From:	Mowry, Jill
To:	Fick, Mackinzey
Subject:	RE: CON 6170 HT
Date:	Friday, December 20, 2024 9:33:14 AM
Attachments:	image001.png image002.png image003.png SSM Health FS 2023 - Short Form- for issuance.pdf

Hi Mackinzey,
Will this work?
Jill

From: Fick, Mackinzey <Mackinzey.Fick@health.mo.gov>
Sent: Friday, December 20, 2024 7:38 AM
To: Mowry, Jill <Jill.Mowry@ssmhealth.com>
Subject: RE: CON 6170 HT

Jill,

Our regulation states "Document that sufficient financing will be available to assure completion of the project"**.** Since the project has not been paid in full, provide an auditors statement or third party documentation showing sufficient funding is available.

Thank you!

Mackinzey Fick
Assistant Program Coordinator, Certificate of Need
Department of Health and Senior Services
920 Wildwood Drive, P.O. Box 570
Jefferson City, MO 65102
OFFICE: 573-751-6403
FAX: 573-751-7894
EMAIL: mackinzey.fick@health.mo.gov
http://health.mo.gov/information/boards/certificateofneed/index.php

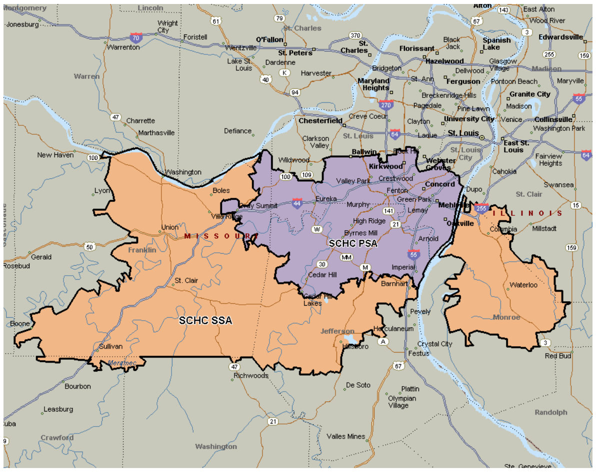
From: Mowry, Jill <Jill.Mowry@ssmhealth.com>
Sent: Thursday, December 19, 2024 1:32 PM
To: Fick, Mackinzey <Mackinzey.Fick@health.mo.gov>
Subject: RE: CON 6170 HT

Hello Mackinzey,

- Explain why the budget doesn't match the financial documentation. It appears there are more costs associated with the proposed project budget than what was paid. Please advise.
  - The difference between the $586,543 unpaid and the $130,493 uncommitted = $456,050 - which has been Committed but not yet paid as of today.
  - Most of it ($391,708 on Line 15) has been committed but not yet billed by Alberici, and without a PO being issued. I'm guessing that most of the $391,708 will not be billed by 12/31/24.
- If documentation or payment is missing on page 12, submit those with the additional information requested.

	SSM Health St. Clare Hospital - Fenton (CoCode 0200, Segment 113)			"Go-Live" Date was 9/23/24, per M. Vohsen 11/04/24					
	Cardiac Cath Lab for 2024 (2023 Base-funded)								
	as of 11/21/24								
	Cap Req #1788 for $1,250,00; WBS #'s assigned 10/16/2 approved by Randy Combs via e-mail 9/12/23								
DEPT	**PROJECT DETAIL**	DETAIL COMMITTED	**VENDOR**	**CAPITAL CATEGORY**	**2024 PAID**	**CK #**	**Check Date**		**committed not paid**
	capital allocation - Arnold Urgent Care	**2,715,316**							
Cardiac Cath Lab	Renovations for Cardiac Cath Lab (May '24)	30,900	Alberici	Construction	30,899.92	Bank Trf	07/19/24	invoice dated 6/15/24	0
Cardiac Cath Lab	Renovations for Cardiac Cath Lab (Jun '24)	100,648	Alberici	Construction	100,647.76	Bank Trf	08/20/24	invoice dated 7/15/24	0
Cardiac Cath Lab	Renovations for Cardiac Cath Lab (Jul '24)	147,806	Alberici	Construction	147,805.55	Bank Trf	09/20/24	invoice dated 8/15/24	0
Cardiac Cath Lab	Renovations for Cardiac Cath Lab (Aug '24)	165,878	Alberici	Construction	165,878.00	Bank Trf	10/29/24	invoice dated 9/15/24	0
Cardiac Cath Lab	Renovations for Cardiac Cath Lab (Sep '24)	163,341	Alberici	Construction	163,340.97	Bank Trf	11/19/24	invoice dated 10/15/24	0
Cardiac Cath Lab	Renovations for Cardiac Cath Lab (Oct '24)	11,566	Alberici	Construction	n/a			invoice for 11,566.38 d	11,566
Cardiac Cath Lab	Renovations for Cardiac Cath Lab (committed not billed	391,708	Alberici	Construction	n/a			remaining balance (1,0	391,708
Cardiac Cath Lab	Fixed Ceiling Column	3,068	Beacon Medaes	Construction	460.71	Bank Trf	08/16/24	invoice for 460.71 date	2,607
Cardiac Cath Lab	Architect Fees for Cardiac Cath Lab Renov. (Mar '24)	19,009	Lawrence Group	A&E	19,009.40	2120357154	05/24/24	invoice dated 4/11/24	(0)
Cardiac Cath Lab	Architect Fees for Cardiac Cath Lab Renov. (Apr '24)	38,019	Lawrence Group	A&E	38,018.80	2120363413	06/11/24	invoice dated 5/07/24	0
Cardiac Cath Lab	Architect Fees for Cardiac Cath Lab Renov. (May '24)	21,386	Lawrence Group	A&E	21,385.58	2120381540	08/06/13	invoice dated 6/11/24	0
Cardiac Cath Lab	Architect Fees for Cardiac Cath Lab Renov. (Jun '24)	2,443	Lawrence Group	A&E	2,443.44	2120383949	08/13/24	invoice dated 7/10/24	(0)
Cardiac Cath Lab	Architect Fees for Cardiac Cath Lab Renov. (Jul '24)	4,781	Lawrence Group	A&E	4,781.48	2120411657	10/29/24	invoice dated 8/12/24	(0)
Cardiac Cath Lab	Architect Fees for Cardiac Cath Lab Renov. (Aug '24)	8,079	Lawrence Group	A&E	8,079.47	2120411657	10/29/24	invoice dated 9/09/24	(0)
Cardiac Cath Lab	Architect Fees for Cardiac Cath Lab Renov. (Sep '24)	1,478	Lawrence Group	A&E	n/a			invoice for 1,477.84 da	1,478
Cardiac Cath Lab	Air-O-Cell Analysis of Fungal Spores & Particulates - (	84	EMSL Analytical	A&E	83.85	2120411300	10/26/24	invoice dated 4/30/24	0
Cardiac Cath Lab	Air-O-Cell Analysis of Fungal Spores & Particulates - (	56	EMSL Analytical	A&E	55.90	2120391880	09/06/24	invoice dated 6/29/24	0
Cardiac Cath Lab	Air-O-Cell Analysis of Fungal Spores & Particulates - (	152	EMSL Analytical	A&E	152.00	2120394014	09/13/24	invoice dated 7/31/24	0
Cardiac Cath Lab	(1) ARTIS Icono Ceiling System (Interventional Angiogr	1,198,246	Siemens Medical Solutions	FF&E (Clinical)	1,184,836.00	Bank Trf; Banl	10/08/24; 1	invoice for 794,807.00	13,410
Cardiac Cath Lab	(2) IntraSight 5's, #NVLV004	225,200	Philips Healthcare	FF&E (Clinical)	225,200.00	Bank Trf	06/19/24	invoice dated 5/22/24	0
Cardiac Cath Lab	(1) ROAM 2 Diagnostic Catheter Cart #MDRSR2GCC;	15,694	Medline Industries	FF&E (Clinical)	15,693.66	Bank Trf	05/03/24	invoice dated 4/05/24	0
Cardiac Cath Lab	Relocation of IntraSight, etc.	15,091	Philips Healthcare	FF&E (Clinical)	0.00	20572		invoice for 15,090.87 d	15,091
Cardiac Cath Lab	(1) ARTIS Icono Angiography System w/ Radiation Shi	20,190	Siemens Medical Solutions	FF&E (Clinical)	4505087034			invoice for 20,190.00 d	20,190
		2,584,823			**2,128,772.49**				456,050
	TOTAL BUDGET	**2,715,316**		TOTAL BUDGET	2,715,316.00				
	TOTAL COMMITTED	**2,584,823**		TOTAL PAID	2,128,772.49				
		130,493			**586,543.51**				456,050
									456,050

- Provide a service area for the staff analysis.
  - Primary Service Area (PSA) is the purple shaded area. Secondary Service Area (SSA) is the orange shaded areas.



SCHC PSA Zip Codes

63010	Arnold	63069	Pacific
63016	Cedar Hill	63088	Valley Park
63021	Ballwin	63122	Kirkwood
63025	Eureka	63123	Affton
63026	Fenton	63125	Lemay
63039	Gray Summit	63126	Sappington
63049	High Ridge	63127	Sappington
63051	House Springs	63128	Sappington
63052	Imperial	63129	Saint Louis

Thank you,
Jill

From: Fick, Mackinzey <Mackinzey.Fick@health.mo.gov>
Sent: Tuesday, December 17, 2024 3:53 PM
To: Mowry, Jill <Jill.Mowry@ssmhealth.com>
Subject: CON 6170 HT

Jill,

After review of the application, some additional information is needed.

- Explain why the budget doesn't match the financial documentation. It appears there are more costs associated with the proposed project budget than what was paid. Please advise.
- If documentation or payment is missing on page 12, submit those with the additional information requested.
- Provide a service area for the staff analysis.

This information is needed by Monday, December 23rd, 2024.

Mackinzey Fick
Assistant Program Coordinator, Certificate of Need
Department of Health and Senior Services
920 Wildwood Drive, P.O. Box 570
Jefferson City, MO 65102
OFFICE: 573-751-6403
FAX: 573-751-7894
EMAIL: mackinzey.fick@health.mo.gov
http://health.mo.gov/information/boards/certificateofneed/index.php

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SSM Health

Consolidated Financial Statements as of and for the Years Ended December 31, 2023 and 2022 and Independent Auditor’s Report

SSM HEALTH

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Deloitte & Touche LLP
100 S 4th St Suite 300
St. Louis, MO 63102
USA

Tel: (314) 342-4900
Fax: x
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
SSM Health Care Corporation
St. Louis, Missouri

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SSMH as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SSMH and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

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

Auditor's 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 auditor's 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 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, 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 SSMH'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SSMH's ability to continue as a going concern for a reasonable period of time.

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

Deloitte & Touche LLP

March 20, 2024

SSM HEALTH

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2023 AND 2022
(In thousands)

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 640,816	$ 574,339
Investments	20,479	112,203
Current portion of assets limited as to use or restricted	519,413	454,838
Patient accounts receivable	934,411	976,730
Pharmacy claims and rebates receivable	1,196,998	900,547
Other receivables	125,745	151,393
Inventories, prepaid expenses, and other	269,311	274,458
Estimated third-party payor settlements	75,288	7,812
Assets held for sale	25,650	-
Total current assets	3,808,111	3,452,320
ASSETS LIMITED AS TO USE OR RESTRICTED—Excluding current portion	3,499,206	3,232,722
PROPERTY AND EQUIPMENT—Net	2,841,331	2,860,691
OPERATING RIGHT-OF-USE ASSETS	221,142	194,735
OTHER ASSETS:		
Goodwill	528,949	289,661
Intangible assets—net	328,907	179,751
Investments in unconsolidated entities	328,563	383,567
Other	53,482	35,557
Total other assets	1,239,901	888,536
TOTAL	$ 11,609,691	$ 10,629,004

(Continued)

SSM HEALTH

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2023 AND 2022
(In thousands)

	2023	2022
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Revolving line of credit	$ 97,410	$ -
Current portion of long-term debt and finance lease obligations	57,931	602,034
Accounts payable and accrued expenses	3,043,994	2,529,080
Short-term borrowings	665,180	443,580
Deferred revenue	24,385	19,961
Estimated third-party payor settlements	108,969	126,390
Other current liabilities	234,822	255,404
Total current liabilities	4,232,691	3,976,449
LONG-TERM DEBT—Excluding current portion	1,590,813	1,354,142
ESTIMATED SELF-INSURANCE OBLIGATIONS	119,012	117,239
OPERATING LEASE OBLIGATIONS—Excluding current portion	201,018	164,641
FINANCE LEASE OBLIGATIONS—Excluding current portion	16,006	14,640
PENSION LIABILITY	173,536	173,266
OTHER LIABILITIES	405,793	324,640
Total liabilities	6,738,869	6,125,017
NET ASSETS:		
Without donor restrictions:		
SSM Health net assets without donor restrictions	4,497,191	4,286,657
Noncontrolling interest in subsidiaries	185,488	74,297
Total net assets without donor restrictions	4,682,679	4,360,954
With donor restrictions	188,143	143,033
Total net assets	4,870,822	4,503,987
TOTAL	$ 11,609,691	$ 10,629,004

See notes to consolidated financial statements. (Concluded)

SSM HEALTH

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands)

