

UPMC Unaudited Financial and Operating Report

FOR THE PERIOD ENDED JUNE 30, 2024



UPMC
LIFE CHANGING MEDICINE

UPMC Unaudited Financial and Operating Report

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The following financial data as of June 30, 2024 and for the three and six month periods ended June 30, 2024 and 2023 is derived from the interim condensed consolidated financial statements of UPMC. The interim condensed consolidated financial statements include all adjustments consisting of a normal recurring nature that UPMC considers necessary for a fair presentation of its financial position and the results of operations for these periods. The financial information as of December 31, 2023 is derived from UPMC’s audited consolidated financial statements. Operating and financial results reported herein are not necessarily indicative of the results that may be expected for any future periods.

The information contained herein is being filed by UPMC for the purpose of complying with its obligations under Continuing Disclosure Agreements entered into in connection with the issuance of the series of bonds listed herein and disclosure and compliance obligations in connection with various banking arrangements. Digital Assurance Certification, L.L.C., as Dissemination Agent, has not participated in the preparation of this Unaudited Financial and Operating Report, has not examined its contents and makes no representations concerning the accuracy and completeness of the information contained herein.



MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2024

UPMC, doing business as the University of Pittsburgh Medical Center, is one of the world's leading Integrated Delivery and Financing Systems ("IDFS"). UPMC is based in Pittsburgh, Pennsylvania and primarily serves residents across the Commonwealth of Pennsylvania, as well as western New York and northwestern Maryland. UPMC also draws patients for highly specialized services from across the nation and around the world. UPMC's more than 40 hospitals and 800 clinical locations comprise one of the largest nonprofit health systems in the United States. UPMC serves patients and members across the continuum of health care with its hospital; physician and homecare services; physical, behavioral health insurance product offerings; international operations and its Enterprises division.

UPMC is committed to providing high quality, cost-effective health care to its communities and its insurance members, while continuing to grow its business and execute on its mission of service. As part of this mission, UPMC continues to make significant investments in equipment, technology and operational strategies designed to improve clinical quality and to provide the best possible patient and member experience. Investments in operations and continued capital improvements are expected to become increasingly important as the competitive environment of the market and national changes to the industry continue to shift the landscape of health care. UPMC builds new facilities, makes strategic acquisitions and enters into joint venture arrangements or affiliations with health care businesses — in each case in communities where it believes its mission can be effectively utilized to improve the overall health of those communities.

As the stewards of UPMC's community assets, UPMC is guided by the core values of integrity, excellence, respect and teamwork. These values govern the manner in which UPMC serves its communities and are embedded in the execution and delivery of Life Changing Medicine. By continually evolving and refining UPMC's world-class financial processes, we focus on achieving optimal financial results that support the continued development of our organization, as well as ongoing investment in the future of the communities we serve. We are committed to achieving these objectives with unyielding commitments to transparency in reporting and disclosure, enterprise-wide integration and ongoing process improvement.

The purpose of this section, Management's Discussion and Analysis ("MD&A"), is to provide a narrative explanation of UPMC's condensed consolidated financial statements that enhances the overall financial disclosures, to provide the context within which the financial information may be analyzed, and to provide information about the quality of, and potential variability of, UPMC's financial condition, results of operations and cash flows.

Unless otherwise indicated, all financial information included herein relates to UPMC's continuing operations, with dollar amounts expressed in millions (except for statistical information and as otherwise noted). MD&A should be read in conjunction with the accompanying unaudited interim condensed consolidated financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2024

CONSOLIDATED FINANCIAL HIGHLIGHTS

Financial Results for the Six Months Ended June 30	2024	2023
Operating revenues	\$ 14,478	\$ 13,815
Operating (loss) income (prior to restructuring costs)*	\$ (225)	\$ 15
Operating margin % (prior to restructuring costs)*	(1.6)%	0.1%
Operating (loss) income	\$ (313)	\$ 15
Operating margin %	(2.2)%	0.1%
Operating margin % (after income tax and interest expense)	(3.0)%	(0.6)%
Gain from investing and financing activities	\$ 224	\$ 276
Excess of revenues over expenses attributable to controlling interest	\$ 16	\$ 150
Operating EBIDA	\$ 37	\$ 359
Capital expenditures	\$ 453	\$ 363
Reinvestment ratio	1.29	1.06

Selected Other Information as of	June 30, 2024	December 31, 2023
Total cash and investments	\$ 9,269	\$ 9,547
Unrestricted cash and investments	\$ 7,872	\$ 8,221
Unrestricted cash and investments over long-term debt	\$ 1,326	\$ 1,613
Days of cash on hand	98	109
Days in net accounts receivable	43	44
Average age of plant (in years)	11.1	11.2

*Excludes \$88 million of restructuring costs for the six months ended June 30, 2024.

Operating income decreased for the six months ended June 30, 2024 by \$328 million compared to prior year. Elevated medical utilization across the Insurance Services division products, as well as increased pharmacy costs that exceeded revenue rate increases, including those associated with Glucagon-like peptide-1 ("GLP-1") drugs, resulted in a decrease in operating results versus the prior year of \$312 million. Operating results for the Health Services division have seen improvements of \$72 million versus the prior year as patient volumes have improved and contract labor expenses have decreased. Prior year Health Services division results included equity earnings of \$163 million related to UPMC's investment in CarePath and Federal Emergency Management Agency ("FEMA") COVID-19 related recoveries of \$42 million. When excluding those prior year items, as well as the current year restructuring costs of \$88 million, current year consolidated operating losses of \$225 million would be comparable to prior year losses of \$190 million. UPMC continues to have a long-term perspective with regard to its investment activities. As of June 30, 2024, UPMC had more than \$9.2 billion of cash and investments, of which approximately \$2.9 billion was held by UPMC's regulated health and captive insurance companies.

In June 2024, UPMC was notified that the RAND Corporation, a nonprofit consulting firm that FEMA engaged to review reimbursement claim submissions for COVID-19 incurred expenses, had completed an extensive review and approved UPMC's submitted claims in excess of \$200 million. UPMC is awaiting a final determination from FEMA, which it expects to receive by the end of the fiscal year. This will result in the recognition of over \$200 million of other revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2024

BUSINESS HIGHLIGHTS

Growing Patient Care Access

In June 2023, the Boards of Directors of Washington Health System (“WHS”) and UPMC announced an affiliation agreement between the two entities that would integrate WHS into the UPMC system. One year later, on June 1, 2024, that affiliation became official. UPMC has committed to invest \$300 million over 10 years to enhance clinical services and upgrade facilities at the UPMC Washington and UPMC Greene campuses. UPMC’s investments combined with contributions from the WHS Foundation ensures UPMC Washington and UPMC Greene can provide state-of-the-art health care for local residents for years to come and maintain its position as one of the largest employers in both Washington and Greene counties. For the past decade, WHS and UPMC have been collaborating in several areas to deliver high-quality, patient-centered care to more than 10,000 patients annually. Such collaborations include partnerships with UPMC Hillman Cancer Center, UPMC Children’s Hospital of Pittsburgh and other clinical synergies. UPMC will continue to invest in and advance these and other key services locally to ensure the residents of Washington and Greene counties have access to high-quality care.

In April 2024, UPMC Williamsport opened the newly renovated and expanded UPMC Rehabilitation Institute, an optimally designed facility for delivering comprehensive and personalized care within a healing atmosphere. Thirty new single-occupancy rooms have private bathrooms and advanced technology to improve the patient and family experience. The new space also has two gyms, private treatment rooms for speech therapy and psychology services, a sensory room for quiet treatment of neurologic patients, additional common space for support groups and group therapy treatment, including music therapy and staff education. It also includes space for a new low-level head injury program, one of only three programs of its type in Pennsylvania, designed for specialized treatment of traumatic brain injuries.

In May 2024, UPMC Presbyterian was named “Best Regional Hospital for Equitable Access” by U.S. News & World Report. UPMC Presbyterian was one of 53 hospitals in 26 states to be recognized for caring for patients in historically underserved communities, achieving excellent outcomes among disadvantaged communities and providing socioeconomically vulnerable populations with substantial access to high-quality care.

In May 2024, Atrium Health Levine Children’s Hospital in Charlotte, NC., began a partnership with UPMC Children’s Hospital of Pittsburgh, allowing for Levine Children’s Hospital to expand its ability to successfully perform life-saving liver transplants in infants and toddlers. This enables personalized care before, during and after transplantation in a close to home setting for young patients and their families. Atrium Health, part of Charlotte-based Advocate Health, began pediatric liver transplants in 2000 and offers the only pediatric transplant program in the greater Charlotte region at Levine Children’s Hospital. Both Levine Children’s Hospital and UPMC Children’s Hospital’s pediatric liver transplant programs consistently exceed national averages on patient and graft survival. With over 1,800 pediatric liver transplants performed, UPMC Children’s has performed more than any other center in the United States. This expertise continues to attract patients from all over the world.

