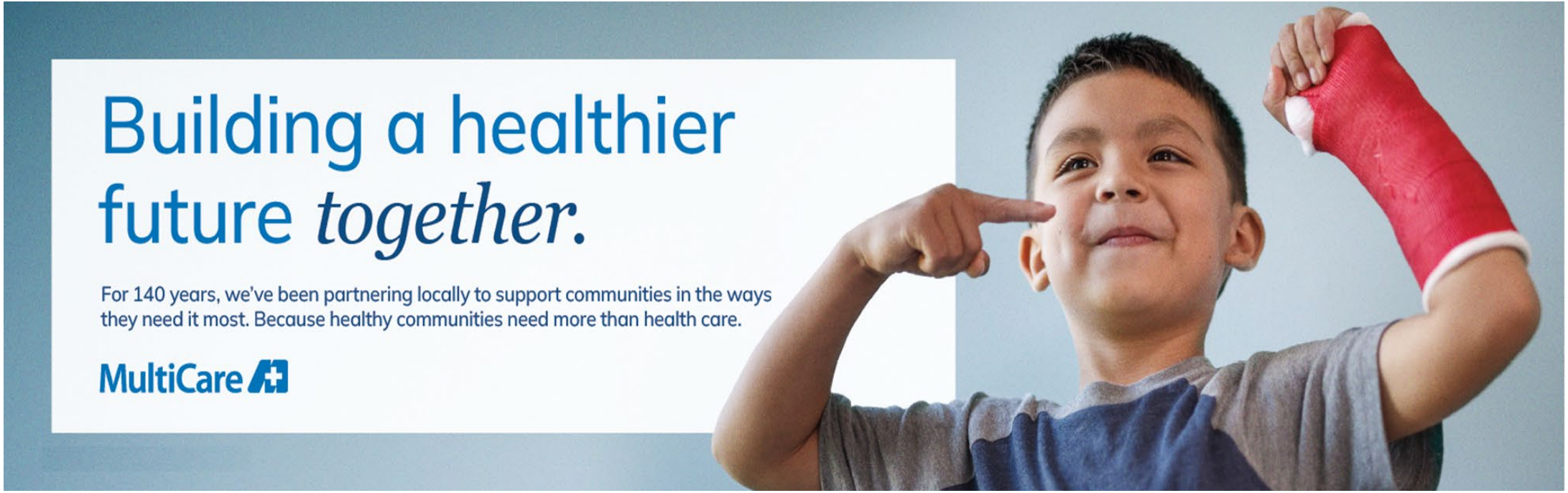


Impact of HR 1 to Washington Providers

James Lee, FHFMA, FACHE
EVP Population Based Care & CFO
MultiCare Health System

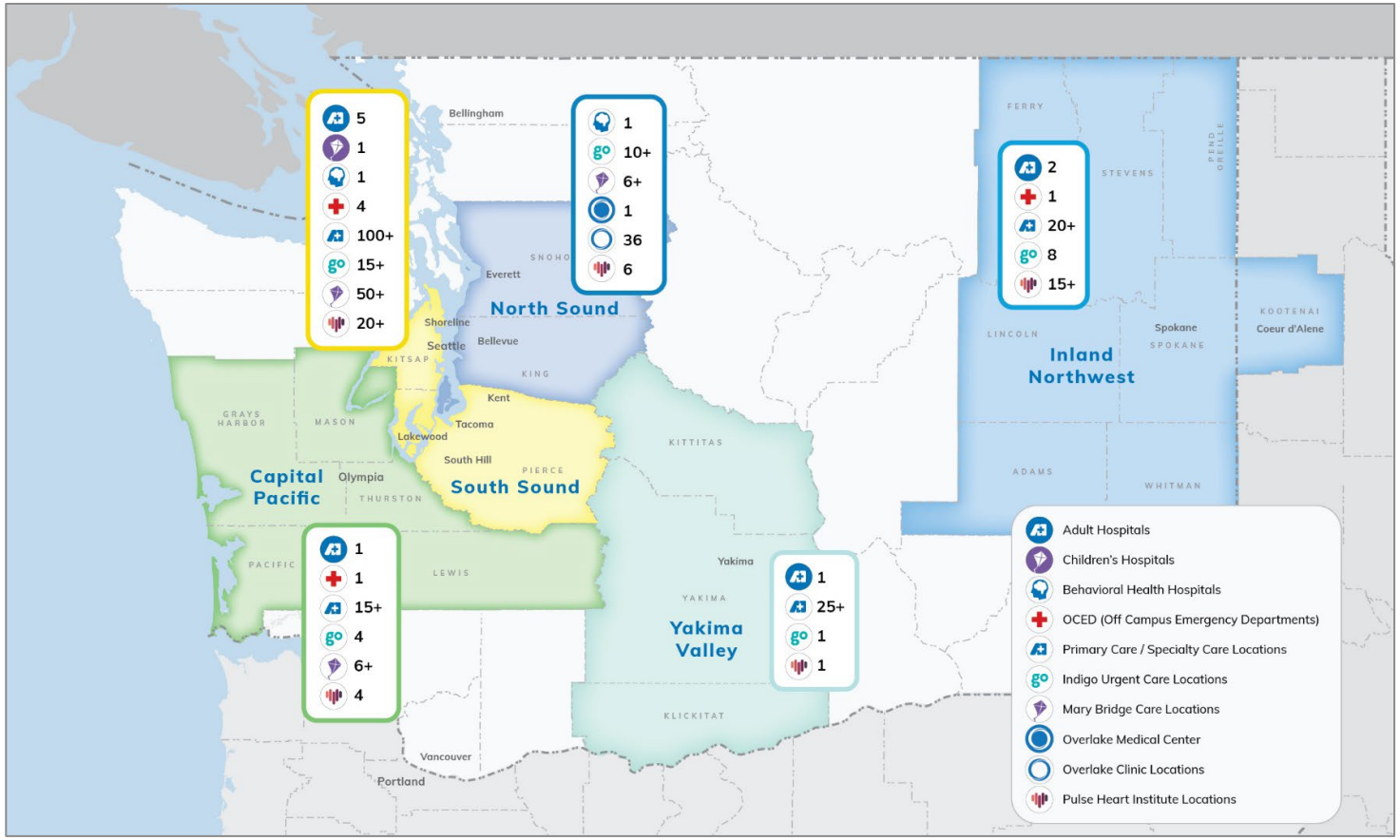
September 2025

Agenda

1. MultiCare Health System Overview
2. HR 1
3. Impact to Washington Providers
4. Q&A

MultiCare at a Glance

Ranked 2nd Statewide with 21% Inpatient Market Share



$6.5bn
FY 2024 Operating Revenue*

14.8%
5-Year CAGR Operating Revenue*

2.6%
FY 2024 Operating Cash Flow Margin

300+ Clinics
Primary, Specialty & Urgent Care

172
FY 2024 Days Cash on Hand

