KPMG

GEISINGER

Consolidated Financial Statements and
Information on Federal Awards

December 31, 2023 and 2022

(With Independent Auditors' Reports Thereon)

GEISINGER

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KPMG LLP
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New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
Geisinger Health:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Geisinger Health and its subsidiaries (collectively referred to as "Geisinger"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Geisinger as of December 31, 2023 and 2022, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Geisinger and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Geisinger's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Geisinger's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Geisinger's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2024, on our consideration of Geisinger's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Geisinger's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Geisinger's internal control over financial reporting and compliance.

KPMG LLP

New York, New York
February 28, 2024

Geisinger
Consolidated Balance Sheets
December 31, 2023 and 2022

(dollars in thousands)		2023	2022
Assets			
Current assets			
Cash and cash equivalents	$	419,710	706,194
Investments		462,855	654,678
Accounts receivable		811,650	707,961
Inventories and other		256,533	266,904
Total current assets		1,950,748	2,335,737
Investments		2,860,013	2,555,081
Property and equipment, net		1,865,917	1,825,616
Right of use assets		67,569	68,727
Other assets, net		530,276	474,755
Total assets	$	7,274,523	7,259,916
Liabilities and Net Assets			
Current liabilities			
Current installments of long-term debt	$	14,029	12,428
Lines of credit		—	350,000
Accounts payable		62,127	152,208
Medical claims payable		189,024	188,456
Accrued expenses and other		681,170	668,223
Total current liabilities		946,350	1,371,315
Long-term debt, net of current installments		1,671,714	1,689,305
Operating lease liabilities		53,712	54,719
Other liabilities and contingencies		585,120	507,713
Total liabilities		3,256,896	3,623,052
Net assets (deficit)			
Without donor restrictions		3,855,816	3,471,909
With donor restrictions		171,094	161,012
Noncontrolling interest		(9,283)	3,943
Total net assets		4,017,627	3,636,864
Total liabilities and net assets	$	7,274,523	7,259,916

See accompanying notes to consolidated financial statements.

Geisinger
Consolidated Statements of Operations
Years Ended December 31, 2023 and 2022

(dollars in thousands)	2023	2022
Net assets without donor restrictions		
Revenues		
Patient service revenue	$ 3,537,692	3,120,583
Premium revenue	3,846,991	3,545,245
Other revenue	342,322	254,014
	7,727,005	6,919,842
Expenses		
Salaries and benefits	3,039,803	2,900,786
Medical claims	1,982,021	1,715,861
Supplies	1,377,331	1,249,053
Purchased services	623,790	608,088
Depreciation and amortization	231,490	227,402
Other	509,552	457,622
	7,763,987	7,158,812
Operating loss	(36,982)	(238,970)
Investing and financing activities		
Investment earnings, net	464,039	(551,727)
Interest expense	(56,753)	(62,110)
Unrealized (loss) gain on derivatives	(133)	11,156
Gains (losses) from investing and financing activities	407,153	(602,681)
Losses attributable to noncontrolling interest	10,953	8,434
Other non-service periodic pension costs	(14,514)	(430)
Excess (deficiency) of revenues over expenses	$ 366,610	(833,647)

See accompanying notes to consolidated financial statements.

Geisinger
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2023 and 2022

(dollars in thousands)		**2023**	**2022**
Excess (deficiency) of revenues over expenses	$	366,610	(833,647)
Other changes in net assets without donor restrictions			
Unrealized gain on derivatives		193	14,978
Pension liability adjustments		20,758	(15,621)
Net assets released from restriction for capital purchases		3,636	2,054
Net change in noncontrolling interest		(13,226)	(14,317)
Other		(7,290)	(2,825)
Increase (decrease) in net assets without donor restrictions		370,681	(849,378)
Changes in net assets with donor restrictions			
Donor contributions		8,576	8,957
Investment earnings, net		12,410	(20,422)
Net assets released from restriction to fund operations		(7,268)	(7,822)
Net assets released from restriction for capital purchases		(3,636)	(2,054)
Increase (decrease) in net assets with donor restrictions		10,082	(21,341)
Increase (decrease) in net assets		380,763	(870,719)
Net assets			
Beginning of year		3,636,864	4,507,583
End of year	$	4,017,627	3,636,864

See accompanying notes to consolidated financial statements.

Geisinger
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

(dollars in thousands)		2023	2022
Cash flows from operating activities			
Increase (decrease) in net assets	$	380,763	(870,719)
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities			
Depreciation and amortization		223,350	218,594
Unrealized gain on derivatives		(60)	(26,134)
Net realized and unrealized (gains) losses on investments		(358,454)	572,149
Restricted contributions		(8,576)	(8,957)
Noncontrolling interest		3,206	5,844
Pension liability adjustments		(20,758)	15,621
Net change in operating assets and liabilities			
Accounts receivable		(103,689)	(68,958)
Inventories and other		10,371	(10,174)
Accounts payable		(90,081)	55,930
Medical claims payable		568	45,233
CMS advance		—	(184,808)
Accrued expenses and other		22,382	45,731
Other assets and liabilities		21,938	(2,443)
Net cash provided by (used in) operating activities		80,960	(213,091)
Cash flows from investing activities			
Purchases of property and equipment		(255,210)	(334,702)
Purchases of investments		(3,551,078)	(7,739,227)
Sales of investments		3,796,423	8,550,857
Investment in joint ventures		(330)	984
Net cash (used in) provided by investing activities		(10,195)	477,912
Cash flows from financing activities			
Repayment of debt		(12,619)	(72,634)
Proceeds from line of credit		—	657,000
Repayment of line of credit		(350,000)	(307,000)
Net distribution to noncontrolling interest		(3,206)	(5,844)
Proceeds from restricted contributions		8,576	8,957
Net cash (used in) provided by financing activities		(357,249)	280,479
(Decrease) increase in cash and cash equivalents		(286,484)	545,300
Cash and cash equivalents			
Beginning of period		706,194	160,894
End of period	$	419,710	706,194

Supplemental cash flow information:		
Capital assets acquired through financing leases	4,333	84
Right of use assets obtained in exchange for new operating lease liabilities	17,176	26,498

See accompanying notes to consolidated financial statements.

(1) Organization

Geisinger Health and its subsidiaries (collectively referred to as "Geisinger") comprise a physician-led, integrated health services organization that has as its main components: (i) an array of health services providers, including six wholly-controlled acute-care hospitals with multiple campuses, joint venture facilities and a drug and alcohol treatment facility; (ii) multispecialty physician group practices; (iii) insurance operations, including a licensed health maintenance organization and a non-licensed, risk assuming Preferred Provider Organization; and (iv) a community-based medical college and degree-granting institution. Geisinger operates across Pennsylvania, with the most concentrated presence in central and northeastern Pennsylvania, outside the major metropolitan areas.

Geisinger Health serves as the corporate parent and exercises control over Geisinger's affiliated entities subject to corporate, legal, and/or regulatory limitations. Geisinger Health and subsidiary corporate entities comprising substantially all financial and operational activity are tax-exempt pursuant to Sections 501(c)(2), 501(c)(3), or 501(c)(4) of the Internal Revenue Code.

The accompanying consolidated financial statements include the accounts of Geisinger Health and its subsidiaries. All significant intercompany transactions have been eliminated.

(2) Health System Agreement between Kaiser Foundation Hospitals, Risant Health, Inc. and Geisinger Health

In April 2023, Kaiser Foundation Hospitals, Risant Health, Inc. and Geisinger Health entered into a definitive agreement for Risant Health to acquire and become the sole member of Geisinger Health through a member substitution. Risant Health is a non-profit organization, created by Kaiser Foundation Hospitals, to expand and accelerate the adoption of value-based care in diverse, multi-payor, multi-provider and community-based health system environments.

The agreement also provides that Risant Health will make available a minimum of $2 billion, inclusive of any Geisinger internally generated funds, to support Geisinger's necessary hospital, ambulatory facility, technology, and other strategic and routine capital. Risant Health will also assure funding, inclusive of Geisinger internally generated funds, of no less than $100 million through December 31, 2028, to support the expansion of Geisinger's health services and insurance operations into contiguous communities in Pennsylvania and will ensure that funds, inclusive of Geisinger internally generated funds, are available to fund Geisinger's research and education enterprises at an annual level no less than $115 million (adjusted for inflation and other factors customarily relevant to the development of a research and education budget) for a minimum period of 10 years following closing.

The transaction is expected to close in 2024, subject to regulatory approval.

(3) Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The following is a summary of the significant accounting and reporting policies used in preparing the consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments purchased with an initial maturity of three months or less. Cash equivalents held in investment custody accounts are reported as investments. Geisinger monitors credit ratings of banks in which cash balances exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC).

Investments and Investment Earnings, Net
Investments are measured at fair value. Interest income, dividends, and realized and unrealized gains and losses, net of investment-related expenses, on investments without donor restrictions are recorded as investment earnings, net within investing and financing activities in the Consolidated Statements of Operations. Restricted interest income, dividends, and realized and unrealized gains and losses on trusts held as donor restricted endowment funds are recorded as investment earnings, net in changes in net assets with donor restrictions in the Consolidated Statements of Changes in Net Assets.