In June 2024, UPMC added a second linear accelerator (“LINAC”) in the UPMC Hillman Cancer Center at Rocco and Nancy Ortenzio Cancer Pavilion next to UPMC West Shore in Mechanicsburg, Pa. Operating a second LINAC to perform vital radiation oncology treatments further increases access to lifesaving care for even more people in central Pennsylvania. The UPMC Hillman Cancer Center in Mechanicsburg and Camp Hill had approximately 36,000 patient visits for medical oncology and infusion in 2023, averaging close to 100 appointments per day. LINAC is a state-of-the-art radiotherapy system designed to treat a variety of cancer tumors wherever they are in the body, including lung, breast and prostate cancers. It provides more precision so that surrounding tissues are less affected and it gives oncologists better imaging so they can clearly see the treatment while it’s happening. UPMC also invested in new robotic technology at UPMC Hanover to diagnose lung cancer earlier and a new secure webcam system for families of newborns in the neo-natal intensive care unit at UPMC Magee-Womens in UPMC Carlisle.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2024

In April 2024, UPMC Ireland, in partnership with University College Cork ("UCC"), opened UPMC Sports Medicine Clinic, Mardyke Arena, UCC. Serving Ireland since 2006, UPMC is focused on improving access to advanced, specialized care for more people in their local neighborhoods. The new clinic in Cork is the sixth UPMC sports medicine facility in Ireland. Other locations are in Dublin, Waterford, Limerick, Tipperary, and Mayo. The combination of research and medicine between two academic centers lends itself to developing new solutions and opportunities for people across Ireland, while working closely with the country's public health system to meet the needs of those utilizing that avenue of care. The growth of UPMC's signature specialty services across Ireland is a response to an increasing need and demand for UPMC's high-quality specialty care. The sports medicine clinics are an essential part of UPMC Ireland's nationwide network of hospitals and centers. These include UPMC Aut Even Hospital in Kilkenny, UPMC Whitfield Hospital in Waterford, UPMC Kildare Hospital in Clane, UPMC Sports Surgery Clinic in Dublin, UPMC Hillman Cancer Centre locations in Cork and Waterford and an outpatient center in Carlow. UPMC Sports Medicine Clinic locations across Ireland serve athletes of all ages from youths to professionals. UPMC is the official health care partner to the Gaelic Athletic Association and the Gaelic Players Association.

Driving Clinical Excellence

During the second quarter, UPMC earned numerous quality accolades including: fifteen UPMC hospitals earned top "A" grades from The Leapfrog Group's Spring 2024 Hospital Safety Grades, which is the highest possible rating and the nation's top distinction for patient safety; UPMC Magee-Womens Hospital was the only hospital in Pennsylvania on U.S. News & World Report's inaugural list of hospitals moving the needle on Black maternal health; thirty-three UPMC hospitals were recognized for their outstanding LGBTQIA+ patient care policies and practices by the Human Rights Campaign Foundation; UPMC Harrisburg earned The Joint Commission's Gold Seal of Approval and the American Stroke Association's Heart-Check mark for Thrombectomy-Capable Stroke Center Certification; the UPMC Heart and Vascular Institute in Central Pa. was awarded the highest possible rating of three stars by the Society of Thoracic Surgeons in three out of five total categories for patient care and outcomes; UPMC Williamsport was recognized by the Pennsylvania Perinatal Quality Collaborative for its excellence in quality improvement initiatives focusing on maternal care; and Susquehanna Regional EMS, UPMC in North Central Pa.'s prehospital team, was named the 2024 Pennsylvania Agency of the Year by the Pennsylvania Emergency Health Services Council.

Caring for our Communities

In June 2024, UPMC posted its Fiscal Year 2023 Community Benefits report, which demonstrated its continued commitment to the regions UPMC serves throughout Pennsylvania, western New York, and northwestern Maryland. The report details the vast impact of the \$1.8 billion in IRS-defined community benefits UPMC provided during the year. This is more funding than any other Pennsylvania health system.

Included in the community benefits provided by UPMC is \$656 million to make care more accessible for the most vulnerable residents in the communities UPMC serves, of which \$114 million was in providing charity care to patients. This represents more than a quarter of the charity care provided in the Commonwealth of Pennsylvania, despite caring for 18% of the total patients. Spending on community health and wellness programs, as well as charitable contributions, totaled \$580 million. Additionally, UPMC is enhancing health and wellness through more than 3,000 free and subsidized programs aimed at addressing the most pressing needs. These needs include chronic disease management, behavioral health, access to care and navigating resources, and prevention and community-wide healthy living. Spending on medical research and education, advancing breakthrough treatments and cures while training the next generation of clinicians, totaled \$602 million which represents 98% of all hospital-funded research in western Pennsylvania. Along with its academic partner, the University of Pittsburgh, UPMC is ranked in the top 10 nationally in National Institutes of Health funding and has the nation's second-largest medical residency program training over 1,900 medical residents and clinical fellows each year. UPMC is a leader in funding education for health professionals in Pennsylvania, having invested \$245 million in the last year to develop physicians, nurses, pharmacists, and other health professionals. Additionally, UPMC has launched multiple programs that help diverse populations obtain meaningful employment such as Pathways to Work, Pathways for Veterans and Project SEARCH.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2024

Clinical Research & Innovation

In April 2024, UPMC and University of Pittsburgh clinician-scientists published an article in the Journal of Medical Internet Research that determined UPMC Enterprises portfolio company Pip Care's platform reduces post-surgical hospital stays by nearly a day and cuts the risk of readmission within a week of surgery by 50%. This is accomplished by coupling a smart phone app with a real-life health coach, making it easy for patients to stay accountable to pre- and post-surgical guidance. Within 24 hours of the results being promoted to news media, Pip Care received multiple inquiries from potential health system clients.

In June 2024, UPMC Enterprises completed a multi-part deal with telehealth tech company eVisit. This included the acquisition of UPMC's Inpatient Teleconsult Technology for clinician-to-clinician virtual consults at the bedside of ICU patients. The technology is so unique, efficient and fast that UPMC has expanded it into other specialties, including neurology, toxicology and psychology. Since its development, UPMC has used it for more than 40,000 teleconsults, cutting patient wait times by 92%.

BlueSphere Bio, the first translational sciences biotech startup formed by UPMC Enterprises, announced two major milestones during the second quarter. BlueSphere received its first investigational new drug clearance from the U.S. Food and Drug Administration for its first-in-human candidate, a novel T cell receptor therapy targeting high-risk leukemia. This enables BlueSphere to launch a phase 2 human clinical trial. In addition, BlueSphere entered a strategic collaboration with the National Cancer Institute to advance treatments for a rare lung disease using the company's TCXpress platform.

In June and July 2024, UPMC Enterprises portfolio company Realyze Intelligence supported two different UPMC Hillman and UPMC Magee studies with University of Pittsburgh scientists that were published in the Journal of Clinical Oncology and JAMA Surgery. The research related to tailoring breast cancer care to individual patients. Realyze was able to provide evidence of instances when breast cancer surgery could be deescalated, minimizing risks to the patient. The use of Realyze's AI platform for scientific research gives further validation to its value as a tool to efficiently and effectively match cancer patients to clinical trials.

After decades of scientific study, in June 2024, a team of researchers from the University of Pittsburgh, UPMC Hillman and UPMC Magee administered the first vaccine for early-stage breast cancer. The clinical trial aims to determine if the vaccine can initiate an immune response for those diagnosed with Stage-0 ductal carcinoma in situ. Researchers hope this could become a vaccine to help prevent those pre-cancer cells from developing into cancer. The vaccine trial was seeded by a \$100,000 grant from the Pittsburgh-based A Glimmer of Hope Foundation – a gift the clinical team leveraged to secure a \$2.1 million grant from the Breast Cancer Research Foundation, the largest funder of breast cancer research worldwide. This has enabled the team to open the trial to 50 patients for its first phase.

Serving Insurance Members

UPMC's Insurance Services Division continues to be recognized as a leader in service and quality. UPMC Health Plan earned 10 Stevie Awards, including the prestigious Grand Stevie Award, for excellence in categories including customer service, sales, contact center quality and best use of technology to serve customers. UPMC Health Plan has expanded its Partner Network into Washington and Greene Counties following UPMC's affiliation with Washington Health System. The innovative plan designs continue to demonstrate success with over 5,000 members enrolled in UPMC VirtualCare and over 10,000 in UPMC First Care.

UPMC *for You* achieved its first 4.5 star rating from the National Committee for Quality Assurance and expects to maintain this top rating next year. UPMC *for Life* Medicare plans also continued to grow membership and market share across Pennsylvania, where it maintains its year-round enrollment option because of its 5-Star Quality Rating from the Centers for Medicare & Medicaid Services ("CMS"). The UPMC *for Life* Complete Care special needs plans, serving almost 40,000 members, earned a Five-Star rating from CMS.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2024

In May 2024, a new comprehensive strategy called UPMC Your Care was launched. This partnership with UPMC@Home provides holistic, person-centered, in-home care to frail, medically complex members who have trouble accessing care in traditional ways.

Through UPMC Health Plan's Center for Social Impact and Pathways to Work program, UPMC continued to focus on job training and career development for individuals who are unemployed and have significant barriers to work. UPMC worked with Partner4Work to secure a new four-year commitment to continue to enroll individuals in our Freedom House Foundations job training aimed at filling high-need jobs to care for our communities and underserved areas. Additionally, the Pathways for Veterans program received the 2024 Workforce Valor award from PA Workforce Development Association as well as the VETS Indexes 5-star rating for excellence in support and service to the military community.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2024

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

Six Months Ended June 30, 2024

	Health Services	Insurance Services	Eliminations	Consolidated
Revenues:				
Net patient service revenue	\$ 7,704	\$ -	\$ (1,774)	\$ 5,930
Insurance enrollment revenue	-	7,441	-	7,441
Other revenue	736	417	(46)	1,107
Total operating revenues	\$ 8,440	\$ 7,858	\$ (1,820)	\$ 14,478
Expenses:				
Salaries, professional fees and benefits	\$ 4,612	\$ 333	\$ (43)	\$ 4,902
Insurance claims expense	-	7,234	(1,751)	5,483
Supplies, purchased services and general	3,503	491	(26)	3,968
Depreciation and amortization	347	3	-	350
Total operating expenses	8,462	8,061	(1,820)	14,703
Operating loss (prior to restructuring costs)	\$ (22)	\$ (203)	\$ -	\$ (225)
Restructuring costs	65	23	-	88
Operating loss	\$ (87)	\$ (226)	\$ -	\$ (313)
Operating margin %	(1.0)%	(2.9)%	-	(2.2)%
Operating margin % (including income tax and interest expense)	(2.5)%	(2.9)%	-	(3.0)%
Operating EBIDA	\$ 260	\$ (223)	\$ -	\$ 37
Operating EBIDA %	3.1%	(2.8)%	-	0.3%