	2023	2022
OPERATING REVENUES AND OTHER SUPPORT:		
Net patient service revenues	$ 6,435,624	$ 6,054,963
Capitation revenues	1,287,760	1,187,447
Pharmacy benefit manager revenue	1,716,343	1,452,577
Investment income (loss)	59,760	(69,547)
Income from unconsolidated entities—net	139,039	13,822
Other revenue	881,156	659,163
Net assets released from restrictions	16,548	8,796
Total operating revenues and other support	10,536,230	9,307,221
OPERATING EXPENSES:		
Salaries and benefits	4,485,653	4,081,423
Medical claims	624,843	520,249
Supplies	1,670,978	1,465,798
Pharmacy benefit manager supplies	1,464,877	1,222,826
Professional fees and other	1,946,655	1,876,904
Interest	80,670	80,284
Depreciation and amortization	288,949	308,641
Total operating expenses	10,562,625	9,556,125
LOSS FROM OPERATIONS BEFORE OTHER ITEMS	(26,395)	(248,904)
OTHER ITEMS:		
Long-lived asset impairment	(33,096)	-
OPERATING LOSS AFTER OTHER ITEMS	(59,491)	(248,904)
NONOPERATING GAINS AND (LOSSES):		
Investment income (loss)	321,583	(375,041)
Loss from early extinguishment of debt		(2,075)
Net periodic pension income (cost)	24,645	(3,454)
Change in fair value of interest rate swaps	25,646	165,200
Other—net	(20,257)	266
Total nonoperating gains (losses)—net	351,617	(215,104)
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	292,126	(464,008)
EXCESS OF REVENUES OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	39,511	612
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES—Net of noncontrolling interest	$ 252,615	$ (464,620)

(Continued)

SSM HEALTH

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands)

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SSM Health net assets without donor restrictions:		
Excess (Deficit) of revenues over expenses	$ 252,615	$ (464,620)
Pension-related changes other than net periodic pension cost	(54,783)	323,592
Net assets released from restrictions for property acquisitions	3,536	113
Purchase of interest in subsidiaries	-	(35,754)
Other—net	9,166	(6,470)
Increase (Decrease) in SSM Health net assets without donor restrictions	210,534	(183,139)
Noncontrolling interest in subsidiaries net assets without donor restrictions:		
Excess of revenues over expenses	39,511	612
Distributions to noncontrolling owners	(13,425)	(5,689)
Purchase of noncontrolling interest in subsidiary	85,105	(132,295)
Increase (Decrease) in noncontrolling interest in subsidiaries net assets without donor restrictions	111,191	(137,372)
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions for charity care, property acquisitions, and other programs	55,576	27,087
Gains (Losses) on investments—net	9,628	(9,880)
Net assets with donor restrictions released from restrictions for operations	(16,551)	(8,573)
Net assets with donor restrictions released from restrictions for property acquisitions	(3,536)	(113)
Other—net	(7)	2,243
Increase in net assets with donor restrictions	45,110	10,764
CHANGE IN NET ASSETS	366,835	(309,747)
NET ASSETS—Beginning of year	4,503,987	4,813,734
NET ASSETS—End of year	$ 4,870,822	$ 4,503,987

See notes to consolidated financial statements. (Concluded)

SSM HEALTH

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 366,835	$ (309,747)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Pension-related changes other than net periodic pension cost	54,783	(323,592)
Depreciation and amortization	288,949	308,641
Loss on early extinguishment of debt	-	2,075
Loss on impairment	33,096	-
Amortization of debt premium	(3,783)	(19,501)
Contributions for long-term investment	(902)	(9,143)
Distributions to noncontrolling owners—net	13,425	5,689
(Gains) losses on investments—net	(308,277)	528,794
Income from unconsolidated entities—net	(139,039)	(13,823)
Change in fair value of interest rate swaps	(25,646)	(165,200)
Loss on disposal of assets	1,921	9,810
Inherent contributions related to acquisition	-	(16,162)
Distributions from unconsolidated entities	24,315	17,766
Payments for acquisition of noncontrolling interest in subsidiary	-	164,100
Purchase of noncontrolling interest in subsidiary	(85,270)	-
Medicare advanced payments under CARES Act	-	(302,359)
Changes in assets and liabilities:		
Investments	90,485	4,774
Patient accounts receivable	42,319	(119,217)
Pharmacy claims and rebates receivable	(237,936)	(341,838)
Other receivables, inventories, prepaid expenses, and other	83,107	115,486
Operating right-of-use assets	45,752	50,423
Accounts payable, accrued expenses, and other liabilities	530,076	391,374
Other changes to pension liability	(56,231)	(50,910)
Operating lease obligations	(46,911)	(51,686)
Estimated self-insurance obligations	4,412	8,256
Net cash provided by (used in) operating activities	675,480	(115,990)

(Continued)

SSM HEALTH

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	$ (280,090)	$ (309,103)
Proceeds from disposal of property and equipment and sales of other assets	570	7,096
Purchase of assets limited as to use or restricted and short-term investments	(3,074,105)	(2,712,400)
Proceeds from sales of assets limited as to use or restricted and short-term investments	2,893,312	3,290,515
Contributions to unconsolidated entities	(3,775)	(10,480)
Acquisitions, net of cash acquired	(117,290)	(143,855)
Purchases of other assets	(26,569)	(28,389)
Net cash (used in) provided by investing activities	(607,947)	93,384
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments for acquisition of noncontrolling interest in subsidiary	-	(164,100)
Proceeds from issuance of long-term debt	389,760	354,654
Payments on long-term debt	(690,169)	(294,525)
Contributions for long-term investment	902	9,143
Distributions to noncontrolling owners—net	(13,425)	(5,689)
Debt issuance costs	(3,626)	(1,194)
Proceeds from patient loans	5,871	11,204
Payments on patient loans	(9,379)	(13,175)
Proceeds from short-term borrowings	224,600	167,277
Payments on short-term borrowings	(3,000)	(171,322)
Proceeds from revolving line of credit	97,410	-
Payments on revolving line of credit	-	(60,000)
Net cash used in financing activities	(1,056)	(167,727)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	66,477	(190,333)
CASH AND CASH EQUIVALENTS—Beginning of year	574,339	764,672
CASH AND CASH EQUIVALENTS—End of year	$ 640,816	$ 574,339

See notes to consolidated financial statements. (Concluded)

1. ORGANIZATION

SSM Health (SSMH) is a centrally managed, fully integrated health care delivery system with its headquarters based in St. Louis, Missouri. SSM Health Care Corporation (SSMHCC) (doing business as SSMH) is the principal not-for-profit corporation and has been established as the parent corporation. SSMH owns and operates 22 adult hospitals, one pediatric hospital, thirteen post-acute care facilities, a national pharmacy benefit management company (PBM), an extensive network of physician practice operations, and other health care businesses. SSMH's hospital operations are located primarily in Missouri, Wisconsin, Oklahoma and Illinois, and its related businesses provide health related services in 50 states. SSMH's mission statement is as follows:

Through our exceptional health care services, we reveal the healing presence of God.

SSMHCC and most of its affiliated subsidiary corporations have been granted exemption from federal income tax as charitable organizations under Section 501(c)(3) of the Internal Revenue Code (IRC). Certain subsidiaries of SSMH are for-profit entities that are taxable under the IRC.

SSMH is sponsored by SSM Health Ministries, an independent ten-member body composed of two Franciscan Sisters of Mary, one Sister of St. Agnes, one Jesuit priest, one Franciscan priest, and five lay persons who collectively hold certain reserved powers over SSMH.

2. SSMH SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation—The accompanying consolidated financial statements include the accounts of SSMH and its subsidiaries. Intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash and cash equivalents consist primarily of cash and liquid marketable securities with an original maturity of three months or less and carrying amounts approximate their fair value.

Inventories—Inventories, primarily consisting of supplies and pharmaceuticals, are stated at the lower of cost or net realizable value, determined principally using the first-in, first-out method. SSMH held inventories in the amount of $177,094 and $166,366 at December 31, 2023 and 2022, respectively. These amounts are included in inventories, prepaid expenses, and other on the consolidated balance sheets.

Investments—Investments with original maturities at time of purchase of greater than three months are measured at fair value.

Financial Instruments—Management's estimates of the fair value of financial instruments are described elsewhere (See Note 8—Fair Value Measurements for additional information). Due to the volatility of the U.S. economy and the financial markets, there is uncertainty regarding the long-term impact that market conditions will have on SSMH's investment portfolio.

Assets Held for Sale—SSMH classifies certain assets as assets held for sale in the consolidated balance sheets when the assets have met applicable criteria for this classification (See Note 12—Ministry Activities for additional information).

Assets Limited as to Use or Restricted—Assets limited as to use include investments and other assets set aside by the Board of Directors or management at their discretion for future long-term purposes, including capital improvements, medical insurance claims or for other purposes, and assets held in trust under bond indentures and self-insurance agreements. Assets restricted as to use include investments and other assets whose use is restricted by donors. Additionally, under the terms of the indentures for various bond issues, funds held by trustees have been established and legally designated for debt service.

Securities Lending Program—SSMH participates in securities lending transactions with its custodian whereby SSMH lends a portion of its investments to various brokers in exchange for collateral for the securities loaned, usually on a short-term basis. SSMH maintains effective control of the loaned securities through its custodian during the term of the arrangement in that they may be recalled at any time. Collateral received from brokers must equal at least 102% of the market value of the securities on loan, and is subsequently adjusted daily for market fluctuations. SSMH must return to the borrower the value of collateral received regardless of the impact of market fluctuations. All collateral is in the form of United States Treasury securities, which can be re-invested in a pool maintained by the custodian. Under the terms of the agreement, the borrower must return the same, or substantially the same, investments that were borrowed.

The securities on loan under this program are recorded within assets limited as to use (See Note 7—Assets Limited As To Use for additional information). The market value of collateral held for loaned securities is reported as collateral held under a securities lending program and an obligation is recorded in current liabilities for repayment of collateral upon settlement of the lending transaction. The fees received for these transactions are recorded in investment income.

Centralized Investment Program—SSMH holds the majority of its investments in a Centralized Investment Program (CIP), which also includes the investments of SSMH's defined benefit plans. The earnings are allocated proportionately according to ownership percentages as defined in CIP agreements.

SSMH has elected the fair value option for financial investments in limited partnerships and limited liability corporations made through its CIP that would otherwise be recorded using the equity method. SSMH made this election to ensure that the accounting treatment of these investments was comparable between categories, regardless of the current organizational structure of the various investments. Interest and dividend income on investments for which the fair value option has been elected is included in either operating or nonoperating investment income depending on various factors as described in SSMH's investment income accounting policy below.

Alternative investments are generally not marketable and many alternative investments have underlying investments that may not have quoted market values. The estimated value of such investments is subject to uncertainty. SSMH's risk is limited to its capital investment in each investment and capital call commitments (See Note 8—Fair Value Measurements for additional information).

Derivative Instruments—SSMH's policy seeks to provide sound stewardship of financial resources by effectively managing both the level of outstanding debt and the proportion of variable to fixed rate debt. Accordingly, SSMH periodically enters into derivative arrangements to manage interest rate risk. SSMH may also enter into various exchange-traded and over-the-counter derivative contracts for economic hedging purposes, including futures, options, swaps and forward contracts.

SSMH records derivative instruments as either an asset or liability measured at its fair value (See Note 8—Fair Value Measurements for additional information). The estimated fair value of all derivative instruments has been determined using available market information and valuation methodologies, primarily discounted cash flows. Interest rate swap derivatives are reported in other noncurrent assets or other noncurrent liabilities and investment asset derivatives are disclosed within assets limited as to use or restricted. SSMH does not offset fair value amounts recognized for derivative instruments and fair value amounts recognized for cash collateral posted.

The net change in the fair value of interest rate swap derivatives is recorded as a nonoperating gain or loss. The difference between the actual amount paid and the actual amount received on all interest rate swap derivatives is accrued and recognized as an adjustment to interest expense (See Note 18—Derivative Instruments for additional information).

Investments in Unconsolidated Entities—Investments in unconsolidated entities, other than limited partnerships and limited liability corporations in CIP, are accounted for under the equity method of accounting, as appropriate. If SSMH has at least 20%, but not more than 50%, or has the ability to exercise significant influence over the investee, the investment is accounted for under the equity method, and the income, loss and any gain related to equity method investments are reflected in income from unconsolidated entities—net (See Note 11—Investments in Unconsolidated Entities for additional information).

Investment Income—Most investment income is reported as nonoperating gains or losses. Investment income on funds held in trust for self-insurance purposes and funds without donor restrictions held by foundations is included in operating investment income. The cost of investments sold is based on the specific-identification method.

Investment income on investments of donor-restricted funds, other than endowments, is included in excess of revenues over expenses unless the income or loss is restricted by donors. Investment income that is restricted by the donor is recorded directly to net assets with donor restrictions, in accordance with the donor-imposed restrictions.

SSMH values commingled funds, hedge funds, certain limited partnership and REIT (Real Estate Investment Trust) interests at net asset value. Limited partnership interests not recorded at net asset value are recorded at fair value as determined by external fund managers based on factors described (See Note 8—Fair Value Measurements for additional information). Gains and losses on these investments are included in nonoperating investment income unless restricted by donors.

Property and Equipment—Property and equipment acquisitions are recorded at cost or, if donated or impaired, at fair value at the date of receipt or impairment. Depreciation expense is determined using the straight-line method over the estimated useful life of the asset: 5 to 25 years for land improvements, 5 to 40 years for buildings, and 3 to 20 years for equipment. The remaining useful lives of assets are reviewed and may be adjusted by management from time to time. Equipment under finance leases is amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization expense. Interest costs incurred on borrowed funds during construction periods are capitalized as a component of the asset cost.

SSMH periodically evaluates property and equipment to determine whether assets may have been impaired. Such analyses include comparing the estimates of undiscounted future cash flows to the carrying values of the related assets. (See Note 9—Property and Equipment for additional information).

