quarterly Report may have been furnished to Moody's, S&P and Fitch concerning the Obligated Group. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. Such ratings reflect only the views of such organizations, and an explanation of the significance of such ratings may be obtained only from the rating agencies furnishing the same. There is no assurance that such ratings will remain in effect for any given period of time or that such ratings will not be revised downward or upward or withdrawn entirely by any of such rating agencies if, in the judgment of such rating agency, circumstances warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price or marketability of the Obligated Group's outstanding bonds.

## **Licenses, Accreditations and Memberships**

Members of RUSH, including RUMC, CMH and ROPH have been approved and accredited by many governmental and not for profit organizations including The Joint Commission. Additionally, RUMC, CMH and ROPH are members of numerous associations, consortiums and councils dedicated to the various medical specialties offered by each facility.

## **Community Benefits**

RUSH is committed to improving the health of the diverse communities it serves. This commitment is evidenced through the provision of care to patients as charity care, financial support to community partners, the development of health improvement programs and serving through volunteer efforts in RUSH's communities.

Charity care, as it is currently defined, is limited to very specific services carried out in the nation's non-profit medical centers. It does not take into account the work that a hospital carries out to improve the wellness of a community, through which costly medical procedures can be avoided.

In fiscal years ended June 30, 2021 and 2020, RUSH's total community benefit was \$515.8 million and \$550.9 million, respectively. Charity care amounted to \$23.7 and \$33.0 million during fiscal years ended June 30, 2021 and 2020, respectively. The decrease in Charity Care is primarily due to an increase in patients qualifying for Health Resources & Services Administration COVID-19 Uninsured Program ("HRSA COVID-19 Uninsured Program"), which reduced Charity Care write-offs.

Focusing on these efforts while also delivering on its obligations to provide charity care is something RUSH considers to be central to its mission.

By creating jobs, investing in the community, offering critical health and wellness programs at no cost, as well as a host of other initiatives aimed at reducing mortality rates across the west side of Chicago, RUSH strives to improve the lives of one of Chicago's most vulnerable communities.

In doing so, RUSH has been recognized as a national leader in addressing the social determinants of health. As a founding member and fiscal agent of West Side United, RUSH established a coalition of health systems, residents and community groups with the shared goal of reducing mortality rates across the west side of Chicago.

## **Pension Plans**

RUSH actively manages defined benefit retirement plans and has established a formal pension risk strategy plan for employees of RUMC and ROPH. This plan is reviewed annually by the Investment Committee of the RUMC Board. Risk management planning is comprehensive and incorporates plan design, funding, investment policy and risk transfer assessments.

- **Funded Status** – RUSH regularly measures its plans’ funded status on a PPA Funded Ratio, FAS Funded Ratio and Economic Funded Ratio. These measurements utilize different time periods and discount rates to measure the liability and different smoothing methods for the assets held in the Master Retirement Trust. The FAS Funded Ratio found in the footnotes to the financial statements as of June 30, 2022, reflects a funded ratio of 94%.
- **Funding** – For the past ten consecutive calendar years, RUMC contributed more than the minimum required by Employee Retirement Income Security Act and the Code funding rules. During the fiscal years ended June 30, 2022 and 2021, RUMC contributed \$28.5 and \$23.0 million, respectively, to the plan.
- **Investment Policy** – The portfolio’s investment objective is to achieve a total return that meets or exceeds the plan’s obligations over a full market cycle. This cycle is generally defined as rolling five year periods.

Effective January 1, 2015, a new defined benefit plan was established. This new plan (the “Pre-2015 Separations Plan” or the “Pre-2015 Plan”), is a spinoff of the current Retirement Plan. The Retirement Plan’s benefit obligation and assets attributable to participants who terminated employment prior to January 1, 2015 with a vested benefit were transferred to the Pre-2015 Plan as of the effective date.

In addition to the pension programs, RUMC also provides postretirement health care benefits for certain employees. Further benefits under the Postretirement Healthcare Plans have been curtailed.

## Investment Policies

RUSH’s investment program consists of unrestricted cash and investments, an endowment at RUMC and RCMC and investment trusts maintained for the specific purpose of funding RUMC’s self-insured general and professional liability claims, and RUMC’s defined benefit plan. The Investment Committee of the Board of Trustees at RUMC has the primary purpose of assisting the Board of Trustees in the oversight of RUMC’s asset pools, and specifically, assets in the operating reserves, self-insurance trust, endowment fund, and Master Retirement Trust and investment offerings in the defined contribution plans. The Finance Committee of the Board of Directors at RCMC is responsible for determining and implementing all investment policies, selecting and terminating investment managers and reviewing investment performance.

The objective of the RUMC self-insurance trust is to fund the self-insurance obligations of RUMC. As of June 30, 2022, the self-insurance trust assets had a market value of \$168.1 million versus a market value of \$174.8 million as of June 30, 2021. The following table shows the current asset allocation targets and ranges as well as the asset allocation as of June 30, 2022 and June 30, 2021 for the self-insurance trust:

| Asset Class       | Target Allocation and Range |          | Percentage Trust Assets as of |                     |
|-------------------|-----------------------------|----------|-------------------------------|---------------------|
|                   |                             |          | <u>Jun 30, 2022</u>           | <u>Jun 30, 2021</u> |
| Public Equity     | 40%                         | (+/-10%) | 39.5%                         | 47.3%               |
| Fixed Income      | 35%                         | (+/-10%) | 26.1%                         | 27.8%               |
| U.S. Treasuries   | 25%                         | (+/-10%) | 26.6%                         | 23.9%               |
| Cash/Money Market | 0%                          | -        | 7.8%                          | 1.0%                |
| Total             |                             |          | <u>100%</u>                   | <u>100%</u>         |

## Fair Value Measurements

As of June 30, 2022 and 2021, RUSH held certain assets and liabilities that are required to be measured at fair value on a recurring basis, including marketable securities and short-term investments, certain restricted, trustee and other investments, derivative instruments, and beneficial interests in trusts.

## Valuation Principles

Under FASB Accounting Standard Codification 820, *Fair Value Measurement*, fair value is defined as an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation techniques used to measure fair value are based upon observable and unobservable inputs. Observable inputs generally reflect market data from independent sources and are supported by market activity, while unobservable inputs are generally unsupported by market activity. The three-level valuation hierarchy, which prioritizes the inputs used in measuring fair value of an asset or liability at the measurement date, includes:

*Level 1 inputs* — Quoted prices (unadjusted) for identical assets or liabilities in active markets. Securities typically priced using Level 1 inputs include listed equities and exchange-traded mutual funds.

*Level 2 inputs* — Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in nonactive markets, and model-driven valuations whose inputs are observable for the asset or liability, either directly or indirectly. Securities typically priced using Level 2 inputs include government bonds (including US treasuries and agencies), corporate and municipal bonds, collateralized obligations, interest rate swaps, commercial paper, currency options and pending transactions.

*Level 3 inputs* — Unobservable inputs for which there is little or no market data available and are based on the reporting entity's own judgment or estimation of the assumptions that market participants would use in pricing the asset or liability. The fair values for securities typically priced using Level 3 inputs are determined using model-driven techniques, which include option-pricing models, discounted cash flow models, and similar methods. The level 3 classification includes beneficial interests in trusts.

## Fair Value Measurements at the Consolidated Balance Sheet Date

The following tables present RUSH's fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2022 and 2021:

| Fair Value Measurements<br>as of June 30, 2022          | Level 1             | Level 2           | Level 3          | Valued @<br>NAV   | Total<br>Fair Value |
|---|---------------------|-------------------|------------------|-------------------|---------------------|
| <b>Marketable securities and short-term investments</b> | \$ 127,568          | \$ 33,214         | \$ -             | \$ -              | \$ 160,782          |
| <b>Fixed Income Securities:</b>                         |                     |                   |                  |                   |                     |
| U.S. Government and Agency securities                   | -                   | 349,772           | -                | -                 | 349,772             |
| Corporate Bonds   | -                   | 86,448            | -                | -                 | 86,448              |
| Asset Backed Securities and Other                       | -                   | 17,743            | -                | -                 | 17,743              |
| <b>Public Equity Securities</b>                         | 406,401             | -                 | -                | -                 | 406,401             |
| <b>Fund Investments (Mutual/Commingled):</b>            |                     |                   |                  |                   |                     |
| Fixed Income Funds                                      | 262,231             | -                 | -                | -                 | 262,231             |
| Public Equity Funds                                     | 221,303             | -                 | -                | 322,072           | 543,375             |
| Multi Asset Class Funds                                 | 44,614              | -                 | -                | 37,711            | 82,325              |
| <b>Alternative Investments:</b>                         |                     |                   |                  |                   |                     |
| Hedge Funds   | -                   | -                 | -                | 68,910            | 68,910              |
| Private Equity Partnerships                             | -                   | -                 | 6,022            | 288,903           | 294,925             |
| <b>Other:</b>   |                     |                   |                  |                   |                     |
| Derivative Assets                                       | -                   | (387)             | -                | -                 | (387)               |
| Trustee-held Investments                                | -                   | -                 | 30,974           | -                 | 30,974              |
| Pending Transactions                                    | -                   | (91,885)          | -                | -                 | (91,885)            |
| <b>Total investments</b>                                | <u>\$ 1,062,117</u> | <u>\$ 394,905</u> | <u>\$ 36,996</u> | <u>\$ 717,596</u> | <u>\$ 2,211,614</u> |
| Obligations under interest rate swap agreements         | <u>\$ -</u>         | <u>\$ (6,782)</u> | <u>\$ -</u>      | <u>\$ -</u>       | <u>\$ (6,782)</u>   |
| Total liabilities at fair value                         | <u>\$ -</u>         | <u>\$ (6,782)</u> | <u>\$ -</u>      | <u>\$ -</u>       | <u>\$ (6,782)</u>   |