13
Hospitals*

2,926
Beds*

98,485
Hospital Admissions

25,000+
Employees[2]

92
Research Investigators

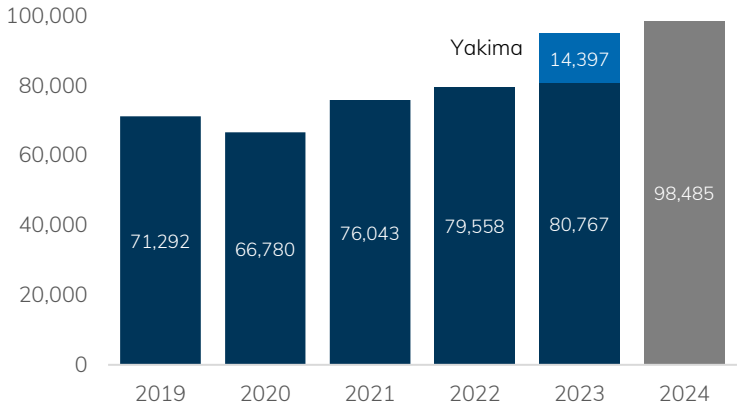
2,579
Patient Visits for Research Studies

Notes:
1. All data as of 12/31/2024, excluding Overlake, unless specifically indicated
2. Overlake Medical Center and our joint venture with Virginia Mason Franciscan Health, Wellfound Behavioral Health Hospital, and its 120 licensed beds, are included in these counts, plus beds in development
3. Specific zip codes within King County are part of our South Sound Region