Leases—SSMH records the rights and obligations arising from lease contracts with durations greater than twelve months on the balance sheet (See Note 16—Leases for additional information). Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. SSMH uses an estimated incremental borrowing rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments. The discount rate is based on a collateralized basis for similar terms and economic environments.

SSMH's leases typically contain rent escalations over the lease term. These leases are expensed on a straight-line basis over the lease term. Additionally, certain leases contain incentives, such as tenant improvement allowances from landlords and/or rent abatements after taking possession of the leased property. These incentives reduce SSMH's right-of-use asset related to the lease and are amortized through the right-of-use asset as reductions of expense over the lease term.

SSMH accounts for all fixed lease and non-lease components as a single component for certain classes of assets. Therefore, the lease payments used to measure the lease liability for these leases include fixed minimum rentals along with fixed operating costs such as common area maintenance and utilities. Certain lease agreements include payments based on actual common area maintenance expenses and others include rental payments adjusted periodically for inflation. These variable lease payments are recognized in professional fees and other on the consolidated statements of operations and changes in net assets, but are not included in the right-of-use asset or liability balances.

SSMH's leases relate primarily to medical and office spaces. Most office leases have a five to ten-year base period and include renewal options to extend the lease term beyond the initial base period. The renewal options are not included in the measurement of the right-of-use assets and lease liabilities unless SSMH is reasonably certain to exercise the optional renewal periods. SSMH's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Goodwill—Goodwill represents the future economic benefits arising from assets acquired in business combinations that are not individually identified and separately recognized. Goodwill is evaluated for possible impairment at the reporting unit level at least annually or whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Fair value of a reporting unit is estimated using a combination of income-based and market-based valuation methodologies. An impairment is recorded if the carrying value of the goodwill exceeds its implied fair value. There were no goodwill impairments identified during 2023 or 2022.

Intangible Assets—Net—Intangible assets include capitalized computer software costs, tradenames, noncompete agreements, and other intangible assets acquired from independent parties. Intangible assets with a definite life are amortized on a straight-line basis, with estimated useful lives ranging from one to 20 years. Amortization of intangible assets is included in depreciation and amortization expense. SSMH reviews the carrying value of its amortizable intangible assets only when impairment indicators are present. SSMH evaluates intangible assets for impairment by comparing the estimates of undiscounted future cash flows to the carrying values of the related assets. Indefinite-lived intangible assets are evaluated for possible impairment at least annually or whenever events or changes in circumstances indicate the asset might be impaired. There were no material intangible asset impairments identified during 2023 or 2022.

Software Costs—Capitalized computer software costs include internally developed software. Costs incurred in developing and installing internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post implementation stage. Capitalized software costs and related accumulated amortization expenses are included in intangible assets—net on the consolidated balance sheets (See Note 10—Goodwill and Other Intangible Assets for additional information).

Pension Liability—Pension liability represents the value of the projected benefit obligation of SSMH's pension plans over the fair value of the plans' assets. The pension plan obligations and plan assets are measured annually as of December 31 (See Note 14—Pension and Other Postretirement Benefit Plans for additional information).

Other Liabilities—Other liabilities include various deferred compensation plans, the fair value of interest rate swaps, and various other noncurrent liabilities.

Net Patient Service Revenues and Patient Accounts Receivable—Net patient service revenues relate to contracts with patients and in most cases involves a third-party payor (e.g. managed care insurance companies, Medicare and Medicaid) in which SSMH's performance obligations are to provide patient care. Net patient service revenues are recorded at expected collectible amounts over the time in which obligations to provide patient care are satisfied. Revenues are accrued to estimate the amount of revenue earned to date for patients who have not been discharged and whose care services are not complete as of the reporting period. Substantially all of SSMH's performance obligations are satisfied within one year.

SSMH determines the transaction price based on gross charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured and underinsured patients in accordance with SSMH's policies, and implicit price concessions provided to patients. Patients who have health care insurance may also have discounts applied related to their copayment or deductible. SSMH determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience using the portfolio approach. SSMH determines its estimate of implicit price concessions based on its historical collection experience with classes of patients using a portfolio approach and records these as a direct reduction to net patient service revenue. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and frequent changes in managed care and commercial contractual terms resulting from contract negotiations and renewals.

A significant portion of SSMH's revenue is generated under agreements with Medicare and Medicaid. Payments for services covered by Medicare are based on federal regulations specific to the type of service provided. Medicaid pays for most services at prospective rates which are determined by the regulations of the state in which the beneficiaries reside. Hospital facilities that meet certain requirements receive additional funds in partial payment for the cost of medical education and caring for the indigent. Laws and regulations governing Medicare and Medicaid programs are complex and subject to varying interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount.

Included in net patient service revenues are Medicaid supplemental payments which are funded through state financial arrangements commonly referred to as provider taxes. Under provider tax arrangements, states collect taxes from healthcare providers and then use the revenue to pay the providers as a Medicaid expenditure, which allows the states to then claim additional federal matching funds. Current federal law provides for a cap on the maximum allowable provider tax as a percentage of the provider's total revenue. There can be no assurance that federal law will continue to provide matching federal funds on state Medicaid expenditures funded through provider taxes, or that the current caps on provider taxes will not be reduced. SSMH participates in assessment programs in the four states in which it operates. For the year ended December 31, 2023, SSMH recognized $283,600 in revenue and $196,960 in expenses relating to these programs. For the year ended December 31, 2022, SSMH recognized $352,754 in revenue and $190,898 in expenses relating to these programs.

Further, SSMH has negotiated contracts with certain other third-party payors. Revenues under these contracts are based primarily on payment terms involving predetermined rates per admission, per diem rates, discounted fee-for-service rates, value-based payments and other similar contractual arrangements. SSMH estimates the discounts for contractual allowances at the individual hospital level utilizing billing data on an individual patient basis. On a monthly basis, an estimate is made of the expected reimbursement for patients of managed care plans based on the applicable contract terms. In addition, the contracts SSMH has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. SSMH uses the expected value method of calculating estimated revenue, receivables and liabilities as it relates to third-party settlements. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and SSMH's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (i.e. new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. In 2023 and 2022, net patient service revenues increased by $121,778 and $57,859, respectively, relating to changes in estimates for prior years' settlements from Medicare, Medicaid and other programs.

SSMH also provides services to uninsured patients and offers discounts from standard charges. The discount varies by geographical location, primarily based on the discounts negotiated with the local private third-party payors.

Consistent with SSMH's mission, care is provided to patients regardless of their ability to pay. Therefore, SSMH has determined it will provide implicit price concessions to uninsured patients and patients with other balances (e.g. copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts SSMH expects to collect based on its collection history with those patients.

After all payments, discounts, and reasonable collection efforts have been exhausted, SSMH follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by SSMH. Accounts placed with collection agencies are written off and excluded from patient accounts receivable.

Estimated Third-Party Payor Receivable and Payable Settlements—SSMH has agreements with payors that provide for payments at amounts different from established charges. These estimated amounts are subject to further adjustments upon review by third-party payors (See Note 21—Commitments and Contingent Liabilities for additional information).

Capitation Revenue—SSMH receives capitation insurance premiums based on the demographic characteristics of covered members in exchange for providing comprehensive medical services for those members. Most of this revenue is from Medica, a health insurance plan provider, which SSMH has a 45% interest in and therefore is a related party. SSMH recorded capitated revenue from Medica on the consolidated statement of operations in the amount of $1,276,485 and $1,178,264 for the years ended December 31, 2023 and 2022, respectively.

Pharmacy Benefit Manager Revenue, Pharmacy Claims and Rebates Receivable—Pharmacy product revenue and other revenues are recognized by SSMH's national PBM company, Navitus Health Solutions, LLC (NHS), which provides pharmacy benefit administration services to a variety of clients. Revenue is recognized when the product is shipped.

Pharmacy claims and rebates receivable consist of amounts due from clients for pharmacy and member claims and rebates receivable from pharmaceutical manufacturers. SSMH assumes no risk for payment of the claims and considers these accounts to be fully collectible.

Other Revenue and Other Receivables—Other revenue is recorded at amounts SSMH expects to collect in exchange for providing goods or services not directly associated with patient care and recorded over time in which obligations are satisfied. Other receivables consist primarily of amounts due from retail pharmacies, premium receivables, and accrued interest receivable. Other revenue also includes Public Health and Social Services Emergency Fund (Relief Fund) and Employee Retention Credits (See note 3 – COVID-19 Pandemic and CARES Act Funding).

Deferred Revenue—Deferred revenue on the consolidated balance sheets primarily consists of insurance premiums billed and due in advance of a coverage period as well as certain funds received under the federal government's Coronavirus Aid, Relief and Economic Security (CARES) Act.

Medical Claims—Medical claims consist of payments to health care providers and are accrued as of the date of service and reported net of recoveries. Those amounts are $82,148 and $85,716 for the years ended December 31, 2023 and 2022, respectively. Recoveries consist mainly of drug company volume discounts, reinsurance, and government program risk-sharing and subsidies.

Changes in estimates of claims costs resulting from an ongoing review process and differences between estimates and payments for claims are recognized in the period in which the change in estimate is identified or payments are made. The liability for unpaid medical claims for medical services purchased, which is included in accounts payable on the consolidated balance sheets, is based on known amounts of reported claims and an estimate of incurred but not reported claims using past experience adjusted for current trends.

Contributions—Contributions, including unconditional promises to give, are recognized at their fair value at the time of receipt. Certain contributions have restrictions placed on their use by the donors.

For example, if the gift is restricted to property and equipment purchases, it is recorded initially within net assets with donor restrictions. When the restrictions have been met, these restricted contributions are recorded as net assets released from restrictions for property acquisitions. Contributions for which donors have not stipulated restrictions are reported as other revenue on the consolidated statements of operations and changes in net assets.

Endowment assets include donor-restricted funds that SSMH must hold in perpetuity or for a donor-specified period. SSMH retains in perpetuity the original value of initial and subsequent gift amounts donated to the endowment and any accumulations to the endowment made in accordance with the applicable donor gift instrument. Donor-restricted amounts not retained in perpetuity are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the SSMH ministry that received the donation. SSMH considers the following factors in making determinations to appropriate or accumulate donor-restricted endowment funds:

a. State law;
b. The duration and preservation of the fund;
c. The purposes of the donor-restricted endowment funds within SSMH's communities;
d. General economic conditions, including the possible effects of inflation and deflation;
e. The expected total return from income and the appreciation of investments;
f. The investment policies of the ministry; and
g. Other resources available to the ministry and its beneficiary, if applicable.

Performance Indicator—The performance indicator is excess of revenues over expenses. Changes in net assets without donor restrictions that are excluded from the performance indicator include: permanent transfers of assets to and from affiliates for other than goods and services; contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purpose of acquiring such assets); noncontrolling interests related to acquisitions and changes in ownership while retaining controlling financial interests; distributions to noncontrolling owners; and pension-related changes other than the net periodic pension cost.

Net Assets—Resources are classified for reporting purposes as net assets without donor restrictions and net assets with donor restrictions, according to the absence or existence of donor-imposed restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for future use as described (See Note 7—Assets Limited As to Use or Restricted for additional information). Net assets with donor restrictions are those assets, including contributions and accumulated investment returns, whose use has been limited by donors for a specific purpose or time period or are those for which donors require the principal of the gifts to be maintained in perpetuity to provide a permanent source of income.

Noncontrolling Interests—The consolidated financial statements include all assets, liabilities, revenues and expenses of entities, controlled by SSMH and less than 100% owned, and therefore consolidated. Accordingly, SSMH has reflected a noncontrolling interest for the portion of net assets not owned or controlled by SSMH separately on the consolidated balance sheets.

Consolidated Statements of Operations—For the purpose of display, transactions deemed by management to be ongoing, major, or central to the provision of patient care and related services are reported as operating revenues and expenses. Peripheral or incidental transactions are reported as nonoperating gains and losses.

Other Items—Other items includes long-lived asset impairment after an evaluation of certain assets, which were then adjusted to their net realizable value for the year ended December 31, 2023 (See Note 12—Ministry Activities for additional information).

Advertising Costs—SSMH expenses advertising costs as they are incurred. Advertising expenses were $19,320 and $17,552 for the years ended December 31, 2023 and 2022, respectively, and are included in professional fees and other on the consolidated statements of operations and changes in net assets.

Income Taxes—SSMH is generally not subject to federal or state income taxes. However, SSMH is subject to income taxes on net income derived from a trade or business, regularly carried on, which does not further the organization's exempt purpose. For the years ended December 31, 2023 and 2022, management has determined that no significant income tax provisions are required and as such none have been recorded in the consolidated financial statements.

SSMH's for-profit subsidiaries recognize deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of their assets and liabilities along with net operating losses that meet the more likely than not recognition criteria. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Penalties and interest incurred on income tax liabilities, if any, are included in nonoperating gains and (losses) other—net on the consolidated statements of operations and changes in net assets.

A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. SSMH did not record uncertain tax positions in 2023 or 2022.

Non-Cash Transactions—During the years ended December 31, 2023 and 2022, SSMH had the following non-cash transactions:

	2023	**2022**
Decrease in securities lending program	$ 20,223	$ 80,598
Property and equipment purchases financed through accounts payable and other purchases	13,947	9,780
Operating right-of-use assets obtained in exchange for new operating lease obligations	78,067	45,536
Finance leases additions	1,751	-
Notes payable acquired in purchase accounting	-	68,108

3. COVID-19 PANDEMIC AND CARES ACT FUNDING

On March 11, 2020, the World Health Organization designated COVID-19 as a global pandemic which impacted SSMH'S patients, communities and employees. Federal, state, and local governments issued emergency declarations that resulted in a substantial portion of the population remaining at home. On March 18, 2020, CMS released guidance that all elective surgeries and non-essential medical procedures be delayed during the COVID-19 pandemic, with many states issuing temporary bans on providing these services, including states where SSMH operates.