Six Months Ended June 30, 2023

	Health Services	Insurance Services	Eliminations	Consolidated
Revenues:				
Net patient service revenue	\$ 7,186	\$ -	\$ (1,663)	\$ 5,523
Insurance enrollment revenue	-	7,145	-	7,145
Other revenue	768	422	(43)	1,147
Total operating revenues	\$ 7,954	\$ 7,567	\$ (1,706)	\$ 13,815
Expenses:				
Salaries, professional fees and benefits	\$ 4,497	\$ 311	\$ (38)	\$ 4,770
Insurance claims expense	-	6,637	(1,643)	4,994
Supplies, purchased services and general	3,210	507	(25)	3,692
Depreciation and amortization	341	3	-	344
Total operating expenses	8,048	7,458	(1,706)	13,800
Operating (loss) income	\$ (94)	\$ 109	\$ -	\$ 15
Operating margin %	(1.2)%	1.4%	-	0.1%
Operating margin % (including income tax and interest expense)	(2.5)%	1.3%	-	(0.6)%
Operating EBIDA	\$ 247	\$ 112	\$ -	\$ 359
Operating EBIDA %	3.1%	1.5%	-	2.6%

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2024

Health Services

UPMC Health Services division ("Health Services") includes a comprehensive array of clinical capabilities consisting of hospitals, specialty service lines (e.g., transplantation services, woman care, behavioral health, pediatrics, cancer care and rehabilitation services), contract services (emergency medicine, pharmacy and laboratory) and approximately 5,200 employed physicians with associated practices. Also included within Health Services are supporting foundations and UPMC's captive insurance programs. Hospital activity is monitored in four distinct groups: (i) academic hospitals that provide a comprehensive array of clinical services that include the specialty service lines listed above and serve as the primary academic and teaching centers for UPMC and are located in Pittsburgh; (ii) community hospitals that provide core clinical services mainly to the suburban Pittsburgh marketplace; (iii) regional hospitals that provide core clinical services to certain other areas of western (including Erie), and central (including Williamsport and Harrisburg) Pennsylvania, as well as western New York and northwestern Maryland; and (iv) pre- and post-acute care capabilities that include: UPMC HomeCare, a network of home health services, and UPMC Senior Communities, the facilities of which provide a complete network of senior living capabilities in greater Pittsburgh and the surrounding counties.

Health Services also includes international activities, with locations across the globe, which extend UPMC's core mission and aim to bring new revenue streams into UPMC's domestic operations. In Italy, UPMC locations include ISMETT, a government-approved hospital for end-stage organ disease treatment and research, Salvator Mundi International Hospital in Rome and UPMC Cancer Centers in Rome, Sicily and Campania. In Ireland, UPMC has a network of four hospitals and two UPMC Hillman Cancer Centers across southeast Ireland, stretching from Cork to Dublin. Other UPMC international ventures include management services agreements in China, Kazakhstan and Croatia.

Operating loss for the Health Services Division, prior to restructuring costs, decreased by \$72 million during the six months ended June 30, 2024, when compared to the prior year. This decrease is primarily due to improved patient volumes and decreases in contract labor expenses.

Insurance Services

UPMC holds various interests in health care financing initiatives and network care delivery operations that have more than 4.1 million members as of June 30, 2024. UPMC Health Plan is a health maintenance organization ("HMO") offering coverage for commercial and Medicare members. UPMC *for You*, also an HMO, is engaged in providing coverage to Medical Assistance & Medicare Special Needs Plan beneficiaries. UPMC Health Network offers preferred provider organization ("PPO") plan designs to serve Medicare beneficiaries. UPMC Health Options offers PPO plan designs to serve commercial beneficiaries. UPMC *for Life* is a Medicare product line offered by various companies within the Insurance Services division. UPMC *Workpartners* provides fully insured workers' compensation, integrated workers' compensation and disability services to employers. Community Care Behavioral Health Organization ("Community Care") is a state-licensed HMO that manages the behavioral health services for Medical Assistance through mandatory managed care programs in Pennsylvania. Community HealthChoices ("CHC") is Pennsylvania's managed care program for individuals who are dual eligible for Medicaid and Medicare or qualify for Medicaid Long Term Services and Supports ("LTSS") and is designed to increase opportunities for older Pennsylvanians and individuals with physical disabilities to remain in their homes and communities rather than in facilities.

Operating income for the Insurance Services Division, prior to restructuring costs, decreased by \$312 million during the six months ended June 30, 2024, when compared to the prior year. This decline is primarily attributable to elevated medical utilization and increased pharmacy costs, including those associated with GLP-1 drugs, which have exceeded revenue rate increases, particularly in governmental products.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2024

UPMC Enterprises

As an organization dedicated to outstanding patient care, UPMC has defined a bold mission: to shape the future of health care through innovation. UPMC Enterprises helps bring this mission to life by transforming ideas into thriving businesses and Life Changing Medicine. UPMC Enterprises leverages UPMC's integrated delivery and financing system capabilities to generate new revenue streams by collaborating across UPMC, the University of Pittsburgh and Carnegie Mellon University, as well as health care entrepreneurs, companies and investors across the globe in all stages of commercial development, to bring to market new health care companies, technologies, and solutions. These ventures both support UPMC's core mission and help stimulate the economy within the communities we serve.

UPMC Enterprises manages a portfolio that includes various research and product development initiatives and numerous operating companies with commercially available products and services directed toward the improvement of the delivery of health care. UPMC Enterprises' results are classified as investing and financing activity in the consolidated statements of operations and changes in net assets, consistent with the long-term nature of developing and commercializing life sciences and technology-enabled initiatives. Due to the nature of UPMC Enterprises' investment activity, financial results can fluctuate between periods.

MANAGEMENT'S DISCUSSION AND ANALYSIS

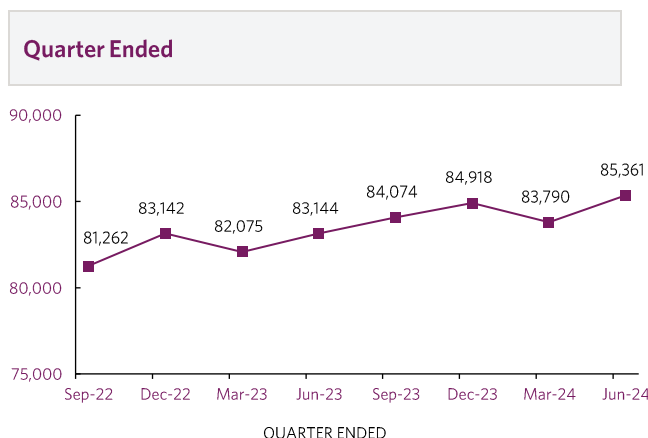
PERIOD ENDED JUNE 30, 2024

REVENUE METRICS – HEALTH SERVICES

Medical-Surgical Admissions and Observation Visits

Inpatient activity, as measured by medical-surgical admissions and observation visits at UPMC's hospitals for the six months ended June 30, 2024, increased 2% compared to the same period in 2023.

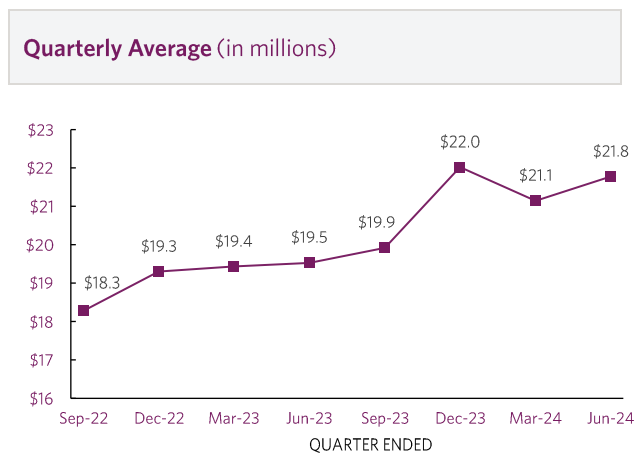
For the Six Months Ended June 30			
(in thousands)	2024	2023	Change
Academic	55.9	53.9	2.0
Community	23.9	23.7	0.2
Regional	89.4	87.6	1.8
Total	169.2	165.2	4.0



Outpatient Revenue per Workday

UPMC's outpatient activity for the six months ended June 30, 2024, as measured by average revenue per workday, increased 10% compared to the same period in 2023. Surgical demand, particularly in the outpatient setting, has increased as former inpatient services continue to move to outpatient. This, coupled with the increase in ambulatory patient volumes, has caused the increase to outpatient revenue per workday. Hospital outpatient activity is measured on an equivalent workday ("EWD") basis to adjust for weekend and holiday hours.

For the Six Months Ended June 30			
(in thousands)	2024	2023	Change
Academic	\$ 7,968	\$ 7,220	\$ 748
Community	2,195	1,968	227
Regional	11,300	10,294	1,006
Total	\$ 21,463	\$ 19,482	\$ 1,981



MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2024

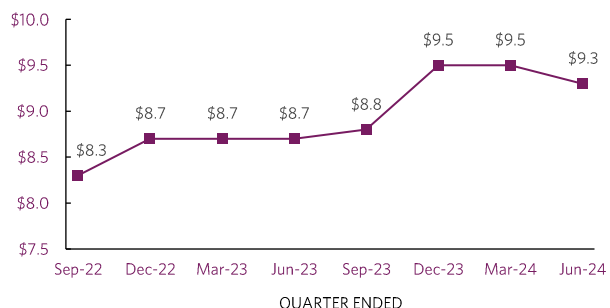
REVENUE METRICS – HEALTH SERVICES (CONTINUED)

Physician Service Revenue per Weekday

UPMC's physician activity for the six months ended June 30, 2024, as measured by average revenue per weekday, increased 7% from the comparable period in 2023. Physician services activity is measured on a weekday basis.