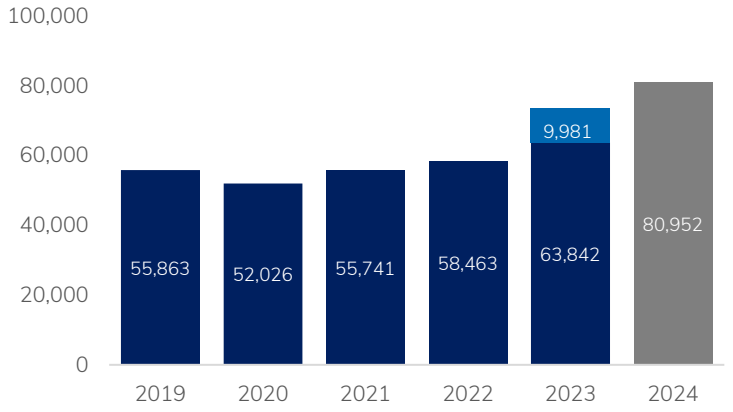
* Includes Overlake; Operating Revenues include Overlake FY2024 ending June 30

Strong Volume Growth – Both Inpatient and Outpatient Services (1)

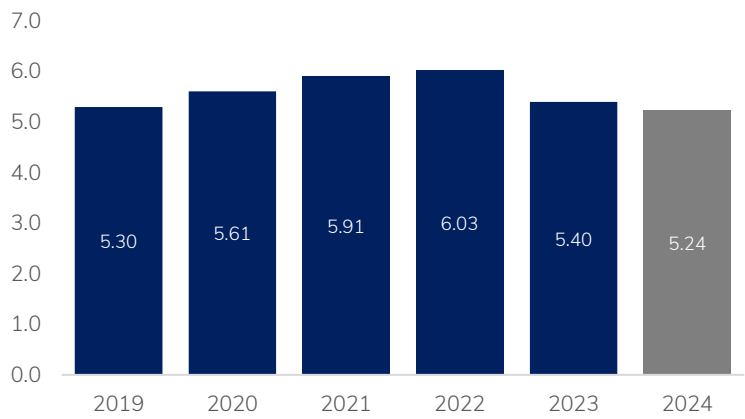
Admissions[2]



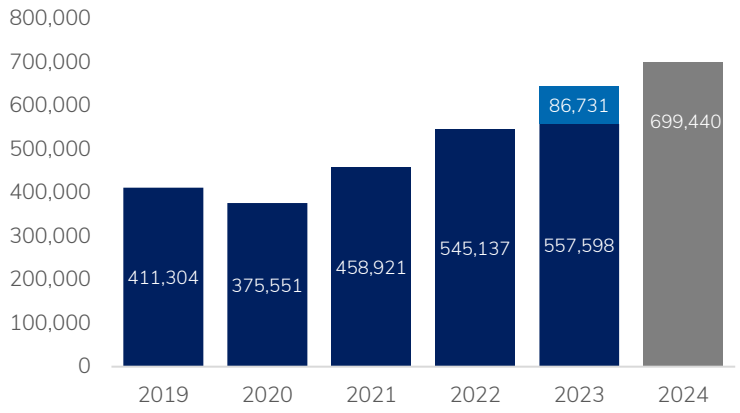
Surgeries (IP&OP)



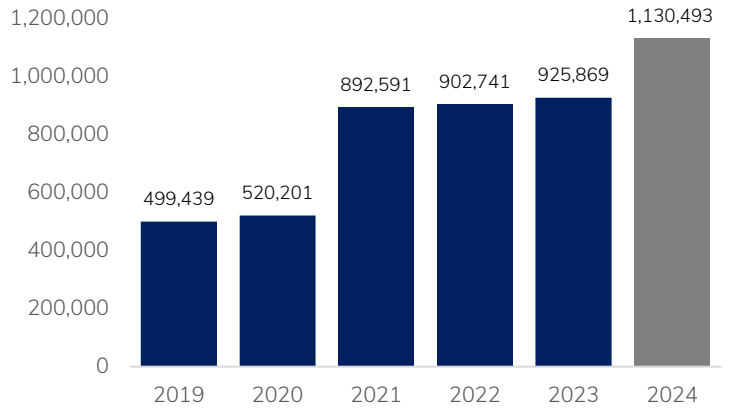
ALOS



Emergency Room Visits



Outpatient Visits[3]



