

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 24, 2024

COMMUNITY HEALTH SYSTEMS, INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-15925
(Commission File Number)

13-3893191
(IRS Employer
Identification No.)

4000 Meridian Boulevard
Franklin, Tennessee
(Address of Principal Executive Offices)

37067
(Zip Code)

Registrant's Telephone Number, Including Area Code: 615 465-7000

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 par value	CYH	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.



The information contained in this Current Report on Form 8-K (including the exhibits hereto) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Item 2.02 Results of Operations and Financial Condition.

On April 24, 2024, Community Health Systems, Inc. (the "Company") announced operating results for the first quarter ended March 31, 2024. A copy of the press release making this announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference into this Item 2.02.

Item 7.01 Regulation FD Disclosure.

On April 24, 2024, the Company announced operating results for the first quarter ended March 31, 2024 in a press release attached as Exhibit 99.1 to this Current Report on Form 8-K which is incorporated by reference into this Item 7.01.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are furnished herewith:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Community Health Systems, Inc. Press Release, dated April 24, 2024.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 24, 2024

COMMUNITY HEALTH SYSTEMS, INC.

By: /s/ Tim L. Hingtgen
Tim L. Hingtgen
Chief Executive Officer and Director
(principal executive officer)

By: /s/ Kevin J. Hammons
Kevin J. Hammons
President and Chief Financial Officer
(principal financial officer)

By: /s/ Jason K. Johnson
Jason K. Johnson
Senior Vice President and Chief Accounting Officer
(principal accounting officer)

Investor Contact: Kevin Hammons
President and
Chief Financial Officer
(615) 465-7000

**COMMUNITY HEALTH SYSTEMS, INC. ANNOUNCES FIRST QUARTER
ENDED MARCH 31, 2024 RESULTS**

FRANKLIN, Tenn. (April 24, 2024) – Community Health Systems, Inc. (NYSE: CYH) (the “Company”) today announced financial and operating results for the three months ended March 31, 2024.

Commenting on the results, Tim L. Hingtgen, chief executive officer of Community Health Systems, Inc., said, “We were pleased with our first quarter performance compared to both prior year and prior quarter. Progress was demonstrated on key operational and strategic priorities, and we remain focused on building further momentum as we pursue the opportunities available to us this year.”

The following highlights the financial and operating results for the three months ended March 31, 2024.

- **Net operating revenues totaled \$3.140 billion.**
- **Net loss attributable to Community Health Systems, Inc. stockholders was \$(41) million, or \$(0.32) per share (diluted), compared to \$(51) million, or \$(0.40) per share (diluted), for the same period in 2023. Excluding the adjusting items as presented in the table in footnote (e) on page 12, net loss attributable to Community Health Systems, Inc. stockholders was \$(0.14) per share (diluted), compared to \$(0.43) per share (diluted) for the same period in 2023.**
- **Adjusted EBITDA was \$378 million.**
- **Net cash provided by operating activities was \$96 million for the three months ended March 31, 2024, compared to \$5 million for the same period in 2023.**
- **On a same-store basis, admissions increased 3.8 percent and adjusted admissions increased 1.9 percent, compared to the same period in 2023.**

Three Months Ended March 31, 2024

Net operating revenues for the three months ended March 31, 2024, totaled \$3.140 billion, a 1.0 percent increase compared to \$3.108 billion for the same period in 2023. On a same-store basis, net operating revenues increased 5.7 percent for the three months ended March 31, 2024, compared to the same period in 2023. Net operating revenues for the three months ended March 31, 2024, reflect a 2.3 percent decrease in admissions and a 4.0 percent decrease in adjusted admissions, compared to the same period in 2023. On a same-store basis, admissions increased 3.8 percent and adjusted admissions increased 1.9 percent for the three months ended March 31, 2024, compared to the same period in 2023.

