

THE OHIO STATE UNIVERSITY
WEXNER MEDICAL CENTER HEALTH SYSTEM
(A SERIES OF DEPARTMENTS OF THE OHIO STATE UNIVERSITY)

**Basic Financial Statements as of and for the Years Ended June 30, 2022 and 2021,
Independent Auditors' Report, and Independent Auditors' Report on Internal
Control Over Financial Reporting and on Compliance and Other Matters**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
The Ohio State University Wexner Medical Center Health System
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We have reviewed the *Independent Auditors' Report* of The Ohio State University Wexner Medical Center Health System, Franklin County, prepared by KPMG LLP, for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio State University Wexner Medical Center Health System is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 16, 2022

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THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM

TABLE OF CONTENTS

	Page(s)
Report of Independent Auditors	1-3
Management's Discussion and Analysis (Unaudited)	4-19
Basic Financial Statements:	
Statements of Net Position	20
Statements of Revenues, Expenses and Changes in Net Position	21
Statements of Cash Flows	22
Notes to Financial Statements	23-55
Required Supplementary Information on GASB 68 Pension Liabilities and GASB 75 OPEB Liabilities	56
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	57-58

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Independent Auditors' Report

The Board of Trustees of
The Ohio State University:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Ohio State University Wexner Medical Center Health System (the "Health System"), a series of departments of The Ohio State University, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Health System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Health System as of June 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are required to be independent of the Health System and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the Health System are intended to present the financial position, the changes in financial position and cash flows of only that portion of The Ohio State University that is attributable to the transactions of the Health System. They do not purport to, and do not, present fairly the financial position of The Ohio State University as of June 30, 2022, the changes in its financial position, or its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, in 2022, the Health System adopted Governmental Accounting Standards Board Statement No. 87, Leases (GASB 87). Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of the Health System as of and for the year ended June 30, 2021 were audited by other auditors, who expressed an unmodified opinion on those statements on November 2, 2021.



As part of our audit of the 2022 financial statements, we also audited the adjustments described in Note 7 that were applied to restate the 2021 financial statements for the adoption of GASB 87. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2021 financial statements of the Health System other than with respect to the adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 the Health System'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 financial statements.

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.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, schedule of proportionate share of the net pension liability, and the schedule of proportionate share of the net OPEB liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for



consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2022 on our consideration of the Health System'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 the Health System'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 the Health System's internal control over financial reporting and compliance.

KPMG LLP

Columbus, Ohio
November 17, 2022

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

Introduction

The following discussion and analysis provides an overview of the financial position and the activities of The Ohio State University Wexner Medical Center Health System (the "Health System") as of and for the years ended June 30, 2022, 2021, and 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follows this section.

About The Ohio State University Wexner Medical Center Health System

The Ohio State University Wexner Medical Center ("the Medical Center") is one of the largest and most diverse academic medical centers in the country and the only academic medical center in central Ohio. As a part of the Medical Center, the Health System operates under the governance of The Ohio State University Board of Trustees and is comprised of seven hospitals and a network of ambulatory care locations. The Health System provides a full spectrum of services from primary to quaternary specialized care.

Mission: As one of America's top-ranked academic health centers, our mission is to improve people's lives in Ohio and across the world through innovation in research, education and patient care.

Key clinical care locations and facilities of the Health System include:

- **University Hospital:** the Health System's flagship hospital is a leader in multiple specialties including organ and tissue transplantation, women and infants, digestive diseases, bariatric surgery and minimally invasive surgery. In addition to having a Level I Trauma Center as designated by the American College of Surgeons, University Hospital is also home to a Level III Neonatal Intensive Care Unit, central Ohio's only adult burn center and the only adult solid organ transplant program in central Ohio.
- **Arthur G. James Cancer Hospital and Solove Research Institute ("The James"):** the only free-standing cancer hospital in central Ohio and the first in the Midwest, the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute is an international leader in cancer prevention, detection and treatment. The James is one of only 51 comprehensive cancer centers designated by the National Cancer Institute (NCI) and one of only a few institutions nationally funded by the NCI to conduct both phase I and phase II clinical trials on novel anticancer agents sponsored by the NCI.
- **Richard M. Ross Heart Hospital ("The Ross"):** is dedicated to advancing the field of cardiovascular medicine and surgery. The Ross Heart Hospital offers comprehensive heart and vascular care spanning every specialty from open heart surgery to electrophysiology, vascular surgery, advanced heart failure care and emergency cardiac care. The Ross is one of the nation's few free-standing facilities devoted entirely to the research of diseases affecting the heart, lungs and blood vessels.
- **Harding Hospital:** offers counseling services along with the most comprehensive inpatient and outpatient mental health and behavioral health services in central Ohio. Programs are available for adolescents, adults and older adults with complex psychiatric disorders. Harding Hospital's team includes psychiatrists, psychologists, social workers, registered nurses, occupational therapists, recreational therapists, chaplains and licensed counselors.
- **East Hospital:** blends academic medicine with a community-based setting. East Hospital offers renowned services in orthopedic care, emergency services, cancer care, addiction services, ear, nose and throat care, heart care, radiology and imaging services, rehabilitation and wound healing. Additionally, patients have access to central Ohio's leading alcohol and drug addiction recovery services, digestive disease treatment, a full-range of diagnostic services, a sleep disorders center and outpatient oncology services.
- **Dodd Hall:** home to Ohio State's nationally recognized and accredited rehabilitation inpatient program, specializing in stroke, brain and spinal cord rehabilitation. The program was the first in Ohio and is dedicated to physical medicine and rehabilitation research, training and treatment.
- **Brain and Spine Hospital:** a leader in brain and spine treatment and research with dedicated units for stroke care, neurotrauma and traumatic brain injuries, spinal cord injuries and spine surgery, epilepsy, chronic pain, acute rehabilitation, neurosurgery and sleep medicine. Ohio State is one of the first medical centers in the country to combine five neuroscience-related specialties into a single, integrated program and is designed to rapidly unlock the mysteries of the brain and to pioneer therapies and technology on every neurological front.

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

- **Ambulatory Services:** offering primary care and many specialized health services in numerous convenient locations throughout Ohio. Primary care, sports medicine, orthopedics, mammography, imaging, wound care and other specialties are provided with the compassionate and nationally ranked expert care that is synonymous with The Ohio State University Wexner Medical Center.

The Health System provided services to approximately 58,300 inpatients and 2,255,000 outpatients during fiscal year 2022, 62,900 inpatients and 2,116,000 outpatients during fiscal year 2021, and 62,300 inpatients and 1,868,000 outpatients during fiscal year 2020.

In total, the Health System operates nearly 1,500 inpatient beds and serves as a major tertiary and quaternary referral center for Ohio and the Midwest. The Medical Center delivers superior patient care, quality outcomes, and patient safety and has been recognized by US News and World Report for 30 consecutive years as one of “America’s Best Hospitals” and has been consistently ranked first in Central Ohio. US News and World Report further recognized the Health System as a national leader in nine specialties including: Cancer, Cardiology & Heart Surgery, Diabetes & Endocrinology, Ear, Nose & Throat, Gastroenterology and GI Surgery, Gynecology, Neurology and Neurosurgery, Pulmonary and Lung Surgery, and Rehabilitation. The Medical Center is rated as high performing in 14 out of 20 common procedures and conditions. The 14 common procedures and conditions that are recognized as high performing include: abdominal aortic aneurysm repair, aortic valve surgery, chronic obstructive pulmonary disease (COPD), colon cancer surgery, diabetes, heart attack, heart bypass surgery, heart failure, kidney failure, lung cancer surgery, ovarian cancer surgery, pneumonia, prostate cancer surgery, and stroke. These high rankings demonstrate how the Medical Center is leading the way in life-changing medical research and compassionate, effective patient care.

In 2022, the Medical Center earned a spot in the Top 100 on the Forbes list of America’s Best Large Employers for the second consecutive year. This recognition means Americans who were surveyed see the medical center as a top employer.

The Medical Center has been recognized by Becker’s Hospital Review as one of the nation’s Top 100 Great Hospitals for its history of innovation, top-notch patient care and leadership in clinical advancement which is backed by forward-thinking research. Hospitals on the list are also considered a vital part of the community.

The Health System is also proud to be the first in central Ohio to have a hospital achieve Magnet Recognition, one of the highest honors awarded for nursing excellence. The Ross Heart Hospital, University Hospital, and the James are all designated Magnet hospitals.

The Medical Center has more “Top Doctors” than any other central Ohio hospital according to the August 2022 Columbus Monthly Health magazine in conjunction with Castle Connolly. Wexner Medical Center physicians were selected by Castle Connolly because they are among the very best in their specialties.

Operating and Financial Highlights

	Fiscal Year June 30,		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Selected Statistics</u>			
Admissions	58,320	62,921	62,352
Avg. Daily Census	1,220	1,234	1,172
Outpatient Visits	2,255,167	2,116,454	1,868,222
Emergency Visits	112,995	112,035	121,915
Transplants	572	574	589
Surgeries	51,388	50,740	44,741

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

In 2022, the Health System experienced a slight growth in surgical and procedural volumes. Total surgical volume increased 1.3% compared to 2021. Hospital admissions declined 7.3% in 2022 compared to 2021. Labor shortages have created staffing challenges that have resulted in a decrease in patient days and a higher length of stay for the year. The demand for outpatient services was higher in 2022. Chemotherapy, radiation oncology treatments, and non-chemotherapy infusion all experienced increases in outpatient volume in 2022.

In August 2021, the Health System opened Outpatient Care New Albany (OCNA), a 250,000-square-foot facility that includes advanced imaging, X-rays, Computed Tomography (CT) and lab work; specialized treatments like infusion and physical therapy; cancer diagnosis and screening; outpatient surgery and procedures; an on-site retail pharmacy; and Advanced Immediate Care, which provides the expertise of an emergency department with shorter wait times and lower costs for patients. At OCNA, the Health System performed over 660 surgical cases, 2,200 endoscopies, and saw over 145,000 outpatient visits in its first year of operations. Approximately 10,000 of the 145,000 outpatient visits were new patients for the Health System.

The Health System has major construction projects currently underway including:

- New Inpatient Hospital – Construction continues on a 1.9 million square foot, 24-story inpatient hospital east of Cannon Drive. Scheduled to open in early 2026, the \$1.79 billion hospital is the largest single facilities project ever undertaken at The Ohio State University. In 2022, the University issued general receipts bonds and the Health System borrowed \$715.4 million from the University to fund the construction of the new inpatient hospital.
- Health System Outpatient Care West Campus – Construction continues on the \$350 million West Campus outpatient facility. This 385,000 square foot cancer focused facility will include outpatient operating rooms, interventional radiology rooms, an extended recovery unit, a pre-anesthesia center, a diagnostic imaging center, pharmacy, hematology clinic, genitourinary (GU) clinic, infusion and medical office and support spaces. The outpatient facility will also include the region's first proton therapy facility and is slated to open in March 2023.

The global outbreak of Covid-19, a new strain of coronavirus that can result in severe respiratory disease, was declared a pandemic by the World Health Organization in March of 2020. After two unprecedented years of managing the Covid-19 pandemic, the Health System's financial position remains strong. Health System management continues to monitor the course of the pandemic and is prepared to take additional measures to protect the health of the community and promote the continuity of its mission.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act – which was enacted March 27, 2020 in response to the Covid-19 outbreak – includes provisions to provide support to individuals, companies and non-profit institutions in the form of loans, grants, tax changes and other types of relief. The Health System recognized \$143.3 million of Provider Relief Funds (PRF) in 2020. Amounts provided to the Health System under CARES Act grant programs are recognized as non-operating revenues in the Statement of Revenues, Expenses and Changes in Net Position as eligibility requirements are met. In 2021, the Health System received an additional \$22.6 million in PRF.

The Health System received \$274.9 million under the Medicare Accelerated and Advance Payment Program. These amounts are considered short-term loans and are reported as current liabilities in the Statement of Net Position. As of 2022, the Health System has paid back \$195.3 million in recoupments related to this program and expects to pay back the remainder in 2023.

The Health System filed a Request for Public Assistance (RPA) with the Federal Emergency Management Agency (FEMA) for costs associated with emergency protective measures in response to Covid-19. Qualifying activities included purchases of Personal Protective Equipment (PPE), signage and educational materials, reimbursement for nursing overtime labor, purchase of ventilators, as well as standing up testing sites, inpatient surge units, and a field hospital for additional hospital capacity. As of 2022, the Health System has received and recorded \$27.7 million related to Covid-19 cost recovery.

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

In an effort to unify all faculty practices to create a fully integrated, high-performing practice plan, the faculty practices operated by the Health System were moved to OSU Physicians (OSUP). The Health System practices includes Anesthesiology, Maternal Fetal Medicine, Neurosurgery, Orthopedics, Sports Medicine, Family and Community Medicine. The estimated impact of the physician integration is \$114.0 million of Operating Revenues and \$141.0 million of Operating Expenses.

In 2022, Medical Center Investments were recorded in the Non-Operating (Expenses) Revenues section in the Statement of Revenues, Expenses, and Changes in Net Position. Medical Center Investment transactions represent external transactions in the Health System's stand-alone financial statements. Medical Center Investments were recorded as Other Changes in Net Position in the Statement of Revenues, Expenses, and Changes in Net Position for 2021.

In 2022, the Health System implemented GASB Statement No. 87, *Leases*. This standard establishes accounting and reporting for leases, based on the foundational principle that all leases are financings of the right to use an underlying asset for a period of time. Lessees record an intangible right-of-use asset and corresponding lease liability. Lessors record a lease receivable and a corresponding deferred inflow of resources. The standard provides an exception for short-term leases with a maximum possible term of 12 months or less. The cumulative effect of adopting GASB Statement No. 87 was a \$2,225 increase in the Health System's net position as of July 1, 2020. The accompanying financial statements and Management Discussion and Analysis information for the year ended June 30, 2021 have been restated to reflect the new accounting standard. Management Discussion and Analysis information for the year ended June 30, 2020 has not been restated.

The Ohio State University ("the University") reports in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 requires governmental employers participating in defined-benefit pension plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. These liabilities are referred to as net pension liabilities. The University also implements a related accounting standard, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 requires employers participating in other post-employment benefit (OPEB) plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. OPEB benefits consist primarily of post-retirement healthcare. The Health System participates in two multi-employer cost-sharing retirement systems, OPERS and STRS-Ohio, and is required to record a liability for its proportionate share of the net pension and OPEB liabilities of the retirement systems.

In 2022, the Health System's share of OPERS and STRS-Ohio net pension liabilities decreased \$349.4 million to \$485.6 million at June 30, 2022. OPERS and STRS-Ohio net pension liabilities decreased \$348.3 million and \$1.1 million, respectively, reflecting strong investment returns for both retirement systems. OPERS realized a 15.34% return on defined benefit plan investments for calendar year 2021. STRS-Ohio realized a 29.16% return for the fiscal year ended June 30, 2021. Deferred outflows related to pensions increased \$95.3 million, to \$166.6 million at June 30, 2022 while deferred inflows related to pensions increased \$262.5 million to \$635.7 million at June 30, 2022. The changes in pension deferrals relate primarily to OPERS and STRS-Ohio projected vs actual investment returns. These deferrals will be recognized as pension expense in future periods.

In 2022, the Health System's share of OPERS and STRS-Ohio net OPEB assets increased \$84.0 million, to \$189.1 million at June 30, reflecting strong investment returns. OPERS realized a 14.34% return on its health care investments for calendar year 2021. STRS-Ohio realized a 29.16% return for the fiscal year ended June 30, 2021. Deferred outflows related to OPEB decreased \$51.5 million, to \$0.6 million at June 30, 2022, and deferred inflows related to OPEB decreased \$125.0 million, to \$194.6 million at June 30, 2022. The changes in pension deferrals relate primarily to amortization of prior-year OPERS deferrals for changes in assumptions and expected vs actual experience. These deferrals will be recognized as OPEB expense in future periods.

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

In 2021, the Health System's share of OPERS and STRS-Ohio net pension liabilities decreased \$258.3 million to \$835.0 million at June 30, 2021. The decrease relates primarily to OPERS net pension liabilities, which were down \$259.3 million, to \$831.1 million. In calendar year 2020, OPERS realized a 12.02% return on defined benefit plan investments for the period.