| Fair Value Measurements<br>as of June 30, 2021          | Level 1           | Level 2             | Level 3          | Valued @<br>NAV   | Total<br>Fair Value |
|---|-------------------|---------------------|------------------|-------------------|---------------------|
| <b>Marketable securities and short-term investments</b> | \$ 64,597         | \$ 224,145          | \$ -             | \$ -              | \$ 288,742          |
| <b>Fixed Income Securities:</b>                         |                   |                     |                  |                   |                     |
| U.S. Government and Agency securities                   | -                 | 358,521             | -                | -                 | 358,521             |
| Corporate Bonds   | -                 | 311,623             | -                | -                 | 311,623             |
| Asset Backed Securities and Other                       | 1,020             | 10,909              | -                | -                 | 11,929              |
| <b>Public Equity Securities</b>                         | 359,729           | -                   | -                | -                 | 359,729             |
| <b>Fund Investments (Mutual/Commingled):</b>            |                   |                     |                  |                   |                     |
| Fixed Income Funds                                      | 79,219            | 161,036             | -                | -                 | 240,255             |
| Public Equity Funds                                     | 267,510           | -                   | -                | 429,955           | 697,465             |
| Multi Asset Class Funds                                 | 19,816            | -                   | -                | 59,518            | 79,334              |
| <b>Alternative Investments:</b>                         |                   |                     |                  |                   |                     |
| Hedge Funds   | -                 | -                   | -                | -                 | -                   |
| Private Equity Partnerships                             | -                 | -                   | -                | 153,308           | 153,308             |
| Private Debt  | -                 | -                   | -                | 118,711           | 118,711             |
| <b>Other:</b>   |                   |                     |                  |                   |                     |
| Derivative Assets                                       | 156               | 1,315               | -                | -                 | 1,471               |
| Trustee-held Investments                                | -                 | -                   | 36,985           | -                 | 36,985              |
| Pending Transactions                                    | -                 | (10,777)            | -                | -                 | (10,777)            |
| <b>Total investments</b>                                | <u>\$ 792,047</u> | <u>\$ 1,056,772</u> | <u>\$ 36,985</u> | <u>\$ 761,492</u> | <u>\$ 2,647,296</u> |
| Obligations under interest rate swap agreements         | \$ -              | \$ (14,009)         | \$ -             | \$ -              | \$ (14,009)         |
| Other derivative liabilities                            | -                 | (253)               | -                | -                 | (253)               |
| Total liabilities at fair value                         | <u>\$ -</u>       | <u>\$ (14,262)</u>  | <u>\$ -</u>      | <u>\$ -</u>       | <u>\$ (14,262)</u>  |

### Level 3 Rollforward

A rollforward of the amounts in the consolidated balance sheets for financial instruments classified by RUSH within Level 3 of the fair value hierarchy is as follows:

|   | Interest in<br>Trusts |
|---|-----------------------|
| Fair value — June 30, 2020  | \$ 29,685             |
| Actual return on investments — Realized and unrealized gains and (losses) | 7,300                 |
| Purchases   | -                     |
| Sales   | -                     |
|   | <hr/>                 |
| Fair value — June 30, 2021  | 36,985                |
| Actual return on investments — Realized and unrealized gains and (losses) | (6,011)               |
| Purchases   | -                     |
| Sales   | -                     |
|   | <hr/>                 |
| Fair value — June 30, 2022  | <u>\$ 30,974</u>      |

During the fiscal year 2022 and 2021, there were no transfers in Level 3 investments.

### Investments in Entities that Report Fair Value Using NAV

Included within the fair value table above are investments in certain entities that report fair value using a calculated NAV or its equivalent. These investments consist of hedge fund of funds, private equity partnerships, and private debt within alternative investments. The NAV instruments listed in the fair value measurement tables use the following valuation techniques and inputs as of the valuation date:

*Marketable Securities and Short-Term Investments* — Marketable securities and short-term investments classified as NAV are invested in a short-term collective fund that serves as an investment vehicle for cash reserves. Fair value was determined using the calculated NAV as of the valuation date, based on a constant price. These funds are invested in high quality and short-term money market instruments with daily liquidity.

*Fund Investments* — Investments within this category consist of fixed income, public equity and multi-asset funds. The fair value of fixed income and public equity funds classified at NAV are primarily determined using the calculated NAV at the valuation date under a market approach. This includes investments in commingled funds that invest primarily in domestic and foreign equity securities whose underlying values have a readily determinable market value or based on a net asset value. Multi-asset funds include investments in fund of funds that seek to provide both capital appreciation and income by investing in both traditional and alternative asset funds. The asset allocation is driven by the fund manager’s long-range forecasts of asset-class real returns. Investments in this category classified as NAV are held in a commingled fund that invests primarily in global equity and bond mutual funds. Included in this category is a multistrategy hedge fund, priced on the last business day of each calendar month. The values for underlying investments are estimated based on many factors, including operating performance, balance sheet indicators, growth, and other market and business fundamentals. The underlying investment strategies can include long-short, global macro, fixed-income and currency hedges, and other tactical opportunity-related strategies.

*Alternative Investments* — Investments within this category consist primarily of hedge fund of funds, private equity partnerships, and private debt. The hedge fund of funds consists of diversified investments including equity long/short, credit long/short, event-drive, relative value, global opportunities, and other multistrategy funds. Hedge fund of funds investments are valued based on RUSH’s ownership interest in the NAV of the respective fund as estimated by the general partner, which approximates fair value. Effective July 1, 2012, RUSH elected to measure all new private equity partnerships entered into on or after July 1, 2012, at fair value. Private equity and private debt partnerships are valued based on the estimated fair values of the nonmarketable private equity and private debt partnerships in which it invests, which is an equivalent of NAV.

The following table summarizes RUSH’s unfunded commitments that report fair value using NAV as of June 30, 2022:

| <b>Entities that Report<br/>Fair Value Using NAV</b> | <b>Unfunded<br/>Commitments<br/>(In Thousands)</b> | <b>Redemption<br/>Frequency (If<br/>Currently Eligible)</b> | <b>Redemption<br/>Notice<br/>Period</b> |
|--|--|---|---|
| Fund Investments (Mutual/Commingled)                 | None   | Daily/Monthly   | 1-15 days                               |
| Alternative Investments:                             |  |   |   |
| Hedge Funds  | None   | Quarterly   | 65-95 days                              |
| Private Equity Partnerships                          | \$ 44,267  | Not currently redeemable                                    | N/A                                     |
| Private Debt   | <u>51,778</u>                                      | Not currently redeemable                                    | N/A                                     |
| Total  | <u>\$ 96,045</u>                                   |   |   |

### **Endowment Investment and Spending Policies**

RUSH has adopted endowment investment and spending policies to preserve purchasing power over the long term and provide stable annual support to the programs supported by the endowment, including professorships, research and education, free care, student financial aid, scholarships, and fellowships. Approximately 16% of RUSH’s endowment is available for general purposes for the years ended June 30, 2022 and 2021.

RUMC has an Investment Committee with the authority discharged from the RUMC Board of Trustees to oversee their investment portfolio and approve the investment policy for RUMC and ROPH. RCMC has a Finance Committee with the authority to oversee their investment portfolio and approve their investment policy. The System Parent Board of Trustees, as a whole, maintains ultimate oversight and control over the investment policies and practices of its subsidiaries, through the discharge of its reserved powers over RUMC, RCMC, and ROPH.

The asset allocation policy reflects the objective with allocations structured for capital growth and inflation protection over the long term. The current asset allocation targets and ranges as well as the asset allocation as of June 30, 2022 and 2021, are as follows:

| Asset Class     | Target Allocation and Range | Percentage of Endowment Assets |      |
|-----------------|-----------------------------|--------------------------------|------|
|                 |                             | 2022                           | 2021 |
| Public Equity   | 60% (+/- 10%)               | 56 %                           | 65 % |
| Fixed Income    | 15% (+/- 10%)               | 7                              | 8    |
| U.S. Treasuries | 10% (+/- 10%)               | 8                              | 8    |
| Private Equity  | 15% (+/- 10%)               | 21                             | 19   |
| Cash            | --                          | 8                              | 0    |

To achieve its long-term rate of return objectives, RUSH relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends). The expected long-term rate of return target of the endowment given its current asset allocation structure is approximately 7.0%. Actual returns in any given year may vary from this amount. RUSH has established market-related benchmarks to evaluate the endowment fund's performance on an ongoing basis.

The System Parent Board of Trustees approves the annual spending policy for program support. In establishing the annual spending policy, RUSH's main objectives are to provide for intergenerational equity over the long term, the concept that future beneficiaries will receive the same level of support as current beneficiaries on an inflation-adjusted basis, and to maximize annual support to the programs supported by the endowment. The spending rate was 4.0% for the fiscal years ended June 30, 2022 and 2021 and income from the endowment fund provided \$23.9 and \$22.0 million of support for RUSH's programs during the fiscal years ended June 30, 2022 and 2021, respectively.