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Net loss attributable to Community Health Systems, Inc. stockholders was \$(41) million, or \$(0.32) per share (diluted), for the three months ended March 31, 2024, compared to \$(51) million, or \$(0.40) per share (diluted), for the same period in 2023. Excluding the adjusting items as presented in the table in footnote (e) on page 12, net loss attributable to Community Health Systems, Inc. stockholders was \$(0.14) per share (diluted) for the three months ended March 31, 2024, compared to \$(0.43) per share (diluted) for the same period in 2023.

Adjusted EBITDA for the three months ended March 31, 2024, was \$378 million compared to \$335 million for the same period in 2023.

The decrease in net loss attributable to Community Health Systems, Inc. stockholders and the increase in Adjusted EBITDA for the three months ended March 31, 2024, compared to the same period in 2023, are primarily due to increased reimbursement rates, a higher net benefit from supplemental reimbursement programs, reduced expense for contract labor and reductions in supplies expense.

Other

During 2024, through the date of this press release, the Company has not completed any hospital divestitures.

Financial and statistical data presented in this press release includes the operating results of divested or closed businesses for the periods prior to the consummation of the respective divestiture or closure. Same-store operating results and statistical information include operating results of businesses operated in the comparable current year and prior year periods and exclude businesses divested or closed in 2023.

Information About Non-GAAP Financial Measures

This press release presents Adjusted EBITDA, a non-GAAP financial measure, which is EBITDA adjusted to add back net income attributable to noncontrolling interests and to exclude loss (gain) from early extinguishment of debt, impairment and (gain) loss on sale of businesses, expense related to the Business Transformation Costs (as defined in footnote (c) to the Financial Highlights, Financial Statements and Selected Operating Data below), expense related to government and other legal matters and related costs, expense related to employee termination benefits and other restructuring charges, the impact of a change in estimate to increase the professional liability claims accrual recorded during the fourth quarter of 2022 with respect to claims incurred in prior years related to divested locations and the gain on sale by HealthTrust Purchasing Group, L.P. ("HealthTrust") of a majority interest in CoreTrust Holdings, LLC ("CoreTrust") completed during the fourth quarter of 2022. For information regarding why the Company believes Adjusted EBITDA provides useful information to investors, and for a reconciliation of Adjusted EBITDA to net loss attributable to Community Health Systems, Inc. stockholders, see footnote (c) to the Financial Highlights, Financial Statements and Selected Operating Data below.

Additionally, this press release presents adjusted net loss attributable to Community Health Systems, Inc. stockholders per share (diluted), a non-GAAP financial measure, to reflect the impact on net loss attributable to Community Health Systems, Inc. stockholders per share (diluted) from the selected items used in the calculation of Adjusted EBITDA. For information regarding why the Company believes this non-GAAP financial measure provides useful information to investors, and for a reconciliation of this non-GAAP financial measure to net loss attributable to Community Health Systems, Inc. stockholders per share (diluted), see footnote (e) to the Financial Highlights, Financial Statements and Selected Operating Data below.

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The non-GAAP financial measures set forth above are not measurements of financial performance under U.S. GAAP, and should not be considered in isolation or as a substitute for any financial measure calculated in accordance with U.S. GAAP. Additionally, the calculation of these non-GAAP financial measures may not be comparable to similarly titled measures disclosed by other companies.

The Company's annual earnings guidance for 2024, as provided in our press release issued on February 20, 2024, is reaffirmed. The 2024 guidance is based on the Company's historical operating performance, current trends and other assumptions the Company believes are reasonable. Assumptions underlying the annual earnings guidance as provided in our press release issued on February 20, 2024 are unchanged.

About Community Health Systems, Inc.

Community Health Systems, Inc. is one of the nation's largest healthcare companies. The Company's affiliates are leading providers of healthcare services, developing and operating healthcare delivery systems in 40 distinct markets across 15 states. As of April 24, 2024, the Company's subsidiaries own or lease 71 affiliated hospitals with approximately 12,000 beds and operate more than 1,000 sites of care, including physician practices, urgent care centers, freestanding emergency departments, occupational medicine clinics, imaging centers, cancer centers and ambulatory surgery centers.