In 2021, the Health System's share of OPERS and STRS-Ohio net OPEB liabilities changed from a \$789.1 million net liability to a \$105.2 million net asset at June 30, 2021, primarily due to changes in OPERS benefit terms. On January 15, 2020, the OPERS Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances. These changes in benefit terms, combined with an increase in the discount rate from 3.16% to 6.00%, resulted in an \$894.3 million reduction in the Health System's share of OPERS net OPEB liabilities.

In 2020, the Health System's share of OPERS and STRS-Ohio net pension liabilities decreased \$341.7 million to \$1,090.4 million at June 30, 2020. The decrease relates primarily to OPERS net pension liabilities. In calendar year 2019, OPERS realized a 17.23% return on defined benefit plan investments for the period. STRS net pension liabilities were relatively stable in 2020.

In 2020, the Health System's share of OPERS net OPEB liabilities increased \$87.3 million, to \$789.1 million at June 30, 2020 primarily due to a decrease in the discount rate from 3.96% to 3.16% that is used to calculate total OPEB liabilities. The impact of the lower discount rate was partially offset by a 19.59% return on investments.

It should be noted that, in Ohio, employer contributions to the state's cost-sharing multi-employer retirement systems are established by statute. These contributions, which are payable to the retirement systems one month in arrears, constitute the full legal claim on the Health System for pension and OPEB funding. Although the liabilities recognized under GASB 68 and GASB 75 meet the GASB's definition of a liability in its conceptual framework for accounting standards, they do not represent legal claims on the Health System's resources, and there are no cash flows associated with the recognition of net pension and OPEB liabilities, deferrals and related expense.

Income Before Other Changes in Net Position was \$670.0 million in 2022 compared to \$1,351.6 million in 2021. The Health System recognized a pension benefit of \$182.2 million in 2022 compared to a pension benefit of \$66.4 million in 2021 reflecting annual accounting under GASB 68. In comparison, the Health System recognized an OPEB benefit of \$157.4 million in 2022 compared to an OPEB benefit of \$612.5 million in 2021 reflecting annual accounting under GASB 75. Income Before Other Changes in Net Position for clinical activities was \$326.9 million in 2022, \$672.7 million in 2021, and \$487.8 million in 2020. Income Before Other Changes in Net Position for clinical activities in 2022 includes Medical Center Investments of \$190.4 million reinvested to support clinical research and education, as well as various patient programs at the Medical Center.

	Fiscal Year June 30,		
	2022	2021	2020
	<u>(in thousands)</u>		
Clinical Activities	\$ 326,912	\$ 672,690	\$ 487,816
Development pledges and gifts	452	120	(78)
GASB 68 pension	182,154	66,358	(136,792)
GASB 75 OPEB	157,421	612,473	(127,789)
GASB 87 Leases	3,044	-	-
Other	-	-	(86)
Income Before Other Changes in Net Position	\$ 669,983	\$ 1,351,641	\$ 223,071

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

Other Changes in Net Position includes \$30.7 million of capital contributions for construction of the new Inpatient Hospital as well as other capital acquisitions. This compares to \$19.8 million in 2021 and \$13.4 million in 2020. After these changes and including the impact of GASB 68 and GASB 75, the Health System's Net Position increased \$700.7 million and totaled \$2,595.0 million in 2022 compared to \$1,894.2 million in 2021 and \$702.3 million in 2020.

Using the Financial Statements

The Health System's financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles.

Statement of Net Position

The Statement of Net Position represents the financial position of the Health System at the end of the fiscal year and includes all assets and deferred outflows and liabilities and deferred inflows. The difference between total assets and deferred outflows and total liabilities and deferred inflows – Net Position – is one indicator of the current financial condition of the Health System, while the change in Net Position is an indication of whether the overall financial condition has improved during the year. Included in deferred outflows and deferred inflows is the impact of the recognition of GASB 68, GASB 75, and GASB 87.

The Statements of Net Position on June 30, 2022, 2021, and 2020 are summarized as follows:

	2022	2021	2020
		(in thousands)	
Current assets	\$ 1,832,855	\$ 2,104,022	\$ 1,974,285
Noncurrent assets			
Unexpended bond proceeds	460,868	-	-
Long-term investment pool	430,631	371,134	282,320
Other long-term investments	139,956	139,956	139,378
Capital assets, net	2,652,498	2,066,142	1,696,555
Net OPEB Asset	189,150	105,185	-
Other	130,153	106,635	33,965
Deferred outflows	167,597	123,831	254,893
Total assets and deferred outflows	<u>6,003,708</u>	<u>5,016,905</u>	<u>4,381,396</u>
Current liabilities			
Accounts payable and accrued expenses	351,778	330,544	246,819
Medicare Advance Payment Program	79,601	254,854	274,915
Current portion of long-term debt	71,287	54,144	53,182
Other current liabilities	103,205	108,031	140,557
Total current liabilities	<u>605,871</u>	<u>747,573</u>	<u>715,473</u>
Non-current liabilities			
Long-term debt	1,176,527	539,935	594,270
Net pension liability	485,582	834,994	1,093,340
Net OPEB liability	-	-	789,145
Other non-current liabilities	225,054	248,056	136,943
Deferred inflows	915,699	752,121	349,926
Total liabilities and deferred inflows	<u>3,408,733</u>	<u>3,122,679</u>	<u>3,679,097</u>
Net position	<u>2,594,975</u>	<u>1,894,226</u>	<u>702,299</u>
Total liabilities, deferred inflows, and net position	<u>\$ 6,003,708</u>	<u>\$ 5,016,905</u>	<u>\$ 4,381,396</u>

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

Current Assets and Current Liabilities

	<u>2022</u>	<u>2021</u>	<u>2020</u>
	<u>(in thousands)</u>		
<u>Current Assets</u>			
Cash and cash equivalents	\$ 1,179,443	\$ 1,434,313	\$ 1,488,144
Patient accounts receivable, net	457,684	421,944	337,764
Inventory	69,671	66,044	56,789
Prepays	28,062	22,672	33,248
Other Receivables	97,995	159,049	58,340
Total Current Assets	\$ 1,832,855	\$ 2,104,022	\$ 1,974,285

Cash and cash equivalents on deposit with the University represents the Health System’s cash, which is pooled with cash from other operating units within the University. These funds earn interest income at rates established through the University’s internal bank program. Cash decreased \$254.9 million from 2021 to 2022. The decrease in cash for 2022 includes \$777.2 million in capital purchases related to various hospital projects. The Health System also paid \$175.3 million for recoupments related to the Medicare Advance Payment Program. In addition, the Health System generated \$548.6 million in cash from operations in 2022 and received \$25.3 million for federal and state stimulus funding for Covid-19 recovery.

Cash decreased \$53.8 million from 2020 to 2021. The decrease in cash for 2021 includes \$504.7 million in capital purchases related to various hospital projects. The Health System also paid \$20.1 million for recoupments related to the Medicare Advance Payment Program. Cash includes \$22.6 million of PRF from Health and Human Services (HHS) and \$15.6 million of FEMA recovery as a result of the impact of Covid-19 on the Health System clinical operation.

Patient accounts receivable, net represents amounts due from third-party payors and patients after allowances for discounts and bad debts. As of the end of the 2022 fiscal year, patient accounts receivable net increased \$35.7 million compared to 2021, reflecting the overall increase in outpatient activity. Patient accounts receivable net increased \$84.2 million compared to 2020, reflecting the overall increase in hospital patient acuity and increased outpatient volumes.

Inventories include medical supply, pharmaceutical drugs, and information technology equipment. Prepays include preventive maintenance contracts on medical and information technology equipment. Additionally, other receivables represent amounts due from nonpatient activity, reference labs, and other revenue from Nationwide Children’s Hospital management of the Neonatal Intensive Care Unit (NICU). As of the end of the 2022 fiscal year, inventory, prepays, and other receivables totaled \$189.4 million. This compares to \$243.2 million in 2021 and \$148.4 million in 2020. The growth in inventory for 2022 is a result of increases in operating room supplies and pharmaceuticals. Other receivables totaled \$98.0 million in 2022. Included in Other receivables in 2022 is \$17.1 million for Healthcare Assistance Program (HAP) payments as a result of an assessment from the Ohio Department of Medicaid related to Covid-19 emergency spending measures. In accordance with GASB 87, other receivables include the current portion of lease receivable in the amount of \$6.3 million in 2022 and \$4.6 million in 2021. The current position of lease receivable represents what will be recorded as lease revenue in the next fiscal year. The decrease in Other Receivables in 2022 is primarily related to a reduction in payments due from the University and OSUP for supplies and services.

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
	<u>(in thousands)</u>		
Current Liabilities			
Accounts payable and accrued expenses	\$ 351,778	\$ 330,544	\$ 246,819
Medicare Advance Payment Program	79,601	254,854	274,915
Accrued salaries & benefits	71,400	68,747	82,925
Current portion of long-term debt	71,287	54,144	53,182
Third-party payor settlements	21,952	29,387	51,303
Other current liabilities	9,853	9,897	6,329
Total Current Liabilities	\$ 605,871	\$ 747,573	\$ 715,473

Current liabilities represent obligations that are due within one year and consist primarily of accounts payable and accrued expenses, accrued salaries and benefits, compensated absences, current portion of principal debt payments, and third-party payor settlements.

Accounts payable and accrued expenses increased \$21.2 million or 6.4% from 2021 to 2022. The increase includes \$31.1 million related to the timing of payment for medical supplies, pharmaceuticals, services as well as \$36.5 million for capital projects. Payments due to the University and OSUP for Supplies and Services decreased \$44.1 million in 2022. Accounts payable and accrued expenses increased \$83.7 million or 33.9% from 2020 to 2021. The increase includes \$33.6 million related to the timing of payment for medical supplies, pharmaceuticals, services, and capital projects as well as \$51.8 million related to payments due to the University and OSUP for Supplies and Services.

The Health System paid back \$195.3 million in recoupments related to the Medicare Accelerated and Advanced Payment Program as of June 30, 2022.

Accrued salaries and benefits represents the days in the month the Health System has accrued for salaries and benefits after the most recent bi-weekly payroll. Accrued salaries and benefits increased \$2.7 million or 3.9% from 2021 to 2022.

Unexpended bond proceeds and other long-term investments

Unexpended bond proceeds include the remaining of the \$715.4 million of general receipt bonds issued by the University and allocated to the Health System for construction of the new inpatient hospital. The Health System has used \$258.0 million of the general receipt bonds for tower construction costs.

Other long-term investments is comprised of funds set aside for future capital expansion projects and research initiatives to support clinical care and the academic mission of the Medical Center.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
	<u>(in thousands)</u>		
Unexpended bond proceeds	\$ 460,868	\$ -	\$ -
Other long-term investments			
Construction funds held for MCE	\$ 91,925	\$ 91,925	\$ 91,347
Funds held for capital replacement	28,031	28,031	28,031
Funds held for research initiatives	20,000	20,000	20,000
Total other long-term investments	\$ 139,956	\$ 139,956	\$ 139,378

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

Long-Term Investment Pool

	<u>2022</u>	<u>2021</u>	<u>2020</u>
	<u>(in thousands)</u>		
<u>Long-Term Investment Pool</u>			
Long-term investment pool - Cost Value	\$ 372,389	\$ 286,568	\$ 276,389
Unrealized Gain/(Loss)	58,242	84,566	5,931
Long-Term Investment Pool	\$ 430,631	\$ 371,134	\$ 282,320

The Health System has an investment interest in the University's Long-Term Investment Pool to support capital projects, research initiatives, clinical care, and the academic mission. The Long-term investment pool – Cost Value increased \$85.8 million in 2022 and \$10.2 million in 2021 as a result of the Health System transferring additional operating cash and reinvesting Interest Income earnings back into the pool. The Health System recorded a net decrease or unrealized loss of \$26.3 million in the market value of investments in 2022. The Health System recorded a \$78.6 million unrealized gain in the market value of investments during fiscal year 2021 and an unrealized loss of \$10.3 million in 2020.

Capital Assets

	<u>2022</u>	<u>2021</u>	<u>2020</u>
	<u>(in thousands)</u>		
<u>Capital Assets - Net</u>			
Property, Plant, and Equipment	\$ 3,402,504	\$ 3,145,060	\$ 2,868,564
Construction In Progress	1,010,380	529,522	332,195
Accumulated Depreciation	(1,820,404)	(1,673,049)	(1,504,204)
Lease Assets	60,018	64,609	-
Capital Assets - Net	\$ 2,652,498	\$ 2,066,142	\$ 1,696,555

Property, plant, and equipment increased in 2022 primarily due to the completion of the new outpatient care ambulatory facility in New Albany, building purchases of the Eye and Ear Institute (EEI) as well as the Stephanie Spielman Comprehensive Breast Center (SSCBC), renovation of a faculty office building, and the relocation of Cannon Drive for future expansion. Construction in progress growth continues due to the costs associated with the new inpatient hospital, regional ambulatory sites, and other facility improvements including equipment expenses. GASB 87 establishes the foundational principle that all leases are financings of the right to use an underlying asset for a period of time. The Health System recorded a lease asset in the amount of \$60.0 million in 2022 and \$64.6 million in 2021.

The growth in property, plant, and equipment in 2021 is primarily due to the completion of the new hospital parking garage, the central sterile processing facility, a faculty office building, and operating room expansion at University Hospital East. The growth in construction in progress is due to costs associated with the new inpatient hospital and regional ambulatory sites, along with other facility renovations.

Other Non-current Assets and Non-current Liabilities

	<u>2022</u>	<u>2021</u>	<u>2020</u>
	<u>(in thousands)</u>		
<u>Other Non-Current Assets</u>			
Equity method investments	\$ 18,439	\$ 20,101	\$ 17,723
Net OPEB Asset	189,150	105,185	-
Long-term lease receivable	84,274	56,413	-
Long term pledges receivable, net	5,035	5,133	7,921
Long term receivables and other noncurrent assets	22,405	24,988	8,321
Total Other Non-Current Assets	\$ 319,303	\$ 211,820	\$ 33,965

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

The Health System has an equity investment interest in MedFlight, a community based air ambulance/intensive care transport authority as well as an investment interest with partial ownership in Madison County Hospital, a community hospital. The change in investment balance reflects the Health System's total equity interest in these investments. Long-term receivables and other non-current assets totaled \$22.4 million in 2022. The Health System operates a program to assist community-based hospital systems gain access to the Epic electronic medical record via a hosting relationship to better serve the needs of the client's community. Long-term receivables and other non-current assets include a \$14.7 million receivable which represent payments due to the Health System for implementation and maintenance for the Epic hosting agreement with multiple community hospitals. Long term receivables and other non-current assets also include endowment assets of \$7.7 million in 2022, \$7.7 million in 2021, and \$5.5 million in 2020. The Health System is a lessor for various noncancellable leases of real estate. In accordance with GASB 87, long-term lease receivable recorded by the Health System was \$84.3 million in 2022 and \$56.4 million in 2021.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
	<u>(in thousands)</u>		
<u>Other Non-Current Liabilities</u>			
Third-party payor settlements	\$ 87,306	\$ 90,402	\$ 59,516
Compensated absences	77,417	83,738	74,806
Long-term lease liability	39,146	41,773	-
Net pension liability	485,582	834,994	1,093,340
Net OPEB liability	-	-	789,145
Unearned Revenue	18,564	29,522	-
Other noncurrent liabilities	2,621	2,621	2,621
Total Other Non-Current Liabilities	\$ 710,636	\$ 1,083,050	\$ 2,019,428

Third-party payor settlements consist of future settlements of current and previous years Medicare and Medicaid cost reports, OIG audits, Managed Care payor audits of charges and payments and prior years charging and billing issues. The change in third-party payor settlements from 2020 to 2022 reflects management's estimate for previous years Medicare and Medicaid cost report settlements and Medicare Cost Report final settlements. Compensated absences reflect the liability for earned but unused vacation and the potential payment of ill time upon an employee's termination or retirement. The increase in compensated absences from 2020 to 2021 is attributable to growth in accrued paid time off due to the slowdown of vacation usage by the workforce as a result of the Covid-19 pandemic. The decrease in compensated absences from 2021 to 2022 is a result of the utilization of built-up vacation time coming off of the Covid-19 pandemic by the workforce. In accordance with GASB 87, the Health System has recorded a long-term lease liability of \$39.1 million in 2022 and \$41.8 million in 2021. Unearned revenue for the Health System totaled \$18.6 million in 2022. In collaboration with Nationwide Children's Hospital, The James is currently constructing a building of which a portion will be dedicated to the provision of proton therapy services primarily for clinical treatment but also for research purposes. Unearned revenue includes \$17.6 million of funding from Nationwide Children's Hospital for construction of the building.

