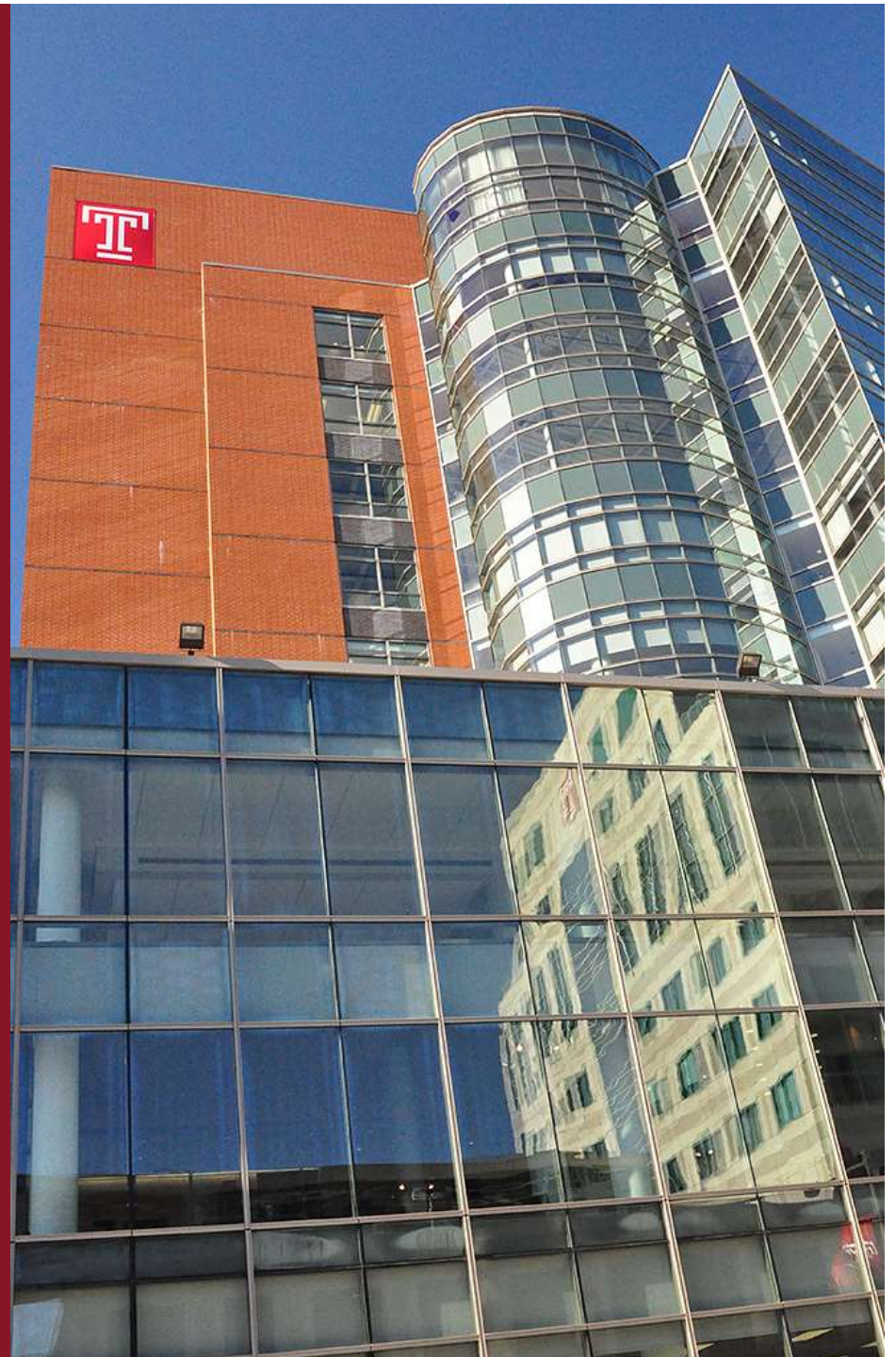

Temple University Health System
Investor Conference Call
Period Ending March 31, 2023

May 17, 2023

 **TEMPLE HEALTH**



CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Welcome to today's TUHS investor call. As identified on the invitation published on DAC, the material being reviewed with you today can be found on our website of <http://tuhsfinance.templehealth.org/> under the investor relations tab.

Certain statements included, incorporated by reference or verbally discussed, constitute projections or estimates of future events, generally known as forward-looking statements. These statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. These forward-looking statements include, but are not limited to, the information contained within this presentation and the financial statements being referenced as part of this presentation. By providing this information, TUHS is not committing to providing some or all such information in future investor communications.

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Temple University Health System and their affiliates do not plan to issue any updates or revisions to those forward-looking statements if or when changes in its expectation, or events, conditions or circumstances on which such statements are based occur.

