

UPMC Unaudited Financial and Operating Report

FOR THE PERIOD ENDED SEPTEMBER 30, 2024



UPMC
LIFE CHANGING MEDICINE

UPMC Unaudited Financial and Operating Report

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TABLE OF CONTENTS

- Introduction to Management’s Discussion and Analysis 1**
- Management’s Discussion and Analysis 2**
 - Consolidated Financial Highlights 2
 - Business Highlights 3
 - Condensed Consolidating Statements of Operations 6
- Divisional Information 7
- Revenue and Operating Metrics 9
- Key Financial Indicators 12
- Market Share 13
- Asset and Liability Management 14
- Utilization Statistics 16**
- Outstanding Debt. 17**
- Debt Covenant Calculations 18**
- Unaudited Interim Condensed Consolidated Financial Statements. 19**
 - Review Report of Independent Auditors 20
 - Condensed Consolidated Balance Sheets. 21
 - Condensed Consolidated Statements of Operations and Changes in Net Assets. 22
 - Condensed Consolidated Statements of Cash Flows 23
 - Notes to Condensed Consolidated Financial Statements 24

The following financial data as of September 30, 2024 and for the three and nine month periods ended September 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 SEPTEMBER 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 SEPTEMBER 30, 2024

CONSOLIDATED FINANCIAL HIGHLIGHTS

Financial Results for the Nine Months Ended September 30

	2024	2023
Operating revenues	\$ 22,202	\$ 20,610
Operating loss prior to restructuring costs*	\$ (262)	\$ (177)
Operating margin % prior to restructuring costs*	(1.2)%	(0.9)%
Operating loss	\$ (371)	\$ (177)
Operating margin %	(1.7)%	(0.9)%
Operating margin % after income tax and interest expense	(2.5)%	(1.6)%
Gain from investing and financing activities	\$ 433	\$ 129
Excess of revenues over expenses (expenses over revenues) attributable to controlling interest	\$ 111	\$ (243)
Operating EBIDA	\$ 156	\$ 342
Capital expenditures	\$ 704	\$ 517
Reinvestment ratio	1.34	1.00

Selected Other Information as of

	September 30, 2024	December 31, 2023
Total cash and investments	\$ 9,093	\$ 9,547
Unrestricted cash and investments	\$ 7,689	\$ 8,221
Unrestricted cash and investments over long-term debt	\$ 1,170	\$ 1,613
Days of cash on hand**	96	109
Days in net accounts receivable	43	44
Average age of plant (in years)	11.4	11.2

*Excludes \$109 million of restructuring costs for the nine months ended September 30, 2024.

** Excludes \$109 million of restructuring costs and \$115 million of a premium deficiency reserve for the nine months ended September 30, 2024.

Operating income prior to restructuring costs decreased for the nine months ended September 30, 2024 by \$85 million compared to prior year. This decrease was primarily driven by 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. Additionally, UPMC booked a \$115 million premium deficiency reserve ("PDR") in the third quarter in the Insurance Services division. This non-cash expense reflects management's anticipated losses for the remainder of the contract period, which ends December 31, 2024. See footnote 3 for additional disclosure. This was partially offset by Federal Emergency Management Agency ("FEMA") reimbursement recognition of \$235 million related to expenses incurred during the COVID-19 pandemic, as well as continued improvements in patient volumes and decreases in contract labor expenses. UPMC continues to have a long-term perspective with regard to its investment activities. As of September 30, 2024, UPMC had more than \$9 billion of cash and investments, of which approximately \$2.9 billion was held by UPMC's regulated health and captive insurance companies.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED SEPTEMBER 30, 2024

BUSINESS HIGHLIGHTS

Growing Access to Clinical Care Here and Abroad

To improve health care access for U.S. military veterans, leaders from UPMC and Veterans Administration (“VA”) Healthcare in September co-signed a special memorandum of understanding, announcing a Pennsylvania statewide rollout of the VA-UPMC Community Nurse Liaison Program. Built off the success of the VA-UPMC Community Nurse Liaison Program established in central Pennsylvania in 2022, the newly expanded program embeds VA-registered nurses at eight UPMC hospitals across the state. Community nurse liaisons help extend and accelerate services to veterans through better care coordination, hospital admission and discharge planning and improved patient experiences. They help ensure that post-emergency follow-up care, including medications, physical therapy and needed social services are directed in a way that best meets veterans' needs. The program also helps identify veterans who are not in the VA system and helps enroll new veterans into VA health care.

In September 2024, UPMC entered into a joint venture with GoHealth Urgent Care, a national company with an established track record for running urgent care centers with high customer satisfaction. In addition to managing certain existing UPMC urgent care locations, the new joint venture will manage a number of other locations in Pennsylvania and certain neighboring states. All of these locations will be operated under the UPMC-GoHealth Urgent Care brand in spring 2025.

In September 2024, amid the growing need for additional transplant services in central Pennsylvania, the UPMC Heart Transplant Program opened a new heart transplant evaluation clinic at UPMC Harrisburg. Located within the UPMC Advanced Heart Failure Center, this pre-transplant evaluation program ensures that local patients with advanced heart failure have access to pre-transplant testing close to home. The UPMC Advanced Heart Failure team will work with patients in Harrisburg to seamlessly transition their care to UPMC Presbyterian in Pittsburgh for surgery. One of the top heart transplant programs in the nation for patient outcomes, according to the Scientific Registry of Transplant Recipients, the UPMC Heart Transplant Program is the highest-volume center in Pennsylvania.

Construction continues on the new Heart Institute at UPMC Children's Hospital of Pittsburgh, expected to be completed in 2025. The 50,000 square-foot, three-story addition will elevate care and technology in pediatric cardiology with state-of-the-art clinical space with plans to house new cardiac catheterization labs, an interoperative MRI, inpatient and outpatient procedural and diagnostic and consultation spaces.

In August 2024, UPMC Horizon-Shenango Valley completed its \$1.5 million five-bed expansion of the emergency department providing greater capacity and the most accessible emergency medical care for residents in Mercer and Lawrence counties. The added beds allow for care of about 40 more people per day to meet growing community need.

In August 2024, UPMC Western Psychiatric Hospital opened a newly renovated 14-bed Adult Trauma Recovery Unit thanks to a generous, anonymous community donor. The unit admits more than 570 adult patients each year to receive treatment for depression, anxiety, post-traumatic stress disorder and mild psychosis. The UPMC Western Behavioral Health program at the UPMC Children's Pine-Wexford Pediatric Care Center in August unveiled a new Matt's Maker Space, providing opportunities for kids to explore science, technology, engineering, art and math (STEAM) while receiving treatment. The new space allows for hands-on expressive and experiential therapy.