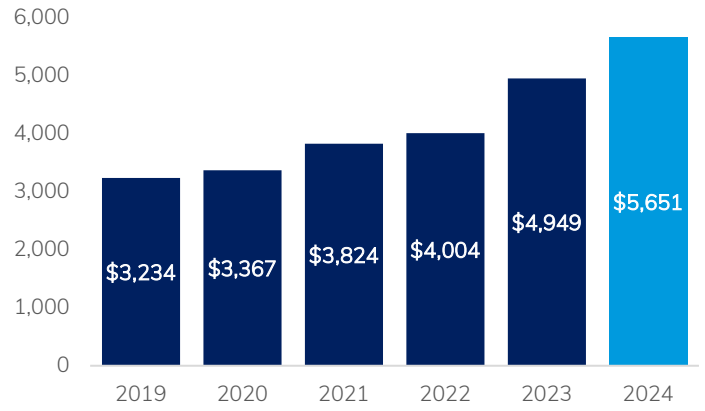
- Volume continues to be strong with inpatient admissions up by 3.5% and OR cases up by 9.7%
- Continues to manage and drive ALOS down to pre-pandemic levels
- Significant 3-year reduction in ALOS despite stable/growing case mix index

1) *Excludes Overlake*
2) *Admissions include acute care and rehabilitation volumes and exclude newborns*
3) *Outpatient visits exclude ER visits, physician visits, outpatient surgery and lab tests*

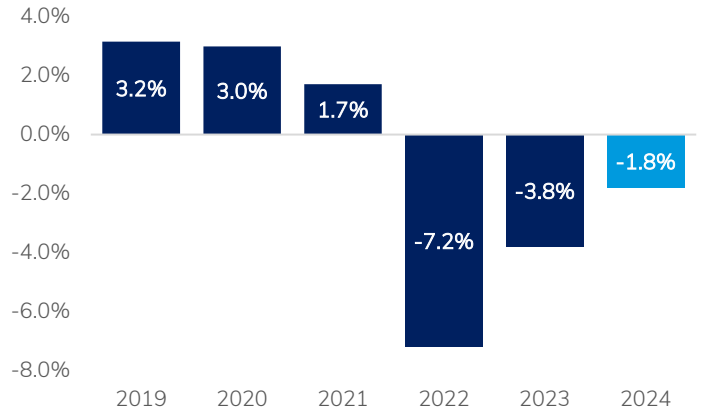
Source: MultiCare Annual Audited Financial Statements as of December 31st for the respective fiscal year and unaudited statements for FY2024

On Our Way to Financial Recovery [1]

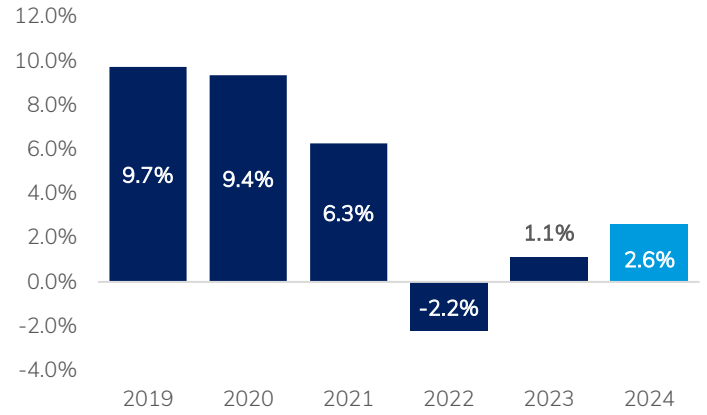
Operating Revenue ($millions)



Operating Margin (%)