In response to COVID-19 and its economic impact, the federal government's Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. The CARES Act authorized funding to healthcare providers to be distributed through the Public Health and Social Services Emergency Fund (Relief Fund). Payments in the form of grants from the Relief Fund were to be used to reimburse the recipient for health care related expenses or lost revenues attributable to COVID-19. These grants are not required to be repaid, provided the recipients attest to and comply with the terms and conditions.

For the years ended December 31, 2023 and 2022, $36,952 and $65,439, respectively, Relief Funds have been included in Other revenue on the consolidated statements of operations and changes in net assets. Management will continue to monitor the terms and conditions of the Relief Fund and the impact of COVID-19 on SSMH's revenues and expenses. These funds are not required to be repaid upon attestation and compliance with certain terms and conditions.

The CARES Act permitted employers to defer payment of the 6.2% employer Social Security tax beginning March 27, 2020 through December 31, 2020. Deferred tax amounts were required to be paid in equal amounts over two years, with payments due December 2021 and December 2022. At December 31, 2022 all deferred tax amounts had been repaid.

For the years ended December 31, 2023 and 2022, $49,943 and $39,521, respectively, has been recorded of Employee Retention Credit (ERC) revenue. These payroll tax credits relate to qualified wages and are recorded in Other revenue on the consolidated statements of operations and changes in net assets.

4. COMMUNITY BENEFIT MINISTRY

In line with its mission, SSMH provides health care services to patients without regard to their ability to pay for those services. For some of its patient services, SSMH receives no payment or payment that is less than the full cost of providing the care.

SSMH voluntarily provides free or discounted care to patients who are unable to pay for all or part of their health care expenses as determined by SSMH's criteria for financial assistance. Because SSMH does not pursue the collection of amounts determined to qualify as charity care, they are not reported as patient service revenues.

SSMH also commits significant time and resources to activities and critical services that address unmet community needs. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable. The following summary has been prepared in accordance with Internal Revenue Service Form 990, Schedule H and the Catholic Health Association of the United States' publication, *A Guide for Planning & Reporting Community Benefit, 2015 Edition.*

The estimated costs of SSMH's community benefit ministry for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
Financial Assistance and Means-tested Government Programs:		
Charity care at cost	$ 101,844	$ 58,014
Unpaid costs of Medicaid	214,626	255,496
Costs of other means-tested government programs	30,330	17,465
Total Financial Assistance and Means-tested Government Programs	346,800	330,975
Other community benefits:		
Community health improvement services	14,199	10,126
Health professions education	89,721	114,995
Subsidized health services	13,858	5,468
Research	15	28
Financial contributions	5,250	2,602
Community building activities	174	109
Total other community benefits	123,217	133,328
Total community benefit ministry	$ 470,017	$ 464,303

The estimated costs are calculated using a cost-to-charge approach. The costs of providing patient care are divided by gross patient service revenue. This cost-to-charge ratio is then applied to the gross charity, Medicaid, and other means-tested government programs charges to determine estimated costs.

Charity care at cost represents the cost of services provided to patients who cannot afford to pay and who meet the eligibility criteria of SSMH's financial assistance policy (See Note 6—Concentration of Credit Risk for additional information). Financial assistance is reported in terms of costs, not charges.

Unpaid costs of Medicaid represents the shortfall created when costs of providing services to beneficiaries of Medicaid exceed the governmental payments.

Costs of other means-tested government programs represents the shortfall created when costs of providing services to beneficiaries of other government programs exceed the payments received. These programs include State Children's Health Insurance Program and state and local indigent care medical programs for low-income or medically indigent persons ineligible for Medicaid.

Community health improvement services are activities and services carried out to improve community health beyond patient care activities and do not generate patient care bills. Some examples include community health education, health screenings for underinsured and uninsured persons and support groups.

Health profession education includes the unreimbursed costs of educational programs for health care professionals such as physicians, interns and residents, medical students, and nurses.

Subsidized health services are clinical programs that SSMH provides despite a financial loss so significant that negative margins remain after removing the effects of financial assistance and Medicaid shortfalls. SSMH continues to provide these services because they meet an identified community need and, if no longer offered, would either be unavailable or fall to the responsibility of government or another not-for-profit organization.

Research includes clinical and community health research, as well as studies on health care delivery that are generalizable and shared with the public.

Financial contributions include funds donated to community organizations or to the community at large for a community benefit purpose as well as certain in-kind donations such as medical supplies.

Community building activities represent the cost of activities which improve the community's health and safety by addressing the root causes of health problems, such as poverty, homelessness, and environmental hazards.

5. NET PATIENT SERVICE REVENUES

The composition of net patient service revenues by payor and service line for the years ended December 31, 2023 and 2022, is as follows:

	2023	2022
Medicare	20 %	20 %
Medicare managed care	16	15
Medicaid	6	10
Medicaid managed care	11	8
Managed care	41	38
Commercial, self-pay and other	6	9
Total net patient service revenues percentage by payor	100 %	100 %

	2023	2022
Hospital operations	$ 5,431,838	$ 5,003,843
Physician operations	861,161	928,532
Home health	74,595	72,394
Skilled nursing	68,030	50,194
Total net patient service revenues by service line	$ 6,435,624	$ 6,054,963

Net patient service revenues does not include payment for services provided to patients covered under SSMH's claims pools. These revenues are eliminated upon consolidation and have been excluded from the above tables. Revenues from services provided to SSMH's claims pools amounted to $801,327 and $761,965 for the years ended December 31, 2023 and 2022, respectively.

6. CONCENTRATION OF CREDIT RISK

SSMH provides health care services through its inpatient and outpatient care facilities located in its respective communities. SSMH attempts to collect amounts due from patients, including co-payments and deductibles for patients with insurance, at the time of service, while complying with all federal and state laws and regulations, including the Emergency Medical Treatment and Active Labor Act (EMTALA). Generally, as required by EMTALA, patients may not be denied emergency treatment due to the inability to pay. In nonemergency circumstances or for elective procedures, SSMH's policy is to verify insurance prior to treatment; however, exceptions can occur. SSMH generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, managed care, and commercial insurance policies).

SSMH reviews its financial assistance and billing policies on a regular basis to ensure compliance with IRS 501(r) regulations in accordance with the Affordable Care Act.

The mix of net receivables from patients and third-party payors as of December 31, 2023 and 2022, is as follows:

	2023	**2022**
Medicare	14 %	16 %
Medicare managed care	20	18
Medicaid	6	9
Medicaid managed care	11	11
Managed care	35	39
Commercial and other	14	7
Total net receivables from patients and third-party payors percentage	100 %	100 %

7. ASSETS LIMITED AS TO USE OR RESTRICTED

A summary of assets limited as to use or restricted as of December 31, 2023 and 2022, is as follows:

	2023	**2022**
Board designated:		
Unrestricted board designated assets	$ 3,256,674	$ 2,998,636
Other restricted board designated assets	295,259	258,651
Held by trustee:		
Project and bond funds	2,994	2,988
Self-insurance (Note 15)	194,780	200,085
Collateral held under securities lending agreements	61,394	81,617
Total held by trustee	259,168	284,690
Assets restricted by donor as to use	207,518	145,583
Total assets limited as to use or restricted	4,018,619	3,687,560
Less current portion	519,413	454,838
Noncurrent portion	$ 3,499,206	$ 3,232,722

A summary of investment income (loss) for the years ended December 31, 2023 and 2022, is as follows:

	2023	2022
Interest and dividends—net of investment fees	$ 82,694	$ 74,326
Net realized gains (losses) on investments	60,338	(35,094)
Net unrealized gains (losses) on investments	247,939	(493,700)
	$ 390,971	$ (454,468)

The change in net unrealized gain (loss) on investments, including changes in value of restricted net assets, held at December 31, 2023 and 2022, was $247,939 and $(493,700), respectively.

Investment income (losses) is reported as follows:

	2023	2022
Operating investment income (loss)	$ 59,760	$ (69,547)
Nonoperating investment income (loss)	321,583	(375,041)
Gains (losses) on investments—net—net assets with donor restrictions	9,628	(9,880)
Total income (loss)	$ 390,971	$ (454,468)

The amounts in the security lending program are included in the following classifications:

	2023	2022
Equity securities	$ 41,215	$ 70,849
Government securities	2,055	-
Corporate obligations	15,918	8,642
Total	$ 59,188	$ 79,491

8. FAIR VALUE MEASUREMENTS

SSMH defines fair value as the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the ministry. In addition, the fair value of liabilities should include consideration of nonperformance risk, including SSMH's own credit risk.

The fair value of all assets and liabilities recognized or disclosed at fair value are classified based on the lowest level of significant inputs. SSMH used the following methods to determine fair value:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities that SSMH has the ability to access on the report date.

Level 2—Inputs (financial matrices, models, valuation techniques) other than quoted market prices included in Level 1, that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Such observable inputs include benchmarking prices for similar assets in active, liquid markets, quoted prices in markets that are not active and observable yields, and spreads in the market.

Level 3—Inputs (such as professional appraisals, quoted prices from inactive markets that require adjustment based on significant assumptions or data that is not current, or data from independent sources) that are unobservable for the asset or liability.

Assets and liabilities measured at fair value on a recurring basis as listed in the following tables use the following valuation methodologies:

Cash and Cash Equivalents—Cash equivalents that trade on a regular basis in active markets are classified as Level 1 in the fair value hierarchy. Those that do not meet these criteria are classified as Level 2.

Corporate Obligations—Corporate obligations are valued using quoted market prices and/or other market data for the same or comparable securities and transactions in establishing the prices, discounted cash flow models, and other pricing methods. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve, as well as other relevant economic measures. Due to the nature of pricing methods utilized, corporate obligations are classified as Level 2 within the fair value hierarchy.

Government Securities—Government securities are valued using quoted market prices and/or other market data for the same or comparable securities and transactions in establishing the prices, discounted cash flow models, and other pricing methods. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve, as well as other relevant economic measures. Due to the nature of pricing methods utilized, government securities are classified as Level 2 within the fair value hierarchy.

Mutual Funds—Mutual funds are valued using the underlying net assets owned by the fund and are classified as Level 1 within the fair value hierarchy.

Equities—Equity securities are valued at the closing price reported on the applicable exchange on which the security is traded and are classified as Level 1 within the fair value hierarchy.

Trading Derivatives and Interest Rate Swaps—Trading derivatives consist of interest rate swaps and options, credit default swaps, and futures, for which fair values are estimated based on quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices. These derivatives are classified as Level 2 within the fair value hierarchy. Trading derivatives in active markets are classified as Level 1 in the fair value hierarchy.

Guaranteed Fixed Funds—Guaranteed fixed funds are valued using quoted market prices and/or other market data for the same or comparable securities and transactions in establishing the prices, discounted cash flow models, and other pricing methods. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve, as well as other relevant economic measures. Due to the nature of pricing methods utilized, guaranteed fixed funds are classified as Level 2 within the fair value hierarchy.

Hedge Funds—Hedge funds are valued primarily using net asset values, which approximate fair value, as determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector fundamentals. As investments in hedge funds are measured at net asset value, they are included separately from the fair value hierarchy in the table below.

Limited Liability Companies (LLC), Limited Partnerships (LP) and Real Estate Investment Trust (REIT) Interests—LLC, LP and REIT interests are primarily valued based on the most current financial statements issued by each fund adjusted for cash flow to and from the fund subsequent to the financial statement reporting date. The underlying investments are valued in accordance with the corresponding valuation method for the investments held. The prices used to generate these valuations are unobservable and therefore are classified as Level 3 within the fair value hierarchy. Limited liability companies and limited partnership interests whose underlying securities are publicly traded are valued at the closing price reported on the applicable exchange on which the underlying securities are traded and are classified as Level 2 within the fair value hierarchy. A portion of LLC, LP and REIT interests are valued using net asset values, which approximate fair value, as determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth and other business and market sector fundamentals.

Commingled Funds—Commingled funds are valued using the net asset value based on the value of the underlying assets owned by the fund, minus liabilities, multiplied by the current percentage ownership of the fund. The underlying investments are valued in accordance with the corresponding valuation method for the investments held. As commingled funds are measured at net asset value, they are included separately from the fair value hierarchy in the table below.

Securities Lending—The security lending collateral is invested in a Northern Trust-sponsored commingled collateral fund, which is composed primarily of short-term securities. The fair value of the commingled collateral fund is determined using the calculated net asset value per share (or its equivalent) for the fund with the underlying securities valued using techniques similar to those used for marketable securities. As security lending is measured at net asset value, it is included separately from the fair value hierarchy in the table below.

SSMH may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. The following describes assets measured at fair value on a nonrecurring basis:

Cash Surrender Value of Life Insurance—Cash surrender value of life insurance is valued based on the underlying investments and represents the guaranteed value that would be received upon surrender of the policies. It is classified as Level 2 within the fair value hierarchy.

Assets Held for Sale—The fair value of assets held for sale is determined based on valuation methodologies using management assumptions, including estimates of future cash flows and would generally be considered Level 3 inputs (See Note 12—Ministry Activities for additional information).

Impaired Property and Equipment—The fair value of impaired property and equipment is determined based on valuation methodologies as described in Note 2—SSMH Summary of Significant Accounting Policies which would generally be considered Level 3 inputs (See Note 9—Property and Equipment for additional information).