In July 2024, joint venture partners UPMC and Select Medical announced plans to open the Helen M. Simpson Rehabilitation Hospital - West Shore in 2025. A satellite of its namesake, the acute inpatient rehabilitation hospital will serve the needs of the growing central Pennsylvania West Shore region. The 20-bed hospital-in-a-hospital will be located on a renovated floor at UPMC West Shore in Mechanicsburg and will feature a state-of-the-art therapy gym and advanced rehabilitation technologies to treat patients recovering from stroke, spinal cord and brain injury, amputation, neurological disorders and orthopedic conditions. Partnering with Select Medical to provide inpatient rehabilitation ensures the best possible transition of care for UPMC West Shore patients when they are discharged from the hospital setting to rehabilitation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED SEPTEMBER 30, 2024

Overseas, UPMC International remains focused on delivering high-quality health care close to patients' homes with UPMC Hillman Cancer Center's expanding presence in Europe. This includes the addition of a second linear accelerator at UPMC Whitfield Hospital in Waterford, Ireland; the five-year service celebration and re-accreditation by Joint Commission International at Bon Secours Radiotherapy in Cork, Ireland; construction for two new bunkers to house Italy's most advanced linear accelerators, including an MR-Linac, which is the first in UPMC's network worldwide, at San Pietro FBF in Rome, Italy; and the anticipation of UPMC Hillman Cancer Center's upcoming opening in Zabok, Croatia.

Driving Excellence for High-Quality Patient Care

In August 2024, UPMC Magee-Womens Hospital earned, for the second time, Magnet designation from the American Nurses Credentialing Center. Magnet status is considered the highest honor and gold standard for nursing excellence, a recognition less than 10% of U.S. hospitals achieve. Factors for Magnet consideration include the quality of nursing leadership and coordination and collaboration across specialties, as well as processes for measuring and improving the quality and delivery of care. UPMC Magee-Womens Hospital is one of 10 UPMC hospitals currently designated under the Magnet Recognition Program.

The Pennsylvania Trauma Systems Foundation (PTSF) in August renewed UPMC Williamsport's Level II Trauma Center accreditation. As one of only three trauma centers serving the 12-county region of northcentral Pennsylvania, UPMC Williamsport cares for an average of 1,300 annually with the next closest trauma center some 45 miles away. UPMC Williamsport has been awarded the maximum three-year reaccreditation, highlighting the program's exceptional clinical care, commitment to continual staff improvements through trainings and oversight and ensuring patient safety with the appropriate equipment and resources. The accreditation was confirmed by independent surveyors and the PTSF board.

In August 2024, UPMC Harrisburg, which includes UPMC West Shore and UPMC Community Osteopathic under its license, achieved the prestigious five-star rating from the Centers for Medicare and Medicaid Services (CMS), the highest rating possible using data that evaluates outcomes, patient experience and process. Of nearly 5,000 U.S. hospitals evaluated, roughly 8 percent earned the highest five-star rating. UPMC Hanover, UPMC Harrisburg, UPMC Memorial and UPMC West Shore received the Platinum Performance Achievement Award from the American College of Cardiology's NCDR Chest Pain - MI Registry Performance Achievement Award for 2024. This signifies that the UPMC Heart and Vascular Institute in Central Pa. has reached an aggressive goal of treating these patients to standard levels of care as outlined by the American College of Cardiology/American Heart Association. The UPMC Heart & Vascular Institute in Central Pa. also earned top recognition by Money magazine as one of the Best U.S. Hospitals for Cardiac Care. UPMC is the only ranked hospital located in central Pennsylvania.

Driving Clinical Research and Innovation

In July 2024, the UPMC Vision Institute marked an important milestone with Pittsburgh's first patients to receive LUXTURNA, the first FDA-approved gene therapy for an inherited form of progressive blindness. UPMC is one of just 14 sites nationwide to offer the treatment.

In August 2024, the University of Pittsburgh School of Medicine announced a new Center for Transcriptional Medicine. Partnering with UPMC surgeons, explanted, fibrotic organs are quickly transferred from UPMC operating rooms where patients are receiving new organs to connected laboratories at the University of Pittsburgh. There, the organs are kept viable to receive an mRNA therapy that reverses end-stage organ damage. The therapy is expected to receive approval for human clinical trials next year. If successful, it could significantly reduce the number of people on organ transplant waiting lists.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED SEPTEMBER 30, 2024

In September 2024, the University of Pittsburgh Schools of the Health Sciences were awarded approximately \$100 million from the U.S. Department of Defense to continue a clinical research program that is advancing trauma care. The 10-year contract renewal will fund new and ongoing research conducted through the Linking Investigations in Trauma and Emergency Services (LITES) Network, a consortium of nearly 50 trauma centers in the U.S. and Canada. UPMC physician-scientists lead the network in identifying the best possible emergency treatment for traumatically injured people. With the funding renewal, the LITES Network also will begin its tenth study, the Plasma Resuscitation Early for Evaluating Volume and Endotheliopathy of Thermal Injury (PREEVENt) trial. The trial will launch at UPMC Mercy, which has one of the nation's leading burn centers, and include about a dozen more sites in North America. The goal of the PREEVENt trial is to determine if giving plasma as early as possible to burn patients leads to better outcomes than the current standard of care.

Serving Our Members

During the quarter ended September 2024, the UPMC Health Plan received national recognition for clinical quality and member service excellence. The UPMC Health Plan ranks among the highest quality plans in Pennsylvania and the nation with the NCQA ranking its Medicaid plans in the top 4.8%, Medicare in the top 4.3% and Commercial in the top 5.5% nationally in terms of clinical excellence. J.D. Power designated its Medicare Advantage plan, UPMC for Life, as a top MA plan in Pennsylvania for member satisfaction for the second consecutive year.

In August 2024, UPMC for Life launched a reorganization of care management in Allegheny County, dividing it into five regions with leadership oversight and realigning 28 staff to provide panel-management supported by new reporting structures, provider-level interventions, and community partnerships to optimize care protocols, reduce hospital-based utilization, and transition eligible members into the Your Care program. UPMC Community HealthChoices ("CHC") continued to retain market leadership across the state. In August, UPMC CHC was selected by the PA Department of Human Services through a competitive procurement with national competitors to continue to operate the CHC program.