For the Six Months Ended June 30			
(in thousands)	2024	2023	Change
Academic	\$ 4,049	\$ 3,756	\$ 293
Community	2,006	1,888	118
Regional	3,323	3,088	235
Total	\$ 9,378	\$ 8,732	\$ 646

Quarterly Average (in millions)



Sources of Patient Service Revenue

The gross patient service revenues, before price concessions and intercompany transactions, of UPMC are derived from payers which reimburse or pay UPMC for the services it provides to patients covered by such payers. The following table is a summary of the percentage of the hospitals' gross patient service revenue by payer.

	Six Months Ended June 30	
	2024	2023
Medicare	49%	48%
Medical Assistance	17%	18%
Commercial Insurers	16%	16%
UPMC Insurance Services Commercial	11%	11%
Self-pay/Other	7%	7%
Total	100%	100%

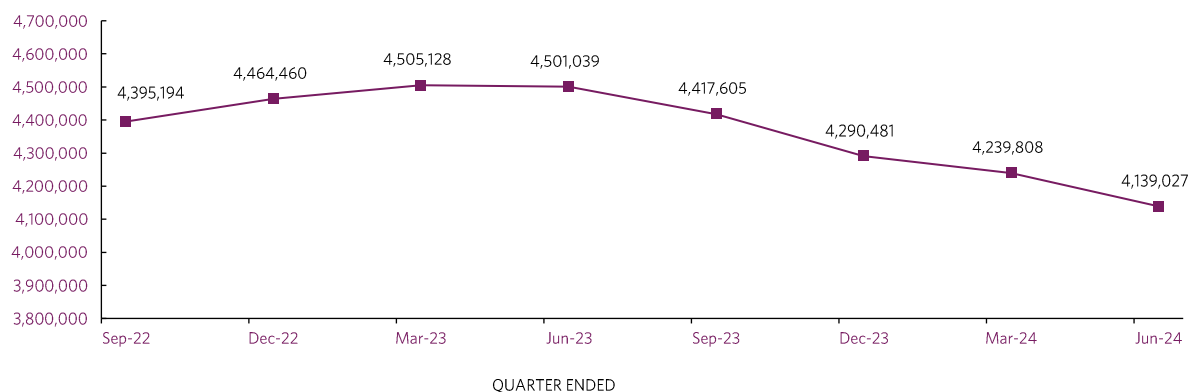
MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2024

OPERATING METRICS - INSURANCE SERVICES

Membership

Membership in the UPMC Insurance Services division decreased to 4,139,027 as of June 30, 2024, an 8% decrease versus June 30, 2023. The decrease is primarily due to expected redeterminations within the Medical Assistance and Behavioral Health products as a result of the end of the COVID-19 public health emergency.

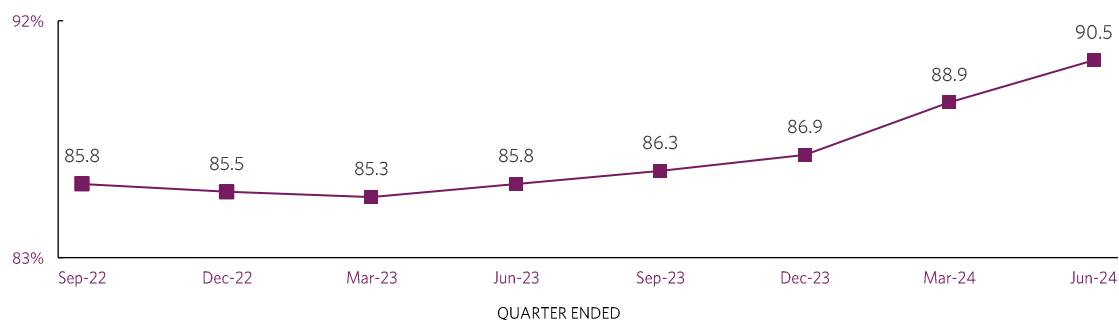


As of	June 30, 2024	June 30, 2023
Commercial Health	566,504	568,229
Medicare	218,521	207,714
Medical Assistance	630,216	751,510
Sub-Total Physical Health Products	1,415,241	1,527,453
Community HealthChoices	130,666	144,597
Behavioral Health	1,205,864	1,501,802
Sub-Total Health Products	2,751,771	3,173,852
Workpartners	884,425	837,810
Ancillary Products	488,720	473,096
Third-Party Administration	14,111	16,281
Total Membership	4,139,027	4,501,039

Medical Expense Ratio

UPMC Insurance Services' medical expense ratio ("MER") for the trailing twelve months has increased to 90.5% as of June 30, 2024. Starting in 2023 and continuing into Q2 of 2024, the increase in MER is primarily due to the rise in surgical volumes, significant case mix shifts and rise in provider rates, which have driven up medical trends across several product lines. Additionally, pharmacy costs have risen due to increased utilization within Medicaid, primarily within GLP-1 drugs.

Trailing Twelve Months



MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2024

KEY FINANCIAL INDICATORS

(Dollars in millions)

Operating Earnings before Interest, Depreciation and Amortization

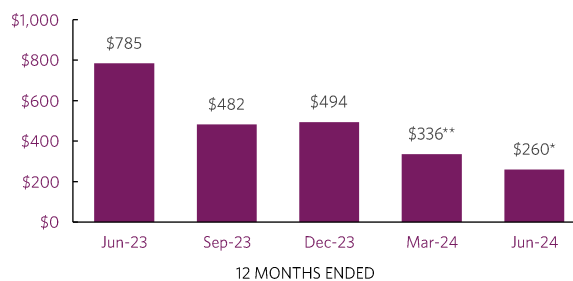
Operating EBIDA, prior to restructuring costs, for the six months ended June 30, 2024 decreased \$234 million compared to the six months ended June 30, 2023.

For the Six Months Ended June 30			
(in millions)	2024*	2023	Change
Operating (Loss)/Income	\$ (225)	\$ 15	\$ (240)
Depreciation and Amortization	350	344	6
Operating EBIDA	\$ 125	\$ 359	\$ (234)

*Excludes \$88 million of restructuring costs

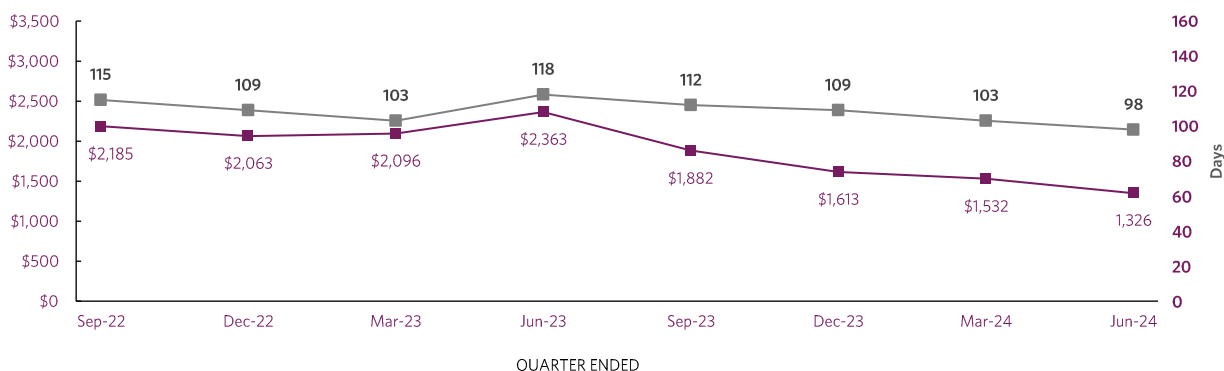
**Excludes \$40 million of restructuring costs

Trailing Twelve Months Operating EBIDA



Unrestricted Cash and Investments over Long Term Debt and Days Cash on Hand

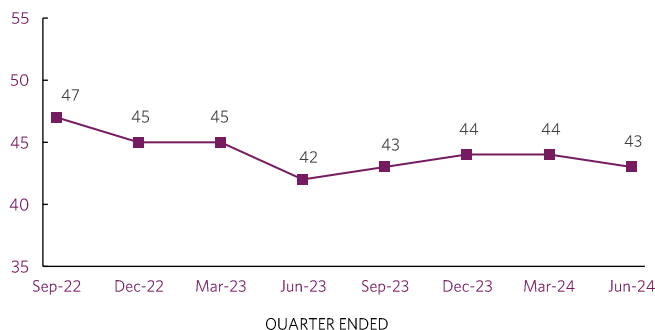
As of June 30, 2024, unrestricted cash and investments over long term debt decreased \$287 million compared to December 31, 2023.



Days in Net Accounts Receivable

Days in net Accounts Receivable at June 30, 2024 and December 31, 2023 were 43 and 44, respectively.

By Receivable	June 2024 Balance	Days	
		Jun 30, 2024	Dec 31, 2023
Patient	\$ 1,601	46	49
Insurance and other	1,905	40	40
Consolidated	\$ 3,506	43	44



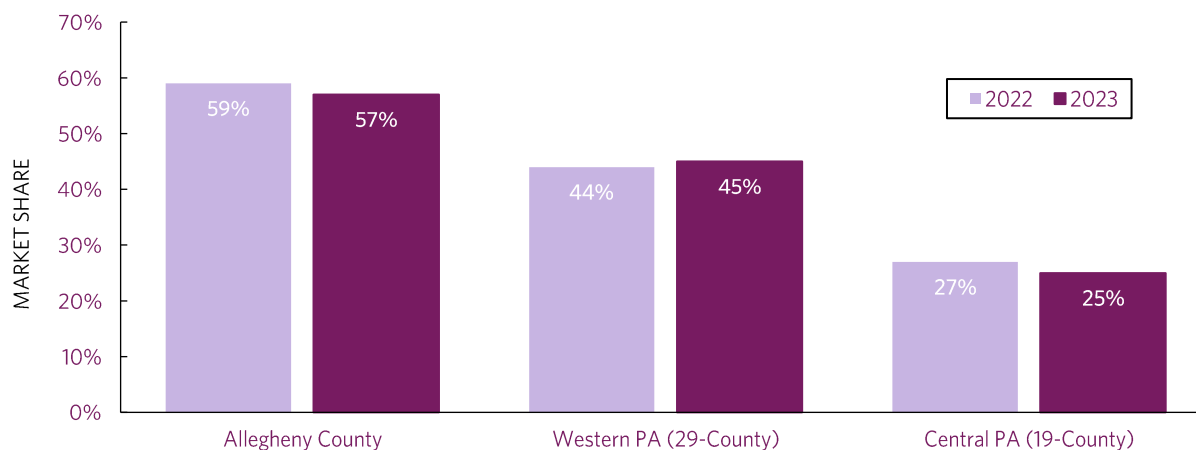
MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2024

MARKET SHARE

The chart below shows the change in UPMC's estimated inpatient market share for calendar years 2022 and 2023⁽¹⁾ by service area.⁽²⁾ This is the most recent market share data currently available.