Geisinger's alternative investments, which include private equity and hedge funds, are reported at fair value, as estimated and reported by general partners, based upon the underlying net asset value ("NAV") of the fund or partnership as a practical expedient. Adjustment from NAV is required when Geisinger expects to sell the investment at a value other than NAV. Interest income, dividends, and realized and unrealized gains and losses from these investments are recorded within investment earnings, net in the Consolidated Statements of Operations.

Market risk exists to the extent that the values of Geisinger's financial assets fluctuate as a result of changes in market prices. Changes in market prices can arise from factors specific to individual securities or their respective issuers or factors affecting all securities traded in a particular market. Relevant factors for Geisinger are both volatility and liquidity of specific securities and markets in which Geisinger holds investments. Geisinger employs the services of professional investment managers and has established investment guidelines to ensure that the portfolio is diversified and exposure to market risk is managed. Due to the level of risk associated with investments and the level of uncertainty related to changes in their value, it is at least reasonably possible that changes in market valuations in the near term could materially affect account balances and the amounts reported in the consolidated financial statements.

Amounts necessary to meet current liabilities are classified as current investments in the Consolidated Balance Sheets.

Investments in Joint Ventures
Geisinger has invested in joint ventures primarily for the purpose of promoting health and fulfilling health and wellness needs in the communities it serves. Generally, when ownership exceeds 50 percent, Geisinger consolidates the joint venture's financial statements. When ownership is 50 percent or less and Geisinger exercises substantial influence over the investee's operating and financial policies, the equity method of accounting is applied. Under the equity method of accounting, the investment is recorded at cost and adjusted for changes in the investee's equity. When Geisinger does not exercise substantial influence, the joint venture is recognized at its initial cost or estimated fair value and evaluated for impairment on an annual basis. Geisinger's investment in joint ventures, included in other assets, net in the Consolidated Balance Sheets, totaled $70 million and $67 million at December 31, 2023 and 2022, respectively.

Inventories
Inventories are stated at the lower of cost or market. Cost is determined using the average cost method.

Property and Equipment
Property and equipment and construction in progress are recorded at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the shorter of their useful life or the term of the related lease using the straight-line method. Repairs and maintenance are expensed as incurred. Software licenses are amortized over the shorter of their useful life or license agreement using the straight-line method. The cost of assets and the related accumulated depreciation are removed from the Consolidated Balance Sheets upon retirement or disposition and any gain or loss is reported in other expenses in the Consolidated Statements of Operations.

Geisinger recognizes an impairment loss if events or changes in circumstances indicate that the value of the assets may be impaired and the carrying amount of a long-lived asset is not recoverable from its future undiscounted cash flows and measures any impairment loss as the difference between the carrying amount and the fair value of the asset.

Leases
Geisinger determines if an arrangement is or contains a lease at contract inception and recognizes an asset and a lease liability for leases at the commencement date.

Contract terms determine whether a lease will be accounted for as an operating or finance lease.

For operating leases, the lease liability is measured at the present value of the unpaid lease payments. The right of use (“ROU”) asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense is recognized on a straight-line basis over the lease term.

For finance leases, the lease liability is initially measured in the same manner as operating leases and is subsequently measured at amortized cost using the effective-interest method. The asset is subsequently amortized using the straight-line method from the lease commencement date to the earlier of the end of its useful life or lease term, unless the lease transfers ownership to Geisinger. Amortization of the asset and interest expense related to the lease liability are recognized and presented separately.

Geisinger has elected not to recognize ROU assets and lease liabilities for short-term leases that have an initial term of 12 months or less and recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term.

Geisinger uses the initial lease term to determine the ROU asset and the lease liability at the commencement date and for the amortization period of the ROU asset. Geisinger monitors inputs that require reassessment including the lease term. If needed, an adjustment is made to the ROU asset’s carrying amount unless doing so would reduce the carrying amount of the ROU asset to less than zero. In that case, the adjustment amount would be recorded in profit or loss.

The lessee is required to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. Generally, Geisinger cannot determine the interest rate implicit in the lease because it does not have access to the lessor’s estimated residual value or the amount of the lessor’s deferred initial direct costs. Therefore, Geisinger uses its incremental borrowing rate for purposes of discounting its leases. The incremental borrowing rate is the rate of interest Geisinger would have to pay to borrow an amount equal to the lease payments under similar terms and conditions.

Contribution and Grant Revenue and Pledges Receivable
Unconditional donor promises to give cash, marketable securities, and other assets are reported at fair value and discounted to present value at the date the promise is received to the extent estimated to be collectible. Conditional donor promises to give and indications of intentions to give are not recognized until all donor-imposed conditions are met. Pledges received with donor restrictions that limit the use of the donated assets are reported as donor contributions in net assets with donor restrictions in the Consolidated Statements of Changes in Net Assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the Consolidated Statements of Changes in Net Assets as net assets released from restriction to fund operations and within other revenue reported in the

Consolidated Statements of Operations. Donor contributions restricted for capital purchases are released from restriction when the asset is placed in service.

Geisinger has elected to report restricted contributions and grants whose restrictions are met in the same reporting period as other revenue without donor restrictions in the Consolidated Statements of Operations.

Pledges receivable are reported in other assets, net in the Consolidated Balance Sheets.

Goodwill
Goodwill represents the excess of the purchase price over the estimated fair value of the net assets of acquired entities. Goodwill is included in other assets, net in the Consolidated Balance Sheets and totaled $53 million as of December 31, 2023 and 2022.

Geisinger does not amortize goodwill but evaluates the amounts for impairment annually and as events or changes in circumstances indicate that the value of the asset may be impaired. Impairment testing consists of internal qualitative assessments and considers other publicly available market information. If the carrying amount of the goodwill exceeds the estimated fair value, an impairment charge to current operations is recorded to reduce the carrying amount to estimated fair value. As of December 31, 2023 and 2022, there was no indication of impairment of goodwill.

Accrued Medical Claims
Geisinger Health Plan (“GHP”), Geisinger Indemnity Insurance Corporation (“GIIC”), and Geisinger Quality Options (“GQO”) are at risk for certain medical costs of their members up to reinsurance limits. Accrued medical claims and related expenses (hospitalization and other medical services) are recorded in medical claims payable in the Consolidated Balance Sheets and include amounts based on management’s estimate for claims, which are expected to be paid after the end of the period for services provided to members during the policy period. The estimate of costs incurred for obligations to provide services is based on historical data, current membership, health service utilization statistics, and other related information. These accruals are continually monitored and reviewed and, as settlements are made or accruals adjusted, differences are reflected in current operations. Changes in assumptions for medical costs as well as changes in actual experience could cause these estimates to change in the near term.

Derivative Instruments
Geisinger enters into derivative contracts as a means for initiating or hedging certain exposures. Derivatives may include interest rate swaps, index futures, foreign currency futures, commodity futures, US Government bond futures and total return equity swaps. Derivatives are either exchange–traded or private contracts negotiated with counterparties. Derivative financial instruments involve, to a varying degree, elements of market and credit risk. The counterparties to the agreements relating to the derivatives are major financial institutions with high credit ratings. Geisinger continually monitors the credit ratings of the counterparties and does not believe that there is significant risk of nonperformance by these counterparties.

All derivatives are reported in the Consolidated Balance Sheets at fair value, including those that are designated and qualify as cash flow hedging instruments. For interest rate swaps, the gain or loss on the effective portion of the derivative is reported as an unrealized gain or loss on derivatives in other changes in net assets without donor restrictions in the Consolidated Statements of Changes in Net Assets. For interest rate swaps, the gain or loss on the ineffective portion of the derivative and changes in value of derivatives not designated as hedging instruments are recognized as an unrealized gain or loss on derivatives under investing and financing activities in the Consolidated Statements of Operations. For all other derivative instruments, the gain or loss is recorded as investment earnings, net under investing and financing activities in the Consolidated Statements of Operations.

Net Asset Classification
Net assets without donor restrictions include net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions include net assets whose use is subject to donor-imposed restrictions to support operations or for capital purchases that will be met either by the actions of Geisinger or the passage of time and net assets that have been restricted by donors to be maintained by Geisinger, or a designated trustee, in perpetuity.

Net assets restricted to be maintained in perpetuity are recorded at the original fair value of gifts donated to Geisinger through endowments. Unless otherwise directed by the donor, gifts received for endowments are invested in accordance with Geisinger's investment policy. From time to time, the fair value of investments associated with individual donor-restricted endowments may fall below the original gift amount. Deficiencies of this nature, which are referred to as endowments in a deficit position, are reported as investment earnings, net with donor restrictions in the Consolidated Statements of Changes in Net Assets.

Annually, Geisinger appropriates a portion of each endowment for spending in accordance with the donor's intent. As of December 31, 2023 and 2022, the appropriation was 4.25% of the 3-year average endowment balance. In order to preserve the real value of a donor's gift and to sustain funding consistent with donor intent, the annual appropriation rate is set to strike a reasonable balance between long-term objectives of preserving and growing each endowment for the future and providing stable, annual appropriations. The difference between the endowment original value and the market value of the endowment is recorded as investment earnings, net within net assets with donor restrictions.