### Interest Rate Swap Agreements

The Obligated Group has two interest rate swap agreements (the "Swap Agreements"), which were designed to synthetically fix the interest payments on its Series 2006A Bonds. Under the Swap Agreements, the Obligated Group makes fixed-rate payments equal to 3.945% to the swap counterparties and receives variable-rate payments equal to 68% of London InterBank Offered Rate (1.215% and 0.0631% as of June 30, 2022 and 2021, respectively) from the swap counterparties, each calculated on the notional amount of the Swap Agreements. As of June 30, 2022 and 2021, the Swap Agreements had a notional amount of \$63.2 and \$67.4 million, respectively, (\$31.6 and \$33.7 million in notional amount with each counterparty, respectively). Following the refinancing of the Series 2006A Bonds into the Series 2016 Bonds, the Obligated Group used \$50,000 in notional amount of the Swap Agreements to synthetically fix the interest on the Series 2016 Bonds. The Swap Agreements each expire on November 1, 2035 and amortize annually commencing in November 2012. The Swap Agreements are secured by obligations issued under the Master Trust Indenture.

The Swap Agreements also require either party to post collateral in the form of cash and certain cash equivalents to secure potential termination payments. The amount of collateral that is required to be posted is based on the relevant party's long-term credit rating. Based on its current rating, the Obligated Group is required to post collateral with the Swap Counterparties in the event that the market value of the Swap Agreements exceeds \$(30,000) or \$(15,000) for each Swap Agreement. As of June 30, 2022, the Obligated Group had no collateral posted under Swap Agreements.

The fair value of the Swap Agreements reported in RUSH's consolidated balance sheets as of June 30, 2022 and 2021, includes an adjustment for the Obligated Group's credit risk and may not be indicative of the termination value that RUSH would be required to pay upon early termination of the Swap Agreements.



Management has not designated the Swap Agreements as hedging instruments. Amounts recorded in the accompanying consolidated statements of operations and changes in net assets for the Swap Agreements allocated to RUSH for the fiscal years ended June 30, 2022 and 2021:

### Swap Disclosures

|   |                             | Fiscal Years Ended<br>June 30 |            |
|---|-----------------------------|-------------------------------|------------|
|   |                             | 2022                          | 2021       |
|   | <b>Reported As</b>          |                               |            |
| Change in fair value of interest rate swaps | Non-operating income (loss) | \$ 7,228                      | \$ (4,668) |
| Net cash payments on interest rate swaps    | Interest expense            | 2,405                         | 2,843      |

### Affiliations, Merger, Acquisition and Divestiture

Management of RUSH is actively considering and evaluating potential affiliation candidates as part of the overall strategic planning and development process. As part of its ongoing planning and property management functions, management reviews the use, compatibility and business viability of many of the operations of RUSH, and from time to time RUSH may pursue changes in the use of, or disposition of, their facilities. RUSH receives offers from and/or conducts discussions with third-parties about potential affiliations and joint venture opportunities. As a result, it is possible that the current organization, assets, operations and financial condition of RUSH may change from time to time as a result of such affiliations, mergers, acquisitions and divestitures.

In addition to relationships with other hospitals and physicians, RUSH may consider investments, ventures, affiliations, development and acquisition of other health care-related entities. These may include home health care, long-term care entities or operations, infusion providers, pharmaceutical providers, and other health care enterprises that support the overall operations of RUSH. In addition, RUSH may pursue transactions with health insurers, HMOs, preferred provider organizations, third-party administrators and other health insurance-related businesses. Because of the integration occurring throughout the health care field, management will consider these arrangements if there is a perceived strategic or operational benefit for RUSH. Any such investment, venture, affiliate, development or acquisition may involve significant capital commitments and/or capital or operating risk (including, potentially, insurance risk) in a business in which RUSH may have less expertise than in hospital operations. There can be no assurance that these projects, if pursued, will not lead to material adverse consequences to RUSH.

### Information Technology

The Obligated Group strives to be a national leader for the innovative use of informatics and technology to support safe, effective and efficient patient-centered quality health care, empowering customers and partners by advancing technology solutions that enable the Obligated Group to achieve its mission, vision and values. Initiatives include desktop modernization of \$7.7 million, network segmentation of \$3.0 million, EPIC server refresh of \$1.1 million and clinical network upgrade of \$1.0 million. During the fiscal years ended June 30, 2022 and 2021, the Obligated Group has spent \$115.8 and \$102.6 million, respectively, on IT expenditures, which represents 3.7% and 3.4% of its operating revenue.

### Recent Transactions and Other Matters

In January 2022, an ERISA putative class action was filed against RUMC and other defendants alleging breaches of fiduciary duty with respect to the fees and investments associated with RUMC's 403(b) plan. The parties reached a class-wide resolution which is subject to court approval. The approval process is anticipated to take several months.

There were no other significant or material transactions outside the ordinary course of business during the fiscal year ended June 30, 2022.

## **Subsequent Events**

RUSH has evaluated events occurring subsequent to the consolidated balance sheet date through October 28, 2022, the date the consolidated financial statements were available to be issued. There were no significant subsequent events through this date other than those noted below:

Effective July 1, 2022, Dr. Omar Lateef became the President and CEO of Rush University System for Health, while continuing to serve as President and CEO of Rush University Medical Center. The former CEO, Dr. Ranga Krishnan, will serve as Senior Advisor to the CEO. Also, effective July 1, 2022, upon the retirement of current Rush University President Dr. Sherine Gabriel, Larry Goodman, MD, former CEO of RUSH and Rush University Medical Center, became interim President of Rush University.

Effective July 20, 2022, Rush Real Estate Holdings, LLC (“RUSH”) and Select Illinois Holdings, Inc (“Select Medical”) established a new joint venture, RSH Property Ventures, LLC. The purpose is to develop and construct a new hospital facility subject to long term leases to RUSH-Select Hospital joint venture.

**CONSOLIDATED FINANCIAL STATEMENTS**

# RUSH UNIVERSITY SYSTEM FOR HEALTH

## Consolidated Balance Sheet

(Dollars in thousands)

|   | Note 1              |                     |
|---|---------------------|---------------------|
|   | Audited             |                     |
|   | Jun 30<br>2022      | Jun 30<br>2021      |
| <b>ASSETS</b>   |                     |                     |
| CURRENT ASSETS:   |                     |                     |
| Cash and cash equivalents   | \$ 519,998          | \$ 441,652          |
| Accounts receivable for patient services                              | 370,352             | 364,311             |
| Other accounts receivable   | 60,906              | 55,769              |
| Self-insurance trust— current portion                                 | 41,257              | 43,670              |
| Other current assets  | 129,500             | 103,854             |
| Total current assets  | 1,122,013           | 1,009,256           |
| ASSETS LIMITED AS TO USE AND INVESTMENTS:                             |                     |                     |
| Investments   | 1,357,270           | 1,738,921           |
| Limited as to use by donor or time restriction or other               | 700,219             | 748,897             |
| Self-insurance trust— less current portion                            | 126,857             | 131,177             |
| Total assets limited as to use and investments                        | 2,184,346           | 2,618,995           |
| PROPERTY AND EQUIPMENT—NET  | 1,692,868           | 1,619,887           |
| OPERATING LEASE RIGHT-OF-USE ASSETS                                   | 106,929             | 131,459             |
| POSTRETIREMENT AND PENSION BENEFIT ASSETS                             | 45,582              | 65,694              |
| OTHER NONCURRENT ASSETS   | 92,978              | 92,478              |
| <b>TOTAL ASSETS</b>   | <b>\$ 5,244,716</b> | <b>\$ 5,537,769</b> |
| <b>LIABILITIES AND NET ASSETS</b>                                     |                     |                     |
| CURRENT LIABILITIES:  |                     |                     |
| Accounts payable  | \$ 75,470           | \$ 64,183           |
| Accrued expenses  | 437,689             | 455,323             |
| Postretirement and pension benefit liabilities                        | 2,044               | 2,275               |
| Estimated third-party settlements payable and advances payable        | 285,026             | 393,910             |
| Current portion of accrued liability under self-insurance programs    | 58,941              | 59,227              |
| Current portion of long-term debt                                     | 12,703              | 12,216              |
| Short-term operating lease liability                                  | 24,630              | 26,027              |
| Total current liabilities   | 896,503             | 1,013,161           |
| LONG-TERM LIABILITIES:  |                     |                     |
| Accrued liability under self-insurance programs— less current portion | 272,616             | 242,975             |
| Postretirement and pension benefit liabilities                        | 96,716              | 92,941              |
| Long-term debt— less current portion                                  | 905,559             | 921,802             |
| Obligations under financing leases and other financing arrangements   | 1,509               | 3,226               |
| Long-term operating lease liabilities                                 | 86,025              | 108,467             |
| Other long-term liabilities   | 75,858              | 159,132             |
| Total long-term liabilities   | 1,438,283           | 1,528,543           |
| Total liabilities   | 2,334,786           | 2,541,704           |
| NET ASSETS:   |                     |                     |
| Without donor restrictions  | 1,930,783           | 1,980,607           |
| With donor restrictions   | 979,147             | 1,015,458           |
| Total net assets  | 2,909,930           | 2,996,065           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                               | <b>\$ 5,244,716</b> | <b>\$ 5,537,769</b> |

Note 1: The June 30, 2022 financial statement information was derived from and should be read in conjunction with the Rush System for Health 2022 Audited Consolidated Financial Statements.

See accompanying notes to consolidated financial statements.