The Company's headquarters are located in Franklin, Tennessee, a suburb south of Nashville. Shares in Community Health Systems, Inc. are traded on the New York Stock Exchange under the symbol "CYH." More information about the Company can be found on its website at www.chs.net.

Community Health Systems, Inc. will hold a conference call on Thursday, April 25, 2024 at 10:00 a.m. Central, 11:00 a.m. Eastern, to review financial and operating results for the first quarter ended March 31, 2024. Investors will have the opportunity to listen to a live internet broadcast of the conference call by clicking on the Investor Relations link of the Company's website at www.chs.net. For those who cannot listen to the live broadcast, a replay will be available shortly after the call and will continue to be available for approximately 30 days. Copies of this press release and conference call slide show, as well as the Company's Current Report on Form 8-K (including this press release), will be available on the Company's website at www.chs.net.

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COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES**Financial Highlights (a)(b)***(In millions, except per share amounts)**(Unaudited)*

	Three Months Ended	
	March 31,	
	2024	2023
<i>Net operating revenues</i>	\$ 3,140	\$ 3,108
Net loss (f)	(6)	(20)
Net loss attributable to Community Health Systems, Inc. stockholders	(41)	(51)
Adjusted EBITDA (c)	378	335
Net cash provided by operating activities	96	5
 <i>Loss per share attributable to Community Health Systems, Inc. stockholders:</i>		
Basic (f)	\$ (0.32)	\$ (0.40)
Diluted (e), (f)	(0.32)	(0.40)
 <i>Weighted-average number of shares outstanding (d):</i>		
Basic	131	130
Diluted	131	130

For footnotes, see pages 10, 11 and 12.

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COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Loss (a)(b)
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended March 31,			
	2024		2023	
	Amount	% of Net Operating Revenues	Amount	% of Net Operating Revenues
<i>Net operating revenues</i>	\$ 3,140	100.0 %	\$ 3,108	100.0 %
Operating costs and expenses:				
Salaries and benefits	1,368	43.5 %	1,365	43.9 %
Supplies	487	15.5 %	507	16.3 %
Other operating expenses	845	26.9 %	835	26.9 %
Lease cost and rent	77	2.5 %	81	2.6 %
Depreciation and amortization	115	3.7 %	132	4.2 %
Impairment and (gain) loss on sale of businesses, net (f)	17	0.5 %	(22)	(0.7) %
Total operating costs and expenses	2,909	92.6 %	2,898	93.2 %
Income from operations (f)	231	7.4 %	210	6.8 %
Interest expense, net	211	6.8 %	207	6.7 %
Equity in earnings of unconsolidated affiliates	(2)	(0.1) %	(3)	(0.1) %
Income before income taxes	22	0.7 %	6	0.2 %
Provision for income taxes	28	0.9 %	26	0.8 %
Net loss (f)	(6)	(0.2) %	(20)	(0.6) %
Less: Net income attributable to noncontrolling interests	35	1.1 %	31	1.0 %
Net loss attributable to Community Health Systems, Inc. stockholders	\$ (41)	(1.3) %	\$ (51)	(1.6) %
<i>Loss per share attributable to Community Health Systems, Inc. stockholders:</i>				
Basic (f)	\$ (0.32)		\$ (0.40)	
Diluted (e), (f)	\$ (0.32)		\$ (0.40)	
Weighted-average number of shares outstanding (d):				
Basic	131		130	
Diluted	131		130	

For footnotes, see pages 10, 11 and 12.