Patient Service Revenue and Accounts Receivable
Patient service revenue is reported at the amount that reflects the consideration to which Geisinger expects to be entitled in exchange for providing healthcare services. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by Geisinger. Revenue for performance obligations satisfied at a point in time is recognized when services are provided and completed. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. Geisinger believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation. Geisinger measures the performance obligation from start of services to the point when it has completed services for that patient, which is generally at the time of discharge. This span of services is considered to be a single performance obligation.

Geisinger records patient service revenue based on standard charges for services provided, reduced by explicit contractual adjustments provided to third-party payors and implicit price concessions provided to patients as reductions from established billing rates. Geisinger determines its estimates of explicit and implicit price concessions based on historical data which considers experience, market conditions, and other factors.

Explicit and implicit price concessions to patient service revenue are recorded at the time the performance obligations are satisfied. Substantially all changes to these concessions, as a result of subsequent reassessment, are recognized in the period the change is identified as adjustments to patient service revenue. Amounts recognized due to changes in estimates of explicit and implicit price concessions for the years ended December 31, 2023 and 2022 are not significant. Subsequent changes that are determined to be a result of an adverse change in the patient's or payor's ability to pay and are material are recorded as bad debt expense. No bad debt expense was recorded for the years ended December 31, 2023 and 2022 related to patient service revenue.

Charity Care
Geisinger provides services to all patients regardless of ability to pay. In accordance with Geisinger's policy, a patient is classified as a charity patient based on income eligibility criteria. Geisinger also provides free care to certain other patients that are determined to be in need. The charges for charity care provided by Geisinger are entirely offset by the related implicit price concessions and therefore, are not recognized as patient service revenue.

Additionally, Geisinger sponsors other charitable programs that provide substantial benefit to the broader community. Such programs include services to the needy and elderly population requiring special support, various clinical outreach programs, and health education and promotion.

Premium Revenue and Accounts Receivable
Premium revenue is generally received in advance and is recognized as revenue ratably over the period for which the enrolled member is entitled to healthcare services. Premiums billed and collected in advance are recorded as unearned premiums and are included in accrued expenses and other in the Consolidated Balance Sheets. Unearned premiums totaled $3 million and $9 million at December 31, 2023 and 2022, respectively.

Geisinger's insurance operations are subject to the Affordable Care Act ("ACA"). The ACA creates state health insurance exchanges, which provide individuals and small businesses with access to affordable and quality health insurance. GHP and GQO participate in the Pennsylvania exchange. Risk adjustment is a permanent program under the ACA which aims to transfer funds from qualified individual and small group insurance plans with below average risk scores to plans with above average risk scores in the same market. Risk adjustment is complex and involves significant estimation and uncertainties with respect to both recorded amounts and timing of collections or payments. Accounts receivable, net includes expected collections of $37 million and $35 million related to this program in the Consolidated Balance Sheets at December 31, 2023 and 2022, respectively.

Other Revenue
Geisinger's other revenue consists of contracts that vary in duration and in performance obligations. Revenues are recognized when the performance obligations identified within the individual contracts are satisfied and collections can be reasonably assured. Certain revenue streams such as contributions, federal and state grants, and pledges, are reported as other revenue in the Consolidated Statements of Operations.

Performance Indicator
The performance indicator, excess (deficiency) of revenues over expenses, consistent with industry practice, includes all revenues, expenses, and net gains and losses for the reporting period classified as without donor restrictions. Net assets released from restriction for capital purchases, certain pension liability adjustments, unrealized gains on the effective portion of derivatives and net change in noncontrolling interest are reported outside the performance indicator.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

December 31, 2023 and 2022 (dollars in thousands unless otherwise noted)

COVID-19 Pandemic
On March 11, 2020, the World Health Organization declared the outbreak of the 2019 Novel Coronavirus Disease (COVID-19) a pandemic and on March 13, 2020, the President of the United States declared a public health emergency which has continued through May 11, 2023.

The Coronavirus Aid, Relief, and Economic Security ("CARES") Act and the American Rescue Plan Act of 2021 ("ARP Act") provided economic relief to the healthcare industry by providing cash flow and, together with Federal Emergency Management Agency (FEMA), compensation for incremental expenses or revenue losses attributable to the COVID-19 pandemic.

Geisinger received federal grant revenue from CARES, ARP Act and FEMA programs totaling $72 million and $20 million which is included in patient service revenue and other revenue in the December 31, 2023 and 2022 Consolidated Statements of Operations, respectively.

Recently Adopted Accounting Standards
Effective January 1, 2023, Geisinger adopted ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments,* which aims to simplify U.S. GAAP and provide more timely recognition of credit losses, requires companies to measure expected losses for financial assets based on historical experience, economic and industry conditions and forecasts. This ASU did not impact financial results or disclosures in 2023.

Reclassifications
Geisinger has reclassified certain prior period amounts to conform to its current period presentation.

(4) Liquidity and Availability of Resources

Liquid financial resources are utilized by Geisinger to meet short-term, one year or less, expenditure needs. Geisinger's investment strategy is to maintain liquid resources sufficient to meet short-term needs and invest the excess. Geisinger's long-term investments without donor restrictions, except for alternative investments, are intended for long-term uses but are available for short-term needs. The following summarizes Geisinger's financial assets and liquidity resources available within one year to meet the needs of Geisinger as of December 31:

		2023	2022
Financial assets:			
Cash and cash equivalents	$	419,710	706,194
Accounts receivable		811,650	707,961
Investments		3,322,868	3,209,759
Total financial assets		4,554,228	4,623,914
Less restricted investments:			
To meet donor intentions		137,837	127,653
Under debt agreements		7,668	9
Under insurance arrangements		936	7,573
For research grants		1,698	2,459
Total restricted investments		148,139	137,694
Plus available liquidity resources:			
Undrawn lines of credit (note 18)		500,000	150,000
	$	4,906,089	4,636,220

December 31, 2023 and 2022 (dollars in thousands unless otherwise noted)

(5) Investments

Geisinger's investments consist of the following at December 31:

		2023	2022
Cash equivalents	$	20,842	128,356
U.S. government and agency obligations		484,557	678,943
Fixed income securities		724,854	606,259
Commingled fixed income		80,639	—
Marketable equity securities		429,986	472,022
Equity funds		169,558	230,442
Commingled equities		865,154	710,550
Alternative investments		547,278	383,187
	$	3,322,868	3,209,759

(6) Fair Value Measurements

Geisinger values certain financial and nonfinancial assets and liabilities by applying fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is broken down into three levels based on inputs that market participants would use in valuing the asset based on market data obtained from sources independent of Geisinger as follows:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable.

Level 3: Unobservable inputs for the asset or liability.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. Geisinger's investment strategy is to maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3).

Geisinger considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Geisinger's perceived risk of that instrument.

Assets are disclosed within the hierarchy based on the lowest (or least observable) input that is significant to the measurement. Geisinger's assessment of the significance of an input requires judgment, which may affect the valuation and categorization within the fair value hierarchy. The fair value of assets and liabilities using Level 3 inputs are generally determined by using pricing models or discounted cash flow methods, which all require significant management judgment or estimation.

The basis for fair value hierarchy and NAV are established below:

Cash and Cash Equivalents
Cash equivalents are valued using observable market data and are categorized as Level 1 based on quoted market prices in active markets. The majority of these investments are held in money market accounts.

U.S. Government and Agency Obligations
U.S. Government and agency obligations consist of individual securities and are valued based on quoted market prices or dealer/broker quotations. Direct obligations of the U.S. Government are categorized as Level 1 and agency obligations are categorized as Level 2.

Fixed Income Securities
Fixed income securities consist of individual securities and fixed income exchange traded funds, which are valued based upon quoted market prices or dealer or broker quotations. Fixed income exchange traded funds are categorized as Level 1 and individual securities are categorized as Level 2.

Commingled Fixed Income
Commingled fixed income consists of commingled investment funds whose underlying holdings predominantly include marketable fixed income securities. Commingled fixed income are valued as Level 1 with no valuation adjustment applied.

Marketable Equity Securities
Marketable equity securities consist of individual securities and equity exchange traded funds that are generally valued based upon quoted market prices in active markets obtained from exchange or dealer markets and are accordingly categorized as Level 1 with no valuation adjustments applied.

Equity Funds
Equity funds consist of commingled trust funds and mutual funds that are valued based upon quoted market prices in active markets obtained from exchange or dealer markets for identical assets. Equity funds are categorized as Level 1 with no valuation adjustments applied.

Commingled Equities
Commingled equities consist of commingled trust funds and limited partnerships whose underlying holdings predominantly include marketable equity securities. Commingled equities are valued based upon quoted market prices available at least weekly and categorized at Level 1 with no valuation adjustments applied.

Alternative Investments
Alternative investments include private equity and hedge funds.

Private equity investments are in the form of limited partnership interests. The fund managers primarily invest in private investments for which there is no readily determinable market value. The fund manager may value the underlying private investments based on an appraised value, discounted cash flow, industry comparables, or some other method. These limited partnership investments are valued at NAV and are not categorized in the fair value hierarchy. Redemptions are not permitted for these investments. Distributions received as underlying investments are liquidated. These investments will be liquidated over 1 to 15 years.