Participants

Temple University Health System



Michael Young
Chief Executive Officer

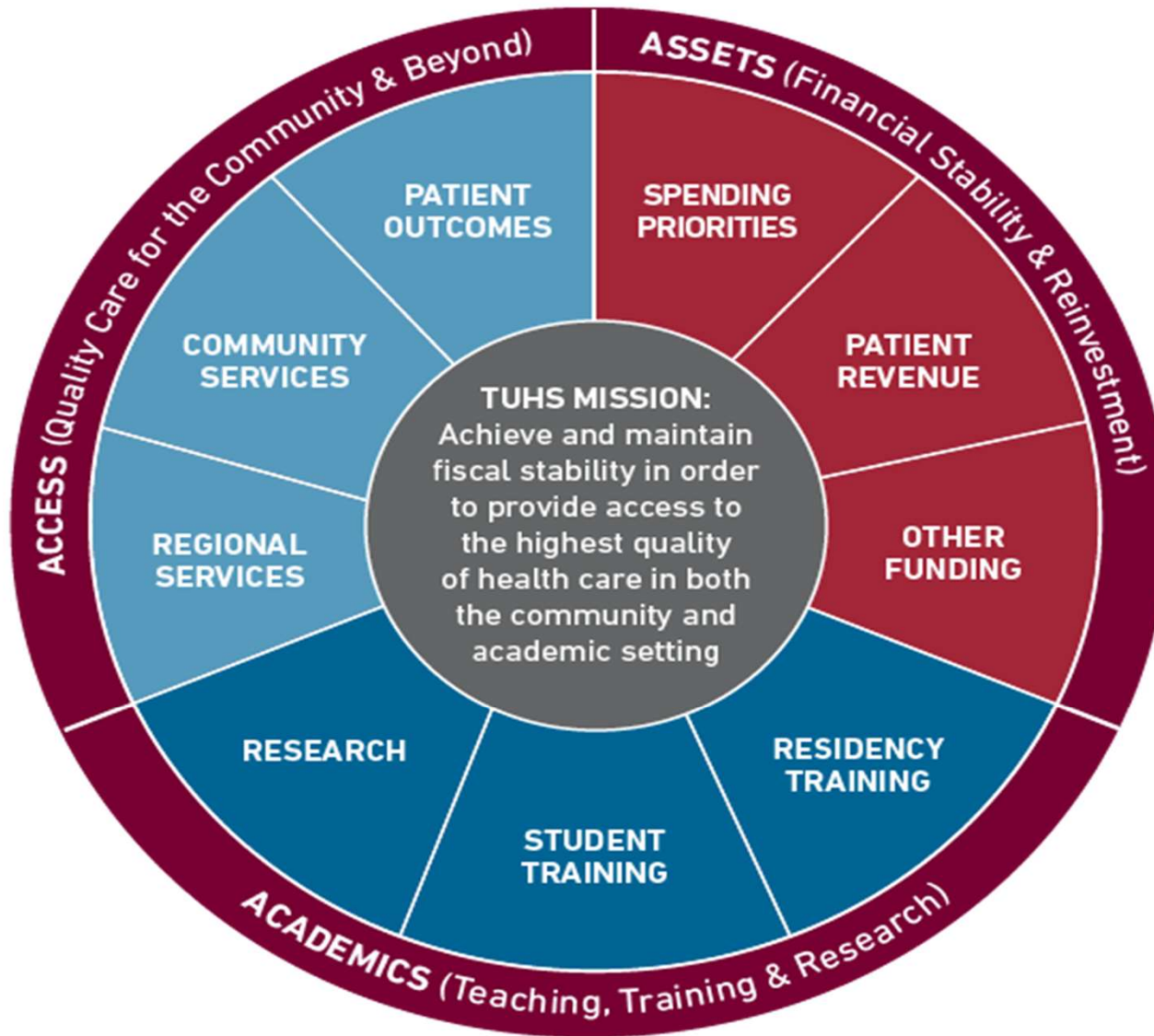


Nick Barcellona
Chief Financial Officer

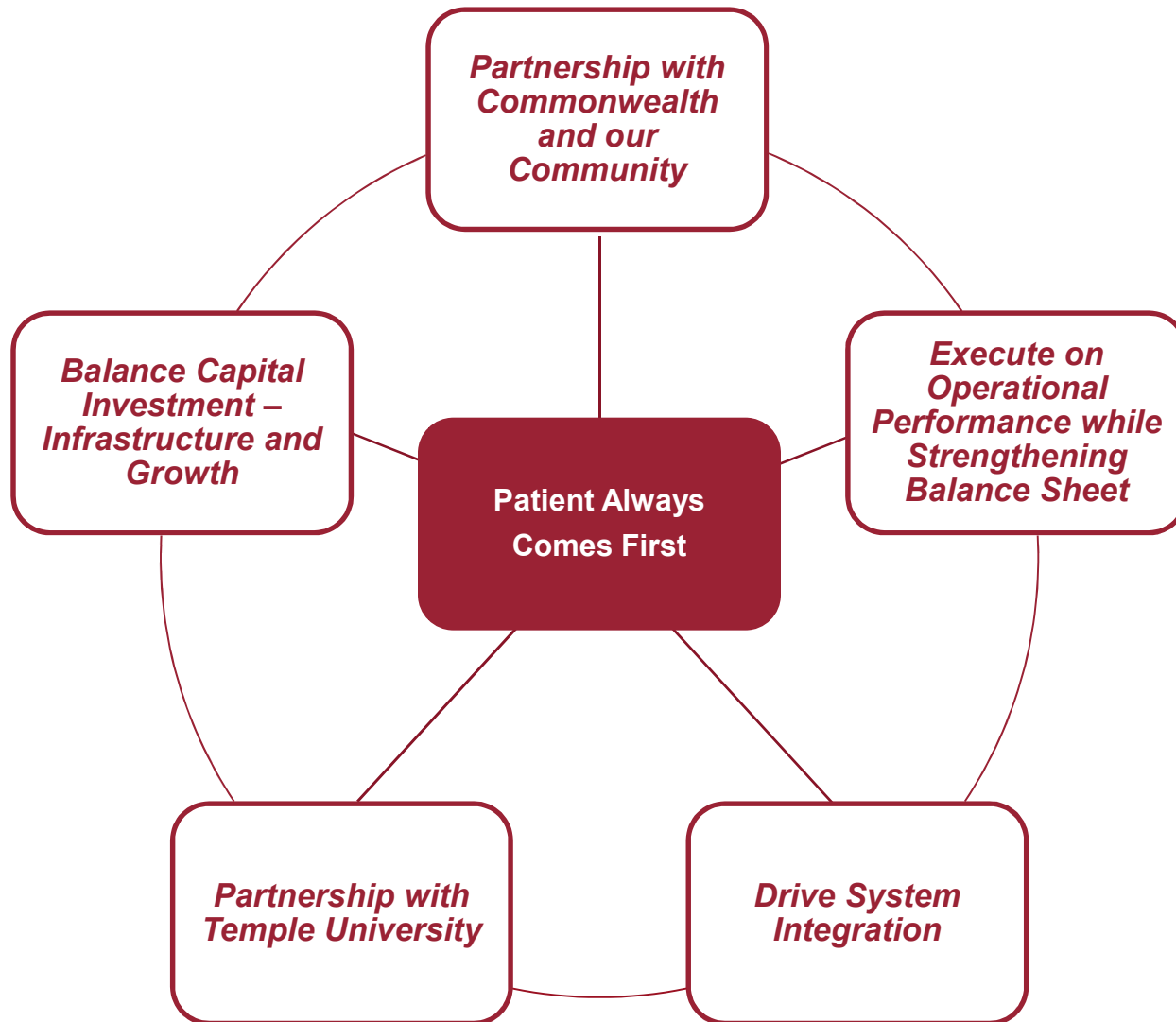


Michael DiFranco
Chief Accounting Officer

Mission



Vision for the Future



Awards/Recognition

- TUH nationally recognized with Leapfrog ‘A’ in spring 2023 Hospital Safety Grade Report, for sixth consecutive period.
- Temple Health selected for the Patient-Centered Outcomes Research Institute Health Systems Implementation Initiative grant.
- *Philadelphia* magazine names 263 Temple Health physicians, representing forty-four medical specialties, to “Top Doctors” list for 2023.
- *Philadelphia Business Journal* and *Al Dia* highlight opening of Temple Health’s first OB/GYN Outpatient Practice at Women and Families Campus.
- Eleven Fox Chase Cancer Center physicians named to the Castle Connolly 2023 Exceptional Women in Medicine list.
- *City & State Pennsylvania* names five Temple Health leaders to its “2023 Health Care Power 100” list – Michael A. Young, MHA, FACHE; Amy J. Goldberg, MD, FACS; Abhinav Rastogi, MBA, MIS; Robert G. Uzzo, MD, MBA, FACS; Katherine Levins.