**RUSH UNIVERSITY SYSTEM FOR HEALTH****Consolidated Statements of Operations***(Dollars in thousands)*

|   | <b>Note 1</b>                       |                   |
|---|-------------------------------------|-------------------|
|   | <b>Audited</b>                      |                   |
|   | <b>For the Years Ended June 30,</b> |                   |
|   | <b>2022</b>                         | <b>2021</b>       |
| REVENUE:  |                                     |                   |
| Patient service revenue   | 2,702,767                           | 2,574,590         |
| Tuition and educational programs revenue  | 91,240                              | 87,235            |
| Research revenue and net assets released from restriction<br>and used for research and other operations | 170,304                             | 155,870           |
| Other revenue   | 204,121                             | 181,366           |
| Total revenue   | <u>3,168,432</u>                    | <u>2,999,061</u>  |
| EXPENSES:   |                                     |                   |
| Salaries, wages and employee benefits   | 1,603,325                           | 1,516,253         |
| Supplies, utilities and other   | 974,480                             | 903,588           |
| Insurance   | 57,703                              | 70,484            |
| Purchased services  | 258,523                             | 217,905           |
| Depreciation and amortization   | 148,188                             | 149,422           |
| Interest and fees   | 30,609                              | 33,234            |
| Total expenses  | <u>3,072,828</u>                    | <u>2,890,886</u>  |
| OPERATING INCOME  | <u>95,604</u>                       | <u>108,175</u>    |
| NON-OPERATING (LOSS) INCOME   |                                     |                   |
| Investment (loss) income and other - net  | (138,592)                           | 193,926           |
| Contributions without donor restrictions  | 3,533                               | 3,944             |
| Fundraising expenses  | (9,343)                             | (9,926)           |
| Change in fair value of interest rate swaps   | 7,228                               | 4,668             |
| Total non-operating (loss) income   | <u>(137,174)</u>                    | <u>192,612</u>    |
| (DEFICIT) EXCESS OF REVENUES OVER EXPENSES  | <u>\$ (41,570)</u>                  | <u>\$ 300,787</u> |

*Note 1: The June 30, 2022 financial statement information was derived from and should be read in conjunction with the Rush System for Health 2022 Audited Consolidated Financial Statements.*

*See accompanying notes to consolidated financial statements.*

**(Continued)**

**RUSH UNIVERSITY SYSTEM FOR HEALTH**  
**Consolidated Statements of Changes in Net Assets**  
*(Dollars in thousands)*

|   | <b>Note 1</b>                       |                     |
|---|-------------------------------------|---------------------|
|   | <b>Audited</b>                      |                     |
|   | <b>For the Years Ended June 30,</b> |                     |
|   | <b>2022</b>                         | <b>2021</b>         |
| <b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>  |                                     |                     |
| (Deficit) excess of revenues over expenses  | \$ (41,570)                         | \$ 300,787          |
| Net assets released from restrictions used for the purchase of property and equipment | 14,141                              | 41,385              |
| Postretirement related changes other than net periodic postretirement cost            | (40,342)                            | 64,215              |
| Other   | 17,947                              | 5,059               |
| (Decrease) / Increase in net assets without donor restrictions                        | <u>(49,824)</u>                     | <u>411,446</u>      |
| <b>NET ASSETS WITH DONOR RESTRICTIONS</b>   |                                     |                     |
| Pledges, contributions and grants   | 187,570                             | 110,377             |
| Net assets released from restrictions   | (176,675)                           | (141,240)           |
| Net realized and unrealized (losses) gains on investments                             | (47,206)                            | 225,526             |
| (Decrease) / increase in net assets with donor restrictions                           | <u>(36,311)</u>                     | <u>194,663</u>      |
| (Decrease) / increase in Net Assets   | (86,135)                            | 606,109             |
| NET ASSETS—Beginning of period  | <u>2,996,065</u>                    | <u>2,389,956</u>    |
| NET ASSETS—End of period  | <u>\$ 2,909,930</u>                 | <u>\$ 2,996,065</u> |

*Note 1: The June 30, 2022 financial statement information was derived from and should be read in conjunction with the Rush System for Health 2022 Audited Consolidated Financial Statements.*

*See accompanying notes to consolidated financial statements.*

**(Concluded)**

# RUSH UNIVERSITY SYSTEM FOR HEALTH

## Consolidated Statements of Cash Flows

(Dollars in thousands)

|   | <b>For the Years Ended June 30,</b> |                   |
|---|-------------------------------------|-------------------|
|   | <b>2022</b>                         | <b>2021</b>       |
| <b>OPERATING ACTIVITIES:</b>  |                                     |                   |
| (Decrease) Increase in net assets   | \$ (86,135)                         | \$ 606,108        |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                                     |                   |
| Depreciation and amortization   | 148,188                             | 149,422           |
| Non-cash operating lease expense  | 618                                 | 1,316             |
| Postretirement related changes other than net periodic postretirement cost                  | 40,342                              | (64,215)          |
| Change in fair value of interest rate swaps   | (7,228)                             | (4,668)           |
| Net unrealized and realized losses (gains) on investments                                   | 207,695                             | (407,123)         |
| Restricted contributions and investment income received                                     | (27,137)                            | (26,544)          |
| Investment losses (gains) on trustee held investments                                       | 6,010                               | (7,299)           |
| Loss on sale of property and equipment  | 5,533                               | 4,434             |
| Changes in operating assets and liabilities:  |                                     |                   |
| Accounts receivable for patient services  | (6,041)                             | (16,292)          |
| Accounts payable and accrued expenses   | (12,234)                            | 91,023            |
| Estimated third-party settlements payable   | (108,884)                           | (21,796)          |
| Pension and postretirement costs  | (16,686)                            | (2,187)           |
| Accrued liability under self-insurance programs   | 29,355                              | 35,788            |
| Other changes in assets and liabilities   | (119,775)                           | 88,281            |
| Net cash provided by operating activities   | <u>53,621</u>                       | <u>426,248</u>    |
| <b>INVESTING ACTIVITIES:</b>  |                                     |                   |
| Additions to property and equipment   | (211,682)                           | (173,502)         |
| Acquisition of Rush Oak Brook Orthopaedic Center  | -                                   | (13,205)          |
| Investment in Joint Venture   | -                                   | (6,678)           |
| Purchase of investments   | (2,834,598)                         | (3,238,677)       |
| Sale of investments   | <u>3,057,953</u>                    | <u>2,928,398</u>  |
| Net cash provided by (used in) investing activities   | <u>11,673</u>                       | <u>(503,664)</u>  |
| <b>FINANCING ACTIVITIES:</b>  |                                     |                   |
| Proceeds from restricted contributions and investment income                                | 27,137                              | 26,544            |
| Payment on line of credit   | -                                   | (75,000)          |
| Payment of long-term debt   | (12,181)                            | (12,768)          |
| Payment of obligations on finance lease liabilities   | (862)                               | (896)             |
| Payment on other financing arrangements   | <u>(1,042)</u>                      | <u>2,710</u>      |
| Net cash provided by (used in) provided by financing activities                             | <u>13,052</u>                       | <u>(59,410)</u>   |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  | 78,346                              | (136,826)         |
| CASH AND CASH EQUIVALENTS—Beginning of period   | <u>441,652</u>                      | <u>578,478</u>    |
| CASH AND CASH EQUIVALENTS—End of period   | <u>\$ 519,998</u>                   | <u>\$ 441,652</u> |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>                                    |                                     |                   |
| Right of use assets obtained in exchange for new operating lease liabilities                | <u>\$ 2,760</u>                     | <u>\$ 2,319</u>   |
| Cash paid for interest  | <u>\$ 33,371</u>                    | <u>\$ 38,794</u>  |
| Noncash additions to property and equipment   | <u>\$ 6,998</u>                     | <u>\$ 18,471</u>  |

Note 1: The June 30, 2022 financial statement information was derived from and should be read in conjunction with the Rush System for Health 2022 Audited Consolidated Financial Statements. See accompanying notes to consolidated financial statements.

## **APPENDICES**



# RUSH UNIVERSITY SYSTEM FOR HEALTH

## Consolidating Balance Sheet Information

As of June 30, 2022

(Dollars in thousands)