Hedge funds are equity, derivative, and fixed income managed strategies consisting of limited partnership interests and derivative contracts. The fund managers invest in a variety of securities based on the strategy of the fund, which may or may not be quoted in an active market. Hedge funds are valued at NAV and are not categorized in the fair value hierarchy. These investments have redemption terms of monthly to annually with 30 to 180 day notices and various redemption restrictions.

December 31, 2023 and 2022 (dollars in thousands unless otherwise noted)

Assets Held in Trust
Assets held in trust represent Geisinger's beneficial interest in perpetual and other trusts that are maintained and administered by independent trustees and are valued based on the fair value of the assets held in trust. Trusts that are perpetual, whereby the original corpus cannot be expended, and trusts that have donor-imposed restrictions are reported as net assets with donor restrictions. Distributions from trusts are recorded as investment earnings in net assets without donor restriction or as investment earnings in net assets with donor restrictions if their use is restricted by the donor. Assets held in trust are included in other assets, net in the Consolidated Balance Sheets. These assets are categorized as Level 3.

Derivative Instruments
Geisinger enters into derivative interest rate swap contracts as a means for initiating or hedging certain exposures. Derivative instruments are categorized as Level 2 and are included in other liabilities and contingencies in the Consolidated Balance Sheets.

The following tables set forth Geisinger's assets and liabilities at December 31, 2023 and 2022 by level within the fair value hierarchy and NAV:

	2023				
	Level 1	Level 2	Level 3	NAV	Total
Cash and cash equivalents	$ 440,552	—	—	—	440,552
U.S. government and agency obligations	250,257	234,300	—	—	484,557
Fixed income securities	257,331	467,523	—	—	724,854
Commingled fixed income	80,639	—	—	—	80,639
Marketable equity securities	429,986	—	—	—	429,986
Equity funds	169,558	—	—	—	169,558
Commingled equities	865,154	—	—	—	865,154
Alternative Investments	—	—	—	547,278	547,278
Assets held in trust	—	—	32,627	—	32,627
Derivative instruments	—	(11,085)	—	—	(11,085)
	$ 2,493,477	690,738	32,627	547,278	3,764,120

	2022				
	Level 1	Level 2	Level 3	NAV	Total
Cash and cash equivalents	$ 834,550	—	—	—	834,550
U.S. government and agency obligations	528,176	150,767	—	—	678,943
Fixed income securities	245,291	360,968	—	—	606,259
Marketable equity securities	472,022	—	—	—	472,022
Equity funds	230,442	—	—	—	230,442
Commingled equities	710,550	—	—	—	710,550
Alternative Investments	—	—	—	383,187	383,187
Assets held in trust	—	—	31,719	—	31,719
Derivative instruments	—	(11,047)	—	—	(11,047)
	$ 3,021,031	500,688	31,719	383,187	3,936,625

During the years ended December 31, 2023 and 2022, there were no transfers among levels or significant changes in Level 3 investments.

December 31, 2023 and 2022 (dollars in thousands unless otherwise noted)

Geisinger has committed to fund certain private equity investments, which were not yet drawn at December 31, 2023. These unfunded commitments totaled $196 million at December 31, 2023. Such commitments have terms from 1 to 15 years.

(7) Property and Equipment, Net

Property, equipment, and accumulated depreciation and amortization consist of the following at December 31:

	Estimated useful lives		2023	2022
Land	N/A	$	116,021	106,460
Land improvements	(3–40 years)		65,113	81,582
Buildings and building improvements	(3–40 years)		1,121,692	1,083,439
Equipment	(3–30 years)		1,985,112	1,981,277
Computer software	(3–10 years)		477,927	449,816
			3,765,865	3,702,574
Accumulated depreciation and amortization			(2,157,374)	(2,047,582)
			1,608,491	1,654,992
Construction in progress			257,426	170,624
		$	1,865,917	1,825,616

Construction in progress consists primarily of software implementation projects and clinical facility construction and renovation projects.

Depreciation expense related to property and equipment for the years ended December 31, 2023 and 2022 totaled $231 million and $226 million, respectively.

December 31, 2023 and 2022 (dollars in thousands unless otherwise noted)

(8) Long-Term Debt

Long-term debt consists of the following:

	Interest rate mode	Final maturity	Average interest rate	December 31 2023	December 31 2022
Series A of 2021 Bonds	Fixed	06/01/41	1.7 %	$ 98,580	103,580
Series A of 2020 Bonds	Fixed	04/01/50	3.7 %	422,240	422,240
Series B of 2020 Bonds	Fixed	04/01/43	1.5 %	139,560	139,560
Series C of 2020 Bonds	Fixed	04/01/43	1.9 %	89,540	89,540
Series D of 2020 Bonds	Fixed	04/01/41	3.0 %	39,080	39,080
Series A-1 of 2017 Bonds	Fixed	02/15/47	4.1 %	350,370	350,370
Series A-2 of 2017 Bonds	Fixed	02/15/39	3.6 %	217,515	218,410
Series A of 2014 Bonds	Fixed	06/01/41	4.2 %	48,040	48,040
Series B of 2014 Bonds	Variable	06/01/28	4.5 %	62,700	62,700
Series 2007 Bonds	Variable	05/01/37	4.2 %	68,850	68,850
Series A of 1998 Bonds	Fixed	08/15/23	5.2 %	—	4,325
Total tax-exempt revenue bonds				1,536,475	1,546,695
Other long-term debt and finance leases				16,247	14,313
Total debt				1,552,722	1,561,008
Less current installments				(14,029)	(12,428)
Net unamortized premium				140,477	148,617
Deferred debt issue costs				(7,456)	(7,892)
				$ 1,671,714	1,689,305

Average interest rates include the impact of amortizing the premium.

Maturities of long-term debt for the next five years ended December 31 and thereafter are as follows:

2024	$ 14,029
2025	13,481
2026	13,274
2027	12,519
2028	73,024
Thereafter	1,426,395
	$ 1,552,722

Montour County, Pennsylvania, established the Geisinger Authority (the ”Authority”) for the purpose of financing through tax-exempt bonds certain capital projects of Geisinger and other non-profit organizations within the Commonwealth of Pennsylvania and, under certain circumstances, contiguous states. All outstanding bonds were issued through the Authority.

Fixed rate bonds have various installments of principal due prior to maturity. Variable rate bonds have balloon payments due upon maturity.

December 31, 2023 and 2022 (dollars in thousands unless otherwise noted)

The Amended and Restated Master Trust Indenture dated June 1, 2020 (the "MTI") and various bank obligations require Geisinger to maintain, as of December 31, a Debt Service Coverage Ratio (as defined in the MTI and bank documents) of at least 110%, and to comply with various other covenants.

Net interest paid, including the effect of swap agreements, totaled $60 million and $64 million during the years ended December 31, 2023 and 2022, respectively.

(9) Derivative Instruments – Interest Rate Swaps

Geisinger is the fixed-payor party to interest rate swap agreements which, during their term, effectively convert variable rates to fixed rates. Net interest paid or received under the swap agreements is included in interest expense in the Consolidated Statements of Operations. The changes in fair value of an effective cash flow hedge are reported as unrealized gain or loss on derivative within other changes in net assets without donor restriction in the Consolidated Statements of Changes in Net Assets.

The terms of the derivative instruments and related liability fair values are as follows at December 31:

Contract		Notional amount	Geisinger pays	Geisinger receives	Termination date		Fair value 2023	Fair value 2022
Fixed-payer swap	$	40,000	4.86%	SIFMA [a]	08/01/28	$	3,780	3,490
Option [b]		40,000	N/A	0.85%	08/01/28		(1,355)	(1,170)
Fixed-payer swap		24,500	3.41%	68% of (SOFR [c] + 0.11448%)	08/01/28		447	528
Fixed-payer swap		68,850	4.40%	67% of (SOFR [c] + 0.26161%)				
				+0.77%	05/01/37		8,213	7,686
Fixed-payer swap[d]		—	2.95%	68% of (SOFR [c] + 0.11448%)	11/02/23		—	366
Fixed-payer swap[d]		—	3.54%	SIFMA [a]	11/02/23		—	147
Total	$	173,350				$	11,085	11,047

[a] The Securities Industry and Financial Markets Association Municipal Swap Index

[b] The counterparty has the right to effectively cancel the $40 million, fixed-payer, SIFMA swap, if SIFMA averages more than 7% for any 180-day period.

[c] The Secured Overnight Financing Rate

[d] Fixed-payer swap terminated in November 2023.

Management intends to hold the derivative contracts to maturity. The fair value of the derivative instruments is recorded in other liabilities and contingencies in the Consolidated Balance Sheets.

No collateral was posted at December 31, 2023 and 2022.