Strategic Initiatives Update

- January 1, 2023 acquisition of Chestnut Hill Hospital.
- Temple Women's Hospital Campus Development – first OB/GYN Outpatient Practice at Women and Families Campus.
- Implementation of activity-based costing solution – PowerCosting. Onboarding in auditing phase; fully live by FY2023 year-end.
- CMS Direct Contracting/ACO Reach performance year 2023 implementation.
- Launch of Fox Chase – Temple Urologic Institute.

Chestnut Hill Integration Update

- Smooth integration into TUHS systems and patient-centered culture.
- Fully consolidated on TUHS financial statements based on 60% ownership; minority interests shown in consolidated financial statements.



Integration Highlights:

- FCMG Urologists leveraging unused OR block time at CHH.
- Onsite urology medical office expected go-live prior to 6/30/23.
- Behavioral health transfers to CHH.
- Other service lines currently being scoped for on-campus presence.

- March 31, 2023 financial results in line with projections.
- Seller has earn-out of a maximum of \$4 million tied to successful completion of transition services agreement (TSA).

YTD Mar-23 – Income Statement

| | Year-to-Date | | | Prior Year | |
|--|-------------------|-----------------|----------------|------------------|----------------|
| | Actual | Budget | V% | Actual | V% |
| TUHS Consolidated | | | | | |
| 1 Net Patient Service Revenue | 1,552,019 | 1,582,742 | -1.9% | 1,493,122 | 3.9% |
| 2 Commonwealth reimbursement | 315,392 | 302,895 | 4.1% | 332,370 | -5.1% |
| 3 Research Revenue | 30,166 | 30,714 | -1.8% | 29,454 | 2.4% |
| 4 Population Health | 13,697 | 11,980 | 14.3% | 13,223 | 3.6% |
| 5 Other Revenue | 33,049 | 28,730 | 15.0% | 52,461 | -37.0% |
| 6 Total Operating Revenue | 1,944,323 | 1,957,061 | -0.7% | 1,920,630 | 1.2% |
| 7 Salaries & Benefits | 1,114,100 | 1,084,514 | 2.7% | 1,020,836 | 9.1% |
| 8 Professional Fees | 68,648 | 57,092 | 20.2% | 48,170 | 42.5% |
| 9 Supplies & Drugs | 443,032 | 402,506 | 10.1% | 388,716 | 14.0% |
| 10 Purchased Services & Other | 182,257 | 180,263 | 1.1% | 169,572 | 7.5% |
| 11 Other Expenses | 136,443 | 156,213 | -12.7% | 147,484 | -7.5% |
| 12 Operating Expense | 1,944,480 | 1,880,588 | 3.4% | 1,774,778 | 9.6% |
| 13 EBIDA | (\$157) | \$76,473 | -100.2% | \$145,852 | -100.1% |
| 14 Depreciation | 42,493 | 42,729 | -0.6% | 37,203 | 14.2% |
| 15 Interest | 11,584 | 12,402 | -6.6% | 17,023 | -32.0% |
| 16 Operating Income | (\$54,232) | \$21,343 | -354.1% | \$91,625 | -159.2% |
| 17 Operating Margin % | -2.8% | 1.1% | | 4.8% | |
| 18 Other investment income | 42,312 | 8,609 | 391.5% | (6,866) | 716.3% |
| 19 Non operating income | 1,584 | 3,066 | -48.3% | 240,911 | -99.3% |
| 20 Net Income | (\$10,336) | \$33,018 | -131.3% | \$325,670 | -103.2% |
| 21 Net Income attributed to noncontrolling interests | 1,046 | (356) | 393.8% | - | - |
| 22 Net Income attributed to TUHS | (\$9,290) | \$32,662 | -128.4% | \$325,670 | -102.9% |

- **EBIDA \$20.3M above budget MTD** and (\$76.6M) below budget YTD primarily related to unfavorable Net patient service revenue, salaries and benefits expense, and supplies and drugs expense.
- **Net patient revenue \$13M above budget MTD**, (\$30.7M) below budget YTD and \$58.9M above prior year driven primarily by unfavorable inpatient revenue (\$67.7M) due to lower discharge volumes. Outpatient revenue is favorable due to 340B program at TUH.
- **Salaries above budget** due to continued staffing pressures and use of agency.
- **Supplies and drugs above budget** due to outpatient pharmacy drug purchases, which are in line with higher revenue.
- **Professional liability below budget \$20.8M YTD** due to YTD program true-up based on actuarial projections.
- **Outpatient pharmacy operating income above budget \$14.1M** and above prior year \$11.8M.

