

FULL STATEMENT FROM ATRIUM ON THE REPORT

In an initial review of the latest report, it appears to be based on a completely false premise and, thus, incorrect conclusions. It is critical to look at its documented limitations (page 14) which clearly state: "We therefore lack Medicare Cost Report data for seven of Atrium Health's rehabilitation centers, two children's hospitals and three behavioral health centers, which the system included in its 2019 community benefit calculations for Medicare losses." It also reads: "Under current state and federal law, Atrium Health, UNC Health and other government-owned hospitals do not have to make their 990s publicly available for many of their hospitals. This prevents researchers and health care consumers from gaining an accurate understanding of nonprofit hospitals across North Carolina." This illustrates clearly that this report has drawn its conclusions on data the study acknowledges is incomplete.

Our most recent required filing of Medicare cost reports to the federal government clearly indicate that through the care that was provided at our hospital facilities in North Carolina, Atrium Health incurred unfunded costs of \$85 million. When taking into account the care we provided to over 443,000 Medicare patients in North Carolina across all care locations, including care provided within our doctor's offices, among others, Atrium Health incurred unfunded costs of approximately \$950 million in 2021 alone.

This information is consistent with the Medicare margin analysis computed by DataGen, an independent organization that provides health care policy analysis. Additionally, the Medicare Payment Advisory Commission (MedPAC) has consistently reported to Congress that Medicare payments do not cover the cost of care provided by most hospitals, including Atrium Health.

In looking at the numbers supplied in this new report, it's clear that its calculations are flawed, as it doesn't properly match the expenses associated with the revenues it is counting. For example, it includes 100% of the revenues associated with organ procurement, but does not include the expenses, which are a dollar-for-dollar offset with a zero margin. This alone is more than a \$20 million error.

As one of the largest Medicare providers in North Carolina, we are "price takers" as it pertains to amounts the government pays for health care services on behalf of both traditional Medicare and Medicaid beneficiaries. And, as labor, equipment, supplies and inflation continue to drive health care costs higher, the gap between Medicare payments and costs incurred to deliver the quality care we provide has grown in the post-Covid inflationary environment. The losses we incur are a component of our audited community benefit we compile and report each year. Atrium Health is privileged to serve our communities, providing more than \$2.46 billion in free and uncompensated and undercompensated care, as well as other community benefits, last year.

Beyond Medicare, Atrium Health's "for all" mission doubles down on providing health, hope and healing to our patients each day – regardless of their ability or inability to pay for care. In 2021, we provided over \$437 million in care to more than 100,000 low income and uninsured patients who never received a bill for the care they received, with an additional 160,000 uninsured patients who automatically received discounts, totaling \$150 million, thanks to our financial assistance policies that are designed to ensure access to the best care for underserved individuals and communities.