UPMC INPATIENT MEDICAL-SURGICAL MARKET SHARE AS OF DECEMBER 31⁽³⁾



⁽¹⁾ CY2023 is based on current system configuration. Washington Health System joined UPMC on June 1, 2024.

⁽²⁾ UPMC's three service areas are (1) Allegheny County, (2) a 29-county region which also includes Armstrong, Beaver, Bedford, Blair, Butler, Cambria, Cameron, Centre, Clarion, Clearfield, Crawford, Elk, Erie, Fayette, Forest, Greene, Huntingdon, Indiana, Jefferson, Lawrence, McKean, Mercer, Potter, Somerset, Venango, Warren, Washington and Westmoreland counties, and (3) a 19-county region including Adams, Clinton, Columbia, Cumberland, Dauphin, Franklin, Fulton, Juniata, Lancaster, Lebanon, Lycoming, Mifflin, Montour, Northumberland, Perry, Snyder, Tioga, Union, and York counties.

⁽³⁾ Excludes psychiatry and substance abuse discharges.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2024

ASSET AND LIABILITY MANAGEMENT

During the six months ended June 30, 2024, UPMC's investment portfolio returned 3.5%. As of June 30, 2024, UPMC utilized 170 ongoing external investment managers including 40 traditional managers, 14 hedge fund managers and 116 private capital managers. UPMC is also invested with an additional 35 legacy private capital and hedge fund managers. UPMC's investment portfolio has a long-term perspective and has generated annualized returns of 10.6%, 2.2% and 6.4% for the trailing one-, three- and five-year periods. As of June 30, 2024, 70% of UPMC's investment portfolio could be liquidated within three days.

UPMC's cost of capital during the six month period ended June 30, 2024 was 3.6%. This cost of capital includes the accrual of interest payments, the amortization of financing costs and original issue discount or premium, the ongoing costs of variable rate debt and the cash flow impact of derivative contracts. As of June 30, 2024, the interest rates on UPMC's long-term debt were approximately 87% fixed and 13% variable after giving effect to derivative contracts. Interest cost for the variable rate debt for the period averaged 4.6%. The interest cost for the fixed rate debt was 3.4%. UPMC's primary credit facility, which expires in May 2028, has a borrowing limit of \$1 billion. As of June 30, 2024, UPMC had approximately \$130 million in letters of credit outstanding under the credit facility leaving \$870 million available to fund operating and capital needs, none of which was drawn.

In support of the Insurance Services Division, UPMC has credit facilities of \$350 million and \$250 million, the latter of which temporarily decreases each year to \$25 million from September 1st to April 30th. The credit facilities expire in May 2026 and May 2027, respectively. As of June 30, 2024, these credit facilities were undrawn.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED JUNE 30, 2024

The table below compares reported Investing and Financing Activity for the six months ended June 30, 2024 and 2023 by type.

Investing and Financing Activity by Type

Six Months Ended June 30	2024	2023
<i>(in thousands)</i>		
Realized gain	\$ 377,357	\$ 173,191
Interest and dividends, net of fees	103,929	74,898
Realized investment gain	\$ 481,286	\$ 248,089
Unrealized gain (loss) on derivative contracts	280	(1,711)
Unrealized investment (loss) gain	(110,568)	148,176
Investment gain	\$ 370,998	\$ 394,554
Interest expense	(115,930)	(93,893)
Gain on extinguishment of debt	\$ 216	\$ 1,274
UPMC Enterprises activity	(30,979)	(25,817)
Gain from investing and financing activities	\$ 224,305	\$ 276,118

Sources and Uses of Cash

UPMC's primary source of operating cash is the collection of revenues and related accounts receivable. As of June 30, 2024, UPMC had approximately \$1.0 billion of cash and cash equivalents.

Operating EBIDA was \$125 million before restructuring charges for the six months ended June 30, 2024, compared to \$359 million for the six months ended June 30, 2023. Key uses of cash for the six months ended June 30, 2024 include capital expenditures of approximately \$435 million (excluding any capital acquired through lease arrangements). Major capital projects included construction and improvements at UPMC Presbyterian, UPMC Central Pa. and UPMC North Central Pa., as well as ongoing expansion and improvement across the entirety of UPMC. Major information services projects included enhancements that are advancing UPMC's leading clinician centric computing environment, technology infrastructure that supports UPMC's diversified digital environment, investments in enterprise data analytics and other technologies that are transforming the consumer experience across the spectrum of health care.

UTILIZATION STATISTICS

PERIOD ENDED JUNE 30, 2024

The following table presents selected consolidated statistical indicators of medical-surgical, psychiatric, rehabilitation and skilled nursing patient activity for the six months ended June 30, 2024 and 2023.

	Six Months Ended June 30	
	2024	2023
Licensed Beds	8,501	8,754
BEDS IN SERVICE		
Medical-Surgical	5,037	5,109
Psychiatric	426	430
Rehabilitation	242	243
Skilled Nursing	1,369	1,542
Total Beds in Service	7,074	7,324
PATIENT DAYS		
Medical-Surgical	667,124	672,098
Psychiatric	53,927	55,091
Rehabilitation	33,600	32,604
Skilled Nursing	174,102	216,147
Total Patient Days	928,753	975,940
Average Daily Census	5,103	5,392
Observation Days	80,595	83,497
Obs Average Daily Census	443	461
ADMISSIONS AND OBSERVATION CASES		
Medical-Surgical	122,341	117,795
Observation Cases	46,810	47,424
Subtotal	169,151	165,219
Psychiatric	4,848	5,131
Rehabilitation	2,263	2,206
Skilled Nursing	1,624	2,307
Total Admissions and Observation Cases	177,886	174,863
Overall Occupancy	78%	80%
AVERAGE LENGTH OF STAY		
Medical-Surgical	5.5	5.7
Psychiatric	11.1	10.7
Rehabilitation	14.8	14.8
Skilled Nursing	107.2	93.7
Overall Average Length of Stay	7.1	7.7
Emergency Room Visits	517,908	506,365
TRANSPLANTS (DOMESTIC AND INTERNATIONAL)		
Liver	149	142
Kidney	197	166
All Other	160	158
Total	506	466
OTHER POST-ACUTE METRICS		
Home Health Visits	260,486	256,345
Hospice Care Days	125,446	116,554
Outpatient Rehab Visits	368,578	346,682

OUTSTANDING DEBT

PERIOD ENDED JUNE 30, 2024

(DOLLARS IN THOUSANDS)

Issuer	Original Borrower	Series	Amount Outstanding
Allegheny County Hospital Development Authority	UPMC Health System	1997B	\$ 35,877
	UPMC	2007A	26,594
	UPMC	2017D	388,574
	UPMC	2019A	702,616
	UPMC	2021B	45,207
Monroeville Finance Authority	UPMC	2012	58,721
	UPMC	2014B	41,385
	UPMC	2022B	168,858
	UPMC	2023C	38,845
Pennsylvania Economic Development Financing Authority	UPMC	2014A	238,767
	UPMC	2015B	107,086
	UPMC	2016	198,449
	UPMC	2017A	378,149
	UPMC	2017B	86,242
	UPMC	2017C	130,840
	UPMC	2020A	262,009
	UPMC	2021A	244,982
	UPMC	2022A	223,299
	UPMC	2023A	465,901
	UPMC	2023B	92,190
Tioga County Industrial Development Authority	Laurel Health System	2010	4,833
	Laurel Health System	2011	3,185
Dauphin County General Authority	Pinnacle Health System	2016A	86,822
	Pinnacle Health System	2016B	75,515
General Authority of Southcentral Pennsylvania	Hanover Hospital	2013	1,803
	Hanover Hospital	2015	20,237
Potter County Hospital Authority	UPMC	2018A	7,670
Washington County Hospital Authority	The Washington Hospital	2020A	41,385
	The Washington Hospital	2020B	5,200
Maryland Health and Higher Educational Facilities Authority	UPMC	2020B	189,559
None	UPMC	2020D	349,910
	UPMC	2020 Term Loan	299,948
	UPMC	2021C	399,735
	UPMC	2023	795,625
	Somerset Management Services	2013	1,261
	Various	Financing Leases & Loans	279,438
	Swap Liabilities	52	
Total UPMC Outstanding Debt			\$ 6,745,818

Includes original issue discount and premium, Deferred Financing Costs and other.

Source: UPMC Records

DEBT COVENANT CALCULATIONS

PERIOD ENDED JUNE 30, 2024

(Dollars in thousands)

DEBT SERVICE COVERAGE RATIO

UPMC is subject to a Debt Service Coverage Ratio covenant, tested annually at fiscal year-end, of 1.25x in various bank agreements and 1.10x in the 2007 MTI.