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

Net Position

Net Position represents the residual interest in the Health System's assets and deferred outflows after liabilities and deferred inflows are deducted. The composition of the Health System's Net Position at June 30, 2022, 2021 and 2020 is summarized as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
	<u>(in thousands)</u>		
Net Position			
Invested in capital assets, net of related debt	1,823,782	1,427,557	1,049,103
Restricted, nonexpendable	7,743	7,690	5,517
Restricted, expendable	24,131	32,645	24,728
Unrestricted	739,319	426,334	(377,049)
Net Position	\$ 2,594,975	\$ 1,894,226	\$ 702,299

Net investment in capital assets are the Health System's capital assets net of accumulated depreciation and outstanding principal balances of debt obtained for acquiring, constructing, and improving those assets. Net Position is further categorized into Restricted-Nonexpendable, Restricted-Expendable, and Unrestricted. Please see the Notes to the Financial Statements for further definition. In 2022, Net Position totaled \$2,595.0 million, an increase of \$700.7 million compared to 2021 due to higher demand for hospital outpatient services. Included in the change in Net Position is a \$182.2 million benefit related to GASB 68 as well a \$157.4 million benefit to GASB 75 reflecting strong investment returns for the programs.

In 2021, Net Position totaled \$1,894.2 million, an increase of \$1,191.9 million compared to 2020 due to the overall increase in hospital inpatient patient acuity and a strong service mix. Included in the change in Net Position is a \$66.4 million benefit related to GASB 68 as a result of the decrease to OPERS net pension liabilities as well a \$612.5 million benefit to GASB 75 primarily due to changes in OPERS benefit terms.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position represents the Health System's results of operations. A comparison of revenues, expenses and changes in net position for the years ended June 30, 2022, 2021 and 2020 is as follows:

	<u>Fiscal Year June 30,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
	<u>(in thousands)</u>		
<u>Income and Change in Net Position</u>			
Operating Revenues	\$ 4,185,259	\$ 3,940,110	\$ 3,451,914
Operating Expenses	3,324,508	2,683,427	3,362,656
Operating Income	860,751	1,256,683	89,258
Non-Operating (Expenses) Revenues	(190,768)	94,958	133,813
Income Before Other Changes in Net Position	669,983	1,351,641	223,071
Medical Center investments	\$ -	\$ (183,960)	\$ (173,749)
Capital contributions	30,713	19,848	13,395
Additions to permanent endowments	53	2,173	(199)
Other Changes in Net Position	30,766	(161,939)	(160,553)
Increase in Net Position	\$ 700,749	\$ 1,189,702	\$ 62,518
Net Position - Beginning of Year	1,894,226	702,299	639,781
Cumulative effect of accounting change	-	2,225	-
Net Position - End of Year	\$ 2,594,975	\$ 1,894,226	\$ 702,299

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

Operating Revenues

In 2022, total operating revenues grew \$245.1 million or 6.2% over the prior fiscal year. Outpatient surgical volume increased 5.5% compared to 2021. The James experienced a 4.5% increase in chemotherapy volume and the Health System non-chemotherapy infusion sites grew 23.7%. In addition, procedural volumes including electrophysiology, radiation treatments and rehabilitation contributed to the increase in outpatient activity. Outpatient Care New Albany recorded approximately 10,000 new patient visits in 2022. Operating revenues also included a \$44.2 million increase for the Specialty Retail Pharmacy from 2021 to 2022.

In 2021, total operating revenues grew \$488.2 million or 14.1%. The increase is primarily related to the recovery of surgical and procedural volumes as well as increased acuity for inpatient hospital volume. Operating revenues also included a \$39.8 million increase for the Specialty Retail Pharmacy from 2020 to 2021 related to increased volumes across all dispensing locations as well as \$21.6 million for Covid-19 lab testing.

Approximately 87.0% of total operating revenues are from patient care activities. Other Operating Revenues include revenue from reference labs, cafeteria operations, rental agreements and other non-patient services. Due to the increasing complexity and significantly growing number of specialty oral and self-administered pharmaceuticals available for cancer and non-cancer patients, the Health System operates a Specialty Retail Pharmacy dedicated to improving patient care by easing the challenges of managing medications. The Specialty Retail Pharmacy contributed \$249.1 million to Health System operating revenues in 2022, \$204.9 million 2021, and \$166.7 million 2020. Other Operating Revenues also includes a portion of the revenue shared with Nationwide Children’s Hospital for the management of the Neonatal Intensive Care Unit (NICU) located at the Health System. The goal of this managed unit is to standardize the care and quality outcomes of all the neonatal patients in Central Ohio. The NICU contributed \$17.3 million of operating revenues in 2022, \$13.9 million of operating revenues in 2021, and \$17.8 million in 2020. In 2019, the Health System enrolled in the Care Innovation and Community Improvement Program (CICIP). CICIP was developed to increase alignment of quality improvement strategies and goals between the State, Managed Care Organizations (MCO), and both public and nonprofit hospital agencies. The Health System recognized \$89.1 million in Other Operating Revenues related to CICIP in 2022 compared to \$97.2 in 2021 and \$52.6 million in 2020.

	Fiscal Year June 30,		
	2022	2021	2020
	(in thousands)		
<u>Revenues</u>			
Net patient service revenue less provision for bad debts	\$ 3,641,873	\$ 3,462,578	\$ 3,093,961
Other Operating Revenues	543,386	477,532	357,953
Total Operating Revenue	\$ 4,185,259	\$ 3,940,110	\$ 3,451,914

Net Patient Service Revenue reflects charges to patients for clinical services provided, net of contractual allowances and other discounts, and provision for bad debts, charity and denials. Most patients have insurance coverage which pays for those services (third party payors). As is common within the industry, most reimbursement from third party payors are at a substantial discount from patient charges.

The major third party payors are The Center for Medicare and Medicaid Services (CMS) -- Medicare - the federal program for the aged and disabled and Medicaid – the state program covering various underserved constituents and Managed Care – healthcare coverage typically provided by employers.

Medicare pays most inpatient and outpatient care on prospectively determined case rates. Additional payments are made to the Health System for medical education, caring for low income patients, transplant costs, and cases with unusually high cost of care. The James is one of eleven cancer hospitals nationwide exempt from the prospective payment system. Medicare reimburses The James reasonable inpatient costs of care (subject to per case limit – TEFRA limit). The final payments for The James inpatient services are

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

determined through annual cost reports. Medicare pays The James for outpatient services at costs discounted by a payment to cost factor (PCR) each year. In 2022, outpatient costs were paid at 90% PCR.

The Health System has estimated and recorded settlement amounts for all unsettled Medicare and Medicaid cost reports through June 30, 2022. In the opinion of management, adequate provisions have been made for such settlements. The Health System records changes in estimates upon receiving interim or final settlements related to prior year cost reports and regulation changes and are recorded in net patient service revenue.

Subject to income and asset levels, Medicaid pays for care under its Programs for Children, Families, and Pregnant Women; Aged Blind and Disabled program; and premium assistance for dual eligible Medicare enrollees. Medicaid pays for inpatient and outpatient services on prospectively determined rates with provisions for cases incurring unusually high costs. The James, as an exempt hospital for Medicare, is reimbursed for inpatient and outpatient services based upon Medicaid's predetermined percent of charges with no cost report settlement.

Contracts with Managed Care organizations are negotiated and include several different payment methods. Many of the contracts are case based or per diem for inpatients, with a combination of case rates and percent of charges for outpatients. Managed Care organizations may also offer plans to Medicare and Medicaid beneficiaries. These plans typically pay negotiated rates, but usually on a basis consistent with traditional Medicare or Medicaid plans. The State of Ohio mandates patients eligible for Programs for Children, Families, Pregnant Women, and eligible under the Aged, Blind and Disabled Program enroll in a Medicaid Managed Care plan.

The Health System also has contractual relationships with other payors and provides much of the acute care needs for The Ohio Department of Corrections. The Health System also provides care for various Bureau of Worker's Compensation managed care payors, other state and federal agencies. Effective July 1, 2013, corrections/inmates under 21 or over 64 years are covered under Medicaid. Previously, the Health System was reimbursed directly through the Ohio Department of Corrections. As of July 1, 2013, any pregnant inmate is covered by Medicaid for inpatient services. The remaining inmate population shifted to Medicaid for inpatient health coverage on January 1, 2014.

The Health System provides care to patients without insurance. It participates in Ohio's Hospital Care Assurance Program which provides for free care to patients whose income levels are below 100% of the Federal Poverty Level (FPL) Guidelines. The Health System also provides sliding scale charity discounts for self-pay patients up to 400% of the FPL.

Payor Mix for the Health System has remained relatively consistent over the past several years. The Payor Mix for the 2022, 2021 and 2020 fiscal years are as follows:

Payor Mix	Fiscal Year June 30,		
	2022	2021	2020
Managed Care	37.3%	36.9%	37.6%
Medicare	39.1%	38.7%	37.7%
Medicaid	18.8%	19.4%	19.4%
Self Pay	1.4%	1.6%	1.6%
Other	3.4%	3.4%	3.7%
	100.0%	100.0%	100.0%

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

Operating Expenses

A comparison of operating expenses for the three years ended June 30, 2022, 2021 and 2020 is summarized as follows:

	Fiscal Year June 30,		
	2022	2021	2020
	<u>(in thousands)</u>		
Expenses			
Salaries and benefits	\$ 1,654,822	\$ 1,527,560	\$ 1,466,527
Supplies and drugs	1,202,397	1,101,797	950,416
Purchased services	481,329	428,023	393,133
Depreciation	191,356	176,212	170,775
Pension (benefit) expense	(182,154)	(66,358)	136,792
OPEB (benefit) expense	(157,421)	(612,473)	127,789
Other expenses	134,179	128,666	117,224
Total Operating Expenses	\$ 3,324,508	\$ 2,683,427	\$ 3,362,656

Operating expenses increased \$641.1 million or 23.9% from 2021 to 2022. The increase in operating expenses is primarily attributed to increases in salaries and benefits as well as medical supplies. Total pension and OPEB benefit recognized in 2022 by the Health System including employer contributions totaled \$189.0 million. Total pension and OPEB benefit included \$150.6 million of employer contributions, \$182.2 million benefit related to GASB 68 accruals, and \$157.4 million benefit related to GASB 75 accruals.

The growth in salaries and benefits from 2021 to 2022 includes significant costs for premium and incentive pay reflecting labor shortages and the challenging environment around hiring nursing and clinical care positions. Supplies and drugs increased \$100.6 million or 9.1%. The increase in supplies was a result of strong outpatient volumes as well as inflationary impacts felt across the Health System. The growth in drugs is due to increased volumes in chemotherapy at the James as well as increased volumes at the Health System non-chemotherapy infusion sites. Additionally, drug costs increased at the Specialty Retail Pharmacy as a result of higher volumes in 2022. Purchased services grew \$53.3 million or 12.5% in 2022 reflecting increased hospital franchise fees as well as higher preventive maintenance costs associated with information technology and clinical care systems.

The growth in salaries and benefits from 2020 to 2021 is reflective of the recovery of volume due to the Covid-19 pandemic. Supplies and drugs increased \$151.4 million or 15.9%. The increase in supplies was a result of a strong transplant year for heart and lung as well as an increase in intensity for surgical and procedural volume. The Health System performed approximately 483,000 Covid-19 tests that resulted in increased lab costs for the system. The growth in drugs is due to increased volumes at the James as well as the Specialty Retail Pharmacy. Purchased services grew \$34.9 million or 8.9% in 2021 reflecting increased hospital franchise fees as well as higher cleaning and advertising costs. Total pension and OPEB benefit recognized in 2021 by the Health System including employer contributions totaled \$531.5 million. Total pension and OPEB benefit included of \$147.4 million of employer contributions, \$66.4 million benefit related to GASB 68 accruals, and \$612.5 million benefit related to GASB 75 accruals.

Adjusted for activities (measuring both inpatient and outpatient activity), total operating expense increased 8.8% from 2021 to 2022. The Health System employed 14,400 full time equivalent employees (FTEs) in 2022, 14,400 in 2021, and 14,500 in 2020.

Non-Operating Revenue and Expenses

The Health System incurred a total of \$44.2 million in interest cost in 2022 with the majority paid to the University to service debt incurred on behalf of the Health System. The Health System incurred a total of \$29.5 million and \$31.9 million of interest cost in 2021 and 2020, respectively.

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

The Health System has an investment interest in the University's Long-Term Investment Pool to support capital projects, research initiatives, clinical care, and the academic mission of the Medical Center. Income from investments in 2022 includes a \$26.3 million unrealized loss and \$10.8 million of interest income related to the Long-Term Investment Pool. This compares to a \$78.6 million unrealized gain and \$10.2 million of interest income in 2021 and \$10.3 million unrealized loss and \$9.7 million of interest income in 2020.

Income Before Other Changes in Net Position

Income Before Other Changes In Net Position was \$670.0 million in 2022 compared to \$1,351.6 million in 2021 and \$223.1 million in 2020. Income Before Other Changes in Net Position in 2022 includes Medical Center Investments of \$190.4 million reinvested to support clinical research and education, as well as various patient programs at the Medical Center. Impacts to Income Before Other Changes In Net Position include pension benefit of \$182.2 million in 2022 compared to pension benefit of \$66.4 million in 2021 and a pension expense of \$136.8 million in 2020. This reflects the annual accounting for GASB 68. OPEB benefit was \$157.4 million in 2022 compared to OPEB benefit of \$612.5 million in 2021 and OPEB expense of \$127.8 million in 2020, reflecting annual accounting for GASB 75. Additionally, the decrease in Income Before Other Changes in Net Position for 2022 reflects higher premium and incentive pay as a result of staffing challenges, higher supply cost due to inflationary growth with medical supplies, and higher interest cost associated with the new Inpatient Tower bonds.

Other Changes in Net Position

The Health System's other changes in net position for fiscal year 2022 include capital contributions of \$30.7 million in 2022, \$19.8 million in 2021, and \$13.4 million in 2020 for hospital projects and capital acquisitions.

Statement of Cash Flows

The Statement of Cash Flows provides additional information about the Health System's major sources and uses of cash. A comparison of cash flows for the three years ended June 30, 2022, 2021 and 2020 is summarized as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
	<u>(in thousands)</u>		
<u>Cash Flows</u>			
Receipts from patients and third-party payors	\$ 3,421,803	\$ 3,369,773	\$ 3,486,936
Payments to and on behalf of employees	(1,717,815)	(1,587,265)	(1,497,898)
Payments to vendors for supplies and services	(1,610,624)	(1,354,503)	(1,243,938)
Other operating activities	455,228	215,767	222,539
Net cash provided by operating activities	548,592	643,772	967,639
Net cash (used) provided by non-capital financing activities	(145,678)	41,571	143,892
Net cash (used) by capital and related financing activities	(139,611)	(568,092)	(449,803)
Net cash (used) by investing activities	(518,173)	(171,082)	(161,166)
Net (Decrease) in Cash and Cash Equivalents	(254,870)	(53,831)	500,562
Cash and Cash Equivalents - Beginning of Year	\$ 1,434,313	\$ 1,488,144	\$ 987,582
Cash and Cash Equivalents - End of Year	\$ 1,179,443	\$ 1,434,313	\$ 1,488,144

Net cash provided by operating activities totaled \$548.6 million in 2022 compared to \$643.8 million in 2021 and \$967.6 million in 2020 reflecting strong activity from operations. Net cash used in non-capital financing activities totaled \$145.7 million in 2022 which includes \$190.4 million of investments paid for research, education, and programs at the Medical Center offset by \$25.3 million of federal and state stimulus recovery as a result of the impact of Covid-19 on the Health System clinical operation. Net cash used in capital and

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

related financing activities totaled \$139.6 million in 2022, which includes \$777.2 million of capital asset purchases as well as \$715.4 million of funds borrowed from the University by the Health System related to bonds issued for the construction of the new inpatient tower. Net cash used in investing activities totaled \$518.2 million. The Health System purchased \$715.4 million of investments from the University related to the general receipt bonds and \$85.8 of investments in the long-term Investment pool. In addition, the Health System received \$25.6 million in interest income. The Health System sold \$257.4 million of the investments related to the reimbursement for inpatient tower construction.