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while SSMH believes that its methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

SSMH holds the majority of its financial assets in CIP, which also includes the investments of its defined benefit plans. The tables below do not reflect actual securities owned by SSMH. The values below represent SSMH's allocated non-pension share of CIP as well as investments in non-CIP assets.

The following tables summarize assets and liabilities measured at fair value on a recurring basis and nonrecurring basis by the level of significant input:

December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements:				
Assets:				
Cash and cash equivalents	$ 109,802	$ 64,331	$ -	$ 174,133
Corporate obligations	-	382,189	-	382,189
Government securities	-	582,418	-	582,418
Mutual funds:				
Domestic equities	153,654	-	-	153,654
International equities	62,295	-	-	62,295
Fixed income	64,721	-	-	64,721
Equities—domestic	656,325	-	-	656,325
Trading derivatives	-	1,019	-	1,019
Interest rate swaps	-	30,820	-	30,820
LLC and LP interests	-	162,793	1,112,089	1,274,882
Guaranteed fixed funds	-	445	-	445
Cash surrender value of life insurance	-	61,389	-	61,389
Subtotal	$ 1,046,797	$ 1,285,404	$ 1,112,089	$ 3,444,290
Investments measured at net asset value:				
Commingled funds:				
Securities lending				61,394
International equities				191,860
Fixed income				34,793
Hedge funds				176,070
LLC, LP, and REIT interests				111,546
Total assets				4,019,953
Liabilities—interest rate swaps	$ -	$ 14,041	$ -	$ 14,041
Liabilities—trading derivatives	1,648	-	-	1,648
Total liabilities	$ 1,648	$ 14,041	$ -	$ 15,689

December 31, 2022	Level 1	Level 2	Level 3	Total
Recurring fair value measurements:				
Assets:				
Cash and cash equivalents	$ 88,301	$ 48,492	$ -	$ 136,793
Corporate obligations	-	398,591	-	398,591
Government securities	-	472,446	-	472,446
Mutual funds:				
Domestic equities	74,630	-	-	74,630
International equities	51,191	-	-	51,191
Fixed income	22,719	-	-	22,719
Equities—domestic	661,787	-	-	661,787
Trading derivatives	3,847	2,356	-	6,203
Interest rate swaps	-	16,009	-	16,009
LLC and LP interests	-	205,857	938,036	1,143,893
Guaranteed fixed funds	-	1,432	-	1,432
Cash surrender value of life insurance	-	55,148	-	55,148
Subtotal	$ 902,475	$ 1,200,331	$ 938,036	3,040,842
Investments measured at net asset value:				
Commingled funds:				
Securities lending				81,617
International equities				217,872
Fixed income				144,994
Hedge funds				120,240
LLC, LP, and REIT interests				177,364
Total assets				$ 3,782,929
Liabilities—interest rate swaps	$ -	$ 24,876	$ -	$ 24,876
Total liabilities	$ -	$ 24,876	$ -	$ 24,876

The following table reconciles the information about the fair value of SSMH's financial instruments measured at fair value on a recurring basis presented in the table above to amounts presented in the consolidated balance sheets as of December 31, 2023 and 2022:

	2023	2022
Assets:		
Investments	$ 20,479	$ 112,203
Assets limited as to use or restricted—current portion	519,413	454,838
Assets limited as to use or restricted—excluding current portion	3,499,206	3,232,722
Interest rate swaps recorded as other assets—other	30,820	16,009
Less items not recorded at fair value:		
Unconditional promises to give—net	(35,716)	(16,839)
Other	(14,249)	(16,004)
Total assets	$ 4,019,953	$ 3,782,929

The values below represent SSMH's defined benefit plan's allocated proportionate share of CIP by the level of significant input:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$ 18,766	$ 28,339	$ -	$ 47,105
Corporate obligations	-	160,601	-	160,601
Government securities	-	250,084	-	250,084
Mutual funds—international equities	21,545	-	-	21,545
Mutual funds—fixed income	11,412	-	-	11,412
Equities—domestic	316,149	-	-	316,149
Trading derivatives	-	371	-	371
LLC and LP interests	-	81,425	340,959	422,384
Subtotal	$ 367,872	$ 520,820	$ 340,959	$ 1,229,651
Investments measured at net asset value:				
Commingled funds:				
Securities lending				30,785
International equities				95,475
Fixed income				17,617
Hedge funds				85,264
LLC, LP and REIT interests				115,609
Total assets				1,574,401
Accrued income				4,859
Payable under security lending agreement				(30,785)
Fair value of plan assets				$ 1,548,475
Liabilities—trading derivatives	$ -	$ -	$ -	$ 450

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$ 36,487	$ 12,431	$ -	$ 48,918
Corporate obligations	-	141,126	-	141,126
Government securities	-	151,996	-	151,996
Mutual funds—international equities	20,756	-	-	20,756
Equities—domestic	303,235	-	-	303,235
Trading derivatives	-	686	-	686
LLC and LP interests	-	102,078	390,489	492,567
Subtotal	$ 360,478	$ 408,317	$ 390,489	1,159,284
Investments measured at net asset value:				
Commingled funds:				
Securities lending				40,080
International equities				111,514
Fixed income				64,702
Hedge funds				65,180
LLC, LP and REIT interests				100,326
Total assets				1,541,086
Accrued income				3,464
Payable under security lending agreement				(40,080)
Fair value of plan assets				$ 1,504,470
Liabilities—trading derivatives	$ 862	$ -	$ -	$ 862

The following disclosures for level 3 and net asset value investments includes SSMH investments and the investments of its defined benefit plans.

The allocated shares of level 3 assets for the years ended December 31, 2023 and 2022, are as follows:

	SSMH Investments	SSMH's Defined Benefit Plan Assets	Total
December 31, 2023	$ 1,112,089	$ 340,959	$ 1,453,048
December 31, 2022	938,036	390,489	1,328,525

It is SSMH's policy that transfers between levels will occur when revised information regarding the lowest level of significant inputs becomes available. There were no transfers between levels during 2023 or 2022.

Changes related to the fair values based on Level 3 inputs for the years ended December 31, 2023 and 2022, are summarized as follows:

	LLC and LP Interests
Ending balance as of January 1, 2022	$ 1,026,600
Realized gains	39,229
Unrealized gains	51,285
Purchases	307,899
Sales	(96,488)
Ending balance as of December 31, 2022	1,328,525
Realized gains	73,033
Unrealized gains	45,524
Purchases	219,329
Sales	(213,363)
Ending balance as of December 31, 2023	$ 1,453,048

The allocated shares of CIP assets measured at net asset value for the years ended December 31, 2023 and 2022, are as follows:

	SSMH Investments	SSMH's Defined Benefit Plan Assets	Total
December 31, 2023:			
Commingled funds	$ 288,047	$ 143,877	$ 431,924
Hedge funds	176,070	85,264	261,334
LLC, LP and REIT interests	111,546	115,609	227,155
Total	$ 575,663	$ 344,750	$ 920,413
December 31, 2022:			
Commingled funds	$ 444,483	$ 216,296	$ 660,779
Hedge funds	120,240	65,180	185,420
LLC, LP and REIT interests	177,364	100,326	277,690
Total	$ 742,087	$ 381,802	$ 1,123,889

The commingled funds, hedge funds, and certain LLC, LP, and REIT interests are redeemable at net asset value under the original terms of the agreements. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Assets recorded at net asset value at December 31, 2023 and 2022, are as follows:

December 31, 2023	Fair Value	Redemption Frequency	Redemption Notice Period
Commingled funds [a]	$ 431,924	Daily, semi-monthly, monthly	0–10 days
Hedge funds [b]	261,334	Monthly, quarterly, semi-annual	30–90 days
LLC, LP and REIT interests [c]	227,155	Quarterly	45–90 days
Total	$ 920,413		

December 31, 2022	Fair Value	Redemption Frequency	Redemption Notice Period
Commingled funds [a]	$ 660,779	Daily, semi-monthly, monthly	0–10 days
Hedge funds [b]	185,420	Monthly, quarterly	30–90 days
LLC, LP and REIT interests [c]	277,690	Quarterly, semi-annual	45–90 days
Total	$ 1,123,889		

(a) This category includes investments in commingled funds that primarily invest in financial instruments of US and non-US entities, bonds, notes, bills, currencies, and interest rate and derivative products.

(b) This category includes investments in hedge funds that maintain positions in long-short equity, credit, currency and derivative securities.

(c) This category includes investments in certain limited liability companies, limited partnerships and REIT interests that invest in the following: high-quality properties in major metropolitan areas; participating mortgages secured by core real estate properties; and core infrastructure investments. Investments in this category are primarily valued based upon independent appraisals using a cost approach, market approach, or income approach, as well as consideration of other third-party evidence.

SSMH's unfunded commitments to purchase limited partnership interests is reported as follows:

	Unfunded Commitments	SSMH Investments	SSMH's Defined Benefit Plan Assets
December 31, 2023	$ 446,980	72 %	28 %
December 31, 2022	476,480	65	35

9. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2023 and 2022, is as follows:

	2023	2022
Land and improvements	$ 240,956	$ 243,935
Buildings	3,783,867	3,768,792
Equipment	1,773,662	1,640,783
Total gross depreciable property and equipment	5,798,485	5,653,510
Less accumulated depreciation	3,195,413	2,990,827
Total net depreciable property and equipment	2,603,072	2,662,683
Real estate held for future development	3,985	3,985
Construction in process	234,274	194,023
Total	$ 2,841,331	$ 2,860,691

Depreciation expense for the years ended December 31, 2023 and 2022, totaled $259,368 and $271,229, respectively.

The book value of equipment under finance lease obligations at December 31, 2023 and 2022, totaled $27,205 and $26,316, respectively. The related accumulated depreciation totaled $17,037 and $15,473 at December 31, 2023 and 2022, respectively. These amounts are included in the above summary of property and equipment.

SSMH determined that indicators existed that there was potential impairment of certain property and equipment totaling $18,109 for the year ended December 31, 2023 (See Note 12—Ministry Activities for additional information).

10. GOODWILL AND OTHER INTANGIBLE ASSETS

A summary of Goodwill at December 31, 2023 and 2022, is as follows:

	Gross	Accumulated Impairment Loss	Net
Balance at January 1, 2022	$ 189,496	$ (38,303)	$ 151,193
Acquired (See Note 12)	138,468	-	138,468
Balance at December 31, 2022	327,964	(38,303)	289,661
Acquired (See Note 12)	239,288	-	239,288
Balance at December 31, 2023	$ 567,252	$ (38,303)	$ 528,949

The following table provides information regarding other intangible assets for the years ended December 31, 2023 and 2022:

	2023			2022		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Intangible Assets**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Intangible Assets**
Amortized intangible assets:						
Software	$483,626	$308,785	$174,841	$347,352	$285,406	$ 61,946
Trade name	108,563	71,215	37,348	104,900	64,000	40,900
Customer contracts	151,980	38,750	113,230	111,621	36,444	75,177
Other	5,257	1,769	3,488	5,368	3,640	1,728
Total	$749,426	$420,519	$328,907	$569,241	$389,490	$179,751

The weighted-average amortization period for the intangible assets subject to amortization acquired during the year ended December 31, 2023 is approximately 3.4 years. There are no expected residual values related to these intangible assets.

Amortization expense on these intangible assets was $29,581 and $37,572 during the years ended December 31, 2023 and 2022, respectively.

The estimated future amortization of intangible assets with finite useful lives as of December 31, 2023, is as follows:

Years Ending December 31	
2024	$ 41,585
2025	39,925
2026	35,406
2027	30,166
2028	25,905
Thereafter	155,920
Total	$328,907

11. INVESTMENTS IN UNCONSOLIDATED ENTITIES

Investments in entities where SSMH does not have operating control, but is considered to be able to exert influence, are recorded under the equity method of accounting. SSMH included the following income from operations from equity method investments for the years ended December 31, 2023 and 2022, as operating revenues:

	2023	**2022**
Income and gain from operations (See Note 12)	$ 140,518	$28,692
Losses from operations	(1,479)	(14,869)
Income from unconsolidated entities—net	$ 139,039	$13,823

12. MINISTRY ACTIVITIES

SSMH entered into the following significant activities during the years ended December 31, 2023 and 2022:

Navitus Health Solutions—Throughout 2022 and 2023, NHS held a 45% interest in Archimedes, LLC (Archimedes), a specialty drug management company that focuses primarily on specialty drug management solutions for health plans, third party administrators, employers, labor groups, and other plan sponsors. On December 29, 2023, NHS acquired an additional 35.1% ownership interest in Archimedes, making NHS an 80.1% majority and controlling owner.

In accordance with ASC 805, *Business Combinations*, the transaction was accounted for as a business combination and acquired assets and liabilities were recorded at fair values while Archimedes became a consolidated subsidiary of NHS on the date of acquisition. Previously, Archimedes had been accounted for as equity method investment with NHS's share of earnings in Income from unconsolidated entities—net on the consolidated statement of operations and changes in net assets and recorded as an Investment in unconsolidated entities on the balance sheet of SSMH.

During the years ended December 31, 2023 and 2022, SSM recognized revenues from Archimedes' equity method earnings totaling $9,392 and $1,964, respectively, in Income from unconsolidated entities—net. As part of the purchase accounting, the investment in Archimedes was adjusted to its acquisition date fair value of $170,780, which resulted in a gain of $101,099 recorded in Income from unconsolidated entities—net in December 2023. Total assets acquired related to the Archimedes acquisition of $470,120 includes $18,370 of cash and cash equivalents, $58,515 of pharmacy claims and rebates receivable, $843 of inventory, prepaids, and other, $239,288 of goodwill and $151,000 of other intangible assets—net, property and equipment—net of $1,412, and operating right of use assets of $692. Total liabilities assumed of $78,411 is made up solely of $75,086 of accounts payable and accrued expenses, $709 of deferred revenue, $384 of operating lease obligations—excluding current portion, and $2,232 of other long-term liabilities.