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COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Loss
(In millions)
(Unaudited)

	Three Months Ended	
	March 31,	
	2024	2023
Net loss	\$ (6)	\$ (20)
Other comprehensive (loss) income, net of income taxes:		
Net change in fair value of available-for-sale debt securities, net of tax	(2)	3
Other comprehensive (loss) income	(2)	3
Comprehensive loss	(8)	(17)
Less: Comprehensive income attributable to noncontrolling interests	35	31
Comprehensive loss attributable to Community Health Systems, Inc. stockholders	<u>\$ (43)</u>	<u>\$ (48)</u>

For footnotes, see pages 10, 11 and 12.

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COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
Selected Operating Data (a)
(Dollars in millions)
(Unaudited)

	Three Months Ended March 31,					
	Consolidated			Same-Store		
	2024	2023	% Change	2024	2023	% Change
Number of hospitals (at end of period)	71	79		71	71	
Licensed beds (at end of period)	11,866	12,750		11,866	11,924	
Beds in service (at end of period)	10,066	10,858		10,066	10,125	
Admissions	107,055	109,624	-2.3 %	107,055	103,172	3.8 %
Adjusted admissions	236,109	245,883	-4.0 %	236,113	231,625	1.9 %
Patient days	493,824	507,925		493,824	479,168	
Average length of stay (days)	4.6	4.6		4.6	4.6	
Occupancy rate (average beds in service)	53.9 %	51.9 %		53.9 %	52.6 %	
Net operating revenues	\$ 3,140	\$ 3,108	1.0 %	\$ 3,140	\$ 2,970	5.7 %
Net inpatient revenues as a % of net operating revenues	48.4 %	47.1 %		48.4 %	47.0 %	
Net outpatient revenues as a % of net operating revenues	51.6 %	52.9 %		51.6 %	53.0 %	
Income from operations (f)	\$ 231	\$ 210	10.0 %			
Income from operations as a % of net operating revenues	7.4 %	6.8 %				
Depreciation and amortization	\$ 115	\$ 132				
Equity in earnings of unconsolidated affiliates	\$ (2)	\$ (3)				
Net loss attributable to Community Health Systems, Inc. stockholders	\$ (41)	\$ (51)	19.6 %			
Net loss attributable to Community Health Systems, Inc. stockholders as a % of net operating revenues	-1.3 %	-1.6 %				
Adjusted EBITDA (c)	\$ 378	\$ 335	12.8 %			
Adjusted EBITDA as a % of net operating revenues	12.0 %	10.8 %				
Net cash provided by operating activities	\$ 96	\$ 5	1820.0 %			

For footnotes, see pages 10, 11 and 12.

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COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In millions, except share data)
(Unaudited)

	March 31, 2024	December 31, 2023
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 48	\$ 38
Patient accounts receivable	2,194	2,231
Supplies	329	328
Prepaid income taxes	34	76
Prepaid expenses and taxes	263	260
Other current assets	307	275
Total current assets	3,175	3,208
<i>Property and equipment</i>		
Less accumulated depreciation and amortization	(4,388)	(4,304)
Property and equipment, net	5,219	5,207
<i>Goodwill</i>		
	3,957	3,958
<i>Deferred income taxes</i>		
	29	29
<i>Other assets, net</i>		
	2,037	2,053
Total assets	\$ 14,417	\$ 14,455
LIABILITIES AND STOCKHOLDERS' DEFICIT		
<i>Current liabilities</i>		
Current maturities of long-term debt	\$ 34	\$ 21
Current operating lease liabilities	115	124
Accounts payable	941	912
<i>Accrued liabilities:</i>		
Employee compensation	504	571
Accrued interest	207	160
Other	335	354
Total current liabilities	2,136	2,142
<i>Long-term debt (g)</i>		
	11,533	11,466
<i>Deferred income taxes</i>		
	354	369
<i>Long-term operating lease liabilities</i>		
	546	563
<i>Other long-term liabilities</i>		
	726	739
Total liabilities	15,295	15,279
<i>Redeemable noncontrolling interests in equity of consolidated subsidiaries</i>		
	329	323
STOCKHOLDERS' DEFICIT		
<i>Community Health Systems, Inc. stockholders' deficit:</i>		
Preferred stock, \$.01 par value per share, 100,000,000 shares authorized; none issued	-	-
Common stock, \$.01 par value per share, 300,000,000 shares authorized; 138,966,388 shares issued and outstanding at March 31, 2024, and 136,774,911 shares issued and outstanding at December 31, 2023	1	1
Additional paid-in capital	2,192	2,185
Accumulated other comprehensive loss	(16)	(14)
Accumulated deficit	(3,605)	(3,564)
Total Community Health Systems, Inc. stockholders' deficit	(1,428)	(1,392)
<i>Noncontrolling interests in equity of consolidated subsidiaries</i>		
	221	245
Total stockholders' deficit	(1,207)	(1,147)
Total liabilities and stockholders' deficit	\$ 14,417	\$ 14,455