Caring for Our Communities

In July 2024, UPMC and the UPMC Pinnacle Foundation partnered with the Penn State College of Medicine and Dauphin County to place a new "Health To Go" vending machine outside of the UPMC Harrisburg Emergency Department to provide free health, wellness and personal care items. Accessible to the public 24/7, the vending machine has an interactive touch-screen interface and is among the first of its kind in Pennsylvania. As the machine gets used, providers learn more about the community's needs and adjust supplies accordingly. The machine also provides information that helps connect people to community services and resources, like food, shelter, health care and social services. In its first month of operation, the machine dispensed more than 500 items to over 100 Harrisburg city residents.

In July 2024, the UPMC Center for Addiction Recovery in Harrisburg hosted a press conference with Pennsylvania Secretary of Health, Dr. Debra Bogen, to discuss the dangers of the drug xylazine and to launch her department's approach to addressing increased xylazine use through the creation and donation of specialized xylazine wound care kits to health care facilities across the Commonwealth of Pennsylvania, including UPMC.

Throughout the quarter ended September 2024, every region served by UPMC benefitted from its community-focused programs, including a UPMC van providing medical treatment for unhoused women in Lancaster, Pa.; back-to-school vaccination clinics co-hosted by UPMC Hamot and Erie public schools; UPMC Memorial's "farm-to-hospital" program providing fresh produce to patients and staff of the community; breast cancer screenings co-hosted by UPMC, Bayer Corporation and Sen. Kim Ward; UPMC Jameson's donation of medical equipment to patients in need; a new Player Wellness Center for Little Leaguers in Williamsport, Pa.; and dozens of free health fairs and educational symposiums.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED SEPTEMBER 30, 2024

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

Nine Months Ended September 30, 2024

	Health Services	Insurance Services	Eliminations	Consolidated
Revenues:				
Net patient service revenue	\$ 11,706	\$ -	\$ (2,690)	\$ 9,016
Insurance enrollment revenue	-	11,253	-	11,253
Other revenue	1,329	671	(67)	1,933
Total operating revenues	\$ 13,035	\$ 11,924	\$ (2,757)	\$ 22,202
Expenses:				
Salaries, professional fees and benefits	\$ 6,999	\$ 494	\$ (63)	\$ 7,430
Insurance claims expense	-	11,021	(2,655)	8,366
Supplies, purchased services and general	5,328	737	(39)	6,026
Premium deficiency reserve	-	115	-	115
Depreciation and amortization	523	4	-	527
Total operating expenses	12,850	12,371	(2,757)	22,464
Operating income (loss) prior to restructuring costs	\$ 185	\$ (447)	\$ -	\$ (262)
Restructuring costs	78	31	-	109
Operating income (loss)	\$ 107	\$ (478)	\$ -	\$ (371)
Operating margin %	0.8%	(4.0)%	-	(1.7)%
Operating margin % (including income tax and interest expense)	(0.6)%	(4.1)%	-	(2.5)%
Operating EBIDA	\$ 630	\$ (474)	\$ -	\$ 156
Operating EBIDA %	4.8%	(4.0)%	-	0.7%

Nine Months Ended September 30, 2023

	Health Services	Insurance Services	Eliminations	Consolidated
Revenues:				
Net patient service revenue	\$ 10,735	\$ -	\$ (2,520)	\$ 8,215
Insurance enrollment revenue	-	10,702	-	10,702
Other revenue	1,071	684	(62)	1,693
Total operating revenues	\$ 11,806	\$ 11,386	\$ (2,582)	\$ 20,610
Expenses:				
Salaries, professional fees and benefits	\$ 6,804	\$ 473	\$ (58)	\$ 7,219
Insurance claims expense	-	9,998	(2,489)	7,509
Supplies, purchased services and general	4,813	762	(35)	5,540
Depreciation and amortization	514	5	-	519
Total operating expenses	12,131	11,238	(2,582)	20,787
Operating (loss) income	\$ (325)	\$ 148	\$ -	\$ (177)
Operating margin %	(2.8)%	1.3%	-	(0.9)%
Operating margin % (including income tax and interest expense)	(4.0)%	1.1%	-	(1.6)%
Operating EBIDA	\$ 189	\$ 153	\$ -	\$ 342
Operating EBIDA %	1.6%	1.3%	-	1.7%

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED SEPTEMBER 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 and Croatia.

Operating income for the Health Services Division, prior to restructuring costs, increased by \$510 million during the nine months ended September 30, 2024, when compared to the prior year. This increase is primarily due to improved patient volumes, decreases in contract labor expenses, and the recognition of \$235 million of other revenue from FEMA reimbursement of COVID-19 related 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 September 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 results for the Insurance Services Division, prior to restructuring costs, decreased by \$595 million during the nine months ended September 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. Results for the third quarter also include charges to record a PDR, primarily related to governmental products, of approximately \$115 million. The reserve is expected to be fully amortized during the fourth quarter of 2024, offsetting actual losses in that period.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED SEPTEMBER 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

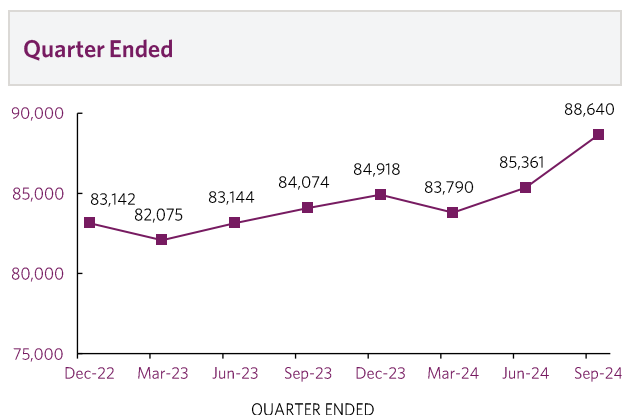
PERIOD ENDED SEPTEMBER 30, 2024

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 nine months ended September 30, 2024, increased 3% compared to the same period in 2023.