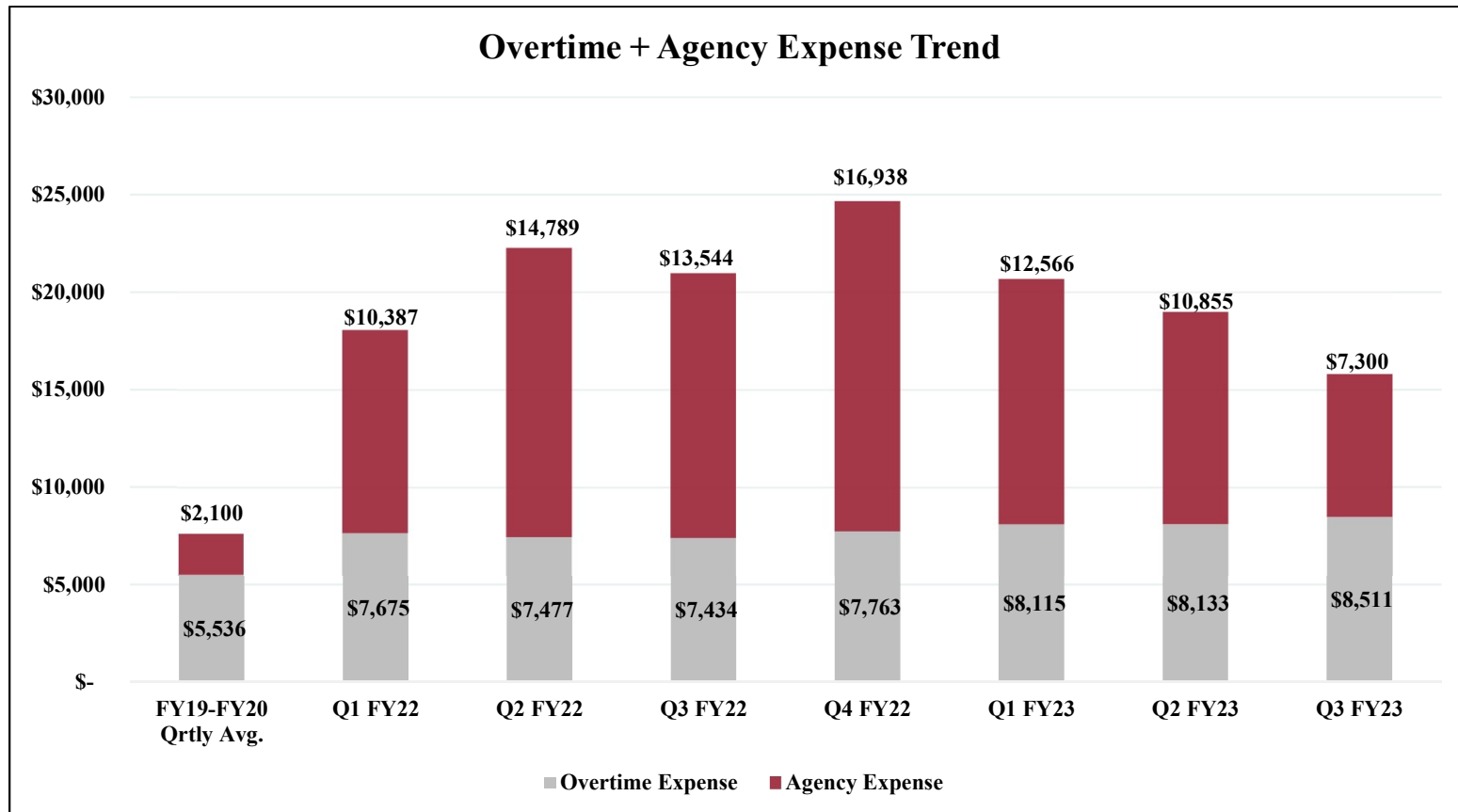
FY23 Quarterly Trend

- Operating margin and operating cash flow margin on positive trend.
- Elevated occupancy remains coupled with increase to average length of stay.
- Debt to annualized revenue trending favorably.

| | QTD 9/30/22 | QTD 12/31/22 | QTD 3/31/23 | YTD 3/31/23 |
|------------------------------|-------------|--------------|-------------|-------------|
| <u>Revenues:</u> | | | | |
| Net Patient Revenue | 552,550 | 561,770 | 753,091 | 1,867,411 |
| Other Revenue | 17,510 | 31,610 | 27,792 | 76,912 |
| Total Revenues | 570,060 | 593,380 | 780,883 | 1,944,323 |
| <u>Expenses:</u> | | | | |
| Salaries & Benefits | 353,656 | 373,402 | 387,042 | 1,114,100 |
| Supplies and Pharmaceuticals | 133,511 | 146,926 | 162,595 | 443,032 |
| Other Expenses | 108,460 | 114,947 | 163,941 | 387,348 |
| Depreciation & Amortization | 13,991 | 14,107 | 14,395 | 42,493 |
| Interest | 3,727 | 3,840 | 4,017 | 11,584 |
| Total Expenses | 613,345 | 653,222 | 731,990 | 1,998,557 |
| Operating (Loss) Income | (43,285) | (59,842) | 48,893 | (54,234) |
| Operating Margin | -7.6% | -10.1% | 6.3% | -2.8% |
| Operating Cash Flow | (25,567) | (41,895) | 67,305 | (157) |
| Operating Cash Flow Margin | -4.5% | -7.1% | 8.6% | 0.0% |
| Debt to Revenue | 18.1 | 17.4 | 13.2 | 15.8 |
| Debt to Cash Flow | (9.1) | (5.1) | 1.2 | 8.9 |

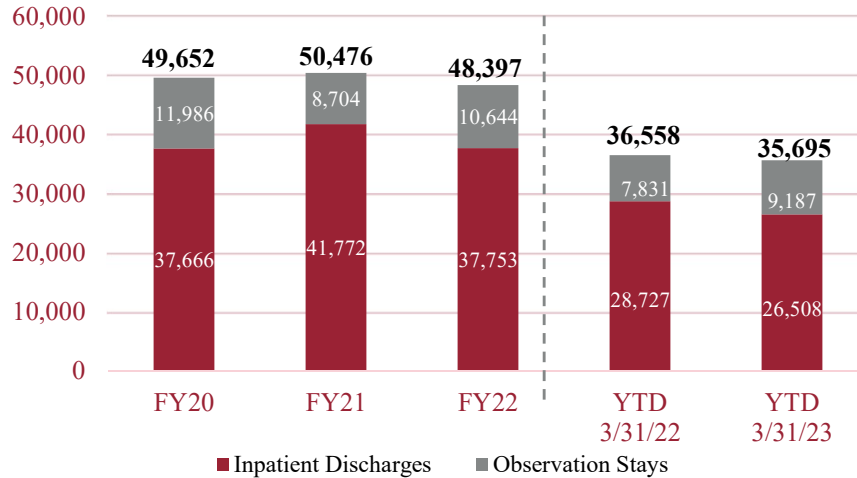
Workforce Update

- TUH Inc. recorded \$30.7 million in agency expense in YTD March FY23 – \$106 per hour of agency incurred.
- Agency use trending down since November 2022 union contract.

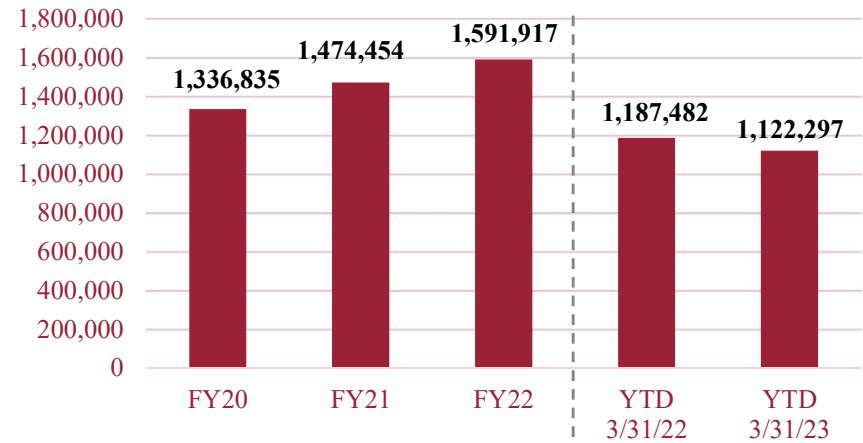


TUHS Key Utilization Statistics

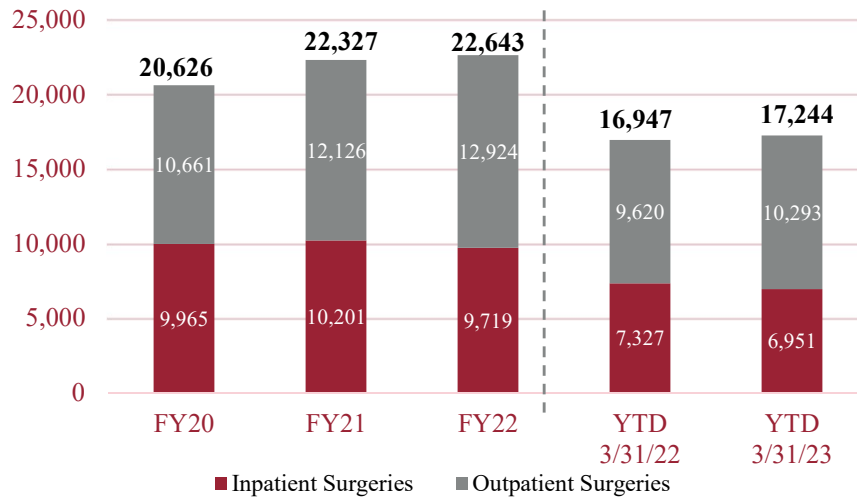
Inpatient Discharges & Observation Stays