December 31, 2023 and 2022 (dollars in thousands unless otherwise noted)

(10) Endowment Net Assets

The composition of and changes in endowment net assets, excluding trusts, is as follows:

Endowment net assets at December 31, 2021	$	100,691
Investment earnings, net		(15,100)
Contributions received		1,170
Spending		(3,770)
Endowment net assets at December 31, 2022		82,991
Investment earnings, net		11,222
Contributions received		1,066
Spending		(3,773)
Endowment net assets at December 31, 2023	$	91,506

(11) Noncontrolling Interest

Noncontrolling interest represents the proportionate share of Lackawanna Physicians Ambulatory Surgery Center doing business as Northeast Surgery Center (“NESC”), Geisinger-HM (“GHM”), and Keystone Accountable Care Organization (“KACO”) that are minority owned by third parties. NESC is a Pennsylvania limited liability company that operates an ambulatory surgery center in Dickson City, Pennsylvania and is 85% and 84% owned by Geisinger at December 31, 2023 and 2022, respectively. GHM operates several clinic sites in north-central Pennsylvania and a hospital facility in Pennsdale, Pennsylvania, which opened in January 2022. GHM is 60% owned by Geisinger at December 31, 2023 and 2022. In January 2024, Geisinger entered into an agreement to acquire the 40% minority interest, which is reported in accrued expenses and other in the Consolidated Balance Sheets at December 31, 2023 and net change in noncontrolling interest in the Consolidated Statements of Changes in Net Assets for the year ended December 31, 2023. KACO is a group of healthcare providers that collaborate to improve health services. KACO is 75% owned by Geisinger at December 31, 2023 and 2022. The net income or loss of these ventures is allocated to the noncontrolling interest holders based on their percentage of ownership. Changes to Geisinger’s controlling interest with these entities totaled $7 million and $3 million, for the years ended December 31, 2023 and 2022, respectively, reported in other in the Consolidated Statements of Changes in Net Assets.

(12) Leases

Geisinger leases medical office buildings, office space, vehicles and equipment, primarily under operating leases. Geisinger has incurred finance lease liabilities totaling $12 million and $8 million at December 31, 2023 and 2022, respectively. Finance lease liabilities and their related assets are omitted from disclosures below. The remaining term of all leases is up to 12 years.

Operating lease ROU assets totaled $68 million and $69 million at December 31, 2023 and 2022, respectively. Operating lease liabilities totaled $69 million and $70 million at December 31, 2023 and 2022, respectively. The current portion of operating lease liabilities totaling $15 million at both December 31, 2023 and 2022 is included in accrued expenses and other in the Consolidated Balance Sheets. The long-term portion of operating lease liabilities, totaling $54 million and $55 million at December 31, 2023 and 2022, respectively, is included in operating lease liabilities in the Consolidated Balance Sheets.

December 31, 2023 and 2022 (dollars in thousands unless otherwise noted)

The components of lease cost for the years ended December 31 were as follows:

		2023	2022
Operating lease cost	$	20,482	22,523
Finance lease cost		1,547	1,829
Short-term lease cost		751	622
Total lease cost	$	22,780	24,974

Other information related to leases as of December 31 was as follows:

		2023	2022
Cash paid for operating leases	$	20,318	21,939
Weighted average remaining lease term		6.0 years	6.4 years
Weighted average discount rate		4.1 %	3.8 %

Future maturities of operating lease liabilities for the next five years ended December 31 and thereafter are as follows:

2024	$	18,320
2025		14,602
2026		11,915
2027		9,862
2028		6,912
Thereafter		17,341
Total undiscounted future lease payments		78,952
Less present value discount		(9,467)
Discounted future lease payments	$	69,485

(13) Retirement and Deferred Compensation Plans

Defined-Contribution Plans

Substantially all employees participate in defined-contribution plans in the form of 401(k), 403(b), 457(b), and 457(f) plans. Employer contributions to the plans totaled $109 million and $105 million for the years ended December 31, 2023 and 2022, respectively.

The 457(b) and 457(f) nonqualified deferred compensation plans are offered to physicians and other highly compensated employees. The investments held in these deferred compensation plans totaled $272 million and $227 million as of December 31, 2023 and 2022, respectively, and are recorded in other assets, net with a corresponding liability in other liabilities and contingencies in the Consolidated Balance Sheets.

Defined-Benefit Plans

Geisinger affiliates sponsored two defined-benefit plans covering various employee groups, the Geisinger Consolidated Pension Plan (“GCPP”) and the Jersey Shore Hospital Retirement Income Plan (“GJSH”).

December 31, 2023 and 2022 (dollars in thousands unless otherwise noted)

On October 14, 2021, the governing body of the GCPP and GJSH adopted a resolution to terminate the plans effective September 1, 2022. The termination of the pension plan was conducted in compliance with the requirements of the relevant regulatory authorities, including obtaining necessary approvals and providing appropriate notifications to plan participants. Geisinger settled its obligations to plan participants by making lump-sum payments, purchasing annuities, or transferring assets to a designated insurance company. The total settlement amount was $136 million, which was funded from existing plan assets. As a result of the pension plan termination, Geisinger recognized a settlement loss of $7 million in the Consolidated Statement of Operations for the year ended December 31, 2023. Following the termination and settlement, Geisinger has no remaining obligations to plan participants. All GCPP and GJSH benefit obligations have been settled and related plan assets and liabilities have been removed from the Consolidated Balance Sheet. Accrued pension costs, which are summarized below, are recorded in accrued expenses and other in the December 31, 2022 Consolidated Balance Sheet.

		2022		
		GCPP	GJSH	Total
Fair value of plan assets	$	141,282	9,950	151,232
Projected and accumulated benefit obligation		(144,121)	(10,027)	(154,148)
Accrued pension cost	$	(2,839)	(77)	(2,916)

The following summarizes the changes in prepaid (accrued) pension cost:

		2022
Prepaid pension cost	$	13,134
Interest cost		(5,075)
Return on plan assets, net of expenses		(42,575)
Actuarial gain		31,600
Accrued pension cost	$	(2,916)

The assumptions used in computing the total net periodic pension cost and total benefit obligation for the sponsors of the retirement plans at December 31 are as follows:

	2023		2022	
	GCPP	GJSH	GCPP	GJSH
Discount rate:				
Net periodic pension cost	4.35 %	4.35 %	2.75 %	2.70 %
Total benefit obligation	N/A	N/A	*	*
Expected long-term return on plan assets	4.31 %	1.40 %	2.39 %	1.73 %

December 31, 2023 and 2022 (dollars in thousands unless otherwise noted)

*Weighted-average assumptions were used in determining total benefit obligation as of December 31, 2022 using the following:

	GCPP	GJSH
Annuity settlement rate	4.35 %	4.35 %
Lump sum segment rates	3.23-4.69 %	5.09-5.60 %
Lump sum take rate	60 %	60 %

The following tables set forth the composition of plan assets and target asset allocations at December 31, 2022. All plan assets are Level 1 based upon the fair value hierarchy:

		2022	
Cash and cash equivalents	$	136	1 %
Fixed income funds		151,096	99
Total	$	151,232	100 %

At December 31, 2022 the target asset allocation of the plans was 100% to fixed income funds with estimated 2023 lump sum payments to non-retiree beneficiaries held in cash.

(14) Hospital and Provider Professional Liability Claims Coverage

Geisinger maintains coverage for professional and general liability risks through a combination of wholly owned self-insurance subsidiaries and excess commercial reinsurance carriers, all on a claims-made basis. Geisinger self-insured the first $20 million and $15 million per occurrence at December 31, 2023 and 2022, respectively, and purchased excess reinsurance coverage through commercial policies up to a total $100 million limit.

Professional and general liability claims have been asserted against certain Geisinger subsidiaries and are in various stages of discovery. Additionally, known and unknown incidents have occurred through December 31, 2023, that may result in the assertion of additional claims and changes in estimates. Management has accrued its best estimate for claims identified and an amount for potential claims incurred but not yet reported based upon independent actuarial analysis utilizing a discount rate of 2% at December 31, 2023 and 2022.

Loss accruals totaled $428 million and $352 million at December 31, 2023 and 2022, respectively. The current portion of loss accruals totaling $133 million and $93 million at December 31, 2023 and 2022, respectively, is included in accrued expenses and other in the Consolidated Balance Sheets. The long-term portion, totaling $295 million and $259 million at December 31, 2023 and 2022, respectively, is included in other liabilities and contingencies in the Consolidated Balance Sheets. The loss accruals include recoveries of $80 million and $66 million at December 31, 2023 and 2022, respectively, and are included in accounts receivable and other assets, net in the Consolidated Balance Sheets.

December 31, 2023 and 2022 (dollars in thousands unless otherwise noted)

(15) Revenue, Charity Care, and Accounts Receivable

Major components of revenue consist of the following for the year ended December 31:

	2023		2022	
	Revenue	% of Total	Revenue	% of Total
Patient service revenue				
Medicare	$ 1,121,063	14.5 %	$ 1,025,132	14.8 %
Medicaid	307,801	4.0	248,876	3.6
Other payors	2,108,828	27.3	1,846,575	26.7
	3,537,692	45.8	3,120,583	45.1
Premium revenue				
Medicare Advantage	1,381,382	17.9	1,238,203	17.9
Medicaid and other state programs	1,803,126	23.3	1,623,392	23.5
Commercial	662,483	8.6	683,650	9.9
	3,846,991	49.8	3,545,245	51.3
Other revenue	342,322	4.4	254,014	3.6
	$ 7,727,005	100.0 %	$ 6,919,842	100.0 %

Laws and regulations governing Medicare and Medicaid are complex and subject to interpretation. Periodically, in the ordinary course of business, situations arise requiring additional scrutiny by management to ensure that no instances of non-compliance with laws and regulations exist. If an instance of non-compliance is identified, governing bodies are alerted, and efforts are made to estimate contingencies. If these contingencies are probable and estimable, they are recorded as liabilities in the Consolidated Balance Sheets.