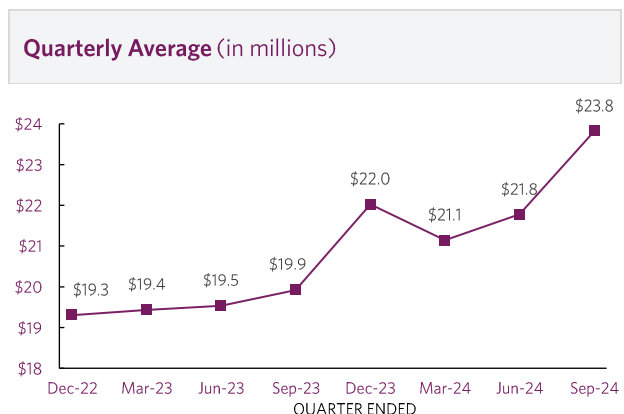
For the Nine Months Ended September 30			
(in thousands)	2024	2023	Change
Academic	83.9	80.9	4%
Community	35.8	35.8	-%
Regional	138.1	132.6	4%
Total	257.8	249.3	3%



Outpatient Revenue per Workday

UPMC's outpatient activity for the nine months ended September 30, 2024, as measured by average revenue per workday, increased 13% 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 Nine Months Ended September 30			
(in thousands)	2024	2023	Change
Academic	\$ 8,300	\$ 7,260	14%
Community	2,227	1,987	12%
Regional	11,725	10,380	13%
Total	\$ 22,252	\$ 19,627	13%



MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED SEPTEMBER 30, 2024

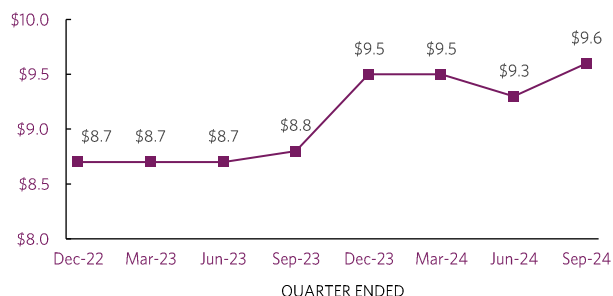
REVENUE METRICS – HEALTH SERVICES (CONTINUED)

Physician Service Revenue per Weekday

UPMC's physician activity for the nine months ended September 30, 2024, as measured by average revenue per weekday, increased 8% from the comparable period in 2023. Physician services activity is measured on a weekday basis.

For the Nine Months Ended September 30			
(in thousands)	2024	2023	Change
Academic	\$ 4,085	\$ 3,780	8%
Community	1,991	1,867	7%
Regional	3,374	3,104	9%
Total	\$ 9,450	\$ 8,751	8%

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.

	Nine Months Ended September 30	
	2024	2023
Medicare	49%	48%
Medical Assistance	16%	17%
Commercial Insurers	16%	16%
UPMC Insurance Services Commercial	11%	11%
Self-pay/Other	8%	8%
Total	100%	100%

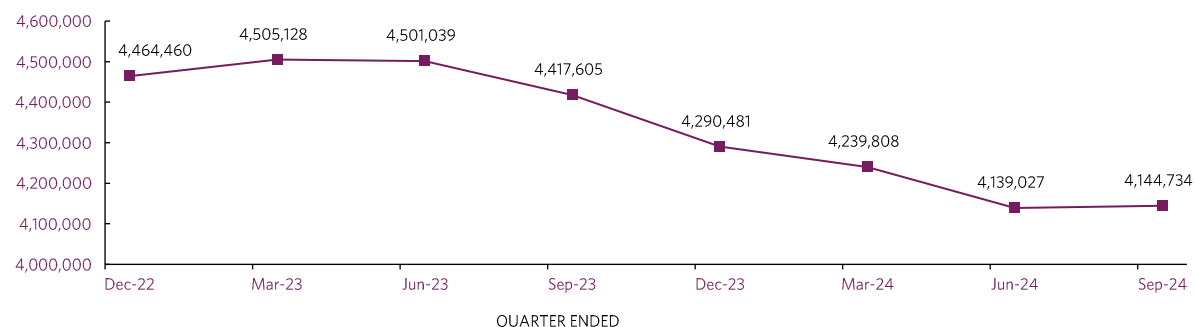
MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED SEPTEMBER 30, 2024

OPERATING METRICS - INSURANCE SERVICES

Membership

Membership in the UPMC Insurance Services division decreased to 4,144,734 as of September 30, 2024, a 6% decrease versus September 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.

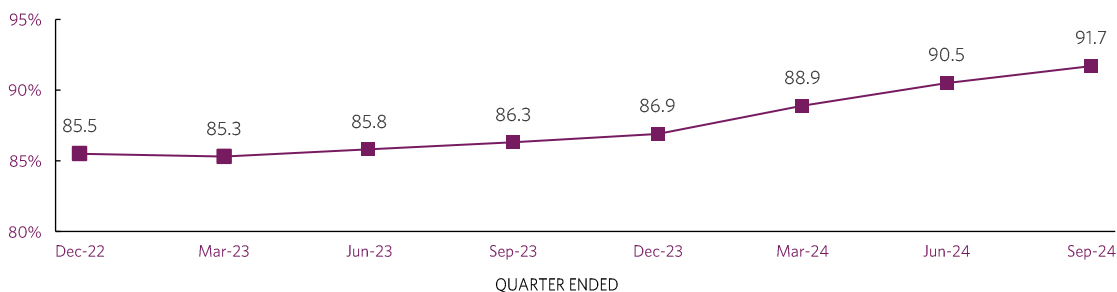


As of	September 30, 2024	September 30, 2023
Commercial Health	563,643	568,230
Medicare	219,718	209,535
Medical Assistance	631,978	712,305
Sub-Total Physical Health Products	1,415,339	1,490,070
Community HealthChoices	133,353	142,592
Behavioral Health	1,211,698	1,421,387
Sub-Total Health Products	2,760,390	3,054,049
Workpartners	881,134	868,712
Ancillary Products	489,158	478,319
Third-Party Administration	14,052	16,525
Total Membership	4,144,734	4,417,605

Medical Expense Ratio

UPMC Insurance Services' medical expense ratio ("MER") for the trailing twelve months has increased to 91.7% as of September 30, 2024. Starting in 2023 and continuing into Q3 of 2024, the increase in MER is primarily due to the rise in surgical volumes, significant case mix shifts and a rise in provider rates, which have driven up medical trends across all product lines. Additionally, pharmacy costs have continued to rise due to increased utilization within Medicaid, primarily due to GLP-1 drugs.

Trailing Twelve Months



MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED SEPTEMBER 30, 2024

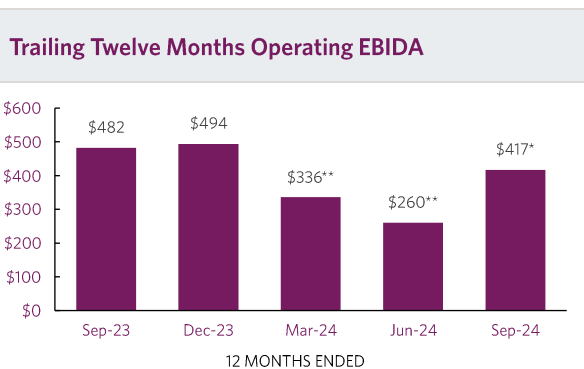
KEY FINANCIAL INDICATORS

(Dollars in millions)

Operating Earnings before Interest, Depreciation and Amortization

Operating EBIDA, prior to restructuring costs, for the nine months ended September 30, 2024 decreased 23% compared to the nine months ended September 30, 2023.