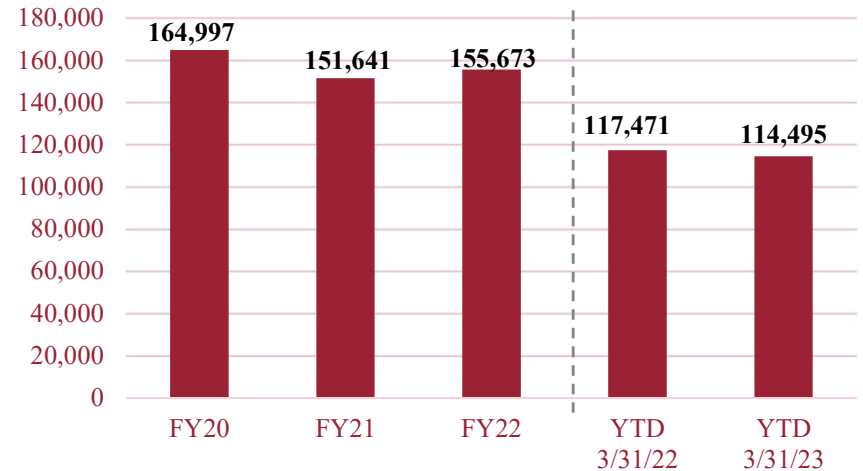
Health System Outpatient Visits



Total Surgeries

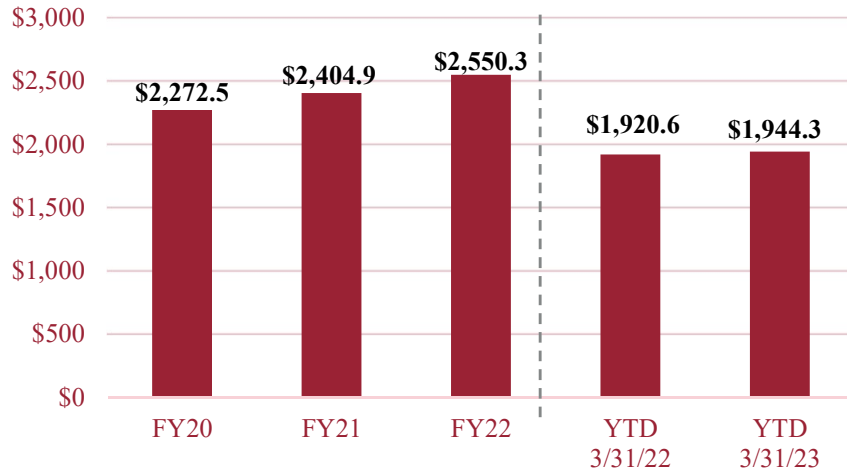


Emergency Department Visits

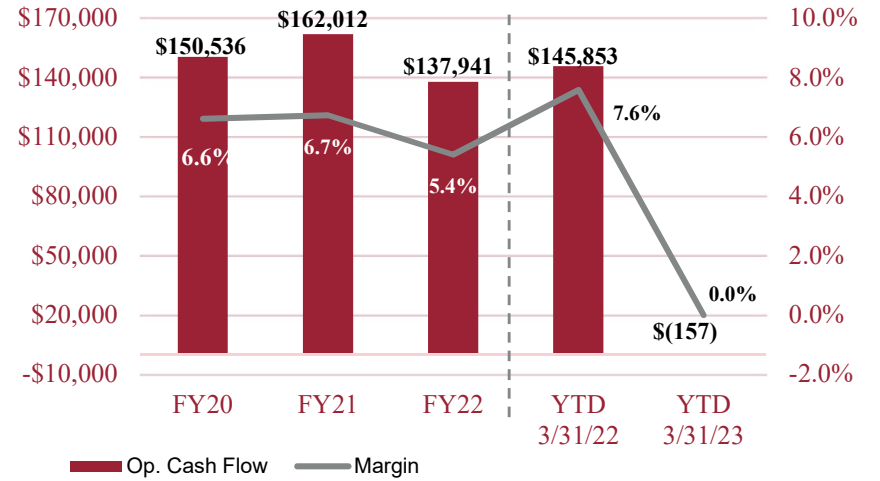


TUHS Operating Performance

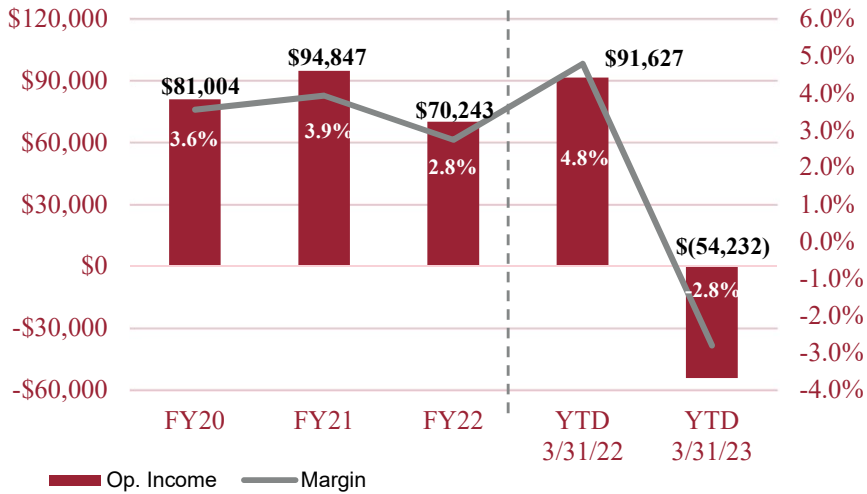
Total Revenue (In Millions)