|   | RUMC                | RCMC              | Rush System for<br>Health Parent | Eliminations       | Obligated Group<br>Consolidated | Rush Health      | Eliminations      | Rush System<br>for Health<br>Consolidated |
|---|---------------------|-------------------|----------------------------------|--------------------|---------------------------------|------------------|-------------------|---|
| <b>ASSETS</b>   |                     |                   |                                  |                    |                                 |                  |                   |   |
| <b>CURRENT ASSETS:</b>  |                     |                   |                                  |                    |                                 |                  |                   |   |
| Cash and cash equivalents   | \$ 467,669          | \$ 30,578         | \$ -                             | \$ -               | \$ 498,247                      | \$ 21,751        | \$ -              | \$ 519,998                                |
| Accounts receivable for patient services                              | 310,024             | 60,328            | -                                | -                  | 370,352                         | -                | -                 | 370,352                                   |
| Other accounts receivable   | 60,759              | -                 | (343)                            | (1,519)            | 58,897                          | 2,139            | (130)             | 60,906                                    |
| Self-insurance trust — current portion                                | 41,257              | -                 | -                                | -                  | 41,257                          | -                | -                 | 41,257                                    |
| Other current assets  | 115,286             | 12,366            | 504                              | -                  | 128,156                         | 1,344            | -                 | 129,500                                   |
| Total current assets  | 994,995             | 103,272           | 161                              | (1,519)            | 1,096,909                       | 25,234           | (130)             | 1,122,013                                 |
| <b>ASSETS LIMITED AS TO USE AND INVESTMENTS:</b>                      |                     |                   |                                  |                    |                                 |                  |                   |   |
| Investments   | 1,017,405           | 339,865           | -                                | -                  | 1,357,270                       | -                | -                 | 1,357,270                                 |
| Limited as to use by donor or time restriction                        | 685,167             | 15,052            | -                                | -                  | 700,219                         | -                | -                 | 700,219                                   |
| Self-insurance trust - less current portion                           | 126,857             | -                 | -                                | -                  | 126,857                         | -                | -                 | 126,857                                   |
| Total assets limited as to use and investments                        | 1,829,429           | 354,917           | -                                | -                  | 2,184,346                       | -                | -                 | 2,184,346                                 |
| PROPERTY AND EQUIPMENT—NET  | 1,466,481           | 225,697           | -                                | -                  | 1,692,178                       | 690              | -                 | 1,692,868                                 |
| OPERATING LEASE RIGHT-OF-USE ASSETS                                   | 86,355              | 20,574            | -                                | -                  | 106,929                         | -                | -                 | 106,929                                   |
| POSTRETIREMENT AND PENSION BENEFIT ASSETS                             | 45,582              | -                 | -                                | -                  | 45,582                          | -                | -                 | 45,582                                    |
| OTHER NONCURRENT ASSETS   | 93,200              | 27,178            | -                                | (23,957)           | 96,420                          | 786              | (4,228)           | 92,978                                    |
| <b>TOTAL</b>  | <b>\$ 4,516,041</b> | <b>\$ 731,638</b> | <b>\$ 161</b>                    | <b>\$ (25,476)</b> | <b>\$ 5,222,364</b>             | <b>\$ 26,710</b> | <b>\$ (4,358)</b> | <b>\$ 5,244,716</b>                       |
| <b>LIABILITIES AND NET ASSETS</b>                                     |                     |                   |                                  |                    |                                 |                  |                   |   |
| <b>CURRENT LIABILITIES:</b>   |                     |                   |                                  |                    |                                 |                  |                   |   |
| Accounts payable  | \$ 45,833           | \$ 29,605         | \$ -                             | \$ -               | \$ 75,438                       | \$ 32            | \$ -              | \$ 75,470                                 |
| Accrued expenses  | 391,726             | 32,669            | 78                               | (1,519)            | 422,954                         | 14,735           | -                 | 437,689                                   |
| Postretirement and pension benefit liabilities                        | 2,044               | -                 | -                                | -                  | 2,044                           | -                | -                 | 2,044                                     |
| Estimated third-party settlements and advances payable                | 235,751             | 49,275            | -                                | -                  | 285,026                         | -                | -                 | 285,026                                   |
| Current portion of accrued liability under self-insurance programs    | 54,724              | 4,217             | -                                | -                  | 58,941                          | -                | -                 | 58,941                                    |
| Current portion of long-term debt                                     | 9,940               | 2,763             | -                                | -                  | 12,703                          | -                | -                 | 12,703                                    |
| Short-term operating lease liability                                  | 19,159              | 5,471             | -                                | -                  | 24,630                          | -                | -                 | 24,630                                    |
| Total current liabilities   | 759,178             | 124,000           | 78                               | (1,519)            | 881,736                         | 14,767           | -                 | 896,503                                   |
| <b>LONG-TERM LIABILITIES:</b>   |                     |                   |                                  |                    |                                 |                  |                   |   |
| Accrued liability under self-insurance programs— less current portion | 251,214             | 21,402            | -                                | -                  | 272,616                         | -                | -                 | 272,616                                   |
| Postretirement and pension benefit liabilities                        | 96,716              | -                 | -                                | -                  | 96,716                          | -                | -                 | 96,716                                    |
| Long-term debt— less current portion                                  | 785,256             | 120,303           | -                                | -                  | 905,559                         | -                | -                 | 905,559                                   |
| Obligations under financing leases and other financing arrangements   | 1,509               | -                 | -                                | -                  | 1,509                           | -                | -                 | 1,509                                     |
| Long-term operating lease liabilities                                 | 70,173              | 15,852            | -                                | -                  | 86,025                          | -                | -                 | 86,025                                    |
| Other long-term liabilities   | 74,345              | 6,159             | -                                | (4,790)            | 75,714                          | 144              | -                 | 75,858                                    |
| Total long-term liabilities   | 1,279,213           | 163,716           | -                                | (4,790)            | 1,438,139                       | 144              | -                 | 1,438,283                                 |
| Total liabilities   | 2,038,390           | 287,716           | 78                               | (6,309)            | 2,319,875                       | 14,911           | -                 | 2,334,786                                 |
| <b>NET ASSETS:</b>  |                     |                   |                                  |                    |                                 |                  |                   |   |
| Without donor restrictions  | 1,514,249           | 428,177           | 83                               | (19,167)           | 1,923,342                       | 11,799           | (4,358)           | 1,930,783                                 |
| With donor restrictions   | 963,402             | 15,745            | -                                | -                  | 979,147                         | -                | -                 | 979,147                                   |
| Total net assets  | 2,477,651           | 443,923           | 83                               | (19,167)           | 2,902,489                       | 11,799           | (4,358)           | 2,909,930                                 |
| <b>TOTAL</b>  | <b>\$ 4,516,041</b> | <b>\$ 731,638</b> | <b>\$ 161</b>                    | <b>\$ (25,476)</b> | <b>\$ 5,222,364</b>             | <b>\$ 26,710</b> | <b>\$ (4,358)</b> | <b>\$ 5,244,716</b>                       |

(Continued)

# RUSH UNIVERSITY SYSTEM FOR HEALTH

## Consolidating Statement of Operations

For twelve months ended June 30, 2022

(Dollars in thousands)

|   | RUMC             | RCMC               | Rush System for<br>Health Parent | Eliminations    | Obligated Group<br>Consolidated | Rush Health     | Eliminations       | Rush System<br>for Health<br>Consolidated |
|---|------------------|--------------------|----------------------------------|-----------------|---------------------------------|-----------------|--------------------|---|
| <b>REVENUE:</b>   |                  |                    |                                  |                 |                                 |                 |                    |   |
| Patient service revenue   | 2,271,577        | 431,190            | -                                | -               | 2,702,767                       | -               | -                  | 2,702,767                                 |
| Tuition and educational programs revenue  | 91,240           | -                  | -                                | -               | 91,240                          | -               | -                  | 91,240                                    |
| Research revenue and net assets released from restriction<br>and used for research and other operations | 170,304          | -                  | -                                | -               | 170,304                         | -               | -                  | 170,304                                   |
| Other revenue   | 193,788          | 14,188             | 12,522                           | (17,922)        | 202,576                         | 20,207          | (18,662)           | 204,121                                   |
| <b>Total revenue</b>  | <b>2,726,909</b> | <b>445,378</b>     | <b>12,522</b>                    | <b>(17,922)</b> | <b>3,166,887</b>                | <b>20,207</b>   | <b>(18,662)</b>    | <b>3,168,432</b>                          |
| <b>EXPENSES:</b>  |                  |                    |                                  |                 |                                 |                 |                    |   |
| Salaries, wages and employee benefits   | 1,356,483        | 236,146            | 7,085                            | (7,085)         | 1,592,629                       | 10,696          | -                  | 1,603,325                                 |
| Supplies, utilities and other   | 869,369          | 103,587            | 1,872                            | (4,648)         | 970,180                         | 4,300           | -                  | 974,480                                   |
| Insurance   | 51,371           | 6,236              | 3                                | (3)             | 57,607                          | 96              | -                  | 57,703                                    |
| Purchased services  | 207,206          | 53,034             | 3,562                            | (6,186)         | 257,616                         | 907             | -                  | 258,523                                   |
| Depreciation and amortization   | 113,816          | 33,932             | -                                | -               | 147,748                         | 440             | -                  | 148,188                                   |
| Interest and fees   | 25,747           | 4,862              | -                                | -               | 30,609                          | -               | -                  | 30,609                                    |
| <b>Total expenses</b>   | <b>2,623,992</b> | <b>437,797</b>     | <b>12,522</b>                    | <b>(17,922)</b> | <b>3,056,389</b>                | <b>16,439</b>   | <b>-</b>           | <b>3,072,828</b>                          |
| <b>OPERATING (LOSS) INCOME</b>  | <b>102,917</b>   | <b>7,581</b>       | <b>0</b>                         | <b>(0)</b>      | <b>110,498</b>                  | <b>3,768</b>    | <b>(18,662)</b>    | <b>95,604</b>                             |
| <b>NON-OPERATING (LOSS) INCOME</b>  |                  |                    |                                  |                 |                                 |                 |                    |   |
| Investment loss and other - net   | (79,430)         | (59,193)           | -                                | -               | (138,623)                       | 31              | -                  | (138,592)                                 |
| Contributions without donor restrictions  | 3,533            | -                  | -                                | -               | 3,533                           | -               | -                  | 3,533                                     |
| Fundraising expenses  | (9,343)          | -                  | -                                | -               | (9,343)                         | -               | -                  | (9,343)                                   |
| Change in fair value of interest rate swaps   | 2,879            | 4,349              | -                                | -               | 7,228                           | -               | -                  | 7,228                                     |
| <b>Total non-operating loss</b>   | <b>(82,361)</b>  | <b>(54,844)</b>    | <b>-</b>                         | <b>-</b>        | <b>(137,205)</b>                | <b>31</b>       | <b>-</b>           | <b>(137,174)</b>                          |
| <b>EXCESS OF REVENUES OVER EXPENSES</b>   | <b>\$ 20,556</b> | <b>\$ (47,263)</b> | <b>\$ 0</b>                      | <b>\$ (0)</b>   | <b>\$ (26,707)</b>              | <b>\$ 3,799</b> | <b>\$ (18,662)</b> | <b>\$ (41,570)</b>                        |

(Continued)