For the Nine Months Ended September 30			
(in millions)	2024*	2023	Change
Operating Loss	\$ (262)	\$ (177)	(48)%
Depreciation and Amortization	527	519	2%
Operating EBIDA	\$ 265	\$ 342	(23)%

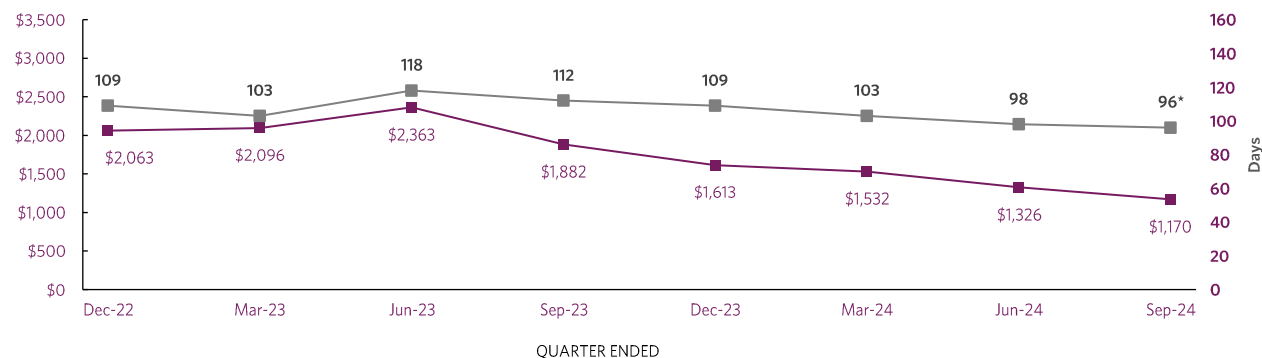


*Excludes restructuring costs of \$109 million for the period ended September 30, 2024.

**Excludes restructuring costs of \$40 million and \$88 million for the periods ended March 31, 2024 and June 30, 2024, respectively.

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

As of September 30, 2024, unrestricted cash and investments over long term debt decreased \$443 million compared to December 31, 2023.

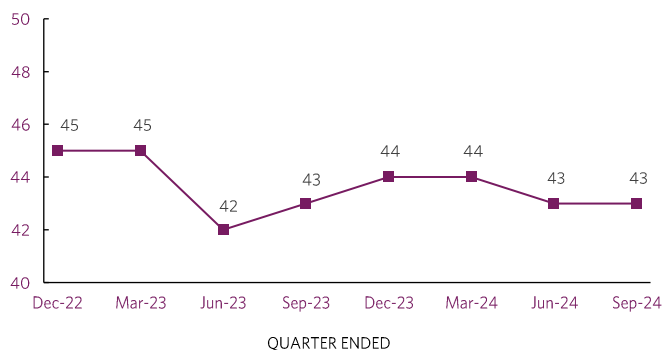


*Excludes \$109 million of restructuring costs and \$115m of a premium deficiency reserve for the nine months ended September 30, 2024.

Days in Net Accounts Receivable

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

By Receivable	September 2024 Balance	Days	
		Sep 30, 2024	Dec 31, 2023
Patient	\$ 1,711	49	49
Insurance and other	1,981	39	40
Consolidated	\$ 3,692	43	44



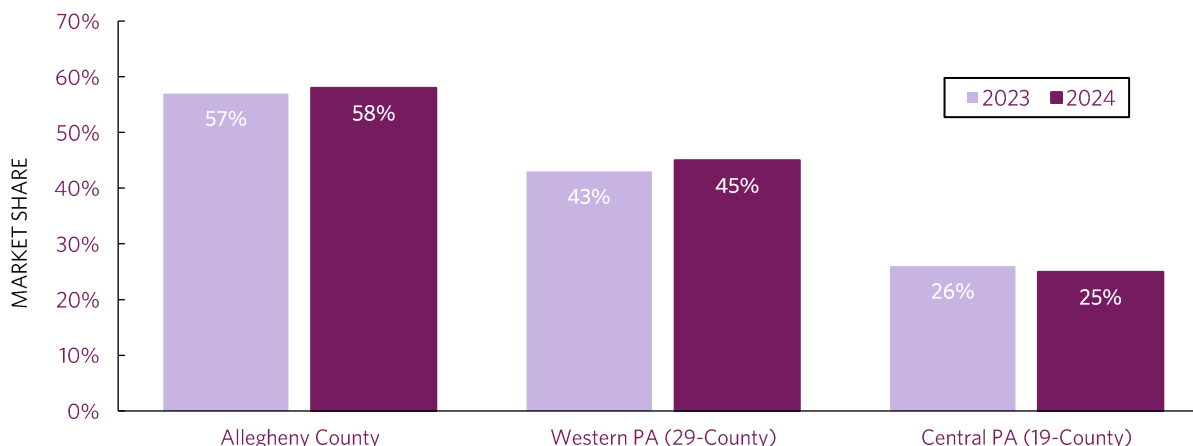
MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED SEPTEMBER 30, 2024

MARKET SHARE

The chart below shows the change in UPMC's estimated inpatient market share for the first quarter of calendar years 2023 and 2024 by service area.⁽¹⁾ This is the most recent market share data currently available.

UPMC INPATIENT MEDICAL-SURGICAL MARKET SHARE AS OF MARCH 31⁽²⁾



⁽¹⁾ 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.

⁽²⁾ Excludes psychiatry and substance abuse discharges.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED SEPTEMBER 30, 2024

ASSET AND LIABILITY MANAGEMENT

During the nine months ended September 30, 2024, UPMC's investment portfolio returned 8.9%. As of September 30, 2024, UPMC utilized 129 ongoing external investment managers including 29 traditional managers, 15 hedge fund managers and 85 private capital managers. UPMC is also invested with an additional 59 legacy private capital and hedge fund managers. UPMC's investment portfolio has a long-term perspective and has generated annualized returns of 15.3%, 3.2% and 6.9% for the trailing one-, three and five year periods. As of September 30, 2024, 71% of UPMC's investment portfolio could be liquidated within three days.