SLUCare Physician Group—On May 6, 2022, SSM Health and its various subsidiaries entered into an Asset Transfer/Membership Interest Redemption Agreement with Saint Louis University that was effective as of July 1, 2022. Under the terms of the agreement, SSM Health Care Group acquired in a cash transaction substantially all of the operating assets and assumed certain liabilities of SLUCare Physician Group ("SLUCare") from Saint Louis University. The agreement formally brings together the academic medical expertise of SLUCare with SSM Health's high-quality, community-based care model so that patients will have access to all levels of care, including highly specialized procedures and clinical trials. The SLUCare transaction was accounted for as a business combination as of July 1, 2022 and acquired assets and liabilities were recorded at fair values. Total assets acquired of $144,400 includes $7,672 of tangible assets, $138,451 of Goodwill, and $10,072 of other intangible assets—net. Total liabilities assumed were $11,795. In addition, as part of this transaction, SSM Health redeemed Saint Louis University's 15% membership interest in SSM Health St. Louis in a cash transaction as displayed in the consolidated statement of cash flows. SSM Health recognized annual revenues from SLUCare totaling $171,783 during the year ended December 31, 2023 and revenues totaling $93,391 for the six months ended December 31, 2022.

Impairments and assets held for sale—As of December 31, 2023, a $33,096 impairment loss was taken on the consolidated statement of operations and changes in net assets to adjust certain assets to their net realizable value related to the abandonment of certain contracts and facilities that are being repurposed or relocated. In addition, certain property and equipment assets were adjusted to their approximate fair value, less cost to sell that are now classified as held for sale. These impairments impacted the following balance sheet line items: property and equipment – net for $18,109, operating right-of-use assets for $6,600, and other non-current assets for $8,387. The assets classified as assets held for sale as of December 31, 2023 were $25,650.

13. DEBT AND FINANCE LEASE OBLIGATIONS

Debt as of December 31, 2023 and 2022, consists of the following:

	2023	2022
Fixed rate:		
Series 2023A Bonds fixed rate debt, due 2039 with a put option June 2028, 5.00% interest rate, plus net unamortized premium of $6,926 at December 31, 2023	$ 88,911	$ -
Series 2014A, 2016 Sarah Community, 2017A, 2017 Agnesian, 2018, 2018A, 2018B, 2018C, 2019 Sarah Community, 2019A, 2019B, 2022A and 2023 Bonds fixed rate debt, due through 2052, interest rates from 2.65% to 5.00% plus net unamortized premium of $35,017 and $40,389 at December 31, 2023 and 2022, respectively	1,500,832	1,836,214
Total fixed rate debt	1,589,743	1,836,214
Variable rate:		
Series 2019C Variable Rate Direct Loans issued July 2019, 4.73% at December 31, 2023, with put option July 2025, and maturing June 2029.	21,035	25,465
Series 2014B-G, Series 2018D-F, and 2023B Variable Rate Demand Bonds, 3.50% to 5.33% at December 31, 2023, due serially through 2053	665,180	443,580
Total variable rate debt	686,215	469,045
Revolving line of credit	97,410	-
Deferred financing costs	(9,528)	(7,899)
Commercial paper, 5.44% at December 31, 2023	175,000	175,000
Note payable due through 2024, plus net unamortized discount of $404 and $1,215 at December 31, 2023 and 2022, respectively. Collateralized by certain real estate	23,762	47,118
Unsecured note payable due through 2025	21,842	52,763
Notes payable, due at various dates through 2028, interest at 8.00% to 8.25%, unsecured	163	436
Finance lease obligations, at varying rates from 3.00% to 13.31% collateralized by leased equipment and property	17,733	16,719
Total debt and finance lease obligations	2,602,340	2,589,396
Less commercial paper-recorded in other current liabilities	175,000	175,000
Less revolving line of credit	97,410	-
Less finance lease obligations, excluding current portion	16,006	14,640
Less short-term borrowings	665,180	443,580
Less current portion of long-term debt and finance lease obligations	57,931	602,034
Total long-term debt	$ 1,590,813	$ 1,354,142

SSM Health Master Indenture—SSMHCC is a member of the SSM Health Credit Group (Credit Group) and the only obligated group member pursuant to a master trust indenture (amended and restated) dated May 15, 1998. The Credit Group also includes certain SSMH's affiliates referred to as "Designated Affiliates" under the master trust indenture. SSMH corporations not included in the Credit Group include NHS and Lumicera Health Services, as well as a variety of entities consisting primarily of foundations, medical office building corporations, employed physician practices, and various other corporations involved in activities supporting SSMH. The net assets of the Designated Affiliates are available to SSMHCC to service all obligations under the master indenture. Various issuing authorities have issued tax-exempt revenue bonds under the master trust indenture. All debt under the master trust indenture is uninsured, but is subject to certain debt covenants, including the maintenance of a minimum debt service coverage ratio.

During 2022, SSMH assumed control of a not-for-profit faith-based retirement community, which included all assets and liabilities of the entity as well as assuming its debt. This entity became a fully consolidated subsidiary outside of the Credit Group. The debt, which sits outside the credit group, is guaranteed by SSMHCC and consists of two fixed rate bond series totaling approximately $19,000 and $21,000 as of December 31, 2023 and 2022, respectively. Additionally, in 2023 SSMHC closed on $381,985 of 2023 and 2023A fixed rate notes along with $224,570 of 2023B variable rate on demand bonds and in turn, paid down the $614,325 outstanding on the 2018, 2018B and 2018C bonds. As of December 31, 2022, approximately $524,435 million of 2018 Notes, that were refinanced in 2023, were outstanding in the current portion of long-term debt balance sheet line.

Variable Rate Bonds—The debt includes $686,215 and $469,045 at December 31, 2023 and 2022, respectively, of variable rate bonds. The interest rates on these bonds are reset at daily or longer intervals. The Series 2014B-G, Series 2018D-F, and 2023B variable rate demand bonds are supported through self-liquidity. The remaining variable rate bonds were issued as funded direct placements that do not require liquidity support. These series are classified as short-term borrowings based upon these accelerated terms. The contingent payments in the Contractual and Contingent Principal Repayments table below reflect these accelerated terms. However, SSMH's contractual payments do not reflect these accelerated terms. If any of these agreements are terminated and not replaced, extended, or renewed, SSMH can be required to purchase the tendered bonds at the specified bank rate in a specified period.

Contractual and Contingent Principal Repayments—Contractual and contingent principal repayments on debt and finance lease obligations of SSMH are as follows:

	Debt Contractual Payments	Contingent Payments	Finance Lease Obligations
2024	$ 59,189	$ 721,384	$ 3,742
2025	34,933	44,763	2,856
2026	29,713	18,568	2,560
2027	530,005	519,190	2,622
2028	330,121	401,556	2,701
Thereafter	1,296,225	574,725	11,075
	2,280,186	2,280,186	25,556
Plus amount representing net premium	41,539	41,539	
Less amount representing interest under finance lease obligations			(7,823)
Plus finance lease principal payments	17,733	17,733	$ 17,733
Plus commercial paper	175,000	175,000	
Plus revolving line of credit	97,410	97,410	
Less deferred financing costs	(9,528)	(9,528)	
Total debt and finance lease obligations	$ 2,602,340	$ 2,602,340	

Other Notes Payable—In 2022, SSMH purchased a group of real estate properties that were partially financed with a $48.3 million promissory note due to the seller of the properties. The note is secured by the properties and payable in equal installments with a final maturity date in 2024.

Commercial Paper—SSMH utilizes commercial paper supported by self-liquidity for general corporate purposes. Under the program, SSMH is registered to issue up to $400,000. At December 31, 2023 and 2022, $175,000 of commercial paper was issued and is included in other current liabilities on the consolidated balance sheets.

Revolving Line of Credit—SSMH utilizes revolving lines of credit for general corporate purposes. On June 23, 2022, SSMH entered into a $500,000 364-day revolving line of credit agreement. This agreement was amended and restated on June 22, 2023 to expand the facility size to $700,000. All other terms remain the same. The revolver is secured under SSMH's existing master trust indenture. NHS also maintains an unsecured $200,000 364-day revolving line of credit. As of December 31, 2023, no balance was outstanding on SSMH's revolving line of credit, while NHS' line of credit had a balance outstanding of $97,410.

Deferred Financing Costs, Debt Premiums, and Discounts—Deferred financing costs and any premium or discount are amortized using the effective interest rate method over the term of the related obligation (or call date when applicable).

Cash Paid for Interest—Cash paid for interest totaled $85,027 and $84,502 for the years ended December 31, 2023 and 2022, respectively. SSMH capitalized interest costs in the amounts of $611 and $373 for the years ended December 31, 2023 and 2022, respectively.

14. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

SSMH administers several qualified and nonqualified pension plans for its employees. As of January 1, 2021, all benefits of the pension plans are frozen.

The following table summarizes the benefit obligations, the fair value of plan assets, and the funded status at December 31, 2023 and 2022:

	2023	2022
Change in projected benefit obligation:		
Projected benefit obligation—beginning of period	$ 1,681,475	$ 2,324,828
Interest costs on projected benefit obligation	89,764	66,362
Actuarial loss (gain)	106,980	(551,906)
Settlements	(15,695)	(7,281)
Benefits paid	(137,332)	(150,528)
Projected benefit obligation—end of period	1,725,192	1,681,475
Change in plan assets:		
Fair value of plan assets—beginning of period	1,503,609	1,772,426
Actual return on plan assets	165,856	(165,440)
Employer contributions	27,224	50,000
Settlements	(15,695)	(7,281)
Benefits paid	(132,969)	(146,097)
Fair value of plan assets—end of period	1,548,025	1,503,609
Net amount recognized at end of period and funded status	$ (177,167)	$ (177,867)
Accumulated benefit obligation—end of period	$ 1,725,192	$ 1,681,475

The actuarial loss on the benefit obligation for the year ended December 31, 2023 was primarily attributable to the decrease in discount rate from 5.58% to 5.25%. The actuarial gain on the benefit obligation for the year ended December 31, 2022 was primarily attributable to the increase in discount rate from 2.95% to 5.58%.

SSMH holds the majority of the plans financial assets in CIP, which also includes the investments included in investments and assets whose use is limited. For a summary of the plans allocated proportionate share of CIP, including fair value leveling see Note 8—Fair Value Measurements.

Under accounting guidelines non-qualified pension plan liabilities are included as plan liabilities, but the investments are not considered to be plan assets. Accordingly, the table above does not include investments with a fair value of $42,573 and $42,364 as of December 31, 2023 and 2022, respectively, which are included as assets limited as to use or restricted on SSMH’s consolidated balance sheets.

The following is a summary of the amounts recognized in the consolidated balance sheets for the years ended December 31, 2023 and 2022:

	2023	2022
Amounts recognized in the consolidated balance sheets consist of:		
Accounts payable and accrued expenses	$ (3,633)	$ (4,601)
Long-term pension liability	(173,536)	(173,266)
Net amount recognized	$ (177,169)	$ (177,867)
Amounts recognized in unrestricted net assets consist of:		
Beginning of year balance	$ 171,377	$ 494,494
Arising during current year—net actuarial loss (gain)	59,166	(265,869)
Actuarial gain recognized due to settlement	(3,100)	(741)
Reclassified into net periodic benefit cost:		
Net actuarial gain (loss)	60	(55,913)
Prior service credit	(594)	(594)
End-of-year balance	$ 226,909	$ 171,377

The following is a summary of the components of net periodic pension cost recognized in Nonoperating Gains and (Losses) for the years ended December 31, 2023 and 2022:

	2023	2022
Interest costs on projected benefit obligation	$ 89,764	$ 66,362
Expected return on plan assets	(118,043)	(120,156)
Amortization of unrecognized:		
Prior service cost	594	594
Net loss	(60)	55,913
Net periodic pension cost	(27,745)	2,713
Settlement	3,100	741
Total cost	$ (24,645)	$ 3,454

The following are the actuarial assumptions used by the pension plans to develop the components of pension expense for the years ended December 31, 2023 and 2022:

	2023	2022
Discount rates	5.58 %	2.95 %
Return on plan assets	7.50	7.50

The following are the actuarial assumptions used by the pension plans to develop the components of the pension projected benefit obligation as of December 31, 2023 and 2022:

	2023	2022
Weighted average discount rates	5.25 %	5.58 %

SSMH is not expecting to contribute to its pension plans in 2024.

Estimated Future Benefit Payments—The following benefit payments are expected to be paid:

	Pension Benefits
2024	$ 133,474
2025	135,103
2026	136,198
2027	138,614
2028	136,079
Years 2029–2033	627,978

The actual plan asset allocations and the allocation goals comprise the following investment classifications at December 31, 2023 and 2022:

	2023	2022	Allocation Goals
Cash, cash equivalents, and short-term investments	0 %	1 %	1 %
Equities	32	36	37
Fixed income	27	22	21
Core real estate	7	7	7
Real asset investments	6	6	6
Private credit	6	6	6
Hedge funds	5	5	5
Volatility risk premium	5	5	5
Private equity	12	12	12
	100 %	100 %	100 %

SSMH's investment objective with respect to pension plans is to produce sufficient current income and capital growth through a portfolio of diversified public and private investments, which together with appropriate employer contributions is sufficient to provide for the pension benefit obligations. Within the real asset, private credit, and private equity categories are investments in limited liability companies, limited partnerships and REIT interests. The assumed return on plan assets is intended to be a long-term rate expected on funds invested or to be invested in accordance with SSMH's asset allocation policy to provide for benefits reflected in the plans' projected benefit obligation. In developing the assumptions, SSMH evaluates input from its actuary and pension fund investment advisors. Pension assets are managed by outside investment managers in accordance with the investment policies and guidelines established by the pension trustees, and are diversified by investment style, asset category, sector, industry, issuer, geographical location, and maturity. Pension assets are rebalanced each quarter per the plan's asset allocation guidelines. SSMH anticipates that its investment managers will continue to generate long-term returns equal to or in excess of its assumed rates.