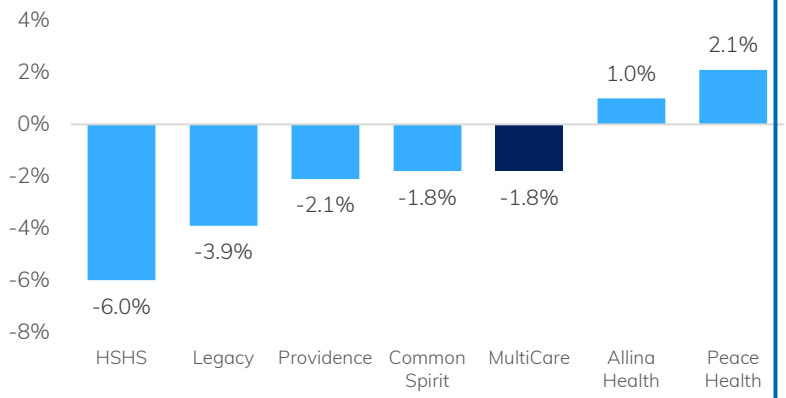


Operating EBIDA Margin (%)

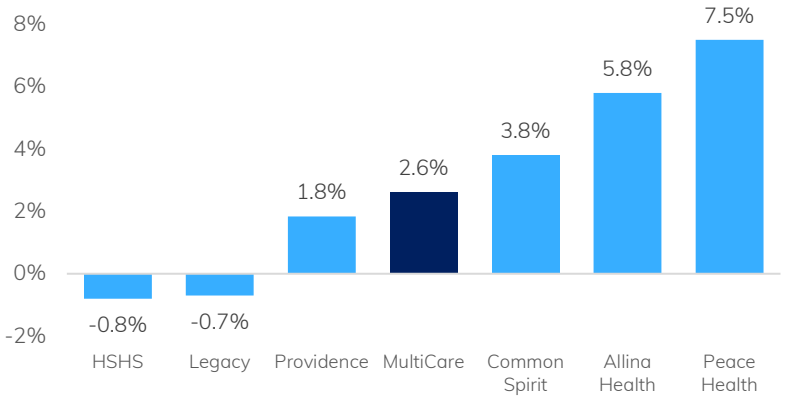


Peer Comparison

Operating Margin

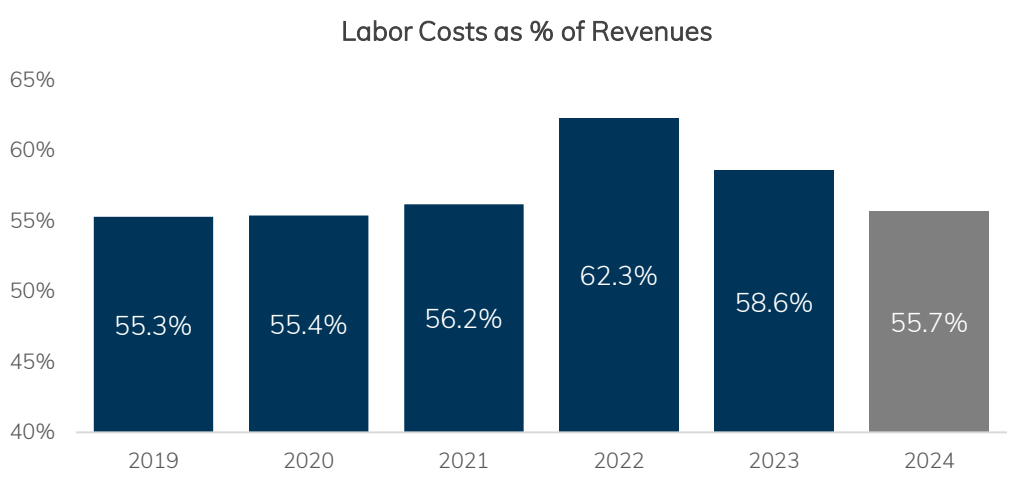


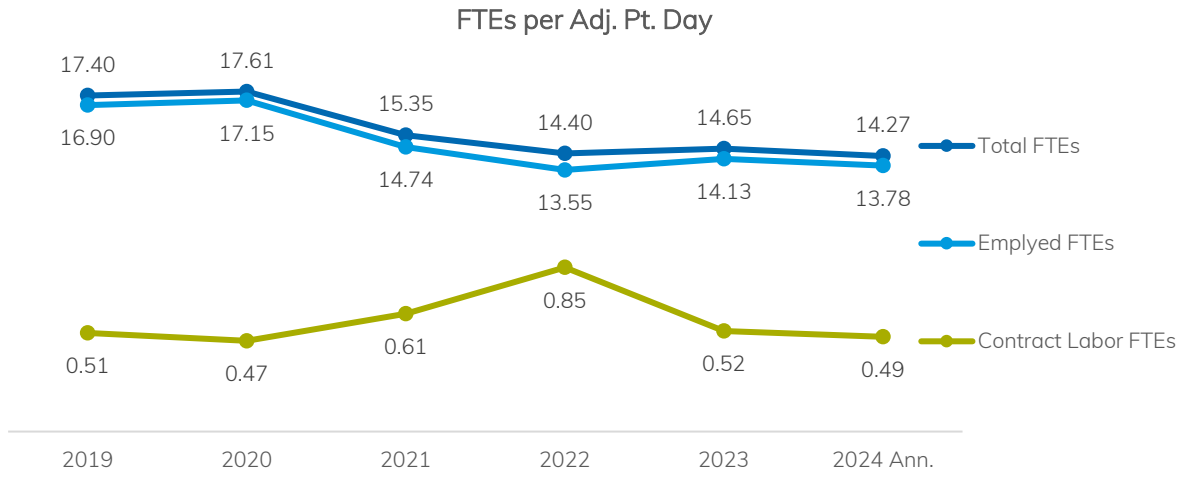