Future Direction

Healthcare at The Medical Center is future-focused and driven by the mission to improve health in Ohio and across the world through innovation in research, education and patient care. The Health System is continuing its vision to deliver unparalleled care and meet anticipated future growth, embarking on a plan to expand its care with new, large outpatient care facilities planned for Dublin and Powell. The comprehensive facilities are a continuation of a suburban outpatient care program that supports growth in the region and excellence in academic health care and will include ambulatory surgery, endoscopy, primary care, specialty medical and surgical clinics and related support space. The new inpatient hospital scheduled to open in early 2026 will be a 1.9 million square foot facility and the largest single facilities project ever undertaken at The University. The new tower will enhance research, clinical training and patient care.

The Health System will continue to create an innovative healthcare delivery model to deliver high value care with an unparalleled patient experience and access. As a leading academic medical center, The Ohio State University Wexner Medical Center will change how patients receive care. The Medical Center has a critical role in both meeting the most complex care needs of the community and also keeping the community and individuals healthy. This role can only be filled by an academic medical center such as The Ohio State University Wexner Medical Center.

By pushing the boundaries of discovery and knowledge, The Ohio State University Wexner Medical Center will solve significant problems and deliver unparalleled care. The Medical Center embodies the Buckeye Spirit in everything we do through our shared values of Inclusiveness, Determination, Empathy, Sincerity, Ownership, and Innovation. The Health System will continue to be proactive in responding to all challenges and opportunities of the healthcare environment and expects to build upon its unmatched healthcare delivery model and growth in financial position and operating results during the upcoming year.

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
STATEMENTS OF NET POSITION
(in thousands)

	As of June 30, 2022	As of June 30, 2021
Assets		
Current assets:		
Cash and cash equivalents on deposit with the University	\$ 1,179,443	\$ 1,434,313
Patient accounts receivable, net of provision for bad debts of \$98,841 in 2022 and \$87,210 in 2021	457,684	421,944
Pledge receivables, net	2,673	2,735
Due from third-party	-	1,237
Other receivables	95,322	155,077
Inventory	69,671	66,044
Prepaid expenses and other current assets	28,062	22,672
Total current assets	<u>1,832,855</u>	<u>2,104,022</u>
Non-current assets:		
Unexpended bond proceeds	460,868	-
Long-term investment pool	430,631	371,134
Other long-term investments	139,956	139,956
Equity method investments	18,439	20,101
Capital assets, net	2,652,498	2,066,142
Net OPEB Asset	189,150	105,185
Long-term lease receivable	84,274	56,413
Long-term pledge receivables, net	5,035	5,133
Long-term receivables and other non-current assets	22,405	24,988
Total non-current assets	<u>4,003,256</u>	<u>2,789,052</u>
Total assets	<u>5,836,111</u>	<u>4,893,074</u>
Deferred outflows:		
Pension	166,579	71,310
OPEB	594	52,097
Other	424	424
Total deferred outflows	<u>167,597</u>	<u>123,831</u>
Total assets and deferred outflows	<u>\$ 6,003,708</u>	<u>\$ 5,016,905</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 351,778	\$ 330,544
Medicare Advance Payment Program	79,601	254,854
Accrued salaries and benefits	71,400	68,747
Current portion of compensated absences	7,227	7,165
Current portion lease liability	2,626	2,732
Third-party payor settlements	21,952	29,387
Current portion of long-term debt	71,287	54,144
Total current liabilities	<u>605,871</u>	<u>747,573</u>
Non-current liabilities:		
Long-term debt less current portion	1,176,527	539,935
Compensated absences less current portion	77,417	83,738
Third-party payor settlements less current portion	87,306	90,402
Long-term lease liability	39,146	41,773
Net pension liability	485,582	834,994
Unearned Revenue	18,564	29,522
Other non-current liabilities	2,621	2,621
Total non-current liabilities	<u>1,887,163</u>	<u>1,622,985</u>
Total liabilities	<u>2,493,034</u>	<u>2,370,558</u>
Deferred inflows:		
Pension	635,653	373,126
OPEB	194,625	319,584
Leases	85,421	59,411
Total deferred inflows	<u>915,699</u>	<u>752,121</u>
Total liabilities and deferred inflows	<u>3,408,733</u>	<u>3,122,679</u>
Net Position		
Net investment in capital assets	1,823,782	1,427,557
Restricted:		
Nonexpendable	7,743	7,690
Expendable	24,131	32,645
Unrestricted	739,319	426,334
Total net position	<u>2,594,975</u>	<u>1,894,226</u>
Total liabilities, deferred inflows, and net position	<u>\$ 6,003,708</u>	<u>\$ 5,016,905</u>

The accompanying notes are an integral part of these financial statements

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(in thousands)**

	Year Ended June 30, 2022	Year Ended June 30, 2021
Operating Revenues		
Net patient service revenue	\$ 3,703,452	\$ 3,540,361
Provision for bad debts	(61,579)	(77,783)
Net patient service revenue less provision for bad debts	<u>3,641,873</u>	<u>3,462,578</u>
Other revenue	543,386	477,532
Total Operating Revenue	<u>4,185,259</u>	<u>3,940,110</u>
Operating Expenses		
Salaries and benefits	1,654,822	1,527,560
Supplies and drugs	1,202,397	1,101,797
Purchased services	481,329	428,023
Depreciation and amortization	191,356	176,212
Pension benefit	(182,154)	(66,358)
OPEB benefit	(157,421)	(612,473)
Other expenses	134,179	128,666
Total Expenses	<u>3,324,508</u>	<u>2,683,427</u>
Operating Income	860,751	1,256,683
Non-Operating (Expenses) Revenues		
Interest expense	(44,173)	(29,508)
(Loss) income from investments	(726)	102,259
Medical Center investments	(190,419)	-
Federal and state stimulus funding	25,336	21,359
Other non-operating revenues	19,214	848
Total Non-Operating (Expenses) Revenues, net	<u>(190,768)</u>	<u>94,958</u>
Income Before Other Changes in Net Position	669,983	1,351,641
Other Changes in Net Position		
Medical Center investments	-	(183,960)
Capital contributions	30,713	19,848
Additions to permanent endowments	53	2,173
Total Other Changes in Net Position	<u>30,766</u>	<u>(161,939)</u>
Increase in Net Position	700,749	1,189,702
Net Position - Beginning of Year		
Beginning of year, as previously reported	1,894,226	702,299
Cumulative effect of accounting change	-	2,225
Beginning of year, as restated	<u>1,894,226</u>	<u>704,524</u>
Net Position - End of Year	<u>\$ 2,594,975</u>	<u>\$ 1,894,226</u>
The accompanying notes are an integral part of these financial statements		

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended June 30, 2022	Year Ended June 30, 2021
Cash flows from Operating Activities:		
Receipts from patients and third-party payors	\$ 3,597,056	\$ 3,389,834
Medicare Advance Payment Program	(175,253)	(20,061)
Other receipts	603,409	360,000
Payments to and on behalf of employees	(1,717,815)	(1,587,265)
Payments to vendors for supplies and services	(1,610,624)	(1,354,503)
Payments on other expenses	<u>(148,181)</u>	<u>(144,233)</u>
Net cash provided by operating activities	<u>548,592</u>	<u>643,772</u>
Cash Flows from Non-Capital Financing Activities:		
Federal and state stimulus funding	25,336	38,206
Medical Center investments	(190,419)	-
Other receipts	19,405	3,365
Net cash (used) provided in non-capital financing activities	<u>(145,678)</u>	<u>41,571</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from issuance of long-term debt	715,395	-
Purchase of capital assets	(777,229)	(504,662)
Repayments of long-term debt and capital lease obligations	(64,392)	(56,160)
Cash paid for interest	(44,173)	(31,496)
Contributions and transfers for property acquisitions	30,788	24,226
Net cash used in capital and related financing activities	<u>(139,611)</u>	<u>(568,092)</u>
Cash Flows from Investing Activities:		
Medical center investments	-	(183,960)
Purchases of investments	(801,216)	(10,179)
Sales of investments	257,445	-
Investment Income, net of related expenses	25,598	23,057
Net cash used in investing activities	<u>(518,173)</u>	<u>(171,082)</u>
Net (Decrease) in Cash and Cash Equivalents	(254,870)	(53,831)
Cash and Cash Equivalents - Beginning of Year	1,434,313	1,488,144
Cash and Cash Equivalents - End of Year	<u>\$ 1,179,443</u>	<u>\$ 1,434,313</u>
Reconciliation of Operating Income to Net Cash Provided in Operating Activities:		
Operating Income	\$ 860,751	\$ 1,256,683
Adjustments to reconcile operating income to net cash provided by operations:		
Pension Benefit	(182,154)	(66,358)
OPEB Benefit	(157,421)	(612,473)
Depreciation and amortization	191,356	176,212
Changes in assets and liabilities:		
Patient accounts receivable, net	(35,740)	(84,180)
Medicare Advance Payment Program	(175,253)	(20,061)
Other receivables	62,498	(115,645)
Equity method investments	1,662	-
Lease receivable	(1,851)	-
Inventory	(3,627)	(9,255)
Prepaid expenses and other assets	(5,390)	10,576
Accounts payable/accrued expenses	17,619	74,191
Accrued salaries and benefits	2,715	(13,342)
Third party payor settlements	(9,295)	8,971
Compensated absences	(6,321)	8,932
Other liabilities	<u>(10,957)</u>	<u>29,521</u>
Net cash provided by operating activities	<u>\$ 548,592</u>	<u>\$ 643,772</u>
Non Cash Transactions		
Unrealized (loss) gain on investments	\$ (26,324)	\$ 78,635
Change in Construction in progress in accounts payable	36,506	(12,100)
The accompanying notes are an integral part of these financial statements.		

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

NOTE 1 – ORGANIZATION

The Ohio State University Wexner Medical Center Health System (the "Health System" or the "System") operates under the governance of The Ohio State University Board of Trustees (the "Board of Trustees"). The Health System is comprised of a series of departments representing the financial activities of University Hospital, East Hospital, Brain and Spine Hospital, Richard M. Ross Heart Hospital, Harding Hospital, Dodd Rehabilitation Hospital, Arthur G. James Cancer Hospital and Richard J. Solove Research Institute and various Ambulatory Clinics and Outreach Sites. As a series of departments of The Ohio State University (the "University"), the Health System is included in the financial statements of the University and is exempt from federal and state income tax as an integral part of the State of Ohio. The University is subject to the unrelated business income tax for activities that are not related to their tax-exempt purposes.

The Health System is an operating unit of The Ohio State University Wexner Medical Center ("OSUWMC") which also includes the College of Medicine, Office of Health Sciences, OSU Physicians ("OSUP"), and the OSU Health Plan.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The preparation of these financial statements is in conformity with generally accepted accounting principles in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB").

The financial statements of the Health System have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when an obligation has been incurred. The Health System reports as a special purpose government entity engaged primarily in business type activities, as defined by GASB. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

New Accounting Pronouncements:

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates (IBOR). Due to global reference rate reform, the London Interbank Offered Rate (LIBOR) is expected to cease to exist at the end of 2021. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The Statement is effective for periods beginning after December 31, 2024.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This Statement addresses P3s and APAs and amends current guidance in GASB 60, Accounting and Financial Reporting for Service Concession Arrangements. In general, the Statement applies the right-of-use model set forth in GASB 87 to P3 arrangements and provides accounting and disclosure guidance for both transferors and operators of governmental assets. The Statement is effective for periods beginning after June 15, 2022 (FY2023).

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement requires recognition of a right-to-use subscription asset, initially measured as the sum of the initial subscription liability amount, payments made to the vendor before commencement of the subscription term, and capitalizable implementation costs. The subscription asset is then amortized over the subscription term. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (FY2023).

In April 2022, the GASB issued Statement No. 99, Omnibus 2022. This Statement includes an extension of the use of LIBOR, clarifies provisions related to the new Statements for leases, public-private partnerships and subscription-based IT arrangements, and the classification and reporting of derivative instruments. The provisions related to LIBOR are effective upon issuance, the provisions related to leases,

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

PPPs and SBITAs are effective for periods beginning after June 15, 2022 (FY2023), and the provisions related to derivatives are effective for periods beginning after June 15, 2023 (FY2024).

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections – an amendment to GASB Statement No. 62. This Statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Statement also provides guidance on related note disclosures and addresses corrections to Required Supplementary Information and Supplementary Information. The Statement is effective for fiscal years beginning after June 15, 2023 (FY2024).

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The Statement is effective for fiscal years beginning after December 15, 2023 (FY2025).

Health System management is currently assessing the impact that implementation of GASB Statements No. 93, 94, 96, 99, 100 and 101 will have on the Health System's financial statements.

Implementation of GASB Statement No. 87

In fiscal year 2022, the Health System implemented GASB Statement No. 87, Leases. This standard establishes accounting and reporting for leases, based on the foundational principle that all leases are financings of the right to use an underlying asset for a period of time. Lessees record a lease asset and corresponding lease liability. Lessors record a lease receivable and a corresponding deferred inflow of resources. The standard provides an exception for short-term leases with a maximum possible term of 12 months or less, where the Health System recognizes expense based on the provisions of the lease contract.

The Health System is a lessee for various noncancellable leases of space within buildings. For those lease arrangements greater than 12 months, the Health System recognizes a lease asset and lease liability. At lease commencement, the Health System initially measures the lease liability at the present value of payments expected to be made during the lease term utilizing a single set of discount rates based on the University's internal bank loan rates as the discount rate. The term begins when the Health System gains access to building. Periods cancelable by both lessor and lessee are excluded from lease term as are periods cancelable by either lessor or lessee if reasonably certain of exercise.

The cumulative effect of adopting GASB Statement No. 87 was a \$64,609 increase in lease asset, a \$19,451 decrease in buildings, and a \$60,983 increase in lease receivable for a \$106,141 increase in total assets and deferred outflows. The adoption also included a \$44,505 increase in lease liability and a \$59,411 increase of deferred inflow for a \$103,916 increase in total liabilities and deferred inflows. Total increase in net position was \$2,225.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions regarding the reported amounts. The most significant areas requiring estimates relate to accounts receivable allowances for contractual adjustments and bad debts, third-party payor settlement liabilities, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs could change by a material amount in the near term.

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

Net Position:

Net Position is categorized as:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets, including lease liabilities.
- Restricted:
 - Nonexpendable – Net position subject to externally-imposed stipulations that they be maintained in perpetuity and invested for the purpose of generating present and future income, which may either be expended or added to the principal by the University for the benefit of the Health System. These assets primarily consist of the Health System’s permanent endowments.
 - Expendable – Net position whose use by the Health System is subject to externally-imposed stipulations that can be fulfilled by actions of the Health System pursuant to those stipulations or that expire by the passage of time.
- Unrestricted: Net position that is not subject to externally-imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

The Health System first applies resources in restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Cash and Cash Equivalents on Deposit with the University:

Cash and cash equivalents of \$1,179,443 at June 30, 2022 and \$1,434,313 at June 30, 2021 consist primarily of petty cash, demand deposit accounts, money market accounts, savings accounts and investments with original maturities of 90 days. Such investments consist primarily of U.S. Government obligations, U.S. Agency obligations, repurchase agreements and money market funds. Health System cash is pooled with other operating units within the University and earns interest income at rates established through the University’s internal bank program.

Patient Accounts Receivable and Estimated Payables to Third-Party Payors:

A substantial portion of the Health System’s revenue is received from governmental payors: Medicare and Medicaid. Payments from these payors are based on a combination of prospectively determined rates and retrospectively settled amounts. Many of the payment calculations require the use of estimates until the cost reports are audited and reach a final settlement. Final settlement of the amount due to the Health System or payable to the payors are subject to the laws and regulations governing the federal and state programs and post-payment audits may result in further adjustments by the payors. Provisions for anticipated adjustments have been made in the financial statements. Certain adjustments and payment rates of third parties in previously settled cost reports are being appealed. Any recoveries are recognized in the financial statements as adjustments to prior year settlements at the time the appeals are resolved.