Amounts received from Medicare and Medicaid are subject to review and final determination by program intermediaries or their agents. Tentative settlements of these amounts have been completed through June 30, 2022. Provisions have been made in the financial statements for anticipated adjustments that are estimable and are included in accounts receivable in the Consolidated Balance Sheets.

The cost of charity care provided totaled approximately $35 million and $44 million for the years ended December 31, 2023 and 2022, respectively. The costs of charity care are derived from both estimated and actual data. The estimated cost of charity includes the direct and indirect cost of providing such services and is estimated utilizing the providers' ratio of cost to gross charges, which is then multiplied by the gross uncompensated charges associated with providing care to charity patients. In addition to charity care, services are provided under the Medicaid program to indigent patients. The payments received under this program are less than the cost of providing the services. The unpaid cost of this program totaled approximately $356 million and $368 million for the years ended December 31, 2023 and 2022, respectively.

Price concessions for a patients' inability or unwillingness to pay totaled $78 million and $77 million for the years ended December 31, 2023 and 2022, respectively.

December 31, 2023 and 2022 (dollars in thousands unless otherwise noted)

Premium revenue from Medicare Advantage products is based on a risk-adjustment model according to health severity that pays more for enrollees with predictably higher costs. Under this model, rates paid to Medicare Advantage plans are based on actuarially determined bids, which include a process whereby prospective payments are based on a comparison of beneficiaries' risk scores, derived from medical diagnoses, to those enrolled in the government's original Medicare program. Under the risk-adjustment model, all Medicare Advantage plans must collect and submit the necessary diagnosis code information from hospital inpatient, hospital outpatient, and physician providers to CMS within prescribed deadlines. The CMS risk-adjustment model uses this diagnosis data to calculate the risk adjusted premium payment to Medicare Advantage plans.

Geisinger grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. There are no significant concentrations, payors comprising 10%, or more of credit risk included in accounts receivable.

Major components of accounts receivable consist of the following for the year ended December 31:

		2023	2022
Clinical services	$	326,352	300,371
Insurance operations		276,229	276,087
Other		209,069	131,503
	$	811,650	707,961

(16) Functional Expenses

Expenses attributed to each program or supporting function of Geisinger are reported in the following tables. Expenses attributable to more than one program require allocation, which is consistently applied and based upon reasonable statistics such as revenue, expenses, or full-time equivalents. Indirect costs incurred for the benefit of multiple programs are classified as management and general expenses. Expenses related to providing services described in Note 1 are as follows for the year ended December 31:

	Program services					
2023	Clinical enterprise	Insurance operations	Other	Total	Management and general	Total
Salaries and benefits	$ 2,484,353	124,708	150,388	2,759,449	280,354	3,039,803
Medical claims	—	1,982,021	—	1,982,021	—	1,982,021
Supplies	1,355,849	1,361	9,398	1,366,608	10,723	1,377,331
Purchased services	245,320	106,983	16,348	368,651	255,139	623,790
Depreciation and amortization	159,574	10,909	5,928	176,411	55,079	231,490
Other	291,343	45,184	12,215	348,742	160,810	509,552
Interest expense	41,394	665	1,427	43,486	13,267	56,753
Other non-service periodic pension costs	14,514	—	—	14,514	—	14,514
Total expenses	$ 4,592,347	2,271,831	195,704	7,059,882	775,372	7,835,254

December 31, 2023 and 2022 (dollars in thousands unless otherwise noted)

	Program services					
2022	**Clinical enterprise**	**Insurance operations**	**Other**	**Total**	**Management and general**	**Total**
Salaries and benefits	$ 2,406,452	112,401	140,569	2,659,422	241,364	2,900,786
Medical claims	—	1,715,861	—	1,715,861	—	1,715,861
Supplies	1,225,955	1,451	9,596	1,237,002	12,051	1,249,053
Purchased services	235,757	99,946	14,262	349,965	258,123	608,088
Depreciation and amortization	153,177	16,249	5,726	175,152	52,250	227,402
Other	274,313	42,375	12,030	328,718	128,904	457,622
Interest expense	46,752	543	1,329	48,624	13,486	62,110
Other non-service periodic pension costs	430	—	—	430	—	430
Total expenses	$ 4,342,836	1,988,826	183,512	6,515,174	706,178	7,221,352

(17) Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes at December 31:

	2023	2022
Time and purpose restrictions:		
Support operations	$ 74,154	65,075
Purchase of equipment	536	1,196
	74,690	66,271
Amounts held in perpetuity	96,404	94,741
	$ 171,094	161,012

Net assets were released from donor restriction by incurring expenditures satisfying the restricted purpose to support operations and capital purchases in the amount of $11 million and $10 million for the years ended December 31, 2023 and 2022, respectively.

(18) Contingent Liabilities and Commitments

Geisinger is involved in litigation arising in the ordinary course of business. Claims have been asserted against Geisinger and are currently in various stages of litigation. Management believes that accruals are adequate to provide for potential losses resulting from pending or threatened litigation.

Geisinger maintains a $450 million syndicated revolving credit facility with an expiration date of August 2026 and a $50 million line of credit facility with an expiration date of August 2025. As of December 31, 2023, there was no balance outstanding under the revolving credit facility. As of December 31, 2022, $350 million was outstanding under the revolving credit facility. As of December 31, 2023 and 2022, there was no balance outstanding on the line of credit.

Geisinger Health maintains a $50 million credit facility for the issuance of letters of credit with an expiration date of August 2024. At December 31, 2023 and 2022, $28 million and $27 million of standby letters of credit were outstanding, respectively.

Geisinger had outstanding commitments on construction projects totaling $178 million and $147 million at December 31, 2023 and 2022, respectively.

(19) Subsequent Events

Management has evaluated subsequent events through February 28, 2024, which represents the date the consolidated financial statements were available for issuance, to ensure that the consolidated financial statements include appropriate disclosure of events both recognized in the consolidated financial statements as of December 31, 2023, and events that occurred subsequent to December 31, 2023, but were not recognized in the consolidated financial statements.

GEISINGER

Consolidated Schedule of Expenditures of Federal Awards

Year ended December 31, 2023

Federal Awarding Agency/Program Name/Cluster Name	Pass through entity	Pass through entity identification number	Assistance listing number (ALN)	Expenditures	Amounts provided to subrecipients
Research and Development Cluster:					
Direct Awards:					
United States Department of Agriculture:					
Agricultural Research_Basic and Applied Research			10.001	$ 155,583	21,536
Distance Learning and Telemedicine Loans and Grants			10.855	11,140	—
Total United States Department of Agriculture				166,723	21,536
United States Department of Health and Human Services:					
Centers for Disease Control and Prevention:					
Chronic Diseases: Research, Control, and Prevention			93.068	314,763	227,864
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke			93.426	97,341	—
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds			93.738	501,186	—
Assistance Programs for Chronic Disease Prevention and Control			93.945	321,234	—
Total Centers for Disease Control and Prevention				1,234,524	227,864
National Institute of Child Health and Human Development:					
Child Health and Human Development Extramural Research			93.865	549,222	—
Total National Institute of Child Health and Human Development				549,222	—
National Cancer Institute:					
21st Century Cures Act – Beau Biden Cancer Moonshot			93.353	86,358	21,125
Cancer Control			93.399	2,088,884	—
Trans-NIH Research Support			93.310	58,070	—
Cancer Cause and Prevention Research			93.393	776,728	438,903
Total National Cancer Institute				3,010,040	460,028
National Human Genome Research Institute:					
Human Genome Research			93.172	1,407,033	403,853
Total National Human Genome Research Institute				1,407,033	403,853
National Institute on Aging:					
Aging Research			93.866	258,500	—
Total National Institute on Aging				258,500	—
National Institute on Drug Abuse:					
Drug Abuse and Addiction Research Programs			93.279	467,834	100,976
Total National Institute on Drug Abuse				467,834	100,976
National Heart, Lung, and Blood Institute:					
Translation and Implementation Science Research for Heart, Lung, Blood Diseases and Sleep Disorders			93.840	620,589	—
Cardiovascular Diseases Research			93.837	2,215,706	279,546
Total National Heart, Lung, and Blood Institute				2,836,295	279,546
National Institute of Mental Health:					
Mental Health Research Grants			93.242	3,572,793	1,026,165
Total National Institute of Mental Health				3,572,793	1,026,165
Total United States Department of Health and Human Services				13,336,241	2,498,432
Total Direct Awards				13,502,964	2,519,968