	Trailing Twelve-Month Period Ended June 30, 2024
Excess of expenses over revenues	\$ (164,637)
ADJUSTED BY:	
Net Unrealized Losses during Period ⁽¹⁾	17,550
Depreciation and Amortization ⁽¹⁾	698,562
Gain on Extinguishment of Debt ⁽¹⁾	(216)
Inherent Contribution ⁽¹⁾	(220,538)
Lease Impairment Realization - Facilities ⁽²⁾	(11,052)
Realized Investment Impairments ⁽²⁾	(1,462)
Interest Expense ⁽³⁾	225,394
Revenues Available for Debt Service	\$ 543,601
Historical Debt Service Requirements - 2007 Master Trust Indenture ("MTI")	\$ 471,364
Debt Service Coverage Ratio - applicable to the 2007 MTI and various bank agreements	1.15X
<i>For informational purposes:</i>	
Historical Debt Service Requirements - All Debt and Finance Leases	\$ 522,137
Debt Service Coverage Ratio - All Debt and Finance Leases	1.04X

LIQUIDITY RATIO AS OF JUNE 30, 2024

UPMC is subject to a Liquidity Ratio covenant, tested annually at fiscal year-end, of 0.6x in various bank agreements and 0.5x in the 2007 MTI.

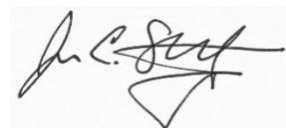
Unrestricted Cash and Investments	\$ 7,872,394
Master Trust Indenture Debt	6,223,102
Unrestricted Cash to MTI Debt	1.27

⁽¹⁾ Non-Cash.

⁽²⁾ Reflects ultimate realization of previous impairments.

⁽³⁾ Includes only interest on long-term debt.

I hereby certify to the best of my knowledge that, UPMC is in compliance with the applicable covenants contained in the financing documents for the bonds listed on the cover hereof and all applicable bank lines of credit and no Event of Default (as defined in any related financing document) has occurred and is continuing.



J.C. Stille
Treasurer
UPMC

Unaudited Interim Condensed Consolidated Financial Statements

FOR THE PERIOD ENDED JUNE 30, 2024



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Review Report of Independent Auditors

To the Board of Directors of UPMC

Results of Review of Interim Financial Information

We have reviewed the condensed consolidated financial statements of UPMC (the Company), which comprise the condensed consolidated balance sheet as of June 30, 2024, and the related condensed consolidated statements of operations and changes in net assets for the three-month and six-month periods ended June 30, 2024 and 2023, and cash flows for the six-month periods ended June 30, 2024 and 2023, and the related notes (collectively referred to as the “interim financial information”).

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

Basis for Review Results

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of condensed interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of condensed interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Interim Financial Information

Management is responsible for the preparation and fair presentation of the condensed interim financial information in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of interim financial information that is free from material misstatement, whether due to fraud or error.

Report on Condensed Balance Sheet as of December 31, 2023

We have previously audited, in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2023, and the related consolidated statements of operations and changes in net assets, and cash flows for the year then ended (not presented herein); and we expressed an unqualified audit opinion on those audited consolidated financial statements in our report dated February 27, 2024. In our opinion, the accompanying condensed consolidated balance sheet of the Company as of December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

August 28, 2024

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(DOLLARS IN THOUSANDS)

As of
June 30, 2024 December 31, 2023

CURRENT ASSETS

Cash and cash equivalents	\$ 952,444	\$ 1,104,198
Patient accounts receivable	1,601,492	1,587,557
Insurance and other receivables	1,905,104	1,789,429
Other current assets	765,236	717,144
Total current assets	5,224,276	5,198,328
Board-designated, restricted, trustee and other investments	8,316,980	8,442,381
Beneficial interests in foundations and trusts	769,496	726,515
Net property, buildings and equipment	6,775,085	6,624,425
Operating lease right-of-use assets	716,073	738,064
Other assets	1,012,756	917,022
Total assets	\$ 22,814,666	\$ 22,646,735

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 893,335	\$ 926,524
Accrued salaries and related benefits	1,058,897	1,060,393
Current portion of insurance reserves	1,398,825	1,301,619
Current portion of long-term obligations	536,389	171,239
Other current liabilities	869,754	878,322
Total current liabilities	4,757,200	4,338,097
Long-term obligations	6,209,429	6,623,508
Long-term insurance reserves	484,612	446,567
Operating lease noncurrent liabilities	674,228	707,447
Other noncurrent liabilities	613,694	546,479
Total liabilities	12,739,163	12,662,098
Net assets without donor restrictions	8,760,763	8,730,411
Net assets with donor restrictions	1,314,740	1,254,226
Total net assets	10,075,503	9,984,637
Total liabilities and net assets	\$ 22,814,666	\$ 22,646,735

See accompanying notes

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (UNAUDITED)

(DOLLARS IN THOUSANDS)

	Six Months Ended June 30		Three Months Ended June 30	
	2024	2023	2024	2023
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Net patient service revenue	\$ 5,929,597	\$ 5,522,571	\$ 3,028,942	\$ 2,818,260
Insurance enrollment revenue	7,441,221	7,145,310	3,701,095	3,606,711
Other revenue	1,107,488	1,147,455	610,193	524,808
Total operating revenues	14,478,306	13,815,336	7,340,230	6,949,779
Salaries, professional fees and employee benefits	4,901,854	4,770,102	2,417,694	2,406,349
Insurance claims expense	5,483,676	4,994,463	2,838,330	2,552,876
Supplies, purchased services and general	3,968,042	3,691,928	2,071,371	1,902,082
Depreciation and amortization	350,216	344,312	174,897	174,311
Total operating expenses	14,703,788	13,800,805	7,502,292	7,035,618
Operating (loss) income (prior to restructuring costs)	(225,482)	14,531	(162,062)	(85,839)
Restructuring costs	87,800	-	48,200	-
Operating (loss) income	(313,282)	14,531	(210,262)	(85,839)
Academic and research support provided	(126,500)	(120,750)	(63,250)	(60,375)
Inherent Contribution	220,538	-	220,538	-
Income tax and other non-operating activities	10,859	1,169	6,941	(817)
After-tax loss	\$ (208,385)	\$ (105,050)	\$ (46,033)	\$ (147,031)
Investing and financing activities:				
Investment gain	370,998	394,554	163,172	151,433
Interest expense	(115,930)	(93,893)	(58,469)	(51,503)
Gain on extinguishment of debt	216	1,274	216	1,274
UPMC Enterprises activity:				
Portfolio company revenue and net gains from sales	85,258	87,840	39,163	70,157
Portfolio company and research and development expense	(116,237)	(113,657)	(57,279)	(63,726)
Gain from investing and financing activities	224,305	276,118	86,803	107,635
Excess of revenues over expenses (expenses over revenues)	15,920	171,068	40,770	(39,396)
Net activity attributable to noncontrolling interest	(117)	(21,282)	(601)	(1,907)
Excess of revenues over expenses (expenses over revenues) attributable to controlling interest	15,803	149,786	40,169	(41,303)
Net change in pension liability and other	14,549	27,247	19,836	31,068
Change in net assets without donor restrictions	30,352	177,033	60,005	(10,235)
NET ASSETS WITH DONOR RESTRICTIONS				
Change in beneficial interests in foundations and trusts	2,937	23,240	(19,834)	5,293
Restricted net assets acquired	40,044	-	40,044	-
Other changes in net assets with donor restrictions	17,533	13,499	7,513	7,332
Change in net assets with donor restrictions	60,514	36,739	27,723	12,625
Change in total net assets	90,866	213,772	87,728	2,390
Net assets, beginning of period	9,984,637	9,906,882	9,987,775	10,118,264
Net assets, end of period	\$ 10,075,503	\$ 10,120,654	\$ 10,075,503	\$ 10,120,654

See accompanying notes

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(DOLLARS IN THOUSANDS)

	Six Months Ended June 30	
	2024	2023
OPERATING ACTIVITIES		
Increase in total net assets	\$ 90,866	\$ 213,772
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation and amortization	350,216	344,312
Change in beneficial interest in foundations and trusts	(2,937)	(23,240)
Restricted contributions and investment gains	(28,829)	(16,716)
Restricted net assets acquired	(40,044)	-
Unrealized losses (gains) on investments	110,568	(148,176)
Realized gains on investments	(377,357)	(173,191)
Inherent contribution	(220,538)	-
Net changes in non-alternative investments	441,695	(625,162)
Changes in operating assets and liabilities:		
Accounts receivable	(36,353)	123,177
Other current assets	(33,162)	(81,876)
Accounts payable and accrued liabilities	(73,310)	18,855
Insurance reserves	135,251	85,518
Other current liabilities	(17,087)	398,430
Other noncurrent assets and liabilities	22,016	(65,264)
Other operating changes	7,488	(12,598)
Net cash provided by operating activities	328,483	37,841
INVESTING ACTIVITIES		
Purchase of property, buildings and equipment, net of disposals	(431,284)	(345,980)
UPMC Enterprises investments in non-consolidated entities	(22,132)	(32,684)
Consideration paid for acquisitions	-	(247,626)
Net change in investments designated as nontrading	(34,019)	(16,820)
Cash acquired through affiliations and divestitures	46,493	-
Net change in alternative investments	92,458	18,713
Other investing changes	(59,494)	(13,410)
Net cash used in investing activities	(407,978)	(637,807)
FINANCING ACTIVITIES		
Repayments of long-term obligations	(107,560)	(462,352)
Borrowings of long-term obligations	6,472	1,828,996
Other financing changes	28,829	(9,480)
Net cash (used in) provided by financing activities	(72,259)	1,357,164
Net change in cash and cash equivalents	(151,754)	757,198
Cash and cash equivalents, beginning of period	1,104,198	953,980
Cash and cash equivalents, end of period	\$ 952,444	\$ 1,711,178
SUPPLEMENTAL INFORMATION		
Finance lease obligations incurred to acquire assets	\$ 18,347	\$ 17,489

See accompanying notes

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

1. BASIS OF PRESENTATION

UPMC is a Pennsylvania nonprofit corporation and is exempt from federal income tax pursuant to Section 501(a) of the Internal Revenue Code (the "Code") as an organization described in Section 501(c)(3) of the Code. Headquartered in Pittsburgh, Pennsylvania, UPMC is one of the world's leading integrated delivery and financing systems. UPMC comprises nonprofit and for-profit entities offering medical and health care-related services, including health insurance products. Closely affiliated with the University of Pittsburgh (the "University") and with shared academic and research objectives, UPMC partners with the University's Schools of the Health Sciences to deliver outstanding patient care, train tomorrow's health care specialists and biomedical scientists, and conduct groundbreaking research on the causes and course of disease.