The Health System also enters into contractual relationships with managed care organizations and other third party payors to provide services to plan beneficiaries. These relationships may include services provided to Medicare beneficiaries under Medicare Advantage programs and to Medicaid beneficiaries under Medicaid Managed Care programs. Many of the agreements with Medicare, Medicaid, and third-party payors provide for payment at amounts different from established prices. A summary of the significant payment arrangements with major third-party payors follows:

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

Medicare:

The Medicare program reimburses the Health System for services provided to its beneficiaries. The Ohio State University Hospital, The Richard M. Ross Heart Hospital, and Ohio State East Hospital reimbursement for inpatient services are based on a prospective payment system (PPS) that utilizes Medicare Severity Diagnostic Related Groups (MS-DRGs). These payment rates vary according to the patient classification system established by the Center for Medicare and Medicaid Services (CMS). OSU Harding is paid under PPS for Medicare Inpatient Psychiatric facilities. Medicare reimburses the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute on a Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) basis, subject to certain reasonable cost limits. Outpatient services for all business units are paid prospectively on pre-determined fee schedules or Ambulatory Payment Classifications (APCs). In addition, the James receives Hold Harmless payments up to a published payment to cost ratio (PCR). The program's share of Graduate Medical Education, Paramedical training, and Solid Organ Transplant costs are reimbursed outside of MS-DRGs on a combination of prospective and cost-based methodologies. Reimbursement for these items is made at a tentative rate with a final settlement determined after submission of annual cost reports by the Health System, and audits thereof, by Medicare.

Medicaid:

Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge based upon All Patient Refined Diagnostic Related Groups (APR-DRGs). These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. This is applicable for every business unit except the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute. Outpatient services are paid prospectively on pre-determined fee schedules except the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute. Inpatient capital costs are paid based on an Ohio Department of Medicaid published hospital specific rate. Effective July 1, 2014, there is no cost report settlement, although Medicaid Cost reports continue to be required.

The Arthur G. James Cancer Hospital and Richard J. Solove Research Institute is reimbursed for inpatient and outpatient beneficiary care at Ohio Department of Medicaid published rates with final cost settlement via cost reports through September 30, 2014. Thereafter, cost settlement no longer applies. The submission of annual cost reports by the Health System, and audits thereof, by Medicaid, determine any settlement amounts. Effective January 1, 2014, new regulations under the Patient Protection and Affordable Care Act allow states to extend coverage to additional eligible enrollees. Medicaid expansion continues to be an effort to secure health insurance coverage for Ohio's working poor.

Other:

The Health System has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basic payment to the Health System under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Settlements:

The Health System has estimated and recorded settlement amounts for all unsettled Medicare and Medicaid cost reports through June 30, 2022. In the opinion of management, adequate provisions have been made for such settlements. The Health System records changes in estimates upon receiving interim or final settlements related to prior year cost reports. The most recent settled cost report for The Ohio State University Hospital for Medicare was for fiscal year ended June 30, 2019 and June 30, 2016 for Medicaid. The most recent settled cost report for the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute for Medicare was fiscal year ended June 30, 2018 and June 30, 2016 for Medicaid.

In addition to cost report settlements, government and managed care payors are increasingly retroactively reviewing claims for medical necessity, inpatient/outpatient status, charge accuracy, documentation, provider-based requirements and non-allowable charges. Annual audits are completed related to HCAP

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

payments. Electronic Health Records payment audits are also being completed by CMS and the Office of the Inspector General (OIG) to assure accuracy of payments in prior years for both Medicare and Medicaid. The Health System reserves include amounts to cover potential recoveries related to these audits.

Contributions and Pledges Receivable:

The University receives pledges and bequests of financial support from corporations, foundations and individuals, including amounts relating to capital expansion and patient care activities of the Health System. Contributions and pledges receivable are recorded as current assets in the Health System's financial statements. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, endowment pledges are not recorded as assets until the related gift is received.

Inventories:

Inventories for the Health System consist primarily of pharmaceutical drugs, operating room supplies, personal protective equipment, and information technology equipment, and are valued at the lower of cost or market, with the cost determined on a FIFO (first-in/ first-out) basis.

Other Long-term Investments:

Other Long-term Investments are funds set aside for future capital improvements, third party settlements, debt repayments and research initiatives. Control of these assets is maintained by the Health System who may, at its discretion, subsequently use the assets for other purposes not related to current operations with Medical Center Board of Directors' approval.

These funds are invested in the Ohio State University investment pool. The Health System receives interest based on rates established by the University's internal bank program.

The University's investment policy authorizes the University to invest non-endowment funds in the following investments:

- Obligations of the US Treasury and other federal agencies and instrumentalities
- Municipal and state bonds
- Certificates of deposit
- Repurchase agreements
- Mutual funds and mutual fund pools
- Money market funds

Other Long-term Investments consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Funds held for capital replacement	\$ 91,925	\$ 91,925
Funds held for debt retirement	28,031	28,031
Funds held for research initiatives	20,000	20,000
Total	\$ 139,956	\$ 139,956

Operating Funds and Endowments in University Long-Term Investment Pool:

Amounts invested in the Ohio State University Long-Term Investment Pool are reported at fair value accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for*

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

External Investment Pools as amended by GASB Statement 72, *Fair value Measurement and Application*. These funds are managed by the Investment Office of the University, which commingles the funds with other University related organizations. Earned investment income by a fund is based on the moving average of its monthly market value percentage to the overall pool.

Endowment Funds:

All University endowments are invested in the University's Long-Term Investment Pool and are invested and administered according to University policy. Certain endowment fund assets, namely funds relating to the Health System capital expansion and patient care activities, have been recorded in the Health System's financial statements based upon the concurrent determination that the underlying activities are to be recorded by the Health System. Each named Health System fund is assigned a number of shares in the University Long-Term Investment Pool based on the value of the gifts, income to principal transfers, or transfers of operating funds to the named fund. Annual distributions from the funds are computed using the share method of accounting for pooled investments. Health System endowment fund assets are included in long term receivables and other assets on the Statement of Net Position, and totaled \$7,743 and \$7,690 at June 30, 2022 and 2021, respectively.

For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Ohio, permits the Board of Trustees to appropriate an amount of realized and unrealized endowment appreciation as deemed prudent. The UPMIFA, as adopted in Ohio, establishes a 5% safe harbor of prudence for funds appropriated for expenditure. Net realized and unrealized appreciation, after the spending rule distributions, is retained in the Long-Term Investment Pool, and the associated net position is generally classified as restricted-expendable.

Equity method investments:

Equity method investments are recorded using the equity method of accounting.

Capital Assets:

Capital assets are long-life assets in the service of the Health System and include land, buildings, improvements, equipment and software. The Health System applies capitalization thresholds for items with a cost of \$5,000 or more and a useful life of at least two years as capital assets. Groups of like items less than \$5,000 individually but exceeding \$5,000 in total may be considered a capital asset when associated with new construction or renovation. Capital asset acquisitions are recorded at cost or at acquisition value at date of donation. Depreciation is recorded on a straight-line basis over the estimated useful life of the assets applying the half-year convention. Assets placed in service prior to July 2021 adopt the month placed in service convention. The life of buildings ranges from 5-40 years, for equipment the range is 2-20 years, and for leasehold improvements the range is 3-16 years. The Health System uses guidelines established by the American Hospital Association to assign estimated useful lives to fixed equipment and inventoried equipment. Interest cost incurred on borrowed funds during the period of construction of capital assets is expensed as a component of the cost of acquiring those assets.

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

Net Patient Service Revenue:

Net Patient service revenue is reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including estimated and retroactive settlements. Net patient service revenue for the years ended June 30, 2022 and 2021 are summarized as follows:

	2022	2021
Total patient service revenue	\$ 11,112,886	\$ 10,777,723
Contractual allowances and other discounts	(7,409,434)	(7,237,362)
Provision for bad debts	(61,579)	(77,783)
Net patient service revenue less provision for bad debts	<u>\$ 3,641,873</u>	<u>\$ 3,462,578</u>

Additionally, net patient service revenue is reported net of contractual allowances and other discounts and excludes provision for bad debts. Net patient service revenue amounts recognized from major payor sources (based on primary payor) for fiscal 2022 and 2021, respectively, are as follows:

Payor	2022		2021	
Medicare	\$1,055,544	28.5%	\$1,006,113	28.4%
Medicaid	553,121	15.0%	532,386	15.0%
Managed Care	2,090,109	56.4%	1,995,953	56.4%
<i>Anthem</i>	707,125		636,140	
<i>United Healthcare</i>	474,790		470,125	
<i>Other</i>	908,194		889,688	
Self Pay	4,678	0.1%	5,909	0.2%
Total	<u>\$3,703,452</u>	<u>100.0%</u>	<u>\$3,540,361</u>	<u>100.0%</u>

Charity Care:

The Health System provides medical care to all patients regardless of their ability to pay. In addition, the Health System provides services intended to benefit the under-served, the uninsured and the under-insured. Because the Health System does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenues or patient accounts receivable.

The total cost of charity care provided is determined using a ratio of costs to gross charges calculation. The total cost of charity care is adjusted by support received under the Health Care Assurance Program (HCAP) to arrive at net cost of charity care. HCAP is administered by the State of Ohio to help hospitals cover a portion of the costs of providing charity care.

The cost of providing charity care for the fiscal years 2022 and 2021 are as follows:

	2022	2021
Total cost of charity care	\$ 55,359	\$ 51,606
Less Health Care Assurance Program support	(15,370)	(468)
Net cost of charity care	<u>\$ 39,989</u>	<u>\$ 51,138</u>

Other Revenue:

Other Revenue is composed of items such as reference labs, cafeteria operations, rental agreements, retail pharmacy operations, Neonatal Intensive Care Unit, and other sources.

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

Estimated Medical Liability Costs:

The Health System recognizes medical liability contributions paid to the University's Self Insurance Program as a period expense. See NOTE 8 - SELF INSURANCE PROGRAM – MEDICAL LIABILITY.

NOTE 3 – COVID-19 AND CARES ACT ASSISTANCE

The Covid-19 pandemic continued to have a significant impact on the results of Health System operations in 2022. The impact had a substantial decrease to inpatient admissions causing a decrease to inpatient hospital revenue. Health System expenses were also significantly impacted due staffing shortages that drove up salary cost related to premium pay and agency spend. The global supply chain challenges caused inflationary pressure with medical supplies and capital project costs.

Health Care Provider Relief Funds:

In response to the impact on the healthcare environment from the coronavirus pandemic, the Coronavirus Aid, Relief, and Economic Security (CARES) Act became law on March 27, 2020. It includes provisions to support healthcare providers and patients in the form of grants, payments for uninsured patients, and changes to Medicare and Medicaid payments, among other types of relief. The CARES Act provided \$100 billion to the Public Health and Social Services Emergency Fund to establish a Provider Relief Fund. In 2020, Health and Human Services (HHS) distributed \$143,301 to the Health System to be used to prevent, prepare for, and respond to Covid-19. These amounts provided to the Health System under CARES Act grant programs were recognized as non-operating revenues in the Statement of Revenues, Expenses and Changes in Net Position as eligibility requirements were met. In 2021 the Health System received and recognized an additional \$22,598 in Provider Relief Funds.

Medicare Advance Payment Program:

The CARES Act expands the Medicare Accelerated and Advance Payment Program. An accelerated or advance payment was intended to provide necessary funds for the disruption in claims submission and/or claims processing. These expedited payments can also be offered in circumstances such as national emergencies or natural disasters to accelerate cash flow to the impacted healthcare providers and suppliers. The Health System received advance payments under this program totaling \$274,915. Amounts provided under the Medicare Accelerated and Advance Payment Program are considered short-term loans and are reported as current liabilities in the Statement of Net Position. As of the end of 2022, CMS has recouped \$195,314 related to the Medicare Accelerated and Advance Payment Program. The remaining balance of \$79,601 will be recouped in fiscal year 2023.

FEMA Public Assistance Program:

The Health System filed a Request for Public Assistance (RPA) with FEMA for costs associated with Emergency Protective Measures in response to Covid-19. Qualifying activities included purchases of PPE, signage and educational materials, reimbursement for nursing overtime labor, purchase of ventilators, as well as standing up testing sites, surge units, and a field hospital for additional hospital capacity. In 2021, FEMA obligated and approved four projects with a total amount of \$15,608. In 2022, FEMA obligated an additional project with a total amount of \$12,134. These amounts provided to the Health System from FEMA were recognized as non-operating revenues in the Statement of Revenues, Expenses and Changes in Net Position as eligibility requirements were met and the FEMA projects were obligated.

NOTE 4 – LONG-TERM INVESTMENT POOL

Since fiscal year 2017, the Health System has transferred a total of \$325,000 to the University, for investment in the University's Long-Term Investment Pool. In addition, certain endowment funds, namely funds relating to the Health System capital expansion and patient care activities, have been recorded in the Health System's financial statements beginning in fiscal year 2012 based upon the concurrent determination that the underlying activities are to be recorded by the Health System.

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

The pool consists of 6,172 Board authorized funds and 202 pending funds. Each named fund in the Long-Term Investment Pool is assigned a number of shares, based on the value of the original gift amounts, income-to-principal transfers or transfers of operating funds to that named fund. The pool is invested in a diversified portfolio of equities, fixed income securities and alternative investment funds. The pool operates with a long-term investment goal of preserving and maintaining the real purchasing power of the principal while allowing for the generation of a predictable stream of annual distribution to support the Health System's mission.

The University holds investments in limited partnerships, such as hedge, private equity, venture capital and other alternative investment funds, which are measured at net asset value provided by the management of these limited partnerships. The purpose of this alternative investment class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes. Investments in these limited partnerships are measured based on the University's proportional share of the net asset value of the total fund. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material.

Annual distributions to named funds in the Long-Term Investment Pool are computed using the share method of accounting for pooled investments. The annual distribution per share is 4.5% of the average market value per share of the Long-Term Investment Pool over the most recent seven-year period.

As of June 30, 2022, the original cost and additions of the Health System's operating investments in the pool was \$372,389 and the market value of the Health System's operating investments in the pool was \$430,631. As of June 30, 2021 the original cost and additions of the Health System's operating investments in the pool was \$286,568 and the market value of the Health System's operating investments in the pool was \$371,134.

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2022 and 2021 is summarized as follows:

	2022			
	Beginning Balance	Additions	Retirements and Reductions	Ending Balance
Capital assets being depreciated:				
Land and Improvements	\$ 222,066	\$ 33,582	\$ -	\$ 255,648
Buildings	1,387,035	100,872	44	1,487,863
Leasehold Improvements	33,690	641	-	34,331
Equipment - Fixed	617,858	50,392	-	668,250
Equipment - Moveable	884,411	111,514	39,513	956,412
Total depreciable assets	3,145,060	297,001	39,557	3,402,504
Less: Accumulated depreciation for				
Land and Improvements	64,511	10,767	-	75,278
Buildings	576,455	68,691	38	645,108
Leasehold Improvements	27,289	1,140	-	28,429
Equipment - Fixed	358,550	25,342	-	383,892
Equipment - Moveable	646,244	80,826	39,373	687,697
Total accumulated depreciation	1,673,049	186,766	39,411	1,820,404
Construction in Progress	529,522	747,360	266,502	1,010,380
Capital assets, net excluding lease assets	\$ 2,001,533	\$ 857,595	\$ 266,648	\$ 2,592,480
Lease assets, net (Note 7)				\$ 60,018
Total capital assets, net as reported in statement of net position				\$ 2,652,498

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

Capital assets placed in service in 2022 totaled \$305,752. The capital assets placed in service additions are primarily from the completion of the new outpatient care ambulatory facility in New Albany, the purchase of the SSCBC building, Information Technology updates, and other facility enhancements.