**RUSH UNIVERSITY SYSTEM FOR HEALTH**  
**Consolidating Statement of Changes in Net Assets Information**  
**For twelve months ended June 30, 2022**  
*(Dollars in thousands)*

|  | RUMC                | RMC               | Rush System for<br>Health Parent | Eliminations       | Obligated Group<br>Consolidated | Rush Health      | Eliminations      | Rush System<br>for Health<br>Consolidated |
|--|---------------------|-------------------|----------------------------------|--------------------|---------------------------------|------------------|-------------------|---|
| <b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>   |                     |                   |                                  |                    |                                 |                  |                   |   |
| Excess of revenues over expenses   | \$ 20,556           | \$ (47,263)       | \$ 0                             | \$ (0)             | \$ (26,707)                     | \$ 3,799         | \$ (18,662)       | \$ (41,570)                               |
| Net assets released from restrictions used for the purchase of<br>property and equipment | 14,141              | -                 | -                                | -                  | 14,141                          | -                | -                 | 14,141                                    |
| Postretirement related changes other than net periodic postretirement cost               | (40,342)            | -                 | -                                | -                  | (40,342)                        | -                | -                 | (40,342)                                  |
| Other  | 1,287               | 1                 | -                                | (3,197)            | (1,909)                         | 1                | 19,855            | 17,947                                    |
| Increase in net assets without donor restrictions  | <u>(4,358)</u>      | <u>(47,262)</u>   | <u>0</u>                         | <u>(3,197)</u>     | <u>(54,817)</u>                 | <u>3,800</u>     | <u>1,193</u>      | <u>(49,824)</u>                           |
| <b>NET ASSETS WITH DONOR RESTRICTIONS</b>  |                     |                   |                                  |                    |                                 |                  |                   |   |
| Pledges, contributions and grants  | 184,842             | 2,728             | -                                | -                  | 187,570                         | -                | -                 | 187,570                                   |
| Net assets released from restrictions  | (174,944)           | (1,731)           | -                                | -                  | (176,675)                       | -                | -                 | (176,675)                                 |
| Net realized and unrealized gains on investments   | (45,571)            | (1,635)           | -                                | -                  | (47,206)                        | -                | -                 | (47,206)                                  |
| Decrease in net assets with donor restrictions   | <u>(35,673)</u>     | <u>(638)</u>      | <u>-</u>                         | <u>-</u>           | <u>(36,311)</u>                 | <u>-</u>         | <u>-</u>          | <u>(36,311)</u>                           |
| DECREASE IN NET ASSETS   | (40,031)            | (47,900)          | 0                                | (3,197)            | (91,128)                        | 3,800            | 1,193             | (86,135)                                  |
| NET ASSETS—Beginning of year   | <u>2,517,682</u>    | <u>491,822</u>    | <u>83</u>                        | <u>(15,970)</u>    | <u>2,993,617</u>                | <u>7,999</u>     | <u>(5,551)</u>    | <u>2,996,065</u>                          |
| NET ASSETS—End of year   | <u>\$ 2,477,651</u> | <u>\$ 443,922</u> | <u>\$ 83</u>                     | <u>\$ (19,167)</u> | <u>\$ 2,902,489</u>             | <u>\$ 11,799</u> | <u>\$ (4,358)</u> | <u>\$ 2,909,930</u>                       |

**(Concluded)**

## Financial Results Compared to Budget for the Fiscal Year Ended June 30, 2022

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The RUSH Parent Board is required to set the RUSH strategic plan and annual budget as well as approve the strategic plans, annual operating budgets, and the financial and capital priorities for RUMC and RCMC. The budget remains in effect the entire fiscal year. An actual to budget comparison and analysis is presented monthly in the financial statements, and the information for the fiscal year ended June 30, 2022 is presented below for the Obligated Group.

### Summary of Statement of Operations - Obligated Group

| <i>(In thousands)</i>                      | <b>Fiscal Year Ended</b> |               |
|--|--------------------------|---------------|
|  | <b>Jun 30, 2022</b>      |               |
|  | <b>Actual</b>            | <b>Budget</b> |
| Patient service revenue                    | \$ 2,702,767             | \$ 2,675,310  |
| Other operating revenue                    | 464,120                  | 363,355       |
| Total operating revenue                    | 3,166,887                | 3,038,665     |
| Salaries, wages and employee benefits      | 1,592,629                | 1,552,236     |
| Supplies, utilities and other              | 970,180                  | 917,691       |
| Professional liability and other insurance | 57,607                   | 84,228        |
| Purchased services                         | 257,616                  | 229,791       |
| Depreciation and amortization              | 147,748                  | 157,892       |
| Interest                                   | 30,609                   | 32,243        |
| Total operating expenses                   | 3,056,389                | 2,974,081     |
| Operating income                           | 110,498                  | 64,584        |
| Non-operating (expense) income             | (137,205)                | 57,234        |
| Excess of revenue over expenses            | \$ (26,707)              | \$ 121,818    |

## Covenant Compliance Certificate

The following calculations are pursuant to the financial covenants expressed in the Amended and Restated Master Trust Indenture dated February 1, 2015 for the Rush University Medical Center Obligated Group.

**(Dollars in Thousands)**

**I. MAXIMUM ANNUAL DEBT SERVICE COVERAGE RATIO:**

|   |                    |              |
|---|--------------------|--------------|
| Net income, excluding net gains and losses on sales [1] | \$                 | 159,934      |
| Add: Depreciation expense                               |                    | 147,748      |
| Add: Interest expense                                   |                    | 30,609       |
| Revenues available for debt service                     | \$                 | 338,291      |
| <br>Maximum annual debt service                         | <br>\$             | <br>62,797   |
| <br>Revenues available for debt service                 | <br>\$             | <br>338,291  |
| Maximum annual debt service                             | \$                 | 62,797       |
|   |                    | 5.39         |
| <br>Ratio exceeds 1.20                                  | <br>(please check) | <br><b>X</b> |

**II. DAYS CASH ON HAND:**

|   |                    |                 |
|---|--------------------|-----------------|
| Unrestricted cash and cash equivalents                | \$                 | 498,247         |
| Add: Unrestricted marketable securities               |                    | 1,357,270       |
| Unrestricted cash and marketable securities           | \$                 | 1,855,516       |
| Number of days in period                              |                    | 365             |
| Unrestricted cash and marketable securities x 365     | \$                 | 677,263,485     |
| <br>Total operating expenses                          |                    | <br>3,056,389   |
| Less: Depreciation expense                            |                    | (147,748)       |
| Total operating expenses - depreciation expense       | \$                 | 2,908,641       |
| <br>Unrestricted cash and marketable securities x 365 | <br>\$             | <br>677,263,485 |
| Total operating expenses - depreciation expense       | \$                 | 2,908,641       |
|   |                    | 232.8           |
| <br>Days exceed 65                                    | <br>(please check) | <br><b>X</b>    |

**[1] Maximum annual and historical debt service coverage ratios are calculated based on revenues available for debt service of the Obligated Group and exclude the change in fair value of interest rate swaps and unrealized gains and losses on unrestricted investments. Revenues available for debt service also excludes net gains and losses on sales, a component of nonoperating income.**

## Covenant Compliance Certificate – Continued

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(Dollars in Thousands)

### III. HISTORICAL DEBT SERVICE COVERAGE RATIO:

|   |                |                 |
|---|----------------|-----------------|
| Net income, excluding net gains and losses on sales [1] | \$             | 159,934         |
| Add: Depreciation expense                               |                | 147,748         |
| Add: Interest expense                                   |                | <u>30,609</u>   |
| Revenues available for debt service                     | \$             | 338,291         |
|   |                |                 |
| Payments of debt  | \$             | 13,043          |
| Add: Interest expense                                   |                | <u>30,609</u>   |
| Annual debt service                                     | \$             | 43,652          |
|   |                |                 |
| Revenues available for debt service                     | \$             | <u>338,291</u>  |
| Annual debt service                                     | \$             | <u>43,652</u>   |
|   |                |                 |
| Ratio exceeds 1.10                                      | (please check) | <u><b>X</b></u> |

[1] Maximum annual and historical debt service coverage ratios are calculated based on revenues available for debt service of the Obligated Group and exclude the change in fair value of interest rate swaps and unrealized gains and losses on unrestricted investments. Revenues available for debt service also excludes net gains and losses on sales, a component of nonoperating income.

**The following is a list of the Rush System for Health Board Members:**

| <u>Name</u>          | <u>Professional Affiliation</u>                                   | <u>Years of Service</u> |
|----------------------|---|-------------------------|
| Peter C. B. Bynoe    | Senior Advisor, DLA Piper LLP (US)                                | 5                       |
| E. David Coolidge    | Vice Chairman, William Blair & Company, LLC                       | 5                       |
| Catherine Cederoth   | Director, Huron Consulting Group                                  | 5                       |
| Susan Crown          | Chairman and CEO, SCE   | 5                       |
| Bruce W. Dienst      | President and CEO, Simpson Technologies Corporation               | 5                       |
| William A. Downe     | Retired Chief Executive Officer, BMO Financial Group              | 5                       |
| Christine A. Edwards | Retired Partner, Winston Strawn                                   | 5                       |
| William M. Goodyear  | Retired Executive Chairman, Navigant Consulting                   | 5                       |
| Sandra P. Guthman    | Chairman, Polk Bros. Foundation                                   | 5                       |
| Jay L. Henderson     | Retired Vice Chairman, Client Service, PricewaterhouseCoopers LLP | 5                       |
| Mark C. Metzger      | Founder and Principal, Law Offices of Mark C. Metzger             | 5                       |
| Stephen N. Potter    | Retired Vice Chairman, Northern Trust Corporation                 | 2                       |
| Robert A. Wislow     | Co-Founder, Parkside Realty                                       | 1                       |