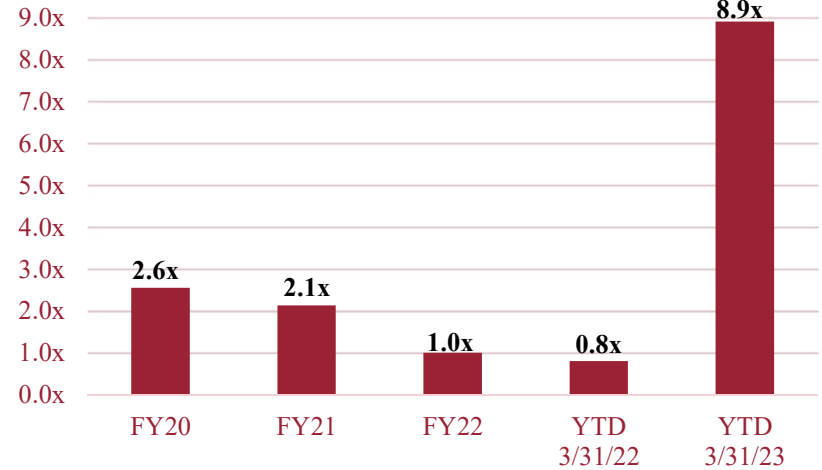
Operating Cash Flow



Operating Income



Debt-to-Cash Flow



YTD Mar-23 – Key Statistics

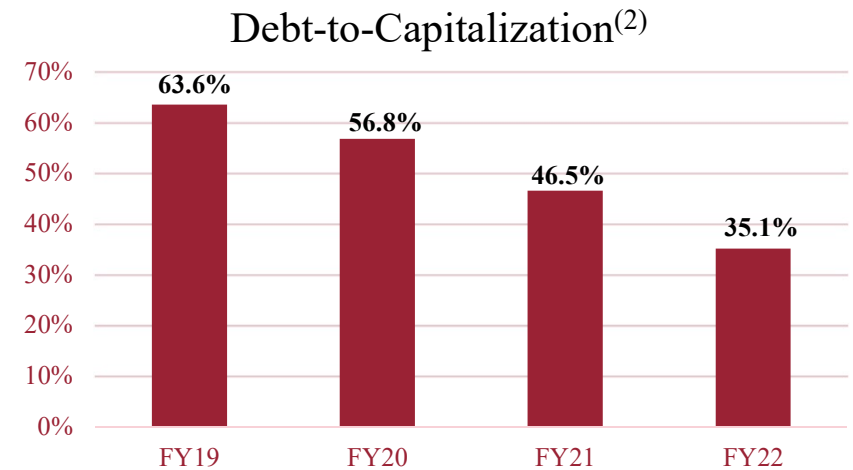
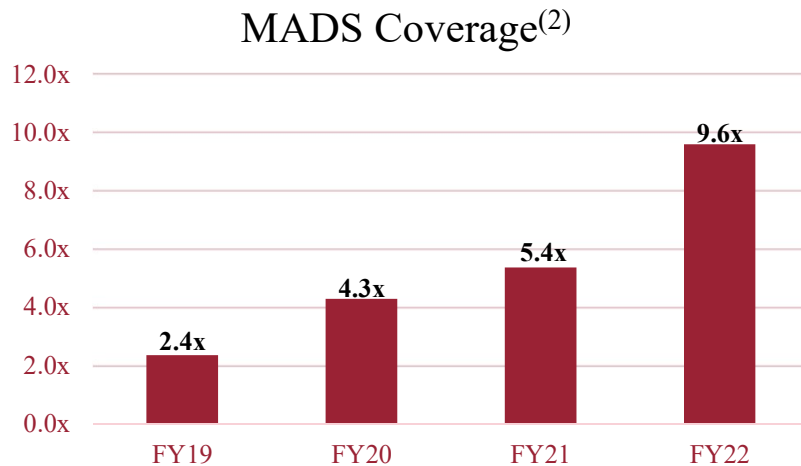
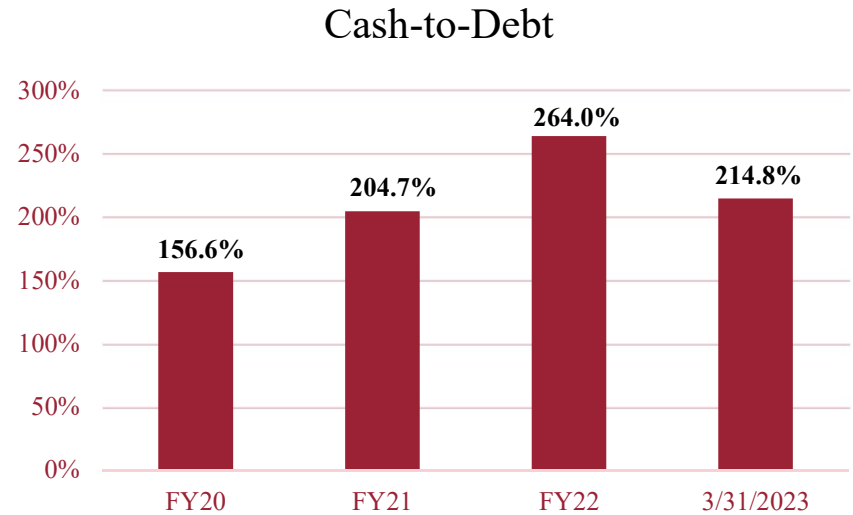
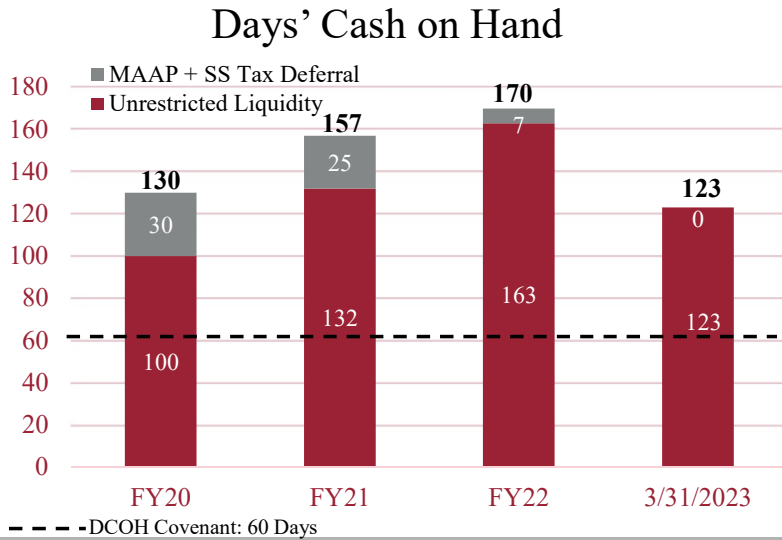
| <i>TUHS Consolidated</i> | Actual | Budget | V | V% | Prior Yr | V | V% |
|---|-----------|-----------|----------|--------|-----------|----------|--------|
| 1 Inpatient Discharges | 26,853 | 30,619 | (3,766) | -12.3% | 27,570 | (717) | -2.6% |
| 2 Behavioral Health Discharges | 1,127 | 1,235 | (108) | -8.7% | 1,157 | (30) | -2.6% |
| 3 Total Discharges | 27,980 | 31,854 | (3,874) | -12.2% | 28,727 | (747) | -2.6% |
| 4 Observation Discharges | 10,018 | 8,739 | 1,279 | 14.6% | 7,831 | 2,187 | 27.9% |
| 5 Total Discharges + Observation | 37,998 | 40,593 | (2,595) | -6.4% | 36,558 | 1,440 | 3.9% |
| 6 Total Census Days | 225,539 | 233,247 | (7,708) | -3.3% | 214,862 | 10,677 | 5.0% |
| 7 Observation Days | 21,898 | 16,467 | 5,431 | 33.0% | 13,292 | 8,606 | 64.7% |
| 8 % of Observation to Total | 9.7% | 7.1% | 2.6% | 37.5% | 6.2% | 3.5% | 56.9% |
| 9 Births | 1,536 | 1,519 | 17 | 1.1% | 1,587 | (51) | -3.2% |
| 10 CMI | 1.97 | 1.99 | (0.02) | -1.1% | 1.97 | (0.00) | -0.2% |
| 11 LOS - Inpatient | 6.26 | 5.75 | 0.51 | 9.0% | 6.14 | 0.12 | 2.0% |
| 12 ADC incl Obs | 823 | 851 | (28) | -3.3% | 784 | 39 | 5.0% |
| 13 ED Visits | 124,561 | 128,375 | (3,814) | -3.0% | 117,471 | 7,090 | 6.0% |
| 14 ED Inpatient Discharges | 19,161 | 21,004 | (1,843) | -8.8% | 19,097 | 64 | 0.3% |
| 15 Inpatient Surgeries | 7,302 | 8,430 | (1,128) | -13.4% | 7,327 | (25) | -0.3% |
| 16 Outpatient Surgeries | 11,100 | 10,593 | 507 | 4.8% | 9,620 | 1,480 | 15.4% |
| 17 Total Surgeries | 18,402 | 19,023 | (621) | -3.3% | 16,947 | 1,455 | 8.6% |
| 18 Outpatient Registrations (Excl. HBB) | 289,824 | 313,481 | (23,657) | -7.5% | 336,297 | (46,473) | -13.8% |
| 19 HBB Clinic Registrations | 156,426 | 173,282 | (16,856) | -9.7% | 166,654 | (10,228) | -6.1% |
| 20 Physician Visits | 676,047 | 700,159 | (24,112) | -3.4% | 684,531 | (8,484) | -1.2% |
| 21 Total Outpatient | 1,122,297 | 1,186,922 | (64,625) | -5.4% | 1,187,482 | (65,185) | -5.5% |
| 22 FTEs - paid hours | 10,458 | 10,459 | (1) | 0.0% | 9,898 | 560 | 5.7% |
| 23 FTEs per adj occupied bed | 6.26 | 6.74 | (0.48) | -7.1% | 6.66 | (0.40) | -6.0% |