	2021			
	Beginning Balance	Additions	Retirements and Reductions	Ending Balance
Capital assets being depreciated:				
Land and Improvements	\$ 215,561	6,505	-	\$ 222,066
Buildings	1,200,331	186,704	-	1,387,035
Leasehold Improvements	31,820	1,870	-	33,690
Equipment - Fixed	581,008	36,850	-	617,858
Equipment - Moveable	813,711	71,020	320	884,411
Total depreciable assets	2,842,431	302,949	320	3,145,060
Less: Accumulated depreciation for				
Land and Improvements	54,033	10,478	-	64,511
Buildings	513,670	62,785	-	576,455
Leasehold Improvements	26,021	1,268	-	27,289
Equipment - Fixed	335,747	22,803	-	358,550
Equipment - Moveable	568,050	78,497	303	646,244
Total accumulated depreciation	1,497,521	175,831	303	1,673,049
Construction in progress	332,195	501,494	304,167	529,522
Capital assets, net excluding lease assets	\$ 1,677,105	\$ 628,612	\$ 304,184	\$ 2,001,533
Lease assets, net (Note 7)				\$ 64,609
Total capital assets, net as reported in statement of net position				\$ 2,066,142

Capital assets placed in service in 2021 were \$304,167. The capital assets placed in service additions are primarily from the completion of the new hospital parking garage, the central sterile processing facility, a faculty office building, and operating room expansion at University Hospital East. Other additions include minor facility renovations and medical equipment purchases. The growth in construction in progress is due to costs associated with the new inpatient hospital and regional ambulatory sites, along with other facility renovations.

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

NOTE 6 – LONG-TERM DEBT

Long-term debt activity for the years ended June 30, 2022 and 2021 is summarized as follows:

	2022			
	Beginning Balance	Additions	Reductions	Ending Balance
University Bonds:				
2021, 2.85% through 2052	\$ -	\$ 715,395	\$ 7,417	\$ 707,978
2015, 4.75% through 2031	5,882	-	509	5,373
2013, 4.75% through 2032	312,229	-	22,145	290,084
2010, 4.95% through 2031	201,948	-	17,459	184,489
2008, 3.83%-4.03% through 2029	37,980	-	4,427	33,553
2005, 3.83%-4.03% through 2026	24,293	-	5,460	18,833
2003, 4.32%-4.57% through 2024	7,399	-	3,196	4,203
1999, 5.14% through 2030	3,683	-	382	3,301
Other Financing:				
2016, 1.67% through 2021	221	-	221	-
2016, 2.058% through 2021	345	-	345	-
Mgmt Svc , 4.38% through 2022	99	-	99	-
Total Long Term Obligations	594,079	715,395	61,660	1,247,814
Less Current Portion of Long-Term Debt	54,144	78,803	61,660	71,287
Net Long Term Debt	\$ 539,935	\$ 636,592	\$ -	\$ 1,176,527
	2021			
	Beginning Balance	Additions	Reductions	Ending Balance
University Bonds:				
2015, 4.75% through 2031	\$ 6,366	\$ -	\$ 484	\$ 5,882
2013, 4.75% through 2032	333,349	-	21,120	312,229
2010, 4.95% through 2031	218,566	-	16,618	201,948
2008, 3.83%-4.03% through 2029	42,233	-	4,253	37,980
2005, 3.83%-4.03% through 2026	29,535	-	5,242	24,293
2003, 4.32%-4.57% through 2024	10,456	-	3,057	7,399
1999, 5.14% through 2030	4,054	-	371	3,683
Other Financing:				
2016, 1.67% through 2021	1,092	-	871	221
2016, 2.058% through 2021	796	-	451	345
Mgmt Svc , 4.38% through 2022	289	-	190	99
2013, 4.50% through 2021	286	-	286	-
2010, 3.65%-5.84% through 2021	430	-	430	-
Total Long Term Obligations	647,452	-	53,373	594,079
Less Current Portion of Long-Term Debt	53,182	54,144	53,182	54,144
Net Long Term Debt	\$ 594,270	\$ (54,144)	\$ 191	\$ 539,935

University Bonds

The amounts disclosed in the table above as University Bonds represent funds borrowed from the University by the Health System. The amounts borrowed relate to bonds issued by the University, whereby the related proceeds from the bonds have been borrowed by the Health System to finance various capital projects. The interest rates and repayment terms of the funds borrowed by the Health System are subject to the agreement between the University and the Health System.

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

The University issued general receipts bonds in 2022 and the Health System borrowed an additional \$715,395 from the University. The \$715,395 addition to debt from the University is currently funding the construction of the new inpatient hospital. The 1.9 million-square-foot inpatient hospital is the largest single facilities project ever undertaken at Ohio State with up to 820 beds in private-room settings to elevate patient-centered care, safety and training for the next generation of health care providers.

Scheduled principal and interest payments on long-term debt based on scheduled maturities for the next five years and in subsequent five year periods are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	71,287	44,443	115,730
2024	71,763	41,362	113,125
2025	73,997	38,255	112,252
2026	71,859	35,095	106,954
2027	73,920	31,969	105,889
2028-2032	349,840	111,225	461,065
2033-2037	106,711	68,962	175,673
2038-2042	123,034	52,640	175,674
2043-2047	141,853	33,821	175,674
2048-2052	163,550	12,123	175,673
	\$ 1,247,814	\$ 469,895	\$ 1,717,709

NOTE 7 – LEASES

Health System as Lessee

The Health System is a lessee for various noncancellable leases of real estate. Lease assets are reported with capital assets and lease liabilities are reported separately in the Statement of Net Position.

Lease asset activity for year ended June 30, 2022 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Lease assets:				
Real estate	\$ 69,180	\$ -	\$ 18	\$ 69,162
Total lease assets	69,180	-	18	69,162
Less accumulated amortization:				
Real estate	4,571	4,591	18	9,144
Total accumulated amortization	4,571	4,591	18	9,144
Total lease assets, net	\$ 64,609	\$ (4,591)	-	\$ 60,018

Lease asset activity for year ended June 30, 2021 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Lease assets:				
Real estate	\$ 66,294	\$ 2,886	\$ -	\$ 69,180
Total lease assets	66,294	2,886	-	69,180
Less accumulated amortization:				
Real estate	-	4,571	-	4,571
Total accumulated amortization	-	4,571	-	4,571
Total lease assets, net	\$ 66,294	\$ (1,685)	\$ -	\$ 64,609

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

Lease liability activity for the year ended June 30, 2022 is summarized as follows:

Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
\$ 44,505	-	\$ -	\$ 2,733	\$ 41,772	\$ 2,626

Lease liability activity for the year ended June 30, 2021 is summarized as follows:

Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
\$ 44,406	\$ 2,893	\$ -	\$ 2,794	\$ 44,505	\$ 2,732

Future annual lease payments for the Health System are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2023	\$ 2,626	\$ 1,800	\$ 4,426
2024	2,456	1,702	4,158
2025	2,483	1,605	4,088
2026	2,110	1,511	3,621
2027	2,201	1,418	3,619
2028-2032	9,177	5,762	14,939
2033-2037	7,254	3,943	11,197
2038-2042	3,218	2,813	6,031
2043-2047	4,079	1,953	6,032
2048-2052	3,909	940	4,849
2053-2057	2,259	174	2,433
	<u>\$ 41,772</u>	<u>\$ 23,621</u>	<u>\$ 65,393</u>

Health System as Lessor

The Health System is lessor for various noncancellable leases of real estate. Lease-related revenues recognized by the Health System for the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Lease revenue	\$ 8,185	\$ 6,225
Interest revenue	3,791	2,366
	<u>\$ 11,976</u>	<u>\$ 8,591</u>

NOTE 8 - SELF INSURANCE PROGRAM – MEDICAL LIABILITY

On July 1, 2003, the Health System joined with Ohio State University Physicians, Inc., a component unit of The Ohio State University, to establish a self-insurance fund for professional and patient general liability claims (Fund II). The fund covers the hospitals as well as the employed physicians of Ohio State University Physicians, Inc. and its Single Member Limited Liability Companies and their Sub Limited Liability Companies created prior to July 1, 2013. Previous to July 1, 2003, the Health System was self-insured through the University's established self-insurance fund for professional and patient general liability (Fund I). The assets and liabilities of both funds are included in the University's financial statements but are not

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

included in the Health System financial statements, as a result of the retained risk being held by the University. The estimated liability and the related contributions are based upon an independent actuarial determination as of June 30, 2022. The medical liability contribution expense is recorded as period expense for the Health System. There was no medical liability contribution expense for fiscal years 2022 and 2021. The University has also established a pure captive insurer (Oval Limited) that provides excess liability coverage over Fund I and Fund II. Both funds retain \$4,000 per loss event with various annual aggregate limits and a \$2,000 buffer layer in excess of this retention. Effective July 1, 2021, Oval Limited provides coverage with limits of \$85,000 per loss event and in the aggregate. The risk written for fiscal years 2022 and 2021 are fully reinsured by a combination of reinsurance companies each of which has a minimum A.M and a best rating of A.

Oval Limited assets and liabilities are included in the University's financial statements but are not included in the Health System financial statements, as a result of the retained risk being held by the University. Annual contributions from the Health System are recorded as period expense. There were no contributions to Oval in fiscal years 2022 and 2021.

There has not been a settlement in the past two fiscal years which exceeded the combined limits provided by Fund I or Fund II and Oval Limited. The Health System has not made any additional contributions in the last two years beyond its actuarially determined and Self Insurance Board approved funding levels.

NOTE 9 - RETIREMENT PLANS

Health System employees are covered by one of three retirement systems. Health System faculty are covered by the State Teachers Retirement System of Ohio (STRS Ohio). Substantially all other employees are covered by the Public Employees Retirement System of Ohio (OPERS). Employees may opt out of STRS Ohio and OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

STRS Ohio and OPERS offer statewide cost-sharing multiple-employer defined benefit pension plans. STRS Ohio and OPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. In addition, the retirement systems provide other post-employment benefits (OPEB), consisting primarily of healthcare. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors.

In accordance with GASB Statements Nos. 68 and 75, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension and OPEB liabilities of the plans. Although changes in the net pension and OPEB liabilities generally are recognized as expense in the current period, certain items are deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 10 years).

The collective net pension liabilities of the retirement systems and the Health System's proportionate share of these liabilities as of June 30, 2022 are as follows:

	STRS-Ohio	OPERS	Total
Net pension liability - all employers	\$ 12,785,899	\$ 8,288,243	
Proportion of the net pension liability - Health System	0.022%	5.824%	
Proportionate share of net pension liability	\$ 2,848	\$ 482,734	\$ 485,582

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

The collective net OPEB liabilities of the retirement systems and the Health System's proportionate share of these liabilities as of June 30, 2022 are as follows:

	<u>STRS-Ohio</u>	<u>OPERS</u>	<u>Total</u>
Net OPEB (asset) - all employers	\$ (2,108,418)	\$ (3,132,153)	
Proportion of the net OPEB (asset) - Health System	0.022%	6.024%	
Proportionate share of net OPEB (asset)	\$ (470)	\$ (188,680)	\$ (189,150)

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2022:

	<u>STRS-Ohio</u>	<u>OPERS</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 88	\$ 27,721	\$ 27,809
Changes in assumptions	790	65,992	66,782
Changes in proportion of university contributions	11	1,267	1,278
Employer contributions subsequent to the measurement date	405	70,305	70,710
Total	\$ 1,294	\$ 165,285	\$ 166,579

Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 18	\$ 14,689	\$ 14,707
Net difference between projected and actual earnings on pension plan investments	2,455	618,452	620,907
Changes in proportion of university contributions	\$ -	\$ 39	39
Total	\$ 2,473	\$ 633,180	\$ 635,653

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2022:

	<u>STRS-Ohio</u>	<u>OPERS</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 17	\$ -	\$ 17
Changes in assumptions	30	-	30
Changes in proportion of university contributions	-	547	547
Total	\$ 47	\$ 547	\$ 594

Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 86	\$ 28,453	\$ 28,539
Changes in assumptions	280	75,937	76,217
Net difference between projected and actual earnings on OPEB plan investments	131	89,738	89,869
Total	\$ 497	\$ 194,128	\$ 194,625

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

Amounts reported as deferred outflows of resources related to pensions resulting from Health System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

	STRS-Ohio	OPERS	Total
2023	(394)	(84,493)	(84,887)
2024	(340)	(209,849)	(210,189)
2025	(367)	(145,394)	(145,761)
2026	(483)	(98,699)	(99,182)
2027	-	(35)	(35)
2028 and Thereafter	-	270	270
Total	\$ (1,584)	\$ (538,200)	\$ (539,784)

Net deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense during the years ending June 30 as follows:

	STRS-Ohio	OPERS	Total
2023	(125)	(119,849)	(119,974)
2024	(123)	(41,204)	(41,327)
2025	(121)	(19,610)	(19,731)
2026	(58)	(12,918)	(12,976)
2027	(22)	-	(22)
2028 and Thereafter	(1)	-	(1)
Total	\$ (450)	\$ (193,581)	\$ (194,031)

The following table provides additional details on the benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension and OPEB liabilities for the retirement systems (information below applies to both pensions and OPEB unless otherwise indicated).

	STRS-Ohio	OPERS
Statutory Authority	Ohio Revised Code Chapter 3307	Ohio Revised Code Chapter 145
Benefit Formula	<p>Pensions - The annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until Aug. 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until Aug. 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.</p>	<p>Pensions -- Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a</p>

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

STRS-Ohio	OPERS
<p>OPEB – STRS Ohio provides access to health care coverage for eligible retirees who participated in the Defined Benefit or Combined Plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Benefit recipients contributed \$254.0 million or 58% of the total health care costs in fiscal 2021 (excluding deductibles, coinsurance and copayments).</p> <p>Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage. For the year ended June 30, 2021, STRS Ohio received \$96.5 million in Medicare Part D reimbursements.</p>	<p>member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.</p> <p>The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.</p> <p>OPEB – The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees included hospitalization, medical expenses and prescription drugs through December 31, 2021. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempted to control costs by using managed care, case management, and other programs. Effective January 1, 2022, eligible non-Medicare retirees are part of a Connector program, similar to Medicare-enrolled retirees. Additional details on health care coverage can be found in the Plan Statement in the annual report.</p> <p>OPERS no longer participates in the Medicare Part D program as of December 31, 2016.</p>