## Medical Staff

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The following table represents information relating to the composition of the Medical Staff of Rush University Medical Center as of June 30, 2022:

| <b><u>Specialty</u></b>                      | <b><u>Medical Staff</u></b> | <b><u>% Board Certified</u></b> | <b><u>Average Age</u></b> |
|--|-----------------------------|---------------------------------|---------------------------|
| Addiction Medicine                           | 1                           | 100%                            | 61                        |
| Adult Congenital Heart Disease               | 1                           | 100%                            | 58                        |
| Advanced Heart Failure and Transplant Cardio | 9                           | 100%                            | 40                        |
| Allergy & Immunology                         | 10                          | 100%                            | 52                        |
| Anesthesiology                               | 50                          | 86%                             | 48                        |
| Cardiology                                   | 1                           | 100%                            | 89                        |
| Cardiovascular Disease                       | 27                          | 93%                             | 52                        |
| Child and Adolescent Psychiatry              | 5                           | 100%                            | 55                        |
| Clinical Cardiac Electrophysiology           | 10                          | 100%                            | 49                        |
| Clinical Genetics and Genomics               | 2                           | 100%                            | 50                        |
| Colon and Rectal Surgery                     | 4                           | 100%                            | 48                        |
| Complex General Surgical Oncology            | 1                           | 100%                            | 42                        |
| Complex Pediatrics Otolaryngology            | 1                           | 100%                            | 40                        |
| Congenital Cardiac Surgery                   | 3                           | 100%                            | 53                        |
| Critical Care Medicine                       | 5                           | 60%                             | 42                        |
| Dermatology                                  | 14                          | 100%                            | 52                        |
| Developmental-Behavioral Pediatrics          | 4                           | 75%                             | 50                        |
| Diagnostic Radiology                         | 33                          | 94%                             | 49                        |
| Emergency Medicine                           | 50                          | 84%                             | 41                        |
| Endocrinology, Diabetes and Metabolism       | 11                          | 100%                            | 46                        |
| Epilepsy                                     | 2                           | 100%                            | 41                        |
| Family Medicine                              | 3                           | 100%                            | 43                        |
| Family Medicine (PCP)                        | 29                          | 100%                            | 51                        |
| Female Pelvic Medicine and Recons Surgery    | 5                           | 80%                             | 43                        |
| Foot and Ankle Surgery                       | 7                           | 71%                             | 54                        |
| Foot Surgery                                 | 1                           | 100%                            | 49                        |
| Gastroenterology                             | 21                          | 95%                             | 49                        |
| Geriatric Medicine                           | 1                           | 100%                            | 51                        |
| Geriatric Medicine (PCP)                     | 6                           | 100%                            | 47                        |
| Geriatric Psychiatry                         | 1                           | 100%                            | 42                        |
| Gynecologic Oncology                         | 4                           | 100%                            | 45                        |
| Gynecology                                   | 2                           | 100%                            | 61                        |
| Hematology                                   | 14                          | 86%                             | 51                        |
| Hospice and Palliative Medicine              | 17                          | 94%                             | 43                        |
| Infectious Disease                           | 22                          | 95%                             | 50                        |
| Internal Medicine                            | 68                          | 79%                             | 39                        |



## Medical Staff

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The following table represents information relating to the composition of the Medical Staff of Rush University Medical Center as of June 30, 2022 (continued):

| <b><u>Specialty</u></b>                        | <b><u>Medical Staff</u></b> | <b><u>% Board Certified</u></b> | <b><u>Average Age</u></b> |
|--|-----------------------------|---------------------------------|---------------------------|
| Internal Medicine (PCP)                        | 81                          | 95%                             | 54                        |
| Internal Medicine/Pediatrics                   | 4                           | 100%                            | 42                        |
| Interventional Cardiology                      | 23                          | 100%                            | 51                        |
| Interventional Radiology and Diagnostic Radio  | 6                           | 100%                            | 44                        |
| Maternal-Fetal Medicine                        | 10                          | 100%                            | 53                        |
| Medical Oncology                               | 19                          | 100%                            | 54                        |
| Neonatal-Perinatal Medicine                    | 19                          | 95%                             | 46                        |
| Nephrology                                     | 10                          | 90%                             | 54                        |
| Neurological Surgery                           | 18                          | 100%                            | 54                        |
| Neurology                                      | 59                          | 98%                             | 48                        |
| Neurology with Special Qualifications in Child | 6                           | 100%                            | 55                        |
| Neuropathology                                 | 2                           | 100%                            | 57                        |
| Neuroradiology                                 | 8                           | 100%                            | 46                        |
| Nuclear Medicine                               | 1                           | 100%                            | 41                        |
| Obstetrics and Gynecology                      | 44                          | 89%                             | 44                        |
| Occupational Medicine                          | 4                           | 100%                            | 64                        |
| Ophthalmology                                  | 53                          | 94%                             | 52                        |
| Oral and Maxillofacial Surgery                 | 3                           | 100%                            | 46                        |
| Orthodontics                                   | 1                           | 100%                            | 39                        |
| Orthopaedic Sports Medicine                    | 16                          | 63%                             | 41                        |
| Orthopaedic Surgery                            | 50                          | 48%                             | 43                        |
| Otolaryngology - Head and Neck Surgery         | 17                          | 88%                             | 44                        |
| Pain Medicine                                  | 12                          | 17%                             | 33                        |
| Pathology                                      | 20                          | 100%                            | 53                        |
| Pediatric Cardiology                           | 14                          | 93%                             | 48                        |
| Pediatric Gastroenterology                     | 3                           | 100%                            | 50                        |
| Pediatric Critical Care Medicine               | 9                           | 100%                            | 41                        |
| Pediatric Endocrinology                        | 4                           | 100%                            | 49                        |
| Pediatric Hematology-Oncology                  | 7                           | 100%                            | 53                        |
| Pediatric Hospital Medicine                    | 2                           | 100%                            | 41                        |
| Pediatric Infectious Diseases                  | 5                           | 100%                            | 52                        |
| Pediatric Nephrology                           | 6                           | 100%                            | 42                        |
| Pediatric Otolaryngology                       | 1                           | 100%                            | 35                        |
| Pediatric Pulmonology                          | 2                           | 100%                            | 55                        |
| Pediatric Rehabilitation Medicine              | 1                           | 100%                            | 42                        |
| Pediatric Surgery                              | 4                           | 100%                            | 46                        |

## Medical Staff

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The following table represents information relating to the composition of the Medical Staff of Rush University Medical Center as of June 30, 2022 (continued):

| <b><u>Specialty</u></b>                | <b><u>Medical Staff</u></b> | <b><u>% Board Certified</u></b> | <b><u>Average Age</u></b> |
|--|-----------------------------|---------------------------------|---------------------------|
| Pediatric Urology                      | 1                           | 100%                            | 62                        |
| Pediatrics                             | 32                          | 88%                             | 45                        |
| Physical Medicine and Rehabilitation   | 19                          | 95%                             | 46                        |
| Plastic Surgery                        | 13                          | 92%                             | 49                        |
| Podiatric Medicine                     | 1                           | 100%                            | 69                        |
| Psychiatry                             | 39                          | 97%                             | 52                        |
| Pulmonary Disease                      | 21                          | 100%                            | 44                        |
| Radiation Oncology                     | 7                           | 86%                             | 47                        |
| Reproductive Endocrinology/Infertility | 2                           | 100%                            | 74                        |
| Rheumatology                           | 21                          | 100%                            | 54                        |
| Sleep Medicine                         | 5                           | 80%                             | 45                        |
| Sports Medicine                        | 7                           | 100%                            | 41                        |
| Surgery                                | 28                          | 86%                             | 50                        |
| Surgery of the Hand                    | 5                           | 80%                             | 47                        |
| Surgical Critical Care                 | 5                           | 100%                            | 49                        |
| Thoracic and Cardiac Surgery           | 24                          | 92%                             | 52                        |
| Transplant Hepatology                  | 7                           | 100%                            | 54                        |
| Urology                                | 10                          | 90%                             | 53                        |
| Vascular Neurology                     | 2                           | 100%                            | 40                        |
| Vascular Surgery                       | 5                           | 100%                            | 53                        |
| <b>Total/Average</b>                   | <b>1,243</b>                | <b>90%</b>                      | <b>48</b>                 |

## Medical Staff

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The following table represents information relating to the composition of the Medical Staff of Rush Copley Medical Center as of June 30, 2022:

| <u>Specialty</u>                      | <u>Medical Staff</u> | <u>% Board Certified</u> | <u>Average Age</u> |
|---------------------------------------|----------------------|--------------------------|--------------------|
| Allergy/Immunology                    | 5                    | 100%                     | 52                 |
| Anesthesia                            | 16                   | 100%                     | 47                 |
| Cardio-Electrophysiology              | 2                    | 100%                     | 47                 |
| Cardiology                            | 2                    | 100%                     | 36                 |
| Cardiology, Interventional            | 3                    | 100%                     | 52                 |
| Cardiovascular Disease                | 9                    | 100%                     | 46                 |
| Critical Care Medicine                | 6                    | 100%                     | 45                 |
| Dentistry                             | 1                    | 0%                       | 48                 |
| Dermatology                           | 4                    | 75%                      | 53                 |
| Emergency Medicine                    | 31                   | 77%                      | 43                 |
| Endocrinology, Diabetes, & Metabolism | 3                    | 100%                     | 49                 |
| Family Practice                       | 43                   | 90%                      | 47                 |
| Gastroenterology                      | 11                   | 100%                     | 48                 |
| Gynecologic Oncology                  | 3                    | 100%                     | 46                 |
| Gynecology                            | 3                    | 100%                     | 60                 |
| Hematology                            | 1                    | 100%                     | 57                 |
| Hematology/Oncology                   | 8                    | 100%                     | 56                 |
| Hospitalist                           | 5                    | 100%                     | 40                 |
| Infectious Disease                    | 3                    | 100%                     | 54                 |
| Internal Medicine                     | 40                   | 95%                      | 47                 |
| Internal Medicine-Hepatology          | 1                    | 100%                     | 43                 |
| Maternal/Fetal Medicine               | 8                    | 100%                     | 49                 |
| Neonatology                           | 9                    | 100%                     | 42                 |
| Nephrology                            | 9                    | 100%                     | 56                 |
| Neurological Surgery                  | 4                    | 100%                     | 49                 |
| Neurology                             | 11                   | 100%                     | 50                 |
| OB/Gyn                                | 27                   | 89%                      | 50                 |
| Oncology                              | 1                    | 100%                     | 45                 |
| Ophthalmology                         | 6                    | 100%                     | 59                 |
| Otolaryngology                        | 8                    | 100%                     | 46                 |
| Pathology                             | 5                    | 100%                     | 62                 |
| Pediatric Anesthesiology              | 2                    | 100%                     | 46                 |
| Pediatric Cardiology                  | 3                    | 100%                     | 44                 |
| Pediatric Endocrinology               | 1                    | 100%                     | 51                 |
| Pediatric Gastroenterology            | 1                    | 100%                     | 39                 |
| Pediatric Genetics                    | 1                    | 100%                     | 61                 |
| Pediatric Hematology/Oncology         | 1                    | 100%                     | 59                 |