YTD Mar-23 – Key Statistics *(continued)*

| <i>TUHS Consolidated</i> | Actual | Budget | V | Prior Yr | V |
|---------------------------------|---------------|---------------|----------|-----------------|----------|
| 1 Heart | 18 | 12 | 6 | 11 | 7 |
| 2 Bone Marrow | 120 | 118 | 2 | 119 | 1 |
| 3 Kidney | 36 | 30 | 6 | 28 | 8 |
| 4 Lung | 93 | 89 | 4 | 90 | 3 |
| 5 Kidney/Pancreas | 3 | 2 | 1 | 2 | 1 |
| 6 Heart/Lung | 1 | 0 | 1 | 0 | 1 |
| 6 Liver | 6 | 9 | (3) | 6 | - |
| 7 Transplants | 277 | 260 | 17 | 256 | 21 |

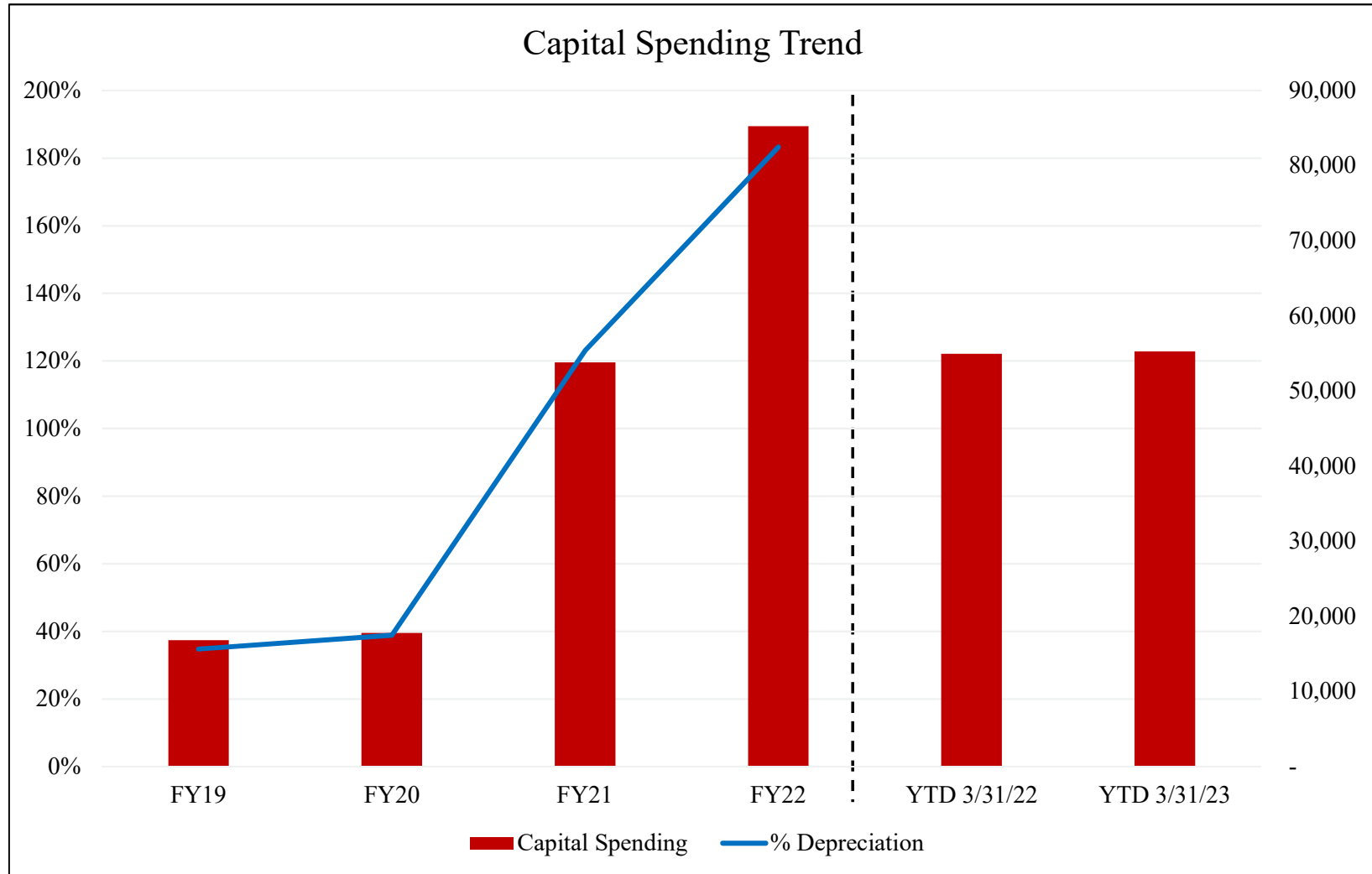
| <i>TUHS Consolidated</i> | Actual | Budget | V | Prior Yr | V |
|-------------------------------------|---------------|---------------|----------|-----------------|----------|
| 8 Medicaid | 38.8% | 41.4% | -2.6% | 43.1% | -4.2% |
| 9 Medicare | 44.5% | 42.9% | 1.6% | 40.8% | 3.7% |
| 10 Blue Cross | 9.4% | 9.1% | 0.3% | 9.1% | 0.3% |
| 11 Managed Care | 5.5% | 5.6% | 0.0% | 6.3% | -0.8% |
| 12 Other | 1.7% | 1.1% | 0.6% | 0.7% | 1.0% |
| 13 Payor Mix (Inpatient Discharges) | 100.0% | 100.0% | 0.0% | 100.0% | 0.0% |