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

	STRS-Ohio	OPERS
Cost-of-Living Adjustments (COLAs)	Effective July 1, 2017, the COLA was reduced to 0%.	Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, current law provides for an annual COLA. The COLA is calculated on the member's base pension benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a COLA on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, current law provides for a 3% COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.
Contribution Rates	Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll. Under Ohio law, funds to pay health care costs may be deducted from employer contributions. For the year ended June 30, 2021, no employer allocation was made to the health care fund.	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2019, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).
Measurement Date	June 30, 2021	December 31, 2021 (OPEB is rolled forward from December 31, 2020 actuarial valuation date)
Actuarial Assumptions	Valuation Date: June 30, 2021 for pensions and OPEB Actuarial Cost Method: Individual entry age Investment Rate of Return: 7.00% Inflation: 2.50% Projected Salary Increases: 12.50% at age 20 to 2.50% at age 65 Cost-of-Living Adjustments: 0% effective July 1, 2017 Payroll Increases: 3.00% Health Care Cost Trends: 5.00% to 29.98% initial; 4% ultimate	Valuation Date: December 31, 2021 for pensions; December 31, 2020 for OPEB Actuarial Cost Method: Individual entry age Investment Rate of Return: 6.9% for pensions; 6.0% for OPEB Inflation: 2.75% Projected Salary Increases: 2.75% - 10.75% Cost-of-Living Adjustments: Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 3.00% Simple through 2022, then 2.05% Simple Health Care Cost Trends: 5.50% initial; 3.50% ultimate in 2034
Mortality Rates	Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality	Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
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	STRS-Ohio	OPERS																																																																											
	improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.	are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.																																																																											
Date of Last Experience Study	June 30, 2016	December 31, 2020																																																																											
Investment Return Assumptions	<p>The 10 year expected real rate of return on defined benefit pension and health care plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and long-term expected real rate of return for each major asset class are summarized as follows:</p> <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Target Allocation</th> <th>Long Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Domestic Equity</td> <td>28.0%</td> <td>7.35%</td> </tr> <tr> <td>International Equity</td> <td>23.0%</td> <td>7.55%</td> </tr> <tr> <td>Alternatives</td> <td>17.0%</td> <td>7.09%</td> </tr> <tr> <td>Fixed Income</td> <td>21.0%</td> <td>3.00%</td> </tr> <tr> <td>Real Estate</td> <td>10.0%</td> <td>6.00%</td> </tr> <tr> <td>Liquidity Reserves</td> <td>1.0%</td> <td>2.25%</td> </tr> <tr> <td>Total</td> <td>100%</td> <td></td> </tr> </tbody> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Domestic Equity	28.0%	7.35%	International Equity	23.0%	7.55%	Alternatives	17.0%	7.09%	Fixed Income	21.0%	3.00%	Real Estate	10.0%	6.00%	Liquidity Reserves	1.0%	2.25%	Total	100%		<p>The long term expected rates of return on defined benefit pension and health care investment assets were determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.</p> <p>The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2021 and the long-term expected real rates of return:</p> <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Target Allocation</th> <th>Long Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td>24.0%</td> <td>1.03%</td> </tr> <tr> <td>Domestic Equities</td> <td>21.0%</td> <td>3.78%</td> </tr> <tr> <td>Real Estate</td> <td>11.0%</td> <td>3.66%</td> </tr> <tr> <td>Private Equity</td> <td>12.0%</td> <td>7.43%</td> </tr> <tr> <td>International Equities</td> <td>23.0%</td> <td>4.88%</td> </tr> <tr> <td>Risk Parity</td> <td>5.0%</td> <td>2.92%</td> </tr> <tr> <td>Other Investments</td> <td>4.0%</td> <td>2.85%</td> </tr> <tr> <td>Total</td> <td>100.0%</td> <td></td> </tr> </tbody> </table> <p>* Returns presented as geometric means</p> <p>The following table displays the Board-approved asset allocation policy for health care assets for 2021 and the long-term expected real rates of return:</p> <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Target Allocation</th> <th>Long Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td>34.0%</td> <td>0.91%</td> </tr> <tr> <td>Domestic Equities</td> <td>25.0%</td> <td>3.78%</td> </tr> <tr> <td>REITs</td> <td>7.0%</td> <td>3.71%</td> </tr> <tr> <td>International Equities</td> <td>25.0%</td> <td>4.88%</td> </tr> <tr> <td>Risk Parity</td> <td>2.0%</td> <td>2.92%</td> </tr> <tr> <td>Other Investments</td> <td>7.0%</td> <td>1.93%</td> </tr> <tr> <td>Total</td> <td>100.0%</td> <td></td> </tr> </tbody> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	24.0%	1.03%	Domestic Equities	21.0%	3.78%	Real Estate	11.0%	3.66%	Private Equity	12.0%	7.43%	International Equities	23.0%	4.88%	Risk Parity	5.0%	2.92%	Other Investments	4.0%	2.85%	Total	100.0%		Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	34.0%	0.91%	Domestic Equities	25.0%	3.78%	REITs	7.0%	3.71%	International Equities	25.0%	4.88%	Risk Parity	2.0%	2.92%	Other Investments	7.0%	1.93%	Total	100.0%	
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THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

	STRS-Ohio	OPERS
Discount Rate	<p>Pensions -- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.</p> <p>OPEB -- The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.</p>	<p>Pensions -- The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</p> <p>OPEB -- A single discount rate of 6.00% was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.</p>

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

	STRS-Ohio	OPERS												
Changes in Assumptions Since the Prior Measurement Date	<p>Pensions – The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.</p> <p>OPEB -- The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.</p>	<p>Pensions – The discount rate was adjusted to 6.90% from 7.20% for the December 31, 2021 valuation.</p> <p>OPEB – There were no changes in assumptions since the prior measurement date of December 31, 2019.</p>												
Benefit Term Changes Since the Prior Measurement Date	<p>Pensions – There were no changes in benefit terms since the prior measurement date of June 30, 2020.</p> <p>OPEB -- The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.</p>	<p>Pensions – There were no changes in benefit terms since the prior measurement date of December 31, 2020.</p> <p>OPEB – On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.</p>												
Sensitivity of Net Pension Liability to Changes in Discount Rate	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">1% Decrease (6.00%)</th> <th style="text-align: center;">Current Rate (7.00%)</th> <th style="text-align: center;">1% Increase (8.00%)</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$ 5,334</td> <td style="text-align: right;">\$ 2,848</td> <td style="text-align: right;">\$ 748</td> </tr> </tbody> </table>	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)	\$ 5,334	\$ 2,848	\$ 748	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">1% Decrease (5.90%)</th> <th style="text-align: center;">Current Rate (6.90%)</th> <th style="text-align: center;">1% Increase (7.90%)</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$ 1,318,024</td> <td style="text-align: right;">\$ 482,734</td> <td style="text-align: right;">\$ (212,012)</td> </tr> </tbody> </table>	1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)	\$ 1,318,024	\$ 482,734	\$ (212,012)
1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)												
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1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)												
\$ 1,318,024	\$ 482,734	\$ (212,012)												
Sensitivity of Net OPEB Liability (Asset) to Changes in Discount Rate	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">1% Decrease (6.00%)</th> <th style="text-align: center;">Current Rate (7.00%)</th> <th style="text-align: center;">1% Increase (8.00%)</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$ (396)</td> <td style="text-align: right;">\$ (470)</td> <td style="text-align: right;">\$ (531)</td> </tr> </tbody> </table>	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)	\$ (396)	\$ (470)	\$ (531)	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">1% Decrease (5.00%)</th> <th style="text-align: center;">Current Rate (6.00%)</th> <th style="text-align: center;">1% Increase (7.00%)</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$ (110,967)</td> <td style="text-align: right;">\$ (188,680)</td> <td style="text-align: right;">\$ (253,200)</td> </tr> </tbody> </table>	1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)	\$ (110,967)	\$ (188,680)	\$ (253,200)
1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)												
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Sensitivity of Net OPEB Liability (Asset) to Changes in Medical Trend Rate	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">1% Decrease in Trend Rate</th> <th style="text-align: center;">Current Trend Rate</th> <th style="text-align: center;">1% Increase in Trend Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$ (528)</td> <td style="text-align: right;">\$ (470)</td> <td style="text-align: right;">\$ (397)</td> </tr> </tbody> </table>	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	\$ (528)	\$ (470)	\$ (397)	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">1% Decrease in Trend Rate</th> <th style="text-align: center;">Current Trend Rate</th> <th style="text-align: center;">1% Increase in Trend Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$ (190,728)</td> <td style="text-align: right;">\$ (188,680)</td> <td style="text-align: right;">\$ (186,270)</td> </tr> </tbody> </table>	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	\$ (190,728)	\$ (188,680)	\$ (186,270)
1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate												
\$ (528)	\$ (470)	\$ (397)												
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\$ (190,728)	\$ (188,680)	\$ (186,270)												

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

The collective net pension liabilities of the retirement system's and the Health System's proportionate share of these net pension liabilities as of June 30, 2021 are as follows:

	<u>STRS-Ohio</u>	<u>OPERS</u>	<u>Total</u>
Net pension liability - all employers	\$ 24,196,442	\$ 14,500,930	
Proportion of the net pension liability - Health System	0.016%	5.731%	
Proportionate share of net pension liability	\$ 3,912	\$ 831,082	\$ 834,994

The collective net OPEB liabilities of the retirement systems and the Health System's proportionate share of these liabilities as of June 30, 2021 are as follows:

	<u>STRS-Ohio</u>	<u>OPERS</u>	<u>Total</u>
Net OPEB (asset) - all employers	\$ (1,757,498)	\$ (1,781,580)	
Proportion of the net OPEB (asset) - Health System	0.016%	5.888%	
Proportionate share of net OPEB (asset)	\$ (284)	\$ (104,901)	\$ (105,185)

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2021:

	<u>STRS-Ohio</u>	<u>OPERS</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 9	\$ 873	\$ 882
Changes in assumptions	210	1,424	1,634
Net difference between projected and actual earnings on pension plan investments	190	-	190
Changes in proportion of university contributions	6	2,673	2,679
Employer contributions subsequent to the measurement date	290	65,634	65,924
Total	\$ 705	\$ 70,605	\$ 71,310
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 25	\$ 39,942	\$ 39,967
Net difference between projected and actual earnings on pension plan investments	-	333,147	333,147
Changes in proportion of university contributions	\$ -	\$ 12	12
Total	\$ 25	\$ 373,101	\$ 373,126

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2021:

	STRS-Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 18	\$ -	\$ 18
Changes in assumptions	5	50,363	50,368
Net difference between projected and actual earnings on OPEB plan investments	10	-	10
Changes in proportion of university contributions	-	1,700	1,700
Total	\$ 33	\$ 52,063	\$ 52,096

Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 57	\$ 93,972	\$ 94,029
Changes in assumptions	270	169,972	170,242
Net difference between projected and actual earnings on OPEB plan investments	-	55,314	55,314
Total	\$ 327	\$ 319,258	\$ 319,585

Amounts reported as deferred outflows of resources related to pensions resulting from Health System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

	STRS-Ohio	OPERS	Total
2022	131	(135,666)	(135,535)
2023	66	(50,329)	(50,263)
2024	107	(135,368)	(135,261)
2025	87	(46,193)	(46,106)
2026	-	(253)	(253)
2027 and Thereafter	-	(322)	(322)
Total	\$ 391	\$ (368,131)	\$ (367,740)

Net deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense during the years ending June 30 as follows:

	STRS-Ohio	OPERS	Total
2022	(74)	(139,098)	(139,172)
2023	(66)	(97,648)	(97,714)
2024	(63)	(23,865)	(23,928)
2025	(62)	(6,583)	(6,645)
2026	(15)	-	(15)
2027 and Thereafter	(15)	-	(15)
Total	\$ (295)	\$ (267,194)	\$ (267,489)

The following table provides additional details on the benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension and OPEB liabilities for the retirement

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)**

systems for the year ended June 30, 2021 (information below applies to both pensions and OPEB unless otherwise indicated).

	STRS-Ohio	OPERS
Statutory Authority	Ohio Revised Code Chapter 3307	Ohio Revised Code Chapter 145
Benefit Formula	<p>Pensions -- The annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until Aug. 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until Aug. 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.</p> <p>OPEB – STRS Ohio provides access to health care coverage for eligible retirees who participated in the Defined Benefit or Combined Plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and reimbursement of a portion of the monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Benefit recipients contributed \$295.8 million or 60% of the total health care costs in fiscal 2020 (excluding deductibles, coinsurance and copayments).</p> <p>Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage</p>	<p>Pensions -- Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.</p> <p>The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.</p> <p>OPEB – The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be</p>

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

	STRS-Ohio	OPERS
	<p>since all eligible STRS Ohio health care plans include creditable prescription drug coverage.</p> <p>For the year ended June 30, 2020, STRS Ohio received \$81.9 million in Medicare Part D reimbursements.</p>	<p>used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional details on health care coverage can be found in the Plan Statement in the OPERS 2020 CAFR.</p> <p>OPERS no longer participates in the Medicare Part D program as of December 31, 2016.</p>
Cost-of-Living Adjustments (COLAs)	<p>Effective July 1, 2017, the COLA was reduced to 0%.</p>	<p>Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, current law provides for an annual COLA. The COLA is calculated on the member's base pension benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a COLA on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, current law provides for a 3% COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.</p>
Contribution Rates	<p>Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll. Under Ohio law, funds to pay health care costs may be deducted from employer contributions. For the year ended June 30, 2020, no employer allocation was made to the health care fund.</p>	<p>Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2019, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).</p>
Measurement Date	<p>June 30, 2020</p>	<p>December 31, 2020 (OPEB is rolled forward from December 31, 2019 actuarial valuation date)</p>

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)**

	STRS-Ohio	OPERS
Actuarial Assumptions	<p>Valuation Date: June 30, 2020 for pensions and OPEB Actuarial Cost Method: Individual entry age Investment Rate of Return: 7.45% Inflation: 2.50% Projected Salary Increases: 12.50% at age 20 to 2.50% at age 65 Cost-of-Living Adjustments: 0% effective July 1, 2017 Payroll Increases: 3.00% Health Care Cost Trends: 5.00% to 11.87% initial; 4% ultimate</p>	<p>Valuation Date: December 31, 2020 for pensions; December 31, 2019 for OPEB Actuarial Cost Method: Individual entry age Investment Rate of Return: 7.2% for pensions; 6.0% for OPEB Inflation: 3.25% Projected Salary Increases: 3.25% - 10.75% Cost-of-Living Adjustments: Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 0.50% Simple through 2021, then 2.15% Simple Health Care Cost Trends: 8.50% initial; 3.50% ultimate in 2035</p>
Mortality Rates	<p>Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.</p>	<p>Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.</p>
Date of Last Experience Study	June 30, 2016	December 31, 2015

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)**

	STRS-Ohio	OPERS																																																																					
Investment Return Assumptions	<p>The 10 year expected real rate of return on defined benefit pension and health care plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and long-term expected real rate of return for each major asset class are summarized as follows:</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Asset Class</th> <th style="text-align: center; border-bottom: 1px solid black;">Target Allocation</th> <th style="text-align: center; border-bottom: 1px solid black;">Long Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Domestic Equity</td> <td style="text-align: center;">28.0%</td> <td style="text-align: center;">7.35%</td> </tr> <tr> <td>International Equity</td> <td style="text-align: center;">23.0%</td> <td style="text-align: center;">7.55%</td> </tr> <tr> <td>Alternatives</td> <td style="text-align: center;">17.0%</td> <td style="text-align: center;">7.09%</td> </tr> <tr> <td>Fixed Income</td> <td style="text-align: center;">21.0%</td> <td style="text-align: center;">3.00%</td> </tr> <tr> <td>Real Estate</td> <td style="text-align: center;">10.0%</td> <td style="text-align: center;">6.00%</td> </tr> <tr> <td>Liquidity Reserves</td> <td style="text-align: center;">1.0%</td> <td style="text-align: center;">2.25%</td> </tr> <tr> <td>Total</td> <td style="text-align: center; border-top: 1px solid black;">100%</td> <td></td> </tr> </tbody> </table> <p style="font-size: small;">* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Domestic Equity	28.0%	7.35%	International Equity	23.0%	7.55%	Alternatives	17.0%	7.09%	Fixed Income	21.0%	3.00%	Real Estate	10.0%	6.00%	Liquidity Reserves	1.0%	2.25%	Total	100%		<p>The long term expected rates of return on defined benefit pension and health care investment assets were determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.</p> <p>The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2020 and the long-term expected real rates of return:</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Asset Class</th> <th style="text-align: center; border-bottom: 1px solid black;">Target Allocation</th> <th style="text-align: center; border-bottom: 1px solid black;">Long Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td style="text-align: center;">25.0%</td> <td style="text-align: center;">1.32%</td> </tr> <tr> <td>Domestic Equity</td> <td style="text-align: center;">21.0%</td> <td style="text-align: center;">5.64%</td> </tr> <tr> <td>Real Estate</td> <td style="text-align: center;">10.0%</td> <td style="text-align: center;">5.39%</td> </tr> <tr> <td>Private Equity</td> <td style="text-align: center;">12.0%</td> <td style="text-align: center;">10.42%</td> </tr> <tr> <td>International Equity</td> <td style="text-align: center;">23.0%</td> <td style="text-align: center;">7.36%</td> </tr> <tr> <td>Other Investments</td> <td style="text-align: center;">9.0%</td> <td style="text-align: center;">4.75%</td> </tr> <tr> <td>Total</td> <td style="text-align: center; border-top: 1px solid black;">100.0%</td> <td></td> </tr> </tbody> </table> <p style="font-size: small;">* Returns presented as arithmetic means</p> <p>The following table displays the Board-approved asset allocation policy for health care assets for 2020 and the long-term expected real rates of return:</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Asset Class</th> <th style="text-align: center; border-bottom: 1px solid black;">Target Allocation</th> <th style="text-align: center; border-bottom: 1px solid black;">Long Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td style="text-align: center;">34.0%</td> <td style="text-align: center;">1.07%</td> </tr> <tr> <td>Domestic Equities</td> <td style="text-align: center;">25.0%</td> <td style="text-align: center;">5.64%</td> </tr> <tr> <td>REITs</td> <td style="text-align: center;">7.0%</td> <td style="text-align: center;">6.48%</td> </tr> <tr> <td>International Equities</td> <td style="text-align: center;">25.0%</td> <td style="text-align: center;">7.36%</td> </tr> <tr> <td>Other Investments</td> <td style="text-align: center;">9.0%</td> <td style="text-align: center;">4.02%</td> </tr> <tr> <td>Total</td> <td style="text-align: center; border-top: 1px solid black;">100.0%</td> <td></td> </tr> </tbody> </table> <p style="font-size: small;">* Returns presented as arithmetic means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	25.0%	1.32%	Domestic Equity	21.0%	5.64%	Real Estate	10.0%	5.39%	Private Equity	12.0%	10.42%	International Equity	23.0%	7.36%	Other Investments	9.0%	4.75%	Total	100.0%		Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	34.0%	1.07%	Domestic Equities	25.0%	5.64%	REITs	7.0%	6.48%	International Equities	25.0%	7.36%	Other Investments	9.0%	4.02%	Total	100.0%	
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THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