(Continued)

GEISINGER

Consolidated Schedule of Expenditures of Federal Awards

Year ended December 31, 2023

Federal Awarding Agency/Program Name/Cluster Name	Pass through entity	Pass through entity identification number	Assistance listing number (ALN)	Expenditures	Amounts provided to subrecipients
Indirect Awards:					
National Science Foundation:					
Social, Behavioral, and Economic Sciences	Northeastern University	512031-78050	47.075	$ 42,707	—
Total National Science Foundation				42,707	—
United States Department of Health and Human Services:					
Agency for Healthcare Research and Quality:					
Research on Healthcare Costs, Quality and Outcomes	Baylor College of Medicine	7000001039	93.226	57,162	—
Research on Healthcare Costs, Quality and Outcomes	Regents of the University of Minnesota	N009688805	93.226	75,403	—
Total Agency for Healthcare Research and Quality				132,565	—
National Cancer Institute:					
Alliance for Clinical Trials Subcontract	Alliance for Clinical Trials	Not available	93.RD	21,455	—
Cancer Trials Support Unit Subcontract	Cancer Trials Support Unit	Not available	93.RD	6,430	—
Children's Oncology Group Subcontract	Children's Oncology Group	Not available	93.RD	4,876	—
Eastern Cooperative Oncology Group Subcontract	Eastern Cooperative Oncology Group	Not available	93.RD	10,739	—
NRG Oncology Subcontract	NRG Oncology	Not available	93.RD	2,289	—
NSABP Foundation	NSABP Foundation	Not available	93.RD	878	—
University of Rochester	University of Rochester	Not available	93.RD	71	—
Wake Forest University Subcontract	Wake Forest University	Not available	93.RD	40	—
Subtotal ALN 93.RD				46,778	—
Trans-NIH Research Support	Van Andel Institute and Affiliates	40530A-2	93.310	5,151	—
Trans-NIH Research Support	Van Andel Institute and Affiliates	CON-000012	93.310	5,378	—
Subtotal ALN 93.310				10,529	—
Cancer Cause and Prevention Research	Georgetown University	424384_GR412999-GC	93.393	18,666	—
Cancer Cause and Prevention Research	Trustees of the University of Pennsylvania	576656	93.393	93,189	—
Subtotal ALN 93.393				111,855	—
Cancer Detection and Diagnosis Research	The Ohio State University	SPC-10000012408 | GR133059	93.394	5,598	—
Total National Cancer Institute				174,760	—
National Institute of General Medical Sciences:					
Biomedical Research and Research Training	The Johns Hopkins University	2006073480	93.859	173,052	—
Total National Institute of General Medical Sciences				173,052	—
National Eye Institute:					
Vision Research	New York University	16-00463	93.867	20,809	—
Total National Eye Institute				20,809	—
National Human Genome Research Institute:					
Human Genome Research	Baylor College of Medicine	7,000,001,803	93.172	2,297	—
Human Genome Research	Broad Institute	5001104-5500001626	93.172	2,213,021	—
Human Genome Research	Harvard Pilgrim Healthcare	AH000781	93.172	33,426	—
Human Genome Research	The Pennsylvania State University	S002386-DHHS	93.172	17,654	—
Human Genome Research	Vanderbilt University	VUMC100327	93.172	332,598	—
Total National Human Genome Research Institute (ALN 93.172)				2,598,996	—

GEISINGER

Consolidated Schedule of Expenditures of Federal Awards

Year ended December 31, 2023

Federal Awarding Agency/Program Name/Cluster Name	Pass through entity	Pass through entity identification number	Assistance listing number (ALN)	Expenditures	Amounts provided to subrecipients
National Heart, Lung, and Blood Institute:					
Cardiovascular Diseases Research	Johns Hopkins University	2004339391	93.837	$ 63,621	—
Cardiovascular Diseases Research	Mass General Brigham	240336	93.837	256,339	—
Cardiovascular Diseases Research	The Pennsylvania State University	GEISHL162971	93.837	159,571	—
Cardiovascular Diseases Research	Temple University	SIREN_1100	93.837	11,351	—
Cardiovascular Diseases Research	University of North Carolina	5127670	93.837	41,514	—
Cardiovascular Diseases Research	Trustees of the University of Pennsylvania	583217	93.837	148,993	—
Cardiovascular Diseases Research	University of Rochester	SUB00000423 / UR FAO GR532689	93.837	17,323	—
Subtotal ALN 93.837				698,712	—
Lung Diseases Research	New York University	0T2HL156812	93.838	1,623	—
Lung Diseases Research	COPD Foundation	001-AMENDS	93.838	164	—
Subtotal ALN 93.838				1,787	—
Blood Diseases and Resources Research	The Pennsylvania State University	GEISHL166334	93.839	101,182	—
Total National Heart, Lung, and Blood Institute				801,681	—
National Child Health and Human Development					
Child Health and Human Development Extramural Research	Columbia University	5(GG018879-01)	93.865	23,045	—
Child Health and Human Development Extramural Research	The Johns Hopkins University	20005352456	93.865	4,144	—
Subtotal ALN 93.865				27,189	—
Total National Child Health and Human Development				27,189	—
National Institute on Aging:					
Aging Research	Tufts University	5025412_SERV	93.866	82,553	—
Aging Research	Regents of the University of California	1558 G WA349	93.866	45,373	—
Total National Institute on Aging (ALN 93.866)				127,926	—
National Institute of Allergy and Infectious Diseases:					
Allergy and Infectious Diseases Research	Northwestern University	60054199 GEI	93.855	583,868	—
Total National Institute of Allergy and Infectious Diseases				583,868	—
National Institute of Arthritis and Musculoskeletal and Skin Diseases:					
Arthritis, Musculoskeletal and Skin Diseases Research	Washington University in Saint Louis	WU-21-286-MOD-1	93.846	123,103	—
Total National Institute of Arthritis and Musculoskeletal and Skin Diseases				123,103	—
National Institute of Diabetes and Digestive and Kidney Diseases:					
Diabetes, Digestive, and Kidney Diseases Extramural Research	Columbia University	11(GG011642-05)	93.847	893	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	Duke University	303000285	93.847	392,714	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	New York University	22-A0-00-1008539	93.847	4,463	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	New York University	22-B0-00-1005839	93.847	36,188	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	Temple University	265300-GC	93.847	37,929	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	University of North Carolina at Chapel Hill	5119492	93.847	216,451	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	Vanderbilt University	VUMC111682	93.847	13,983	—
Total National Institute of Diabetes and Digestive and Kidney Diseases (ALN 93.847)				702,621	—
National Center on Sleep Disorders Research:					
National Center on Sleep Disorders Research	Mass General Brigham	125876	93.233	43,060	—
National Center on Sleep Disorders Research	Trustees of the University of Pennsylvania	588082	93.233	101,904	—
Total National Center on Sleep Disorders Research (ALN 93.233)				144,964	—

GEISINGER

Consolidated Schedule of Expenditures of Federal Awards

Year ended December 31, 2023

Federal Awarding Agency/Program Name/Cluster Name	Pass through entity	Pass through entity identification number	Assistance listing number (ALN)	Expenditures	Amounts provided to subrecipients
National Institute of Mental Health:					
Mental Health Research Grants	Mass General Brigham	234064	93.242	$ 73,339	—
Mental Health Research Grants	Washington University	WU-21-392-MOD-1	93.242	301,843	—
Total National Institute of Mental Health (ALN 93.242)				375,182	—
National Institute of Neurological Disorders and Stroke:					
Extramural Research Programs in the Neurosciences and Neurological Disorders	Rutgers, The State University of New Jersey	0673	93.853	2,587	—
Extramural Research Programs in the Neurosciences and Neurological Disorders	University of Cincinnati	012043-139624	93.853	1,291	—
Total National Institute of Neurological Disorders and Stroke (ALN 93.853)				3,878	—
National Institute on Drug Abuse:					
Drug Abuse and Addiction Research Programs	Hennepin Healthcare Research Institute	15388-02	93.279	370,029	—
Drug Abuse and Addiction Research Programs	Kaiser Foundation	RNG210715-GC	93.279	5,546	—
Drug Abuse and Addiction Research Programs	RTI Health Solutions	1-312-0218755-67094L	93.279	133,779	—
Total National Institute on Drug Abuse (ALN 93.279)				509,354	—
Total United States Department of Health and Human Services				6,499,948	—
Total Indirect Awards				6,542,655	—
Total Research and Development Cluster				20,045,619	2,519,968
Direct Awards:					
United States Department of Education:					
Student Financial Assistance Cluster:					
Federal Direct Student Loans			84.268	21,922,679	—
Federal Pell Grant Program			84.063	115,655	—
Total Student Financial Assistance Cluster				22,038,334	—
Total United States Department of Education				22,038,334	—
Other Programs:					
Direct Awards:					
United States Department of Health and Human Services:					
Health Resources and Services Administration:					
Rural Health Research Centers			93.155	47,694	—
Centers of Excellence			93.157	132,400	—
Primary Care Training and Enhancement			93.884	520,161	60,659
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease			93.918	380,578	—
Mental and Behavioral Health Education and Training Grants			93.732	274,616	—
Nurse Education, Practice Quality and Retention Grants			93.359	793,541	—
Telehealth Programs			93.211	200,705	—
COVID-19 Provider Relief Fund and American Rescue Plan Rural Distribution			93.498	11,632,955	—
Substance Abuse and Mental Health Services-Projects of Regional and National Significance			93.243	343,504	—
Total United States Department of Health and Human Services				14,326,154	60,659
Total Direct Awards				36,364,488	60,659