Defined Contribution Plans—SSMH contributes to a defined contribution plan for eligible employees based upon a percentage of employee compensation. The expense for this plan was $86,010 and $71,109 for 2023 and 2022, respectively, and is included in salaries and benefits on the consolidated statements of operations and changes in net assets. SSMH also sponsors defined contribution plans covering employees who participate in the voluntary tax deferred annuity program and other defined contribution plans and who meet age and service requirements. SSMH's contributions to these plans are based on a percentage of employee compensation or employee contributions. The defined contribution pension expense for these plans was $72,423 and $57,456 for 2023 and 2022, respectively, and is included in salaries and benefits on the consolidated statements of operations and changes in net assets.

15. SELF-INSURANCE

Professional and General Liability Insurance—A majority of the members of SSMH participate in the SSMH Liability Trust I or SSMH Liability Trust II (the "Trusts"). Both Trusts are revocable grantor trusts. These Trusts, which cover primary limits of professional and general liability, require annual contributions by participating entities at actuarially determined amounts.

SSMH's underlying self-insured retention for professional liability claims is as follows:

	January 1, 2023 to December 31, 2023
Per occurrence limits—Missouri, Oklahoma and Illinois	$ 10,000
Per occurrence limits—Missouri, (Select Locations)	$ 15,000
Annual aggregate—Missouri, Oklahoma and Illinois	None

SSMH's hospitals and physicians located in Wisconsin are qualified health care providers as defined by Wisconsin state statutes regarding professional liability coverage and participate in the State of Wisconsin Injured Patients and Families Compensation Fund (PCF). As defined by Wisconsin state statute, these hospitals and physicians have separate professional liability limits of $1,000 per claim and a $3,000 annual aggregate applied to each qualified provider. Losses in excess of these amounts are fully covered through mandatory participation in the PCF. SSMH is commercially insured up to these limits for these hospitals and physicians. For any Wisconsin operation not qualified to participate in the PCF, separate commercial limits of liability are purchased; limits and coverages are evaluated annually.

SSMH's underlying self-insured retention for general liability claims is as follows:

	2023
Per occurrence limits—Missouri, Oklahoma, Wisconsin and Illinois	$3,000
Annual aggregate—Missouri, Oklahoma, Wisconsin and Illinois	None

SSMH maintains reinsurance through a wholly owned captive for professional and general liability claims exceeding the underlying self-insured retention. The reinsurance provides coverage (based on specific policy terms, conditions and limitations) up to the limits in the following table. The sublimits that apply are part of and not in addition to the overall policy aggregate limits.

All Locations	January 1, 2023 to December 31, 2023
Each loss event	$ 145,000
Annual aggregate	145,000

The estimated professional and general liability obligation is recorded in the consolidated financial statements at the present value of future cash payments for both asserted and unasserted claims, using a discount rate of 3% at December 31, 2023 and 2022. The liability for self-insured reserves represents estimates of the ultimate net cost of all losses and related expenses, which are incurred but not paid at the balance sheet date based on an actuarial valuation. This estimated obligation is $141,813 and $139,335 at December 31, 2023 and 2022, respectively, of which $43,622 and $41,099 is recorded in accounts payable and accrued expenses on the consolidated balance sheets at December 31, 2023 and 2022, respectively.

The accumulated assets of the Trusts are not available to participating members except to pay covered professional liability claims or to reduce future contributions when warranted by claims experience. In the event the Trusts are ever depleted, the participating members would be required to fund deficiencies based on future actuarial determinations.

Dean Health Services (DHS) retains deductible levels with respect to its professional liability program. For professional liability claims reported on or after July 1, 2004, the per-occurrence deductible level is $1,000 per defendant, and the annual aggregate deductible level is $3,000. DHS is contractually obligated to reimburse its insurance carriers for all claims paid under the professional liability policies. The PCF also provides unlimited insurance for amounts in excess of the deductibles. DHS recognized a liability of $7,836 and $7,367 at December 31, 2023 and 2022, respectively, of which $1,786 and $1,317 is recorded in accounts payable and accrued expenses on the consolidated balance sheets at December 31, 2023 and 2022, respectively.

Workers' Compensation—A majority of the members of SSMH participate in SSMH's centralized self-insured workers' compensation program. Claims in excess of certain liability limitations are covered by commercial insurance. The estimated workers' compensation liability obligation is actuarially determined. SSMH records these amounts in accounts payable and accrued expenses and in other long-term liabilities on the consolidated balance sheets at the present value of future cash payments for both asserted and unasserted claims, using a discount rate of 1% at December 31, 2023 and 2022.

Employee Health Insurance—Effective January 1, 2020, all members of SSMH participate in the SSM Employee Health Care Plan as well as other self-funded plans (the Plans). Each participating member funds an actuarially determined amount for payment of covered benefits and related expenses, which are subject to certain limitations. Claims paid by the Plans are included in salaries and benefits expense other on the consolidated statements of operations and changes in net assets and include claims paid by the Plans to SSMH ministries of $238,563 and $224,198 for the years ended December 31, 2023 and 2022, respectively. SSMH recorded on the consolidated balance sheets, in accounts payable and accrued expenses, a reserve for incurred but not reported claims of $49,032 and $45,514 for the years ended December 31, 2023 and 2022, respectively.

16. LEASES

As of December 31, 2023, SSMH has $43,835 of current operating lease obligations included in accounts payable and accrued expenses and $201,018 of long-term lease obligations on the consolidated balance sheet. As of December 31, 2022, SSMH has $43,624 of current operating lease obligations included in accounts payable and accrued expenses and $164,583 of long-term lease obligations on the consolidated balance sheet.

The following table presents certain information related to the lease costs for operating leases for the years ended December 31, 2023 and 2022.

	2023	2022
Operating lease costs	$ 78,443	$ 82,954
Short-term lease costs	14,004	12,976
Variable lease costs	13,583	10,396
Total operating lease costs	$ 106,030	$ 106,326

As of December 31, 2023 and 2022, the weighted average remaining operating lease term was 6.5 years and 6.8 years with a weighted average discount rate of 3.5% and 3.7%, respectively.

Commitments related to noncancelable operating lease obligations for each of the next five years and thereafter are as follows:

2024	$ 50,997
2025	40,173
2026	35,820
2027	32,086
2028	28,392
Thereafter	113,036
Total undiscounted minimum lease payments	300,504
Less amount of lease payments representing interest	55,651
Present value of future minimum lease payments	244,853
Less current obligations under accounts payable and accrued expenses	43,835
Long-term lease obligations	$ 201,018

17. NET ASSETS AND ENDOWMENTS

Net assets with donor restrictions were available for the following purposes for the years ended December 31, 2023 and 2022:

	2023	2022
Subject to expenditure for healthcare operations	$ 120,319	$ 81,665
Endowments subject to the SSMH Foundations' endowment spending policies and appropriation	67,824	61,368
Net assets with donor restrictions	$ 188,143	$ 143,033

Net assets without donor restrictions were as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Undesignated	$ 4,305,961	$ 4,128,298
Board-designated for:		
Foundation assets designated for hospital operations and other	163,296	133,952
Endowments	27,934	24,407
	191,230	158,359
Net assets without donor restrictions	$ 4,497,191	$ 4,286,657

Endowments consist of approximately 150 individual funds established for a variety of purposes. They include both donor-restricted endowment funds and funds designated by the boards of trustees or governors of each of its foundations to function as endowments (board-designated endowment funds).

Changes in Endowment Net Assets	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets—January 1, 2022	$ 29,852	$ 58,666	$ 88,518
Investment return—net loss	(3,833)	(6,762)	(10,595)
Contributions	669	10,427	11,096
Transfers to create board designated endowment funds	(825)	825	-
Appropriation of endowment assets for expenditure	(1,456)	(1,788)	(3,244)
Endowment net assets—December 31, 2022	24,407	61,368	85,775
Investment return—net gain	3,916	7,127	11,043
Contributions	341	1,400	1,741
Appropriation of endowment assets for expenditure	(730)	(2,071)	(2,801)
Endowment net assets—December 31, 2023	$ 27,934	$ 67,824	$ 95,758

Funds with Deficiencies—From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or current law requires SSMH to retain as a fund of perpetual duration (underwater endowments). SSMH has interpreted applicable law to permit spending from underwater funds in accordance with the prudent measures required under the law. SSMH Foundations' policies allows spending from underwater endowment funds, unless otherwise precluded by donor intent or relevant laws and regulations. As of December 31, 2023, an immaterial deficiency existed in two endowments across the system. As of December 31, 2022, an immaterial deficiency existed in seven endowments across the system.

Return Objectives and Risk Parameters—SSMH Foundations have investment and spending practices for endowment assets that intend to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that SSMH Foundations must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The policy allows the endowment assets to be invested in a manner that is intended to produce results that exceed the price and yield results of the allocation index while assuming a moderate level of investment risk. SSMH expects its endowment funds to provide a rate of return that preserves the gift and generates earnings to achieve the endowment purpose.

Strategies Employed for Achieving Objectives—To satisfy its long-term rate-of-return objectives, SSMH relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and interest and dividend income. SSMH uses a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints to preserve capital.

Spending Policy and Investment Objectives—SSMH Foundations have a practice of distributing the major portion of current-year earnings on the endowment funds, if the restrictions have been met. Some of the donor-restricted endowments require a portion of the earnings to increase the corpus of the endowment. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

18. DERIVATIVE INSTRUMENTS

SSMH utilizes various interest rate swap contracts to manage interest cost and debt duration. None of these swaps have been designated as hedges of the interest payments on outstanding debt obligations for accounting purposes.

At December 31, 2023, SSMH had seven floating-to-fixed interest rate swaps, two fixed-to-floating interest rate swaps, four fixed spread basis swaps and two total return swaps. At December 31, 2022, SSMH had six floating-to-fixed interest rate swaps while the other swap types were the same as 2023.

Under all the outstanding floating-to-fixed interest rate swaps with the exception of two, SSMH receives LIBOR or a percentage of LIBOR plus a spread of 0.12% and pays a fixed rate. LIBOR was officially removed as an official index on June 20, 2023, at which time SSMH's counterparties converted to utilizing a one-month lookback rate for existing LIBOR-based swaps. Under the remaining floating-to-fixed interest rate swaps, SSMH receives a portion of SOFR and pays a fixed rate. Under the fixed-to-floating interest rate swaps, SSMH receives a fixed rate and pays Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA). Under the fixed spread basis swaps, SSMH pays a rate based on SIFMA and receives a percentage of LIBOR plus a spread ranging from 0.40% and 0.62%. Under the total return swaps, SSMH pays both a fixed rate equal to the coupon interest rate on the underlying bond or direct placement loan, as well as a variable rate based on SIFMA plus a spread, then receives the same fixed rate equal to the coupon interest rate on the underlying bond or direct placement loan. Counterparties to SSMH's swaps are diversified and include JP Morgan, Citibank, Wells Fargo, BNY Mellon, Barclays, RBC, and PNC Bank.

Certain swap agreements require SSMH to provide collateral if SSMH's liability, determined on a mark-to-market basis, exceeds a specified threshold. SSMH's interest rate swap agreements allow for net settlements of payment in the normal course of business as well as offsetting of all contracts with a given counterparty in the event of default or bankruptcy of one of the two parties of the transaction. As of December 31, 2023 and 2022, SSMH had posted $0 in collateral for the benefit of the counterparties.

As part of CIP, SSMH holds investments in interest rate swaps and options, credit default swaps and futures. This economic hedging is based on investment portfolio exposure to long-only equities, foreign exchange and fixed income. No leverage is utilized for this hedging activity.

The following table shows the outstanding notional amount of derivative instruments measured at fair value as reported in other liabilities and assets whose use is limited in the consolidated balance sheets as of December 31, 2023 and 2022:

December 31, 2023	**Recorded on Balance Sheet**	**Maturity Date of Derivatives**	**Fixed Rate**	**Notional Amount Outstanding**	**Fair Value**
Derivatives not designated as hedges—interest rate swaps	Other assets	2028-2053	2.17%–3.17%	$1,111,400	$ 30,820
Derivatives not designated as hedges—interest rate swaps	Other liabilities	2034–2045		475,150	(14,041)
Derivatives not designated as hedges—trading derivatives:	Assets limited as to use or restricted				
Futures		2024		1,511	1,121
Options		2024		679,186	(1,751)
				680,697	(630)
Total				$2,267,247	$ 16,149

December 31, 2022	Recorded on Balance Sheet	Maturity Date of Derivatives	Fixed Rate	Notional Amount Outstanding	Fair Value
Derivatives not designated as hedges—interest rate swaps	Other liabilities	2023–2044	2.17%–3.00%	$ 972,370	$ (24,876)
Derivatives not designated as hedges—interest rate swaps	Other assets	2035–2050		377,180	16,009
Derivatives not designated as hedges—trading derivatives:	Assets limited as to use or restricted				
Credit default swaps		2023–2026		16,906	(6)
Futures		2023		79,264	8,618
Interest rate swaps		2023–2030	1.00%–2.00%	44,598	(296)
Options		2023		316,354	(2,113)
				457,122	6,203
Total				$1,806,672	$ (2,664)

Fair value is based on instruments trading in active markets (Level 1) and significant other observable inputs (Level 2) at December 31, 2023 and 2022. The gains and losses related to trading derivative instruments have been included in the disclosures reported in Note 7—Assets Limited as to Use or Restricted.