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal and recurring nature. The accompanying unaudited interim condensed consolidated financial statements include the accounts of UPMC and its subsidiaries. Intercompany accounts and transactions are eliminated in consolidation. For further information, refer to the audited consolidated financial statements and notes thereto as of and for the twelve-month period ended December 31, 2023.

2. RESTRUCTURING COSTS

UPMC has undertaken a comprehensive initiative aimed at enhancing operational efficiency and optimizing cost structures. As part of this initiative, UPMC incurred severance expense, operational restructuring and other related costs totaling \$48,000 and \$88,000 for the three and six month periods ended June 30, 2024, respectively. Of the expenses incurred, approximately \$65,000 were paid during the three months ended June 30, 2024, and the remainder is accrued in accounts payable and accrued expenses in the condensed consolidated balance sheet as of June 30, 2024.

3. BUSINESS COMBINATIONS

On June 1, 2024, UPMC and the Washington Health System ("WHS") executed an Integration and Affiliation Agreement (the "Agreement") as part of UPMC's continued commitment to providing high-quality health care to residents in the Washington and Greene counties of Pennsylvania. As a result of the Agreement, UPMC acquired approximately \$369,000 of total assets, consisting of \$128,000 of investments, \$79,000 of property, plant and equipment, \$57,000 of current and long-term assets, \$40,000 of beneficial interest in foundations, \$37,000 of cash and \$28,000 of accounts receivable, assumed approximately \$108,000 of total liabilities including \$61,000 of current and long-term liabilities and \$47,000 of debt obligations, and acquired approximately \$40,000 of net assets with donor restrictions. UPMC applies the guidance set forth in ASC 805 *Business Combinations* for affiliations and acquisitions and, as such, will continue to assess the fair value of any assets and liabilities acquired as of the acquisition date throughout the remainder of the year.

The purchase accounting is preliminary and subject to the completion of the fair value assessment. Material adjustments, if any, to provisional amounts in subsequent periods, will be reflected as required as adjustments to assets and liabilities acquired, along with an offsetting adjustment to inherent contribution in the period in which the purchase price allocation is completed. For this affiliation, UPMC applied the not-for-profit business combination accounting guidance. The guidance primarily characterizes business combinations between not-for-profit entities as nonreciprocal transfers of assets resulting in the contribution of the acquiree's net assets to the acquirer. As of the affiliation date, the guidance prescribes that the acquirer recognize the excess fair value of the net assets acquired over the fair value of the consideration transferred as a separate credit in its statement of operations as of the affiliation date. Accordingly, UPMC recognized an inherent contribution related to the net assets acquired in the transaction of approximately \$221,000 in its consolidated statement of operations and changes in net assets for the three and six month periods ended June 30, 2024. The inherent contribution recorded for the period is based on the preliminary fair market values of the net assets acquired.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

4. NEW ACCOUNTING PRONOUNCEMENTS

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

5. REVENUE

Net Patient Service Revenue

UPMC's net patient service revenue is recorded based upon the estimated amounts UPMC expects to be entitled to receive from patients, third-party payers (including health insurers and government programs) and others and includes an estimate of variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, UPMC bills the patients and third-party payers several days after the services are performed and/or the patient is discharged from the facility. Estimates of the explicit price concessions under managed care, commercial and governmental insurance plans are based upon the payment terms specified in the related contractual agreements or as mandated under government payer programs. UPMC continually reviews the explicit price concession estimation process to consider and incorporate updates to laws and regulations and the frequent changes in managed care and commercial contractual terms resulting from contract negotiations and renewals. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by UPMC. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. UPMC believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to inpatient services. UPMC measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and UPMC does not believe it is required to provide additional goods or services to the patient.

The majority of UPMC's services are rendered to patients with third-party coverage. Payment under these programs for all payers is based on a combination of prospectively determined rates, discounted charges and historical costs. Amounts received under Medicare and Medical Assistance programs are subject to review and final determination by program intermediaries or their agents and the contracts UPMC has with commercial payers also provide for retroactive audit and review of claims. Agreements with third-party payers typically provide for payments at amounts less than established charges. Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. UPMC also provides services to uninsured patients. Revenues related to uninsured patients and uninsured copayment and deductible amounts for patients who have health care coverage may have discounts applied (uninsured discounts and contractual discounts). UPMC also records estimated implicit price concessions (based primarily on historical collection experience) related to uninsured accounts to record these revenues at the estimated amounts UPMC expects to collect. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenue in the period of the change and are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods if final settlements differ from estimates. Adjustments arising from a change to previously estimated transaction prices were not significant in the three and six months ended June 30, 2024 or 2023.

Consistent with UPMC's mission, care is provided to patients regardless of their ability to pay. UPMC has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, deductibles and copayments). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts UPMC expects to collect based on its collection history with those patients. Patients who meet UPMC's criteria for charity care are provided care without charge or at amounts less than established rates and

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

UPMC has determined it has provided an implicit price concession. Price concessions, including charity care, are deducted from net patient service revenue.

The collection of outstanding receivables from Medicare, Medicaid, managed care payers, other third-party payers and patients is one of UPMC's primary sources of cash and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts, including patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient responsibility amounts (deductibles and copayments) remain outstanding. Implicit price concessions relate primarily to amounts due directly from patients. Estimated implicit price concessions are recorded for all uninsured accounts, regardless of the age of those accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed. The estimates for implicit price concessions are based upon UPMC's assessment of historical write-offs and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage and other collection indicators.

The composition of net patient service revenue for the three and six months ended June 30, 2024 and 2023 is as follows:

Periods Ended June 30	Six Months Ended		Three Months Ended	
	2024	2023	2024	2023
Commercial	37%	37%	35%	36%
Medicare	40%	40%	40%	39%
Medical Assistance	17%	17%	19%	18%
Self-pay/other	6%	6%	6%	7%
	100%	100%	100%	100%

Laws and regulations governing the Medicare and Medical Assistance programs are complex and subject to interpretation. UPMC believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing, unless otherwise disclosed. Compliance with such laws and regulations is subject to government review and interpretation as well as significant regulatory action, including fines, penalties and exclusion from Medicare and Medical Assistance programs. As a result, there is at least a reasonable possibility that the recorded estimates may change.

Insurance Enrollment Revenue

UPMC's insurance subsidiaries (collectively, the "Health Plans") provide health care services on a prepaid basis under various contracts. Insurance enrollment revenues are recognized as income in the period in which enrollees are entitled to receive health care services, which represents the performance obligation. Health care premium payments received from UPMC's members in advance of the service period are recorded as unearned revenues.

Insurance enrollment revenues include premiums that are collected from companies, individuals, and government entities. Laws and regulations governing the Medicare and Medical Assistance programs are complex and subject to interpretation. UPMC believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to government review and interpretation as well as significant regulatory action, including fines, penalties and exclusion from the programs. As a result, there is at least a reasonable possibility that recorded estimates may change.

Other Revenue

UPMC's other revenue consists of various contracts related to its Health Services and Insurance Services divisions. These contracts vary in duration and in performance obligations. Revenues are recognized when the performance obligations identified within the individual contracts are satisfied and collectability is probable.

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6. FAIR VALUE MEASUREMENTS

As of June 30, 2024 and December 31, 2023, UPMC held certain assets that are required to be measured at fair value on a recurring basis. These include certain board-designated, restricted, trustee, and other investments and derivative instruments. Certain alternative investments are measured using the equity method of accounting and are, therefore, excluded from the fair value hierarchy tables presented herein. The valuation techniques used to measure fair value are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs are generally unsupported by market activity. The three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value, includes:

- Level 1: Quoted prices for identical assets or liabilities in active markets.
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-driven valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following tables represent UPMC's fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2024 and December 31, 2023. The interest rate swaps are valued using internal models, which are primarily based on market observable inputs, including interest rate curves. When quoted market prices are unobservable for fixed income securities, quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads and estimated prepayment rates where applicable, are used for valuation purposes. These investments are included in Level 2 and include corporate fixed income, government bonds, and mortgage and asset-backed securities.

Other investments measured at fair value represent funds included on the condensed consolidated balance sheets that are reported using net asset value ("NAV"). These amounts are not required to be categorized in the fair value hierarchy. The fair value of these investments is based on the net asset value information provided by the general partner. Fair value is based on the proportionate share of the NAV based on the most recent partners' capital statements received from the general partners, which is generally one quarter prior to the balance sheet date. Certain of UPMC's alternative investments are utilizing NAV to calculate fair value and are included in other investments in the following tables.

