

# MANAGEMENT DISCUSSION AND ANALYSIS

## June 2025

### JUNE 30, 2025 FINANCIAL OVERVIEW

Operating Margin for the second quarter of Fiscal Year (FY) 2025 was a positive \$102.8M (2.65% OM), which exceeded budget expectations and prior year. As indicated in the FY 2025 key patient statistics by month chart below, most key patient volumes are at or above budget.

Weirton Medical Center (WMC) was successfully integrated into the health system on January 1, 2025.

	January	February	March	April	May	June
<b>Monthly Volume - Actual 2025</b>						
Discharges (excl newborns)	15,317	14,526	16,196	15,696	16,206	15,891
Inpatient surgeries	2,722	2,417	2,580	2,640	2,711	2,577
Outpatient surgeries	9,025	8,752	9,692	9,997	9,442	9,451
ER visits	48,926	50,661	55,055	55,457	53,477	52,974
<b>Monthly Volume - Budget 2025</b>						
Discharges (excl newborns)	16,468	14,911	15,899	15,681	15,575	15,368
Inpatient surgeries	2,773	2,503	2,679	2,645	2,637	2,580
Outpatient surgeries	9,492	8,728	9,350	9,224	9,227	9,028
ER visits	52,047	48,504	52,101	51,898	51,573	50,788
<b>2025 Monthly Volume = % of Budget</b>						
Discharges (excl newborns)	93%	97%	102%	100%	104%	103%
Inpatient surgeries	98%	97%	96%	100%	103%	100%
Outpatient surgeries	95%	100%	104%	108%	102%	105%
ER visits	94%	104%	106%	107%	104%	104%

### STATEMENT OF REVENUE AND EXPENSE

Year to date, Net Patient Revenue of \$3.3B was \$124M (3.9%) above budget and \$477M (16.8%) above prior year. Gross inpatient revenues were 1.3% above budget, and gross outpatient revenues were 3.2% above budget in line with key volume statistics. Total Case Mix Index for FY 2025 was 3.1% above budget and 3.4% above prior year. Overall payer mix based on discharges saw increases in Medicare and Other Governmental of 1.1% and 0.5%, respectively, and a reduction in Medicaid of 1.9% with the other payor categories remaining relatively consistent with prior year.

Total operating expenses of \$3.8B were \$191M (5.3%) above budget and \$584M (18.3%) above prior year. Primary pressures on operating expenses continue to be temporary staffing, drugs & IV solutions, and employee benefit trends.

Below are notes related to Operating Expenses:

- Salaries, wages, and benefits represent 46% of total operating expenses. For FY 2025, these costs of \$1.8B were \$35.8M (2.1%) above budget and \$273M (18.4%) above prior year. Hospital full-time equivalents (FTEs) of 29,544 were 7.4% below budget, as the hospitals continue seeing the return from multiple initiatives to improve recruiting and retention. The favorable FTE variance is somewhat offset by agency/temporary contract FTEs (see below). WVUHS has seen an increase in employee benefit spend primarily driven by an increase in covered lives as well as higher drug expense (utilization and pricing).
- Professional services expense of \$193.9M was \$42.8M (28.3%) above budget for the second quarter 2025 and \$27.2M (16.3%) above prior year. This was primarily driven by a focus on reducing the reliance on agency/temporary nurses (currently 515+ FTEs) and contract labor, which is declining from

the 590+ agency nurses as of December 31, 2024. Balancing adequate staffing to keep services fully staffed against a reduction in the reliance on agency nurses remains a top priority for the hospitals. WVUHS is committed to safely and appropriately decreasing the usage of agency staffing in the coming fiscal year.

- Medical surgical supply expense of \$359M was \$20.2M (5.9%) above budget for the second quarter 2025 and \$51M (16.5%) above prior year. Primary factors were increased patient volume and inflation. Drugs & IV solutions expense of \$508.1M was \$51.5M (11.3%) above budget and \$82.8M (19.5%) above prior year primarily due to continued utilization of contract pharmacies to maximize the benefit opportunity for patients associated with the 340B program.

For the second quarter 2025, the system had recognized a gain from investing activity (realized and unrealized) of \$98.5M which was above budget by \$45.7M (86.7%) and above prior year by \$15.3M (18.3%). Year to date total margin (excess revenues over expenses) recognized by WVUHS was \$196.9M which was \$71.6M (57.1%) above budget and \$37.1M (23%) above prior year.

## **BALANCE SHEET**

Significant Balance Sheet items include the following:

- The total unrestricted cash and investments (including board designated funds) were \$2.6B as of June 30, 2025, up slightly compared to December 31, 2024, of \$2.4B. Days cash on hand as of June 30, 2025, was approximately 130 Days.
- Net patient receivables were \$849.7M (45.8 days) as of June 30, 2025, compared to \$744.6M as of December 31, 2024. The increase is primarily due to the addition of WMC, which has now successfully converted to EPIC as of April 1, 2025. WVUHS continues to see the impact of moving to an integrated electronic health record with the team focusing on optimization as it moves beyond the integration phase.
- Long term debt (current and non-current) of \$2.4B as of June 30, 2025, is comparable to December 31, 2024, year-end. As of June 30, 2025, WVUHS total debt to capitalization was 40.53% and the Annual Debt Service Coverage ratio was 3.92.

## **DISCLAIMER**

The foregoing contains forward-looking statements regarding revenue and expenses based upon Management projections and estimates as of the date hereof. Actual results may vary materially from those anticipated. Accordingly, investors are cautioned not to place undue reliance on forward-looking statements. WVUHS expects to continue to post interim financials with a Management Discussion and Analysis on a quarterly basis as planned. WVUHS undertakes no obligation to update this disclosure.