SSMH's credit derivative instruments are under a master agreement that provides the ability to close out and net the total exposure to a counterparty in the event of a default or other termination events. Counterparty risk is managed by requiring high credit standards for SSMH's counterparties as well as collateral posting requirements. As of December 31, 2023 and 2022, SSMH posted $632,054 and $316,552, respectively, of collateral for the credit and equity trading derivative instruments allocated to SSMH from CIP.

The net presentation of SSMH's financial instruments subject to rights of offset are summarized as follows:

Offsetting of Financial and Derivative Assets

Description	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts Presented in the Consolidated Balance Sheets	Gross Amounts not Offset in the Consolidated Balance Sheets	Net Amount
As of December 31, 2023—					
Asset derivatives:					
Interest rate swaps	$ 30,820	$ -	$ 30,820	$ (14,041)	$ 16,779
Trading derivatives:					
Futures	$ 1,121	$ -	$ 1,121	$ -	$ 1,121
Options	-	-	-	-	-
	$ 1,121	$ -	$ 1,121	$ -	$ 1,121
As of December 31, 2022—					
Asset derivatives:					
Interest rate swaps	$ 16,009	$ -	$ 16,009	$ -	$ 16,009
Trading derivatives:					
Credit default swap	$ 19	$ (25)	$ (6)	$ -	$ (6)
Futures	8,618	-	8,618	-	8,618
Interest rate swaps	1,451	(1,747)	(296)	-	(296)
Options	2,669	(4,782)	(2,113)	-	(2,113)
	$ 12,757	$(6,554)	$ 6,203	$ -	$ 6,203

Offsetting of Financial and Derivative Liabilities

Description	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts Presented in the Consolidated Balance Sheets	Gross Amounts not Offset in the Consolidated Balance Sheets	Net Amount
As of December 31, 2023—					
Asset derivatives—					
Trading derivatives:					
Futures	$ -	$ -	$ -	$ -	$ -
Options	(1,751)	-	(1,751)	-	(1,751)
	$ (1,751)	$ -	$ (1,751)	$ -	$ (1,751)
Liability derivatives—interest rate swaps	$ 14,041	$ -	$ 14,041	$ -	$ 14,041
As of December 31, 2022—					
Asset derivatives—					
Trading derivatives:					
Credit default swap	$ 25	$ (25)	$ -	$ -	$ -
Futures	-	-	-	-	-
Interest rate swaps	1,747	(1,747)	-	-	-
Options	4,782	(4,782)	-	-	-
	$ 6,554	$ (6,554)	$ -	$ -	$ -
Liability derivatives—interest rate swaps	$ 24,876	$ -	$ 24,876	$(16,009)	$ 8,867

19. INCOME TAXES

The components of income tax expense included in other-net nonoperating gains and (losses) on the consolidated statements of operations and changes in net assets for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
Current tax expense:		
Federal	$ 792	$ 1,618
State	453	4,171
Income tax expense	$ 1,245	$ 5,789

The components of deferred taxes are as follows:

	2023	2022
Assets:		
Net operating loss and credit carryforwards	$ 249,256	$ 471,607
Accrued employee compensation	6,725	5,817
Other nondeductible liabilities	42,518	6,340
Uncollectible accounts	1,304	4
Other	2,273	(2,467)
Total assets	302,076	481,301
Liabilities:		
Depreciable and amortizable assets	(48,784)	(33,221)
Investment in subsidiaries	(22,409)	(8,887)
Other	(3,525)	(422)
Total liabilities	(74,718)	(42,530)
Valuation allowance	(227,358)	(438,771)
Net deferred income tax assets	$ -	$ -

As of December 31, 2023 and 2022, the deferred income tax benefits were recorded net of a valuation allowance of $227,358 and $438,771, respectively, primarily due to net operating loss carryforwards available related to its for-profit subsidiaries, which expire between 2021 and 2037. A valuation allowance was provided because it is more likely than not that the net operating losses will expire unutilized. During the year ended December 31, 2023, SSMH decreased the valuation allowance by $211,412 based on 2023 net incomes. During the year ended December 31, 2022, SSMH increased the valuation allowance by $72,722 based on 2022 net losses.

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 21% to net income before taxes. The significant items causing this difference are the net income of tax-exempt subsidiaries, changes in valuation allowances on deferred tax assets, and nondeductible compensation.

SSMH files income tax returns in the U.S. federal jurisdiction and in various state jurisdictions. SSMH is no longer subject to U.S. or state income tax examinations by tax authorities for the years before 2017.

Cash Paid for Income Taxes—Cash paid for income taxes totaled $4,016 and $7,931 for the years ended December 31, 2023 and 2022, respectively.

20. FUNCTIONAL EXPENSES

SSMH provides general health care services to residents within its geographic locations. Expenses by functional classification for the year ended December 31, 2023, are as follows:

	Health Care Services	General/ Administrative	Pharmacy Benefit Mgmt	Total
Salaries and benefits	$3,523,068	$ 770,000	$ 192,585	$ 4,485,653
Medical claims	624,843	-	-	624,843
Supplies	1,663,771	7,207	-	1,670,978
PBM Supplies	-	-	1,464,877	1,464,877
Professional fees and other	1,327,390	539,015	80,250	1,946,655
Interest	1,697	86,862	(7,889)	80,670
Depreciation and amortization	191,067	88,089	9,793	288,949
Impairment losses	33,096	-	-	33,096
	$7,364,932	$1,491,173	$1,739,616	$ 10,595,721

Expenses by functional classification for the year ended December 31, 2022, are as follows:

	Health Care Services	General/ Administrative	Pharmacy Benefit Mgmt	Total
Salaries and benefits	$3,203,375	$ 737,546	$ 140,502	$ 4,081,423
Medical claims	520,249	-	-	520,249
Supplies	1,460,532	5,266	-	1,465,798
PBM Supplies	-	-	1,222,826	1,222,826
Professional fees and other	1,328,999	475,863	72,042	1,876,904
Interest	1,545	77,854	885	80,284
Depreciation and amortization	207,276	91,572	9,793	308,641
	$6,721,976	$1,388,101	$1,446,048	$ 9,556,125

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include human resources, finance, treasury, legal, technology services and other functions. These expenses are allocated to healthcare services and general and administrative services based on the functional department for which they are incurred. Departmental expenses may include allocations of costs based on direct assignment, expenses or other methods.

21. COMMITMENTS AND CONTINGENT LIABILITIES

SSMH has outstanding letters of credit of $24,415 and $20,873 at December 31, 2023 and 2022, respectively. There were no outstanding draws on these letters of credit.

As of December 31, 2023, SSMH has entered construction projects for new facilities and capital improvements to existing facilities. As of December 31, 2023, SSMH has unmet commitments of approximately $140,674, which will be financed with board-designated assets, project funds, or cash generated from operations. As part of acquisition agreements in Wisconsin, SSMH has an outstanding commitment of approximately $50,000 for strategic and routine capital to be paid through 2028.

SSMH has entered certain other guarantees with outside entities to be paid out from 2023 through 2024, which totaled $15,390 at December 31, 2023.

During a periodic cost report audit performed by the Medicare Administrative Contractor (MAC) in Oklahoma, the MAC identified potential issues with the calculation of the disproportionate share hospital (DSH) payments paid to SSMH's Oklahoma facility (the Hospital). In 2013, the CMS rendered a ruling for full repayment of the DSH payments attributable to the adolescent psychiatric program for the year ended December 31, 2006. As of December 31, 2023 and 2022, $28,300 and $28,300, respectively, was included in estimated third-party payor settlements payables other on the consolidated balance sheets related to this ruling. SSMH appealed to the Provider Reimbursement Review Board (PRRB). In January 2018, PRRB ruled in favor of the Hospital for the 2006 DSH settlement, which was remanded back to the PRRB for further review. In 2022, the final PRRB determination was not ruled in favor of the Hospital. SSMH is continuing the litigation process.

See Notes 8—Fair Value Measurements, 13—Debt and Finance Lease Obligations, and 16—Leases for additional information regarding commitments.

Outside of the matters described above, SSMH is involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, it is management's opinion that these matters will be resolved without a material adverse effect on SSMH's consolidated financial position or consolidated results of operations.

22. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt and capital expenditures not financed with debt were as follows:

Financial assets:	
Cash and cash equivalents	$ 640,816
Investments	20,479
Patient accounts receivable	934,411
Pharmacy claims and rebates receivable	1,196,998
Other receivables	125,745
Assets limited as to use	3,153,904
Total financial assets	6,072,353
Liquidity resources:	
Unused commercial paper	225,000
Unused line of credit	802,590
Total financial assets and liquidity resources available within one year	$ 7,099,943

SSMH considers board designated assets limited as to use to be available within one year for general expenditure except for those assets designated for pharmacy benefit claims, long-term employee benefit plans and board designated endowments.

SSMH utilizes an internally managed investment fund to meet cash needs for general expenditures of the organization. On a daily basis, either (i) excess funds generated from SSMH's operations are transferred to the internally managed investment fund, or (ii) liquidity needs for general expenditures are sourced from the investment fund. The level of cash kept in the fund is based on management's determination of future working capital needs, debt service requirements, fixed capital needs, and other cash outflows of the organization.

On a quarterly basis, SSMH calculates the amount of its cash and investments that are available within certain time frames. As of December 31, 2023, the majority of SSMH's cash and short-term investments was available in three days or less. Of the remainder availability to receive proceeds ranges from one month or less to a year.

23. SUBSEQUENT EVENTS

For the year ended December 31, 2023, SSMH has evaluated subsequent events for potential recognition and disclosure through March 20, 2024, the date the financial statements were issued, noting no such events occurred.

* * * * * *

From:	Mowry, Jill
To:	Fick, Mackinzey
Cc:	Finnegan, Patti; Williams, Laurie
Subject:	RE: #6170 HT
Date:	Wednesday, January 8, 2025 11:59:00 AM
Attachments:	image001.png Contact Person Correction Form 1870 JILL signed.pdf

Hello Mackinzey,

Per your request:

- Please find the attached contact correction form naming me to be the contact person.
- Old equipment was decommissioned and disposed of.

Back on 2/26/24, Mike Vohsen told us that the old Allura Xper FD20 (originally purchased for St. Joseph-Kirkwood from Philips back in 2007, S/4 SAP Asset #20012791), would be disposed and replaced by the new ARTIS Icono Ceiling System (Interventional Angiography) for the St. Clare-Fenton Cardiac Cath Lab Dept.

S/4	S/4	ECC			final				
CoCode	Asset #	SAP Asset #	Asset Description	Cost Ctr	Inv. Date	Orig. Cost	Vendor	PO #	per M. Vohsen 2/26/24
0200	20012791	210480	Allura Xper FD20	4203000113	01/10/2007	$972,453.02	Philips	C4500817394	to be disposed / replaced soon

Thank you,
Jill

From: Fick, Mackinzey <Mackinzey.Fick@health.mo.gov>
Sent: Monday, January 6, 2025 3:47 PM
To: Mowry, Jill <Jill.Mowry@ssmhealth.com>
Cc: Finnegan, Patti <Patti.Finnegan@ssmhealth.com>
Subject: #6170 HT

Jill,

After final review of everything, some additional information is still needed.

- The LOI states Patti is the contact person, however the application states Jill is. Provide a contact correction form if Jill is the updated contact for this project.
- What happened to the existing lab equipment? Was it traded in or decommissioned?

This information is needed by Friday, January 6th, 2025.

Mackinzey Fick
Assistant Program Coordinator, Certificate of Need
Department of Health and Senior Services
920 Wildwood Drive, P.O. Box 570
Jefferson City, MO 65102
OFFICE: 573-751-6403
FAX: 573-751-7894
EMAIL: mackinzey.fick@health.mo.gov
http://health.mo.gov/information/boards/certificateofneed/index.php

Certificate of Need Program

CONTACT PERSON CORRECTION

Date
1/7/2025

Is the "Contact Person" information below correct? ☐ **Yes** ☑ **No *(correct below)***

Project Name	Project Number
SSM Health St. Clare Hospital DaVinci Robot	**6117 HS**
Contact Person *(Name/Association)*	Title
Patti Finnigan	VP Operations

Address *(Street/City/State/Zip Code)*

1015 Bowles Ave
Fenton, MO 63026

Telephone Number	Fax Number	E-mail Address
636-496-2521		patti.finnigan@ssmhealth.com

INSTRUCTIONS TO THE APPLICANT:

- According to recent information in the Certificate of Need Records, the individual listed above is the "Contact Person " for this project who will be the primary representative responsible for all monitoring and reporting related to this project.
- If this information is correct, check "Yes" in the box above.
- If this information IS NOT correct, check "No" in the box above, and enter the correct information in the appropriate spaces provided below.
- **In either case, the applicant must sign at the bottom of this form to certify that this response is true and accurate as of the date posted above.**

Please type or print legibly corrected "Contact Person" information below:

Contact Person *(Name)*	Title
Jill Mowry	Dir Strategy & BD

Address *(Street/City/State/Zip Code)*

1015 Bowles Ave
Fenton, MO 63026

Telephone Number	Fax Number	E-mail Address
636-496-2520		jill.mowry@ssmhealth.com

Applicant *(Print or Type Name)*

Jill Mowry

Applicant *(Signature)*	Date
Jill Mowry	1-7-25

MO 580-1870 (08/04)