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(DOLLARS IN THOUSANDS)

FAIR VALUE MEASUREMENTS AS OF JUNE 30, 2024

	Level 1	Level 2	Level 3	NAV	Total Carrying Amount
ASSETS					
Fixed income	\$ 234,280	\$ 2,911,941	\$ -	\$ -	\$ 3,146,221
Domestic equity	994,470	11,947	-	-	1,006,417
International equity	816,441	-	-	-	816,441
Public real estate	86,569	-	-	-	86,569
Long/short equity	(3,712)	228,022	-	-	224,310
Absolute equity	833	64,232	-	-	65,065
Derivative instruments	-	89	-	-	89
Securities on loan	77,416	-	-	-	77,416
Securities lending collateral	51,393	-	-	-	51,393
Alternative and other investments at NAV	-	-	-	1,626,435	1,626,435
Total assets measured at fair value on a recurring basis	\$ 2,257,690	\$ 3,216,231	\$ -	\$ 1,626,435	\$ 7,100,356
LIABILITIES					
Payable under securities lending agreement	\$ (51,393)	\$ -	\$ -	\$ -	\$ (51,393)
Derivative instruments	-	(52)	-	-	(52)
Total liabilities measured at fair value on a recurring basis	\$ (51,393)	\$ (52)	\$ -	\$ -	\$ (51,445)

FAIR VALUE MEASUREMENTS AS OF DECEMBER 31, 2023

	Level 1	Level 2	Level 3	NAV	Total Carrying Amount
ASSETS					
Fixed income	\$ 268,853	\$ 3,046,146	\$ -	\$ -	\$ 3,314,999
Domestic equity	938,560	10,420	-	-	948,980
International equity	809,547	-	-	-	809,547
Public real estate	107,146	-	-	-	107,146
Long/short equity	25,411	182,487	-	-	207,898
Absolute equity	(231)	63,581	-	-	63,350
Derivative instruments	-	-	-	-	-
Securities on loan	173,154	-	-	-	173,154
Securities lending collateral	95,382	-	-	-	95,382
Alternative and other investments at NAV	-	-	-	1,548,060	1,548,060
Total assets measured at fair value on a recurring basis	\$ 2,417,822	\$ 3,302,634	\$ -	\$ 1,548,060	\$ 7,268,516
LIABILITIES					
Payable under securities lending agreement	\$ (95,382)	\$ -	\$ -	\$ -	\$ (95,382)
Derivative instruments	-	(244)	-	-	(244)
Total liabilities measured at fair value on a recurring basis	\$ (95,382)	\$ (244)	\$ -	\$ -	\$ (95,626)

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7. FINANCIAL INSTRUMENTS

UPMC's investments in debt and equity securities are classified as trading. This classification requires UPMC to recognize unrealized gains and losses on its investments in debt and equity securities as investment (loss) gain in the condensed consolidated statements of operations and changes in net assets. Unrealized gains and losses on donor-restricted assets are recorded as changes in net assets with donor restrictions in the condensed consolidated statements of operations and changes in net assets. Gains and losses on the sales of securities are determined by the average cost method. Realized gains and losses are included in investment (loss) gain in the condensed consolidated statements of operations and changes in net assets.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value using quoted market prices or model-driven valuations. Cash and cash equivalents and investments recorded at fair value aggregate to \$8,001,318 and \$8,277,332 at June 30, 2024 and December 31, 2023, respectively. As of June 30, 2024 and December 31, 2023, respectively, UPMC had \$2,857,466 and \$3,155,034 of total cash and investments that are held by UPMC's regulated entities.

Investments in limited partnerships that invest in nonmarketable securities are primarily recorded at fair value using the NAV practical expedient if the ownership percentage is less than 5% and are reported using the equity method of accounting if the ownership percentage is greater than 5%. UPMC had \$1,268,106 and \$1,269,247 of alternative investments accounted for under the equity method, which approximates fair value, at June 30, 2024 and December 31, 2023, respectively.

UPMC participates in securities lending transactions whereby a portion of its investments are loaned, through its agent, to various parties in return for cash and securities from the parties as collateral for the securities loaned. The amount of cash collateral received under securities lending is reported as an asset and a corresponding payable in the condensed consolidated balance sheet (reported in other current assets and other current liabilities, respectively). Total collateral is required to have a market value between 102% and 105% of the market value of securities loaned. As of June 30, 2024 and December 31, 2023, respectively, securities loaned, of which UPMC maintains ownership, total \$77,416 and \$173,154, and total collateral (cash and noncash) received related to the securities loaned was \$81,637 and \$181,122.

8. DERIVATIVE INSTRUMENTS

UPMC uses derivative financial instruments to manage exposures on its debt. By using derivatives to manage the risks, UPMC exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivatives. When the fair value of a derivative is positive, the counterparty owes UPMC, which creates credit risk for UPMC. When the fair value of a derivative is negative, UPMC owes the counterparty and, therefore, it does not incur credit risk. UPMC minimizes the credit risk in derivatives by entering into transactions that require the counterparty to post collateral for the benefit of UPMC based on the credit rating of the counterparty and the fair value of the derivative. If UPMC has a derivative in a liability position, the counterparty bears UPMC's credit risk and fair market values could be adjusted downward. Market risk is the effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. Management also mitigates risk through periodic reviews of their derivative positions in the context of their total blended cost of capital. Pursuant to master netting arrangements, UPMC has the right to offset the fair value of amounts recognized for derivatives, including the right to reclaim or obligation to return cash collateral from/ to counterparties. The fair values of UPMC's derivative financial are not offset by counterparty or type of item hedged.

UPMC maintains interest rate swap programs on certain of its debt in order to manage its interest rate risk. As of June 30, 2024, and December 31, 2023, UPMC is party to a floating-to-fixed interest rate swap where UPMC receives 68% of a one-month index rate and pays a fixed rate of 3.60% on a notional of \$25,965. As of June 30, 2024, and December 31, 2023, UPMC

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is also party to a basis swap where UPMC receives 67% of a three-month index rate plus .3217% and pays Securities Industry and Financial Markets Association ("SIFMA") on a notional of \$26,675 and \$30,525, respectively. From origination through June 30, 2023, London Inter-Bank Offered Rate ("LIBOR") served as the receipt index for both agreements. Effective July 1, 2023, LIBOR ceased to be recognized as a representative index whereupon Secured Overnight Financing Rate ("SOFR") was selected as the replacement index in accordance with the International Swaps and Derivatives Association ("ISDA") Fallback Protocols. The aforementioned agreements mature in 2025 and 2037, respectively.

9. PENSION PLANS

UPMC and its subsidiaries maintain defined benefit pension plans (the "Plans"), defined contribution plans and nonqualified pension plans that cover substantially all of UPMC's employees. Benefits under the Plans vary and are generally based upon the employee's earnings and years of participation.

The components of net periodic pension cost, of which only service cost is included in operating income and all other components are in other non-operating activities on the condensed consolidated statements of operations and changes in net assets, for the Plans are as follows:

	Six Months Ended June 30		Three Months Ended June 30	
	2024	2023	2024	2023
Service cost	\$ 84,084	\$ 79,062	\$ 42,042	\$ 39,531
Interest cost	75,958	74,462	37,979	37,231
Expected return on plan assets	(96,462)	(89,532)	(48,231)	(44,766)
Recognized net actuarial loss	6,380	7,292	3,190	3,646
Amortization of prior service credit	(2,628)	(2,628)	(1,314)	(1,314)
Net periodic pension cost	\$ 67,332	\$ 68,656	\$ 33,666	\$ 34,328

10. LEASES

UPMC has operating and finance leases for corporate offices, physician offices and various equipment types, among others. These lease arrangements have remaining lease terms of one year to 25 years, some of which include options to extend the leases for several periods, and some of which include options to terminate the leases within one year. Balance sheet information related to leases were as follows:

	Jun 30, 2024	Dec 31, 2023
OPERATING LEASES		
Operating lease right-of-use assets	\$ 716,073	\$ 738,064
Other current liabilities	141,832	138,039
Operating lease noncurrent liabilities	674,228	707,447
Total operating lease liabilities	\$ 816,060	\$ 845,486
FINANCE LEASES		
Property, plant and equipment, net	\$ 69,304	\$ 62,139
Current portion of long-term obligations	20,691	19,502
Long-term obligations	51,687	46,181
Total finance lease liabilities	\$ 72,378	\$ 65,683

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Undiscounted maturities of lease liabilities were as follows:

For the Six Months Ended June 30	Operating Leases	Finance Leases
2024 (rest of year)	\$74,260	\$10,445
2025	135,277	18,751
2026	120,034	14,318
2027	96,620	9,457
2028	89,079	5,249
Thereafter	362,237	14,971

11. CONTINGENCIES

UPMC is frequently made party to a variety of legal actions and regulatory inquiries, including class actions and suits brought by members, care providers, consumer advocacy organizations, customers and regulators. These matters include medical malpractice, employment, intellectual property, antitrust, privacy and contract claims, claims related to health care benefits coverage and other business practices. UPMC records liabilities for its estimates of probable costs resulting from these matters where appropriate. Estimates of costs resulting from legal and regulatory matters involving UPMC are inherently difficult to predict, particularly where the matters involve indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or represent a shift in regulatory policy; involve a large number of claimants or regulatory bodies; are in the early stages of the proceedings; or could result in a change in business practices. Accordingly, UPMC is often unable to estimate the losses or ranges of losses for those matters where there is a reasonable possibility, or it is probable a loss may be incurred.

Concurrently, UPMC has been involved or is currently involved in various governmental investigations, audits and reviews. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments, state attorneys general, the Office of the Inspector General, the Office of Personnel Management, the Office of Civil Rights, the Government Accountability Office, the Federal Trade Commission, U.S. Congressional committees, the U.S. Department of Justice (DOJ), the IRS, the U.S. Drug Enforcement Administration, the U.S. Department of Labor, the FDIC, Consumer Financial Protection Bureau and other governmental authorities. UPMC records liabilities for estimates of probable cost resulting from these matters where appropriate. Estimates of cost resulting from governmental investigations, audits and reviews are inherently difficult to predict and as a result UPMC cannot reasonably estimate the outcome which may result from these matters given their procedural status.

12. SUBSEQUENT EVENTS

Management evaluated events occurring subsequent to June 30, 2024 through August 28, 2024, the date the consolidated financial statements of UPMC were issued. During this period, there were no subsequent events requiring recognition or disclosure in the consolidated financial statements except as follows.