UPMC's cost of capital during the nine-month period ended September 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 September 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 September 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 September 30, 2024, these credit facilities were undrawn.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PERIOD ENDED SEPTEMBER 30, 2024

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

Investing and Financing Activity by Type

Nine Months Ended September 30	2024	2023
<i>(in thousands)</i>		
Realized gain	\$ 447,853	\$ 286,410
Interest and dividends, net of fees	148,991	114,417
Realized investment gain	\$ 596,844	\$ 400,827
Unrealized gain (loss) on derivative contracts	186	(1,619)
Unrealized investment gain (loss)	85,037	(59,403)
Investment gain	\$ 682,067	\$ 339,805
Interest expense	(172,390)	(148,597)
Gain on extinguishment of debt	\$ 216	\$ 1,274
UPMC Enterprises activity	(77,043)	(63,541)
Gain from investing and financing activities	\$ 432,850	\$ 128,941

Sources and Uses of Cash

UPMC's primary source of operating cash is the collection of revenues and related accounts receivable. As of September 30, 2024, UPMC had approximately \$644 million of cash and cash equivalents.

Operating EBIDA was \$265 million before restructuring charges for the nine months ended September 30, 2024, compared to \$342 million for the nine months ended September 30, 2023. Key uses of cash for the nine months ended September 30, 2024 include capital expenditures, net of disposals, of approximately \$673 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 SEPTEMBER 30, 2024

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

	Nine Months Ended September 30	
	2024	2023
Licensed Beds	8,585	8,738
BEDS IN SERVICE		
Medical-Surgical	5,179	5,098
Psychiatric	433	430
Rehabilitation	242	243
Skilled Nursing	1,182	1,542
Total Beds in Service	7,036	7,313
PATIENT DAYS		
Medical-Surgical	1,005,329	996,378
Psychiatric	82,706	82,269
Rehabilitation	49,942	48,444
Skilled Nursing	232,130	331,353
Total Patient Days	1,370,107	1,458,444
Average Daily Census	5,000	5,342
Observation Days	122,015	130,597
Obs Average Daily Census	445	478
ADMISSIONS AND OBSERVATION CASES		
Medical-Surgical	186,599	176,824
Observation Cases	71,192	72,469
Subtotal	257,791	249,293
Psychiatric	7,550	7,637
Rehabilitation	3,396	3,311
Skilled Nursing	2,174	3,395
Total Admissions and Observation Cases	270,911	263,636
Overall Occupancy	77%	80%
AVERAGE LENGTH OF STAY		
Medical-Surgical	5.4	5.6
Psychiatric	11.0	10.8
Rehabilitation	14.7	14.6
Skilled Nursing	106.8	97.6
Overall Average Length of Stay	6.9	7.6
Emergency Room Visits	798,416	771,485
TRANSPLANTS (DOMESTIC AND INTERNATIONAL)		
Liver	211	204
Kidney	278	252
All Other	231	232
Total	720	688
OTHER POST-ACUTE METRICS		
Home Health Visits	392,000	378,081
Hospice Care Days	191,485	176,783
Outpatient Rehab Visits	554,992	516,449

OUTSTANDING DEBT

PERIOD ENDED SEPTEMBER 30, 2024

(DOLLARS IN THOUSANDS)

Issuer	Original Borrower	Series	Amount Outstanding	
Allegheny County Hospital Development Authority	UPMC Health System	1997B	\$ 27,670	
	UPMC	2007A	26,598	
	UPMC	2017D	388,607	
	UPMC	2019A	673,645	
	UPMC	2021B	44,911	
Monroeville Finance Authority	UPMC	2012	58,531	
	UPMC	2014B	41,365	
	UPMC	2022B	168,466	
	UPMC	2023C	38,742	
Pennsylvania Economic Development Financing Authority	UPMC	2014A	238,385	
	UPMC	2015B	107,062	
	UPMC	2016	197,968	
	UPMC	2017A	377,407	
	UPMC	2017B	86,264	
	UPMC	2017C	130,856	
	UPMC	2020A	261,739	
	UPMC	2021A	244,387	
	UPMC	2022A	223,082	
	UPMC	2023A	465,033	
	UPMC	2023B	92,068	
Tioga County Industrial Development Authority	Laurel Health System	2010	4,710	
	Laurel Health System	2011	3,052	
Dauphin County General Authority	Pinnacle Health System	2016A	86,606	
	Pinnacle Health System	2016B	75,515	
General Authority of Southcentral Pennsylvania	Hanover Hospital	2013	1,799	
	Hanover Hospital	2015	20,207	
Potter County Hospital Authority	UPMC	2018A	7,670	
Washington County Hospital Authority	The Washington Hospital	2020A	38,480	
	The Washington Hospital	2020B	4,110	
Maryland Health and Higher Educational Facilities Authority	UPMC	2020B	189,374	
None	UPMC	2020D	349,940	
	UPMC	2020 Term Loan	299,950	
	UPMC	2021C	399,772	
	UPMC	2023	795,723	
	Somerset Management Services	2013	1,236	
	Various	Financing Leases & Loans		290,209
		Swap Liabilities		157
Total UPMC Outstanding Debt			\$ 6,710,355	

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

Source: UPMC Records

DEBT COVENANT CALCULATIONS

PERIOD ENDED SEPTEMBER 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 September 30, 2024
Excess of revenues over expenses	\$ 323,920
ADJUSTED BY:	
Net Unrealized Gains during Period ⁽¹⁾	(385,448)
Depreciation and Amortization ⁽¹⁾	700,157
Gain on Extinguishment of Debt ⁽¹⁾	(216)
Inherent Contribution ⁽¹⁾	(220,538)
Premium Deficiency Reserve ⁽¹⁾	115,000
Lease Impairment Realization - Facilities ⁽²⁾	(11,052)
Realized Investment Impairments ⁽²⁾	(1,482)
Interest Expense ⁽³⁾	226,889
Revenues Available for Debt Service	\$ 747,230
Historical Debt Service Requirements - 2007 Master Trust Indenture ("MTI")	\$ 473,691
Debt Service Coverage Ratio - applicable to the 2007 MTI and various bank agreements	1.58X
<i>For informational purposes:</i>	
Historical Debt Service Requirements - All Debt and Finance Leases	\$ 524,921
Debt Service Coverage Ratio - All Debt and Finance Leases	1.42X

LIQUIDITY RATIO AS OF SEPTEMBER 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.

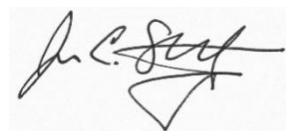
Unrestricted Cash and Investments	\$ 7,688,683
Master Trust Indenture Debt	6,183,596
Unrestricted Cash to MTI Debt	1.24

⁽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. Stilley
Treasurer
UPMC

Unaudited Interim Condensed Consolidated Financial Statements

FOR THE PERIOD ENDED SEPTEMBER 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 September 30, 2024, and the related condensed consolidated statements of operations and changes in net assets for the three-month and nine-month periods ended September 30, 2024 and 2023, and cash flows for the nine-month periods ended September 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.