For footnotes, see pages 10, 11 and 12.

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COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
<i>Cash flows from operating activities</i>		
Net loss	\$ (6)	\$ (20)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	115	132
Deferred income taxes	(14)	7
Stock-based compensation expense	6	6
Impairment and (gain) loss on sale of businesses, net (f)	17	(22)
Other non-cash expenses, net	33	42
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Patient accounts receivable	39	(2)
Supplies, prepaid expenses and other current assets	(40)	(50)
Accounts payable, accrued liabilities and income taxes	(13)	(32)
Other	(41)	(56)
Net cash provided by operating activities	<u>96</u>	<u>5</u>
<i>Cash flows from investing activities</i>		
Acquisitions of facilities and other related businesses	(1)	(8)
Purchases of property and equipment	(93)	(122)
Proceeds from disposition of hospitals and other ancillary operations	-	92
Proceeds from sale of property and equipment	1	5
Purchases of available-for-sale debt securities and equity securities	(4)	(26)
Proceeds from sales of available-for-sale debt securities and equity securities	12	61
Purchases of investments in unconsolidated affiliates	(4)	(5)
Increase in other investments	(10)	(16)
Net cash used in investing activities	<u>(99)</u>	<u>(19)</u>
<i>Cash flows from financing activities</i>		
Repurchase of restricted stock shares for payroll tax withholding requirements	(2)	(4)
Proceeds from noncontrolling investors in joint ventures	-	2
Redemption of noncontrolling investments in joint ventures	-	(1)
Distributions to noncontrolling investors in joint ventures	(50)	(44)
Other borrowings	17	29
Proceeds from ABL Facility	933	815
Repayments of long-term indebtedness	(885)	(757)
Net cash provided by financing activities	<u>13</u>	<u>40</u>
<i>Net change in cash and cash equivalents</i>	10	26
<i>Cash and cash equivalents at beginning of period</i>	38	118
<i>Cash and cash equivalents at end of period</i>	<u>\$ 48</u>	<u>\$ 144</u>

For footnotes, see pages 10, 11 and 12.

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Footnotes to Financial Highlights, Financial Statements and Selected Operating Data

- (a) Both financial and statistical results include the operating results of divested or closed businesses for the periods prior to the consummation of the respective divestiture or closing. Same-store operating results and statistical information include operating results of businesses operated in the comparable current year and prior year periods and exclude businesses divested or closed in 2023. There were no discontinued operations reported for the periods presented.
- (b) The following table provides information needed to calculate loss per share, which is adjusted for income attributable to noncontrolling interests (in millions):

	Three Months Ended March 31,	
	2024	2023
Net loss attributable to Community Health Systems, Inc. stockholders:		
Net loss	\$ (6)	\$ (20)
Less: Income attributable to noncontrolling interests, net of taxes	35	31
Net loss attributable to Community Health Systems, Inc. stockholders — basic and diluted	\$ (41)	\$ (51)