(Continued)

GEISINGER

Consolidated Schedule of Expenditures of Federal Awards

Year ended December 31, 2023

Federal Awarding Agency/Program Name/Cluster Name	Pass through entity	Pass through entity identification number	Assistance listing number (ALN)	Expenditures	Amounts provided to subrecipients
Indirect Awards:					
United States Department of Homeland Security:					
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Commonwealth of Pennsylvania Emergency Management Agency	FEMA-4506-DR-PA	97.036	$ 56,982,143	—
Total United States Department of Homeland Security				56,982,143	—
United States Department of Justice:					
Office for Victims of Crime:					
Crime Victim Assistance	Pennsylvania Commission on Crime	2018/2019/2020-VF-05 33022	16.575	72,118	—
Total United States Department of Justice				72,118	—
United States Department of Transportation:					
Transit Services Program Cluster:					
Enhanced Mobility of Seniors and Individuals with Disabilities	Pennsylvania Department of Transportation	EG00827245	20.513	219,123	—
Total United States Department of Transportation				219,123	—
Total Transit Service Programs Cluster				219,123	—
United States Department of Health and Human Services:					
Centers for Disease Control and Prevention:					
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	Health Care Improvement Foundation	NB010T009138	93.758	6,528	—
Investigations and Technical Assistance	The Johns Hopkins University	Not available	93.283	1,875	—
Total Centers for Disease Control and Prevention				8,403	—
Centers for Medicare and Medicaid Services:					
Children's Health Insurance Program	Pennsylvania Department of Human Services	4000013241	93.767	23,606,625	—
Total Centers for Medicare and Medicaid Services				23,606,625	—
Health Resources and Services Administration:					
Maternal, Infant, and Early Childhood Home Visiting Grant Program	Tuscarora Intermediate Unit	X1145306	93.870	130,032	—
Maternal, Infant and Early Childhood Home Visiting Grant Program	Pennsylvania Department of Human Services	4100093086	93.870	546,860	—
Subtotal ALN 93.870				676,892	—
Small Rural Hospital Improvement Grant Programs	The Pennsylvania State University	2021-2022	93.301	10,744	—
Subtotal ALN 93.301				10,744	—
Total Health Resources and Services Administration				687,636	—
Administrative for Strategic Preparedness and Response:					
National Bioterrorism Hospital Preparedness Program	Hospital and Healthsystem Association of Pennsylvania	U3REP200626-01-08	93.889	64	—
Total Administrative for Strategic Preparedness and Response				64	—

GEISINGER

Consolidated Schedule of Expenditures of Federal Awards

Year ended December 31, 2023

Federal Awarding Agency/Program Name/Cluster Name	Pass through entity	Pass through entity identification number	Assistance listing number (ALN)	Expenditures	Amounts provided to subrecipients
Substance Abuse and Mental Health Services Administration					
Block Grants for Prevention and Treatment of Substance Abuse	Jewish Healthcare Foundation	1B08TI083542	93.959	$ 99,984	—
Block Grants for Prevention and Treatment of Substance Abuse	Pennsylvania Department of Drug and Alcohol Programs	4100090515	93.959	370,798	—
Subtotal ALN 93.959				470,782	—
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Central Susquehanna Intermediate Unit	H79SM087504	93.243	126,847	—
State Targeted Response to the Opioid Crisis Grants	Jewish Healthcare Foundation	5H79TI083297	93.788	89,829	—
Total Substance Abuse and Mental Health Services Administration				687,458	—
Total United States Department of Health and Human Services				24,990,186	—
Total Indirect Awards				82,263,570	—
Total Other Programs				96,589,724	60,659
Total Expenditures of Federal Awards				$ 138,673,677	2,580,627

See accompanying notes to consolidated schedule of expenditures of federal awards.

(1) Reporting Entity

Geisinger includes all federal expenditures in its consolidated schedule of expenditures of federal awards (the Schedule) administered by all entities included in its consolidated financial statements. Specifically, the Schedule includes expenditures of the following entities: Geisinger Health Foundation (identification number 23-1995911); Geisinger Clinic (identification number 23-6291113); Geisinger Medical Center (identification number 24-0795959); Geisinger Wyoming Valley Medical Center (identification number 23-1996150); Geisinger Community Health Services (identification number 23-2967235); Geisinger-Bloomsburg Hospital (identification number 23-2193572); Geisinger-Lewistown Hospital (identification number 23-1352187); Geisinger-Community Medical Center (identification number 24-0862246); Geisinger Health Plan (identification number 23-2311553); Geisinger Jersey Shore Hospital (identification number 24-0792115); Geisinger Commonwealth School of Medicine (identification number 26-0812968); and Geisinger HM Joint Venture, LLC (identification number 83-1871064).

(2) Basis of Presentation

The accompanying Schedule includes all the federal award programs activity of Geisinger under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule presents only a selected portion of the operations of Geisinger, and it is not intended to and does not present the consolidated financial position, results of operations, or cash flows of Geisinger.

(3) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and 45 CFR Part 75 Appendix E, hospital cost principles, wherein certain types of expenditures are not allowable or are limited as reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of the consolidated financial statements.

(4) Indirect Cost

Geisinger has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(5) Provider Relief Fund

The Provider Relief Fund expenditures reported on the Schedule include the payments received from January 1, 2022 – December 31, 2022 for a period of availability expenses and/or loss revenues from January 1, 2020 through December 31, 2023 totaling $11,632,955 and include the following providers and amounts reported for period 5 in the PRF Reporting Portal.

Entity name	Tax ID		Period 5
Geisinger Medical Center	24-0795959	$	4,073,899
Geisinger Wyoming Valley Medical Center	23-1996150		7,520,136
Geisinger-HM Joint Venture, LLC	83-1871064		38,920
Total		$	11,632,955

(6) Federal Direct Loan Program

For the Federal Direct Student Loan Program, Geisinger is only responsible for the performance of certain administrative duties; therefore, the associated net assets and transactions are not included in Geisinger's consolidated financial statements and it is not practicable to determine the balances of loans outstanding to students of Geisinger under this program at December 31, 2023. The Schedule includes the amounts loaned to students during the year ended December 31, 2023.

(7) Program Expenditures Incurred in Prior Years

During the year ended December 31, 2023, the Pennsylvania Emergency Management Agency sub-awarded to Geisinger federal funding obligated in 2023 by the U.S. Department of Homeland Security through the Federal Emergency Management Agency totaling $56,982,143 for various project expenditures that were incurred in prior years.

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Directors
Geisinger Health:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Geisinger Health and its subsidiaries (collectively referred to as "Geisinger") which comprise the consolidated balance sheet as of December 31, 2023 and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Geisinger's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Geisinger's internal control. Accordingly, we do not express an opinion on the effectiveness of Geisinger's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Geisinger's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

New York, New York
February 28, 2024

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Consolidated Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Directors
Geisinger Health:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Geisinger Health and its subsidiaries' (collectively referred to as "Geisinger") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Geisinger's major federal programs for the year ended December 31, 2023. Geisinger's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Geisinger complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Geisinger and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Geisinger's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Geisinger's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Geisinger's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Geisinger's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Geisinger's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Geisinger's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Geisinger's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Consolidated Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Geisinger as of and for the years ended December 31, 2022 and 2023 and have issued our report thereon dated February 28, 2024, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedule of expenditures of federal awards for the year ended December 31, 2023 is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 2023 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2023 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2023 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2023 consolidated financial statements or to the 2023 consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the consolidated schedule of expenditures of federal awards is fairly stated in all material respects in relation to the 2023 consolidated financial statements as a whole.

KPMG LLP

New York, New York
March 8, 2024

GEISINGER

Schedule of Findings and Questioned Costs

Year ended December 31, 2023

(1) Summary of Auditors' Results

(a) Type of report issued on whether the consolidated financial statements were prepared in accordance with generally accepted accounting principles: Unmodified

(b) Internal control deficiencies over financial reporting disclosed by the audit of the consolidated financial statements:

- Material weaknesses: No
- Significant deficiencies: None reported

(c) Noncompliance material to the consolidated financial statements: No

(d) Internal control deficiencies over major programs disclosed by the audit:

- Material weaknesses: No
- Significant deficiencies: None reported

(e) Type of report issued on compliance for major programs: Unmodified

(f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): No

(g) Major programs:

- COVID-19 Provider Relief Fund and American Rescue Rural Distribution (ALN 93.498)
- Disaster Grants – Public Assistance (Presidentially Declared Disasters) (ALN 97.036)

(h) Dollar threshold used to distinguish between Type A and Type B programs: $3,000,000

(i) Auditee qualified as a low-risk auditee: Yes

(2) Finding Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

None