November 27, 2024

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(DOLLARS IN THOUSANDS)

As of
September 30, 2024 December 31, 2023

CURRENT ASSETS

Cash and cash equivalents	\$ 644,268	\$ 1,104,198
Patient accounts receivable	1,711,044	1,587,557
Insurance and other receivables	1,981,298	1,789,429
Other current assets	774,172	717,144
Total current assets	5,110,782	5,198,328
Board-designated, restricted, trustee and other investments	8,448,558	8,442,381
Beneficial interests in foundations and trusts	796,795	726,515
Net property, buildings and equipment	6,865,056	6,624,425
Operating lease right-of-use assets	695,977	738,064
Other assets	941,291	917,022
Total assets	\$ 22,858,459	\$ 22,646,735

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 899,781	\$ 926,524
Accrued salaries and related benefits	953,799	1,060,393
Current portion of insurance reserves	1,458,232	1,301,619
Current portion of long-term obligations	537,977	171,239
Other current liabilities	873,678	878,322
Total current liabilities	4,723,467	4,338,097
Long-term obligations	6,172,378	6,623,508
Long-term insurance reserves	493,709	446,567
Operating lease noncurrent liabilities	659,875	707,447
Other noncurrent liabilities	606,188	546,479
Total liabilities	12,655,617	12,662,098
Net assets without donor restrictions	8,874,798	8,730,411
Net assets with donor restrictions	1,328,044	1,254,226
Total net assets	10,202,842	9,984,637
Total liabilities and net assets	\$ 22,858,459	\$ 22,646,735

See accompanying notes

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

(DOLLARS IN THOUSANDS)

	Nine Months Ended September 30		Three Months Ended September 30	
	2024	2023	2024	2023
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Net patient service revenue	\$ 9,016,156	\$ 8,214,861	\$ 3,086,559	\$ 2,692,290
Insurance enrollment revenue	11,252,628	10,701,694	3,811,407	3,556,384
Other revenue	1,933,451	1,693,222	825,963	545,767
Total operating revenues	22,202,235	20,609,777	7,723,929	6,794,441
Salaries, professional fees and employee benefits	7,429,471	7,218,730	2,527,617	2,448,628
Insurance claims expense	8,366,202	7,508,667	2,882,526	2,514,204
Supplies, purchased services and general	6,027,433	5,539,946	2,059,391	1,848,018
Premium deficiency reserve	115,000	-	115,000	-
Depreciation and amortization	526,445	518,946	176,229	174,634
Total operating expenses	22,464,551	20,786,289	7,760,763	6,985,484
Operating loss prior to restructuring costs	(262,316)	(176,512)	(36,834)	(191,043)
Restructuring costs	108,559	-	20,759	-
Operating loss	(370,875)	(176,512)	(57,593)	(191,043)
Academic and research support provided	(189,750)	(181,125)	(63,250)	(60,375)
Inherent contribution	220,538	-	-	-
Income tax and other non-operating activities	18,732	4,455	7,873	3,286
After-tax loss	\$ (321,355)	\$ (353,182)	\$ (112,970)	\$ (248,132)
Investing and financing activities:				
Investment gain (loss)	682,067	339,805	311,069	(54,749)
Interest expense	(172,390)	(148,597)	(56,460)	(54,704)
Gain on extinguishment of debt	216	1,274	-	-
UPMC Enterprises activity:				
Portfolio company revenue and net gains from sales	109,715	113,846	24,457	26,006
Portfolio company and research and development expense	(186,758)	(177,387)	(70,521)	(63,730)
Gain (loss) from investing and financing activities	432,850	128,941	208,545	(147,177)
Excess of revenues over expenses (expenses over revenues)	111,495	(224,241)	95,575	(395,309)
Net activity attributable to noncontrolling interest	333	19,171	216	(2,111)
Excess of revenues over expenses (expenses over revenues) attributable to controlling interest	111,162	(243,412)	95,359	(393,198)
Net change in pension liability and other	33,225	(1,317)	18,676	(28,564)
Change in net assets without donor restrictions	144,387	(244,729)	114,035	(421,762)
NET ASSETS WITH DONOR RESTRICTIONS				
Change in beneficial interests in foundations and trusts	30,236	5,365	27,299	(17,875)
Restricted net assets acquired	40,044	-	-	-
Other changes in net assets with donor restrictions	3,538	17,146	(13,995)	3,647
Change in net assets with donor restrictions	73,818	22,511	13,304	(14,228)
Change in total net assets	218,205	(222,218)	127,339	(435,990)
Net assets, beginning of period	9,984,637	9,906,882	10,075,503	10,120,654
Net assets, end of period	\$ 10,202,842	\$ 9,684,664	\$ 10,202,842	\$ 9,684,664

See accompanying notes

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(DOLLARS IN THOUSANDS)

Nine Months Ended September 30

	2024	2023
OPERATING ACTIVITIES		
Increase (decrease) in total net assets	\$ 218,205	\$ (222,218)
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation and amortization	526,445	518,946
Change in beneficial interest in foundations and trusts	(30,236)	(5,365)
Restricted contributions and investment gains	(37,669)	(17,146)
Restricted net assets acquired	(40,044)	-
Unrealized (gains) losses on investments	(85,037)	59,403
Realized gains on investments	(447,853)	(286,410)
Inherent contribution	(220,538)	-
Premium deficiency reserve	115,000	-
Net changes in non-alternative investments	579,172	(314,480)
Changes in operating assets and liabilities:		
Accounts receivable	(222,099)	135,007
Other current assets	(42,052)	(258,470)
Accounts payable and accrued liabilities	(171,962)	74,506
Insurance reserves	88,755	93,299
Other current liabilities	(13,163)	493,199
Other noncurrent assets and liabilities	137	(257,443)
Other operating changes	54,151	(27,729)
Net cash provided by (used in) operating activities	271,212	(14,901)
INVESTING ACTIVITIES		
Purchase of property, buildings and equipment, net of disposals	(673,397)	(498,534)
UPMC Enterprises investments in non-consolidated entities	(25,628)	(48,669)
Consideration paid for acquisitions	-	(247,626)
Net change in investments designated as nontrading	(24,125)	(27,531)
Cash acquired through affiliations and divestitures	46,493	-
Net change in alternative investments	82,851	51,900
Other investing changes	(39,869)	74,025
Net cash used in investing activities	(633,675)	(696,435)
FINANCING ACTIVITIES		
Repayments of long-term obligations	(150,186)	(498,792)
Borrowings of long-term obligations	15,050	1,831,265
Other financing changes	37,669	(9,050)
Net cash (used in) provided by financing activities	(97,467)	1,323,423
Net change in cash and cash equivalents	(459,930)	612,087
Cash and cash equivalents, beginning of period	1,104,198	953,980
Cash and cash equivalents, end of period	\$ 644,268	\$ 1,566,067
SUPPLEMENTAL INFORMATION		
Finance lease obligations incurred to acquire assets	\$ 23,611	\$ 18,352
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. SIGNIFICANT TRANSACTIONS