Operating EBIDA Margin

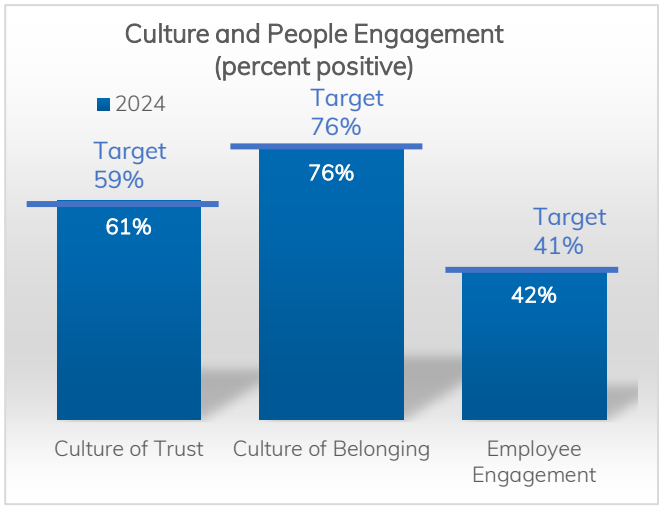


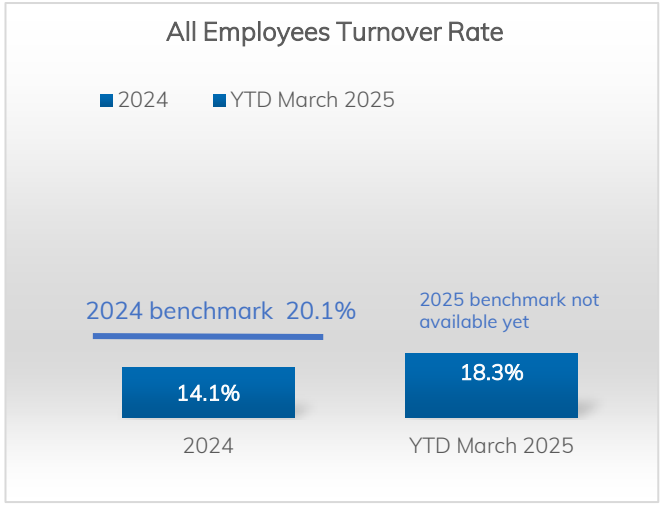
1) *Excludes Overlake*

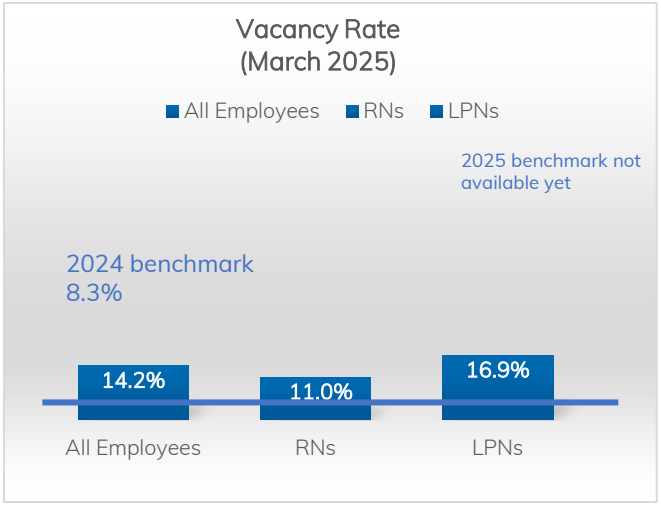
On Our Way to Financial Recovery (1)