## Medical Staff

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The following table represents information relating to the composition of the Medical Staff of Rush Copley Medical Center as of June 30, 2022 (continued):

| <b><u>Specialty</u></b>              | <b><u>Medical Staff</u></b> | <b><u>% Board Certified</u></b> | <b><u>Average Age</u></b> |
|--------------------------------------|-----------------------------|---------------------------------|---------------------------|
| Pediatric Neurology                  | 5                           | 100%                            | 57                        |
| Pediatric Ophthalmology              | 1                           | 100%                            | 27                        |
| Pediatric Otolaryngology             | 1                           | 0%                              | 34                        |
| Pediatric Pulmonology                | 2                           | 100%                            | 40                        |
| Pediatric Radiology                  | 30                          | 100%                            | 47                        |
| Pediatric Surgery                    | 2                           | 100%                            | 49                        |
| Pediatric Urology                    | 1                           | 100%                            | 62                        |
| Pediatrics                           | 19                          | 94.70%                          | 46                        |
| Physical Medicine & Rehabilitation   | 10                          | 90%                             | 43                        |
| Psychiatry                           | 2                           | 100%                            | 51                        |
| Pulmonary Medicine                   | 9                           | 100%                            | 51                        |
| Radiation Oncology                   | 3                           | 100%                            | 42                        |
| Radiology                            | 48                          | 98%                             | 44                        |
| Radiology, Diagnostic                | 14                          | 93%                             | 42                        |
| Radiology, Vascular & Interventional | 1                           | 100%                            | 52                        |
| Reproductive Endocrinology           | 3                           | 66.70%                          | 47                        |
| Spine surgery                        | 1                           | 100%                            | 57                        |
| Sports Medicine                      | 1                           | 100%                            | 44                        |
| Surgery, Bariatric                   | 4                           | 75%                             | 42                        |
| Surgery, Breast                      | 1                           | 100%                            | 62                        |
| Surgery, Cardiothoracic              | 13                          | 84.60%                          | 49                        |
| Surgery, General                     | 13                          | 100%                            | 57                        |
| Surgery, General Vascular            | 4                           | 100%                            | 50                        |
| Surgery, Hand                        | 1                           | 100%                            | 41                        |
| Surgery, Orthopedic                  | 13                          | 77%                             | 48                        |
| Surgery, Pediatric                   | 2                           | 100%                            | 48                        |
| Surgery, Plastic                     | 2                           | 100%                            | 43                        |
| Surgery, Podiatric                   | 16                          | 94%                             | 49                        |
| Surgery, Thoracic                    | 4                           | 75%                             | 45                        |
| Teleneurology                        | 8                           | 100%                            | 48                        |
| Urology gynecology                   | 3                           | 100%                            | 52                        |
| Urology                              | 4                           | 75%                             | 42                        |
| <b>Total/Average</b>                 | <b>538</b>                  | <b>94%</b>                      | <b>48</b>                 |

## Medical Staff

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The following table represents information relating to the composition of the Medical Staff of Rush Oak Park Hospital as of June 30, 2022:

| <b><u>Specialty</u></b>                           | <b><u>Total Medical Staff</u></b> | <b><u>% Board Certified</u></b> | <b><u>Average Age</u></b> |
|---|-----------------------------------|---------------------------------|---------------------------|
| Advanced Heart Failure and Transplant Cardiology  | 2                                 | 100%                            | 41                        |
| Allergy & Immunology                              | 8                                 | 100%                            | 49                        |
| Anesthesiology                                    | 17                                | 94%                             | 52                        |
| Cardiovascular Disease                            | 17                                | 100%                            | 49                        |
| Clinical Cardiac Electrophysiology                | 6                                 | 100%                            | 46                        |
| Colon and Rectal Surgery                          | 3                                 | 100%                            | 50                        |
| Complex General Surgical Oncology                 | 1                                 | 100%                            | 42                        |
| Critical Care Medicine                            | 1                                 | 100%                            | 51                        |
| Dentistry   | 1                                 | 0%                              | 67                        |
| Dermatology                                       | 5                                 | 100%                            | 52                        |
| Diagnostic Radiology                              | 31                                | 97%                             | 49                        |
| Emergency Medicine                                | 35                                | 83%                             | 42                        |
| Endocrinology, Diabetes and Metabolism            | 6                                 | 100%                            | 46                        |
| Epilepsy  | 2                                 | 100%                            | 41                        |
| Family Medicine                                   | 31                                | 90%                             | 50                        |
| Female Pelvic Medicine and Reconstructive Surgery | 4                                 | 100%                            | 50                        |
| Foot and Ankle Surgery                            | 9                                 | 44%                             | 60                        |
| Foot Surgery                                      | 8                                 | 75%                             | 43                        |
| Gastroenterology                                  | 16                                | 88%                             | 50                        |
| Geriatric Medicine                                | 3                                 | 100%                            | 49                        |
| Gynecologic Oncology                              | 3                                 | 100%                            | 45                        |
| Hematology  | 8                                 | 75%                             | 53                        |
| Infectious Disease                                | 17                                | 94%                             | 51                        |
| Internal Medicine                                 | 29                                | 86%                             | 50                        |
| Interventional Radiology and Diagnostic Radiology | 8                                 | 88%                             | 45                        |
| Interventional Cardiology                         | 11                                | 100%                            | 53                        |
| Medical Oncology                                  | 11                                | 100%                            | 51                        |
| Nephrology  | 10                                | 100%                            | 55                        |
| Neurology   | 18                                | 100%                            | 47                        |
| Neurology with Special Qualifications in Child    |                                   |                                 |                           |
| Neurology   | 1                                 | 100%                            | 56                        |
| Neuropathology                                    | 1                                 | 100%                            | 53                        |
| Neuroradiology                                    | 8                                 | 100%                            | 46                        |
| Obstetrics and Gynecology                         | 18                                | 89%                             | 40                        |
| Occupational Medicine                             | 1                                 | 0%                              | 79                        |
| Ophthalmology                                     | 13                                | 100%                            | 57                        |
| Oral and Maxillofacial Surgery                    | 1                                 | 100%                            | 52                        |
| Orthopaedic Sports Medicine                       | 8                                 | 75%                             | 46                        |
| Orthopaedic Surgery                               | 12                                | 83%                             | 50                        |
| Otolaryngology - Head and Neck Surgery            | 5                                 | 100%                            | 48                        |

## Medical Staff

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The following table represents information relating to the composition of the Medical Staff of Rush Oak Park Hospital as of June 30, 2022 (continued):

| <b><u>Specialty</u></b>              | <b><u>Total Medical Staff</u></b> | <b><u>% Board Certified</u></b> | <b><u>Average Age</u></b> |
|--------------------------------------|-----------------------------------|---------------------------------|---------------------------|
| Pathology                            | 13                                | 100%                            | 49                        |
| Pediatric Cardiology                 | 2                                 | 100%                            | 46                        |
| Pediatrics                           | 1                                 | 100%                            | 65                        |
| Physical Medicine and Rehabilitation | 11                                | 100%                            | 42                        |
| Plastic Surgery                      | 9                                 | 89%                             | 45                        |
| Psychiatry                           | 9                                 | 100%                            | 46                        |
| Pulmonary Disease                    | 12                                | 100%                            | 46                        |
| Radiation Oncology                   | 6                                 | 83%                             | 47                        |
| Rheumatology                         | 4                                 | 100%                            | 43                        |
| Sleep Medicine                       | 3                                 | 67%                             | 47                        |
| Sports Medicine                      | 4                                 | 100%                            | 44                        |
| Surgery                              | 24                                | 92%                             | 51                        |
| Surgery of the Hand                  | 4                                 | 75%                             | 50                        |
| Surgical Critical Care               | 3                                 | 100%                            | 43                        |
| Thoracic and Cardiac Surgery         | 5                                 | 80%                             | 44                        |
| Transplant Hepatology                | 7                                 | 71%                             | 54                        |
| Urology                              | 11                                | 91%                             | 50                        |
| Vascular Neurology                   | 2                                 | 100%                            | 40                        |
| Vascular Surgery                     | 5                                 | 80%                             | 53                        |
| <b>Total/Average</b>                 | <b>524</b>                        | <b>91%</b>                      | <b>49</b>                 |