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 \$21,000 and \$109,000 for the three and nine month periods ended September 30, 2024, respectively. Of the expenses incurred, approximately \$21,000 and \$86,000 were paid during the three and nine month periods ended September 30, 2024, respectively, and the remainder is accrued in accounts payable and accrued expenses in the condensed consolidated balance sheet as of September 30, 2024.

In response to the COVID-19 pandemic, the United States Department of Homeland Security, through the Federal Emergency Management Agency ("FEMA"), enacted several programs that provide resources and relief funds to hospitals and other health care providers. FEMA funding has served as reimbursement for health care related expenses incurred as a result of the COVID-19 pandemic. For the three and nine month periods ended September 30, 2024, UPMC has recognized approximately \$225,000 and \$235,000, respectively, within other revenue.

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 Accounting Standards Codification ("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, ASC Subtopic 958-805: *Not-for-Profit Entities - Business Combinations*. 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,

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

UPMC recognized an inherent contribution related to the net assets acquired in the transaction of \$0 and \$221,000 in its consolidated statement of operations and changes in net assets for the three and nine month periods ended September 30, 2024, respectively. The inherent contribution recorded for the period is based on the preliminary fair market values of the net assets acquired.

3. PREMIUM DEFICIENCY RESERVE

UPMC evaluates certain of its insurances contracts to assess the sufficiency of premiums collected in relation to the expected future costs of policy benefits and expenses. If the review indicates that the present value of expected future claims, unamortized acquisition costs and maintenance costs exceeds the unearned premium from in-force contracts, a premium deficiency reserve ("PDR") must be established. For purposes of determining a PDR, contracts are grouped in a manner consistent with the method of acquiring, servicing, and measuring profitability of such contracts and expected investment income is included. In September 2024, UPMC recorded a PDR of \$115,000, primarily related to its 2024 contract year Medicare and Medicaid products.

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

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 nine months ended September 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 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 nine months ended September 30, 2024 and 2023 is as follows:

Periods Ended September 30	Nine Months Ended		Three Months Ended	
	2024	2023	2024	2023
Commercial	37%	38%	38%	39%
Medicare	40%	40%	40%	40%
Medical Assistance	17%	16%	16%	15%
Self-pay/other	6%	6%	6%	6%
	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.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

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.

6. FAIR VALUE MEASUREMENTS

As of September 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 September 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.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

FAIR VALUE MEASUREMENTS AS OF SEPTEMBER 30, 2024

	Level 1	Level 2	Level 3	NAV	Total Carrying Amount
ASSETS					
Fixed income	\$ 289,748	\$ 2,912,042	\$ -	\$ -	\$ 3,201,790
Domestic equity	1,245,412	9,788	-	-	1,255,200
International equity	694,428	-	-	-	694,428
Public real estate	86,884	-	-	-	86,884
Long/short equity	21,937	178,339	-	-	200,276
Absolute equity	(1,147)	66,026	-	-	64,879
Derivative instruments	-	99	-	-	99
Securities on loan	112,522	-	-	-	112,522
Securities lending collateral	91,419	-	-	-	91,419
Alternative and other investments at NAV	-	-	-	1,504,237	1,504,237
Total assets measured at fair value on a recurring basis	\$ 2,541,203	\$ 3,166,294	\$ -	\$ 1,504,237	\$ 7,211,734
LIABILITIES					
Payable under securities lending agreement	\$ (91,419)	\$ -	\$ -	\$ -	\$ (91,419)
Derivative instruments	-	(157)	-	-	(157)
Total liabilities measured at fair value on a recurring basis	\$ (91,419)	\$ (157)	\$ -	\$ -	\$ (91,576)

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)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

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 gain (loss) 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 gain (loss) 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 \$7,764,484 and \$8,277,332 at September 30, 2024 and December 31, 2023, respectively. As of September 30, 2024 and December 31, 2023, respectively, UPMC had \$2,876,981 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 \$1,328,342 and \$1,269,247 of alternative investments accounted for under the equity method, which approximates fair value, at September 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 September 30, 2024 and December 31, 2023, respectively, securities loaned, of which UPMC maintains ownership, total \$112,522 and \$173,154, and total collateral (cash and noncash) received related to the securities loaned was \$116,125 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 September 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 September 30, 2024, and December 31, 2023, UPMC 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 September 30, 2023, London Inter-Bank Offered Rate ("LIBOR") served as the receipt index for both agreements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

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:

	Nine Months Ended September 30		Three Months Ended September 30	
	2024	2023	2024	2023
Service cost	\$ 126,126	\$ 118,593	\$ 42,042	\$ 39,531
Interest cost	113,937	111,693	37,979	37,231
Expected return on plan assets	(144,693)	(134,298)	(48,231)	(44,766)
Recognized net actuarial loss	9,570	10,938	3,190	3,646
Amortization of prior service credit	(3,942)	(3,942)	(1,314)	(1,314)
Net periodic pension cost	\$ 100,998	\$ 102,984	\$ 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:

	Sep 30, 2024	Dec 31, 2023
OPERATING LEASES		
Operating lease right-of-use assets	\$ 695,977	\$ 738,064
Other current liabilities	144,734	138,039
Operating lease noncurrent liabilities	659,875	707,447
Total operating lease liabilities	\$ 804,609	\$ 845,486
FINANCE LEASES		
Property, plant and equipment, net	\$ 68,674	\$ 62,139
Current portion of long-term obligations	20,433	19,502
Long-term obligations	55,440	46,181
Total finance lease liabilities	\$ 75,873	\$ 65,683

Undiscounted maturities of lease liabilities were as follows:

For the Nine Months Ended September 30	Operating Leases	Finance Leases
2024 (rest of year)	\$44,267	\$6,130
2025	151,761	20,735
2026	132,086	16,317
2027	104,695	11,114
2028	91,380	6,515
Thereafter	377,868	15,741

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

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 September 30, 2024 through November 27, 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.