(1) Excludes Overlake
Engagement Source: SCORE survey 2024; Percent positive: % of individuals that feel positively about the measure of culture of trust, culture of belonging and employment engagement
Turnover Rate Survey Source: Workday Adaptive Leadership Dashboard. Turnover rate: rolling 12 month for full time, part time and per diem conversions. Target of 20.1% is based on NSI (Nursing sensitive indicators, National Healthcare) benchmark
Vacancy Rate Source: Adaptive in Workday; Vacancy rate: Open positions divided by total positions for all employees

HR 1

HR 1

On July 4, President Trump signed HR 1, the One Big Beautiful Bill Act, into law

- HR 1 will affect hospitals in two ways:
  - More uninsured -> More uncompensated care
  - Cuts in payments for benefits to eligible Medicaid beneficiaries -> More Medicaid shortfall

- According to the Congressional Budget Office (CBO):
  - 10 million people are projected to lose healthcare coverage by 2034.
  - 5.1 million people will lose coverage from other pending Marketplace changes.

Key Provisions Affecting Hospitals

Cuts to health coverage

- Repeal of Medicaid eligibility regulations
- Marketplace eligibility restrictions and expiration of enhanced subsidies
- Medicaid work requirements and more frequent redeterminations
- New requirements for Medicaid cost sharing
- Changes to coverage of immigrants in federal health programs

Cuts to payments for Medicaid benefits

- New limits on state directed payments (SDPs)