	STRS-Ohio	OPERS
Discount Rate	<p>Pensions -- The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.</p> <p>OPEB -- The discount rate used to measure the total OPEB liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2020.</p>	<p>Pensions -- The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</p> <p>OPEB -- A single discount rate of 6.00% was used to measure the OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.</p>

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
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	STRS-Ohio	OPERS												
Changes in Assumptions Since the Prior Measurement Date	<p>Pensions – There were no changes in assumptions since the prior measurement date of June 30, 2019.</p> <p>OPEB -- There were no changes in assumptions since the prior measurement date of June 30, 2019.</p>	<p>Pensions – There were no changes in assumptions since the prior measurement date of December 31, 2019.</p> <p>OPEB -- The discount rate was increased from 3.16% to 6.00% based on the methodology defined under GASB Statement No. 74, <i>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)</i>.</p>												
Benefit Term Changes Since the Prior Measurement Date	<p>Pensions – There were no changes in benefit terms since the prior measurement date of June 30, 2019.</p> <p>OPEB -- The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.</p>	<p>Pensions – There were no changes in benefit terms since the prior measurement date of December 31, 2019.</p> <p>OPEB – On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.</p>												
Sensitivity of Net Pension Liability to Changes in Discount Rate	<table border="1"> <thead> <tr> <th>1% Decrease (6.45%)</th> <th>Current Rate (7.45%)</th> <th>1% Increase (8.45%)</th> </tr> </thead> <tbody> <tr> <td>\$ 5,570</td> <td>\$ 3,912</td> <td>\$ 2,507</td> </tr> </tbody> </table>	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)	\$ 5,570	\$ 3,912	\$ 2,507	<table border="1"> <thead> <tr> <th>1% Decrease (6.2%)</th> <th>Current Rate (7.2%)</th> <th>1% Increase (8.2%)</th> </tr> </thead> <tbody> <tr> <td>\$ 1,606,399</td> <td>\$ 831,082</td> <td>\$ 186,837</td> </tr> </tbody> </table>	1% Decrease (6.2%)	Current Rate (7.2%)	1% Increase (8.2%)	\$ 1,606,399	\$ 831,082	\$ 186,837
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THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

Defined Contribution Plans

ARP is a defined contribution pension plan. Full-time administrative and professional staff and faculty may choose enrollment in ARP in lieu of OPERS or STRS Ohio. Classified civil service employees hired on or after August 1, 2005 are also eligible to participate in ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

OPERS also offers a defined contribution plan, the Member-Directed Plan (MD). The MD plan does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

STRS Ohio also offers a defined contribution plan in addition to its long established defined benefit plan. All employee contributions and employer contributions at a rate of 9.53% are placed in an investment account directed by the employee. Disability benefits are limited to the employee's account balance. Employees electing the defined contribution plan receive no post-retirement health care benefits.

Combined Plans

STRS Ohio offers a combined plan with features of both a defined contribution plan and a defined benefit plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits.

OPERS also offers a combined plan. This is a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits. OPERS provides retirement, disability, survivor and post-retirement health benefits to qualifying members of the combined plan.

Summary of Employer Pension and OPEB Expense

For the years ended June 30, 2022 and 2021, the Health System recognized pension and OPEB benefit of \$189,012 and \$531,478 respectively.

Pension and OPEB expenses are allocated to institutional functions on the Statement of Revenues, Expenses and Other Changes in Net Position.

Both STRS Ohio and OPERS issue separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the two organizations.

STRS Ohio
275 East Broad Street
Columbus, OH 43215-3371
(614) 227-4090
(888) 227-7877
www.strsoh.org

OPERS
277 East Town Street
Columbus, OH 43215-4642
(614) 222-5601
(800) 222-7377
www.opers.org/investments/cafr.shtml

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

NOTE 10 – COMPENSATED ABSENCES

Health System employees earn vacation and sick leave on a monthly basis. Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination.

Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the University with ten or more years of service with the State. The amount of sick leave benefit payable at retirement is one fourth of the value of the accrued but unused sick leave up to a maximum of 240 hours.

The Health System accrues a sick leave liability for those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. This liability is calculated using the “termination payment method” which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, *Accounting for Compensated Absences*. Under the termination method, the Health System calculates a ratio, Sick Leave Termination Cost per Year Worked that is based on the Health System’s actual historical experience of sick leave payouts to terminated employees. This ratio is then applied to the total years-of-service for current employees.

Certain employees (primarily classified civil service) may receive compensatory time in lieu of overtime pay. Any unused compensatory time must be paid to the employee at the time of termination or retirement.

See the roll forward of compensated absences activity as included in Note 11 – OTHER NON-CURRENT LIABILITIES.

NOTE 11 – OTHER NON-CURRENT LIABILITIES

Other non-current liability activity for the years ending June 30, 2022 and 2021 is summarized as follows:

	2022					Current Portion
	Beginning Balance	Additions	Reductions	Ending Balance		
Compensated Absences	\$ 83,738	\$ 3,447	\$ 9,768	\$ 77,417	\$ 7,227	
Third party payor settlements	90,402	14,086	17,182	87,306	21,952	
Unearned revenue	29,522	25,338	36,296	18,564	-	
Other non-current liabilities	2,621	-	-	2,621	476	
	<u>206,283</u>	<u>42,871</u>	<u>63,246</u>	<u>185,908</u>	<u>29,655</u>	

	2021					Current Portion
	Beginning Balance	Additions	Reductions	Ending Balance		
Compensated Absences	\$ 74,806	\$ 10,685	\$ 1,753	\$ 83,738	\$ 7,165	
Third party payor settlements	59,516	34,252	3,366	90,402	29,387	
Unearned revenue	-	29,522	-	29,522	12,863	
Other non-current liabilities	2,621	-	-	2,621	476	
	<u>136,943</u>	<u>74,459</u>	<u>5,119</u>	<u>206,283</u>	<u>49,891</u>	

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

NOTE 12 – CONCENTRATIONS OF CREDIT RISK

The Health System grants credit without collateral to its patients, most of whom are local residents and are insured under third party payor agreements. The mix of hospital accounts receivable from patients and third-party payors at June 30, 2022 and 2021 is summarized as follows:

Payor - Receivables	Fiscal Year June 30,	
	<u>2022</u>	<u>2021</u>
Managed Care	60%	58%
Medicare	24%	23%
Medicaid	15%	14%
Self Pay	1%	5%
Total	100.0%	100.0%

NOTE 13 – RELATED PARTY TRANSACTIONS

The Ohio State University

The Health System purchases employee benefits, utilities, mail services, and construction project management services from the University. Additionally, the Health System pays university overhead, which includes such services as payroll processing, public safety, auditing, and insurance. University overhead charged to the Health System is recorded in Other expenses and was \$53,991 and \$51,203 for the years ended June 30, 2022 and 2021, respectively. The Health System provides healthcare services to OSU employees enrolled in OSU sponsored health insurance programs. The Health System collected \$106,977 for healthcare services in 2022 and \$99,041 in 2021. This is reflected in Net patient service revenue.

Since fiscal year 2017, the Health System has transferred a total of \$325,000 to the University, for investment in the University’s Long-Term Investment Pool. The Health System records Interest Income related to the investment a monthly basis. The Long-term investment pool – Cost Value increased \$85,821 in 2022 as a result of the Health System transferring additional operating cash and reinvesting Interest Income earnings back into the pool.

OSU Physicians

The Health System leases patient management, accounting and billing software and related hardware to OSU Physicians, Inc. (OSUP). OSUP provides patient account management and insurance billing services for the Health System based physician practices. The Health System also contracts with certain OSUP LLCs to provide physician services to some of the Health System based physician practices. The Health System provides single patient billing services to OSUP for patient responsibility after insurance has paid. Health System amounts due to OSUP totaled \$4,528 for fiscal year 2022 and \$2,121 for fiscal year 2021. Health System amounts due from OSUP totaled \$4,647 for fiscal year 2022 and \$3,845 for fiscal year 2021. College of Medicine

The Health System transfers funds to the College of Medicine for support of programs and research which are recorded as Medical Center investments. Medical Center investments totaled \$190,419 for fiscal year 2022 and \$183,960 for fiscal year 2021 and are reflected as Other Changes in Net Position.

Oval

The University has a pure captive insurer (Oval Limited) that provides excess coverage over both Fund I and Fund II. Oval Limited assets and liabilities are included in the University’s financial statements, but are

THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
NOTES TO FINANCIAL STATEMENTS
(in thousands)

not included in the Health System financial statements, as a result of the retained risk being held by the University. Annual contributions from the Health System are recorded as period expense. There were no contributions to Oval in fiscal year 2022 and 2021. See NOTE 8 - SELF INSURANCE PROGRAM – MEDICAL LIABILITY.

MedFlight

The Health System has an investment interest in MedFlight, a community-based air ambulance/intensive care transport which is recorded as equity method investments. The investment reflects the Health System's equity interest of \$6,629 for fiscal year 2022 and \$11,897 for fiscal year 2021.

OSU Mount Carmel Health Alliance

The Health System has a joint venture with Mount Carmel with partial ownership in Madison County Hospital which are recorded as equity method investments. The investment reflects the Health System's equity interest of \$11,809 for fiscal year 2022 and \$8,123 for fiscal year 2021.

NOTE 14 – CONTINGENCIES

The Health System is a party in a number of legal actions. Management is of the opinion that the liability, if any, for these legal actions will not have a material adverse effect on the Health System's future financial position, results from operations, or cash flows.

NOTE 15 - COMPLIANCE

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

The estimated Medicare and Medicaid cost report settlements recorded at June 30, 2022 could differ from actual settlements based upon results of the cost report audits discussed in NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. Changes in Medicare and Medicaid programs and the reduction of funding levels could have a material adverse impact on the Health System.

NOTE 16 - SUBSEQUENT EVENTS

High Performance Practice Plan:

In an effort to unify all faculty practices to create a fully integrated, high-performing practice plan, the faculty practices operated by the Health System were moved to OSUP. A unified practice plan gives the Health System the foundation to drive toward a single goal — to become a top-20 academic health center — that will improve patient care and allow better support of the academic mission, while enhancing the staff and faculty experience. The Health System practices includes Anesthesiology, Maternal Fetal Medicine, Neurosurgery, Orthopedics, Sports Medicine, Family and Community Medicine. The estimated impact of the physician integration is \$114,000 of Operating Revenues and \$141,000 of Operating Expenses.

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION ON GASB 68 PENSION LIABILITIES AND
GASB 75 ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS
(UNAUDITED)
(in thousands)**

GASB 68

Required Supplementary Information:

Schedule of Proportionate Share of the Net Pension Liability

<i>(dollars in thousands)</i>	2015	2016	2017	2018	2019	2020	2021	2022
STRS-Ohio:								
Health System proportion of the collective net pension liability	0.024%	0.023%	0.016%	0.015%	0.012%	0.013%	0.016%	0.022%
Health System proportionate share of the net pension liability	\$ 5,783	\$ 6,382	\$ 5,450	\$ 3,453	\$ 2,627	\$ 2,933	\$ 3,912	\$ 2,848
Health System covered payroll	\$ 2,061	\$ 2,001	\$ 1,417	\$ 1,316	\$ 1,118	\$ 1,275	\$ 1,585	\$ 2,198
Health System proportionate share of the net pension liability as a percentage of its covered payroll	281%	319%	385%	262%	235%	230%	247%	130%
Plan fiduciary net position as a percentage of the total pension liability	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%	75.5%
OPERS:								
Health System proportion of the collective net pension liability	4.564%	4.765%	4.876%	5.082%	5.252%	5.577%	5.731%	5.824%
Health System proportionate share of the net pension liability	\$ 548,730	\$ 822,955	\$ 1,104,558	\$ 790,094	\$ 1,432,414	\$ 1,090,407	\$ 831,082	\$ 482,734
Health System covered payroll	\$ 616,496	\$ 654,922	\$ 694,019	\$ 744,740	\$ 809,493	\$ 853,211	\$ 943,464	\$ 939,396
Health System proportionate share of the net pension liability as a percentage of its covered payroll	89%	126%	159%	106%	177%	128%	88%	51%
Plan fiduciary net position as a percentage of the total pension liability	86.5%	81.1%	77.4%	84.9%	74.9%	82.4%	87.2%	87.2%

Schedule of Health System Contributions

<i>(dollars in thousands)</i>	2015	2016	2017	2018	2019	2020	2021	2022
STRS-Ohio:								
Contractually required contribution	\$ 310	\$ 221	\$ 202	\$ 172	\$ 195	\$ 243	\$ 342	\$ 442
Contributions in relation to the contractually required contribution	\$ 310	\$ 221	\$ 202	\$ 172	\$ 195	\$ 243	\$ 342	\$ 442
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health System covered payroll	\$ 2,001	\$ 1,417	\$ 1,316	\$ 1,118	\$ 1,275	\$ 1,585	\$ 2,198	\$ 2,836
Contributions as a percentage of covered payroll	15.5%	15.6%	15.3%	15.4%	15.3%	15.3%	15.6%	15.6%
OPERS:								
Contractually required contribution	\$ 88,834	\$ 94,862	\$ 101,364	\$ 108,538	\$ 119,588	\$ 126,617	\$ 134,543	\$ 137,067
Contributions in relation to the contractually required contribution	\$ 88,834	\$ 94,862	\$ 101,364	\$ 108,538	\$ 119,588	\$ 126,617	\$ 134,543	\$ 137,067
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health System covered payroll	\$ 630,751	\$ 673,340	\$ 719,422	\$ 770,257	\$ 836,963	\$ 886,194	\$ 942,337	\$ 959,511
Contributions as a percentage of covered payroll	14.1%	14.1%	14.1%	14.1%	14.3%	14.3%	14.3%	14.3%

GASB 75

Required Supplementary Information:

Schedule of Proportionate Share of the Net OPEB Liability

<i>(dollars in thousands)</i>	2018	2019	2020	2021	2022
STRS-Ohio:					
Health System proportion of the collective net OPEB liability	0.015%	0.012%	0.013%	0.016%	0.022%
Health System proportionate share of the net OPEB liability	\$ 567	\$ (192)	\$ (220)	\$ (284)	\$ (470)
Health System covered payroll	\$ 1,316	\$ 1,118	\$ 1,275	\$ 1,275	\$ 2,198
Health System proportionate share of the net OPEB liability as a percentage of its covered payroll	43%	-17%	-17%	-22%	-21%
Plan fiduciary net position as a percentage of the total OPEB liability	47.1%	176.0%	174.7%	182.1%	174.7%
OPERS:					
Health System proportion of the collective net OPEB liability	5.234%	5.385%	5.715%	5.888%	6.024%
Health System proportionate share of the net OPEB liability	\$ 568,346	\$ 702,036	\$ 789,364	\$ (104,901)	\$ (188,680)
Health System covered payroll	\$ 744,740	\$ 809,493	\$ 853,211	\$ 943,464	\$ 939,396
Health System proportionate share of the net OPEB liability as a percentage of its covered payroll	76%	87%	93%	-11%	-20%
Plan fiduciary net position as a percentage of the total OPEB liability	54.1%	46.3%	47.8%	115.6%	128.2%



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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

To the Board of Trustees of
The Ohio State University:

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 financial statements of The Ohio State University Wexner Medical Center Health System (the "Health System"), a series of departments of The Ohio State University which comprise the statement of net position as of June 30, 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2022, which included an emphasis of matter paragraph concerning the scope of the Health System's financial statement presentation as discussed in Note 1 of the financial statements.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Health System'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Health System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Health System'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 the Health System's 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 Health System'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

Columbus, Ohio
November 17, 2022

OHIO AUDITOR OF STATE KEITH FABER



THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/29/2022

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This report is a matter of public record and is available online at
www.ohioauditor.gov