TUHS Balance Sheet Metrics⁽¹⁾



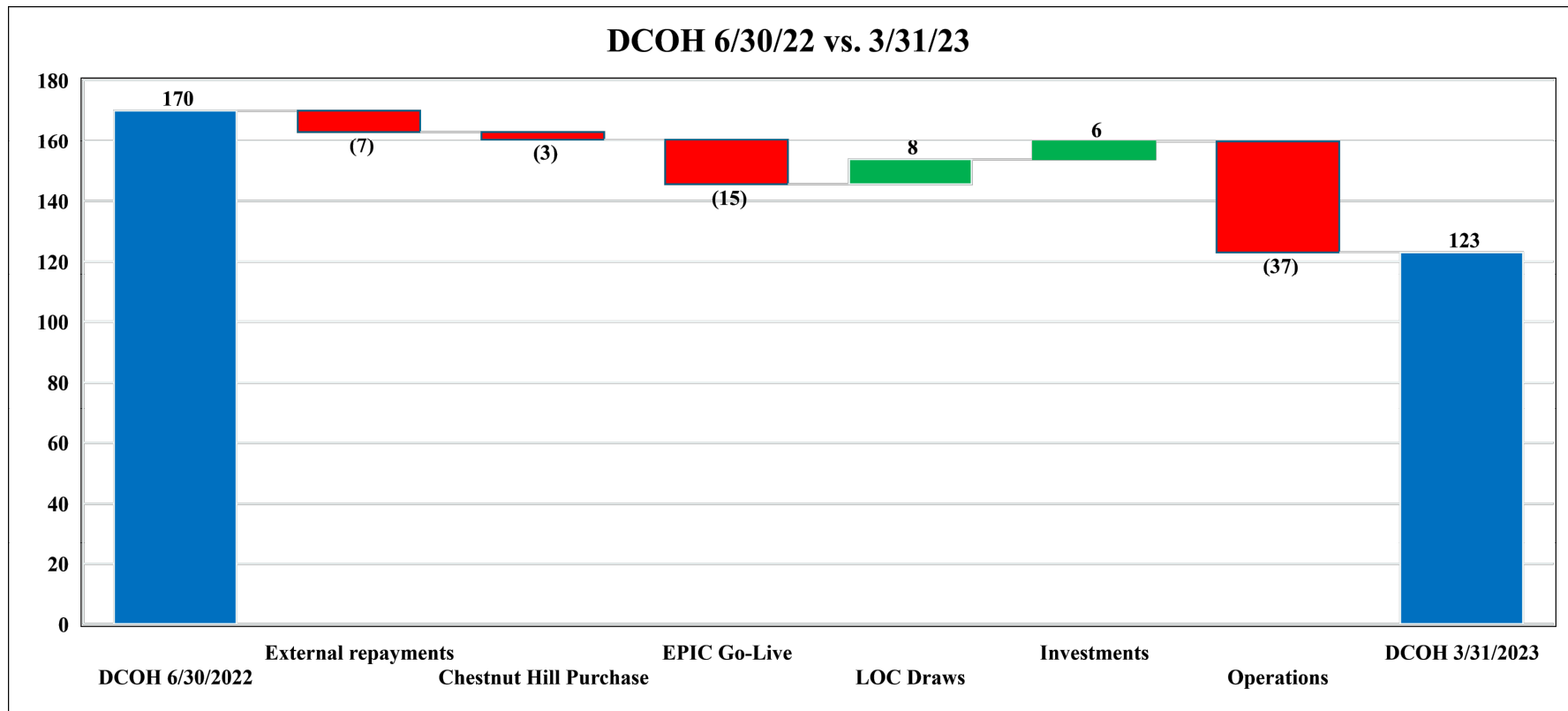
- (1) Liquidity and applicable ratios for FY20 thru FY23 include advance funding from Medicare and others to be repaid. FY22 thru FY23 also includes proceeds from the sale of HPP which are reflected in FY22 and FY23 financials.
- (2) MADS Coverage and Debt-to-Capitalization reflect Obligated Group.

Capital Spending



Days' Cash on Hand

- DCOH built over the last several years provides cushion/strategic flexibility during operational challenges.
- Expected recovery from EPIC Go-Live collection lag.
- Commonwealth timing, savings initiatives, length of stay are key areas of focus.



TUHS Cancer Service Line – YTD Mar. FY23

YTD March FY23 TUHS Cancer Service Line EBIDA was (\$11.1) million below budget and (\$4.8) million below prior year.

| | YTD FY2023 Actual | YTD FY2023 Budget | YTD FY2022 Actual | YTD FY2022 Budget | YTD FY2021 Actual |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net Patient Service Revenue | \$ 476,100 | \$ 451,174 | \$ 427,591 | \$ 398,049 | \$ 397,245 |
| Research Revenue | 30,166 | 30,714 | 29,454 | 31,851 | 32,831 |
| Other Revenue | 40,575 | 39,672 | 35,597 | 37,385 | 10,614 |
| Total Revenue | 546,841 | 521,560 | 492,642 | 467,285 | 440,690 |
| Salary & Benefits | 224,440 | 218,391 | 208,135 | 206,696 | 202,822 |
| Supplies and pharmaceuticals | 184,347 | 159,201 | 152,340 | 152,785 | 146,024 |
| Purchased services and other expenses | 60,804 | 60,311 | 58,063 | 56,527 | 47,924 |
| Other Expenses | 22,558 | 17,904 | 14,585 | 15,298 | 14,840 |
| Total Expenses | 492,149 | 455,807 | 433,123 | 431,306 | 411,610 |
| EBIDA | \$ 54,692 | \$ 65,753 | \$ 59,519 | \$ 35,979 | \$ 29,080 |

TEMPLE HEALTH

Temple Health refers to the health, education and research activities carried out by the affiliates of Temple University Health System (TUHS) and by the Lewis Katz School of Medicine at Temple University. TUHS neither provides nor controls the provision of health care. All health care is provided by its member organizations or independent health care providers affiliated with TUHS member organizations. Each TUHS member organization is owned and operated pursuant to its governing documents.