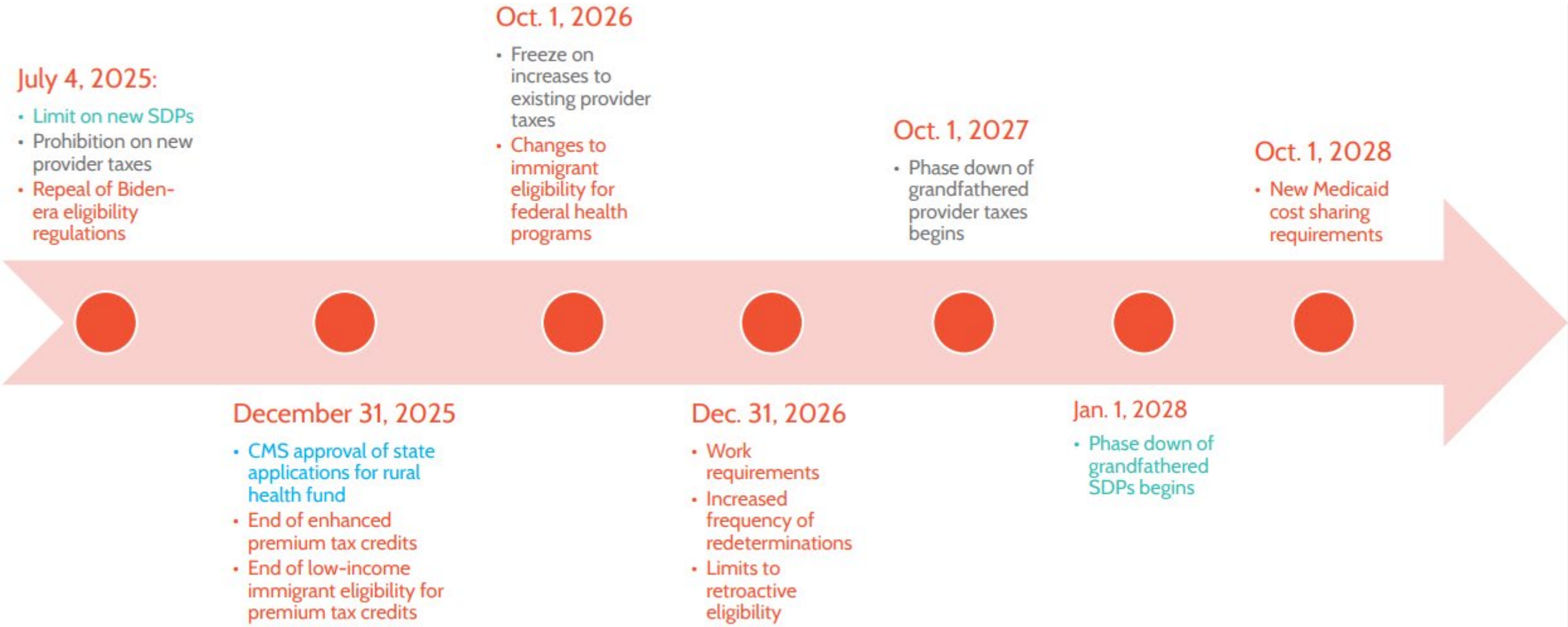
Cuts to Medicaid financing

- New limits on provider taxes
- Changes to federal matching rate for newly expanded states

Rural health fund

- $50 billion fund to support rural health providers, broadly defined

Key Dates


July 4, 2025:
• Limit on new SDPs
• Prohibition on new provider taxes
• Repeal of Biden-era eligibility regulations
December 31, 2025
• CMS approval of state applications for rural health fund
• End of enhanced premium tax credits
• End of low-income immigrant eligibility for premium tax credits
Oct. 1, 2026
• Freeze on increases to existing provider taxes
• Changes to immigrant eligibility for federal health programs
Dec. 31, 2026
• Work requirements
• Increased frequency of redeterminations
• Limits to retroactive eligibility
Oct. 1, 2027
• Phase down of grandfathered provider taxes begins
Jan. 1, 2028
• Phase down of grandfathered SDPs begins
Oct. 1, 2028
• New Medicaid cost sharing requirements

HR 1

Impact to Washington Hospitals & Health Systems

Washington State Hospital Association

Safety Net Assessment: Hospital 10 Year Impact (2026-2035)

** Includes significant conjecture in out years*

	(millions)									
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Gross payments to hospitals	$2,340	$2,340	$2,340	$1,856	$1,622	$1,388	$1,154	$920	$686	$496
10% Cuts (ACR to Medicare Rates)		$-	$(234)	$(234)	$(234)	$(234)	$(234)	$(234)	$(190)	$-
Fewer Medicaid enrollees		$(30)	$(250)	$-	$-	$-	$-	$-	$-	$-
Less: Assessment (tax) state take to SGF	$(226)	$(226)	$(226)	$(226)	$(226)	$(226)	$(226)	$(226)	$(226)	$(226)
Less: Assessment (tax) for hospital payments	$(701)	$(701)	$(546)	$(471)	$(396)	$(321)	$(247)	$(172)	$(111)	$(111)
Less: Intergovernmental transfers	$(101)	$(91)	$(82)	$(74)	$(66)	$(60)	$(54)	$(48)	$(43)	$(43)
Net benefit to hospitals	$1,312	$1,292	$1,002	$851	$699	$547	$394	$240	$116	$116
Additional reimbursement cut each year	0	$(20)	$(290)	$(151)	$(152)	$(152)	$(153)	$(154)	$(124)	$-
Cumulative reimbursement cut	0	$(20)	$(310)	$(461)	$(613)	$(765)	$(918)	$(1,072)	$(1,196)	$(1,196)

10 Year Impact: $ (6,552)

Notes: Estimated -12% Medicaid enrollees in 2028 and number of enrollees remains consistent for the 10 year projection. Estimated gross Medicare payment rates reached in 2034. WSHA estimates that CMS will cut hospitals by 10% annually at $226M. That cut remains consistent over the 10 years. The net benefit to hospitals statewide decreases by 91% in 2034 and after.

Ongoing Advocacy

Legislative

- Push to delay and modify bill

Regulatory

- Shape implementation of provisions

Communications

- Sway public opinion and control the narrative about bill impact

Advocacy

- Strengthen engagement and education with team members and board members

MultiCare

Partnering for healing and a healthy future.