- (c) EBITDA is a non-GAAP financial measure which consists of net loss attributable to Community Health Systems, Inc. before interest, income taxes, and depreciation and amortization. Adjusted EBITDA, also a non-GAAP financial measure, is EBITDA adjusted to add back net income attributable to noncontrolling interests and to exclude loss (gain) from early extinguishment of debt, impairment and (gain) loss on sale of businesses, expense from third-party consulting costs associated with significant process and systems redesign across multiple functions (the “Business Transformation Costs”) as part of the Company’s previously disclosed multi-year initiative to modernize and consolidate technology platforms and associated processes, expense related to government and other legal matters and related costs, expense related to employee termination benefits and other restructuring charges, the impact of a change in estimate to increase the professional liability claims accrual recorded during the fourth quarter of 2022 with respect to claims incurred in prior years related to divested locations and the gain on sale by HealthTrust of a majority interest in CoreTrust completed during the fourth quarter of 2022. The Company has from time to time sold noncontrolling interests in certain of its subsidiaries or acquired subsidiaries with existing noncontrolling interest ownership positions. The Company believes that it is useful to present Adjusted EBITDA because it adds back the portion of EBITDA attributable to these third-party interests. The Company reports Adjusted EBITDA as a measure of financial performance. Adjusted EBITDA is a key measure used by management to assess the operating performance of the Company’s hospital operations and to make decisions on the allocation of resources. Adjusted EBITDA is also used to evaluate the performance of the Company’s executive management team and is one of the primary metrics used in connection with determining short-term cash incentive compensation and the achievement of vesting criteria with respect to performance-based equity awards. In addition, management utilizes Adjusted EBITDA in assessing the Company’s consolidated results of operations and operational performance and in comparing the Company’s results of operations between periods.

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Footnotes to Financial Highlights, Financial Statements and Selected Operating Data (Continued)

The Company believes it is useful to provide investors and other users of the Company's financial statements this performance measure to align with how management assesses the Company's results of operations. Adjusted EBITDA also is comparable to a similar metric called Consolidated EBITDA, as defined in the Company's asset-based loan facility (the "ABL Facility") and the Company's existing note indentures, which is a key component in the determination of the Company's compliance with certain covenants under the ABL Facility and such note indentures (including the Company's ability to service debt and incur capital expenditures), and is used to determine the interest rate and commitment fee payable under the ABL Facility (although Adjusted EBITDA does not include all of the adjustments described in the ABL Facility). Adjusted EBITDA includes the Adjusted EBITDA attributable to hospitals that were divested during the course of such year, but in each case solely to the extent relating to the period prior to the consummation of the applicable divestiture.

Adjusted EBITDA is not a measurement of financial performance under U.S. GAAP. It should not be considered in isolation or as a substitute for net income, operating income, or any other performance measure calculated in accordance with U.S. GAAP. The items excluded from Adjusted EBITDA are significant components in understanding and evaluating financial performance. The Company believes such adjustments are appropriate as the magnitude and frequency of such items can vary significantly and are not related to the assessment of normal operating performance. Additionally, this calculation of Adjusted EBITDA may not be comparable to similarly titled measures disclosed by other companies.

The following table reflects the reconciliation of Adjusted EBITDA, as defined, to net loss attributable to Community Health Systems, Inc. stockholders as derived directly from the condensed consolidated financial statements (in millions):

	Three Months Ended March 31,	
	2024	2023
Net loss attributable to Community Health Systems, Inc. stockholders	\$ (41)	\$ (51)
Adjustments:		
Provision for income taxes	28	26
Depreciation and amortization	115	132
Net income attributable to noncontrolling interests	35	31
Interest expense, net	211	207
Impairment and (gain) loss on sale of businesses, net	17	(22)
Expense from government and other legal matters and related costs	-	10
Expense from business transformation costs	13	-
Expense related to employee termination benefits and other restructuring charges	-	2
Adjusted EBITDA	<u>\$ 378</u>	<u>\$ 335</u>

(d) The following table sets forth components reconciling the basic weighted-average number of shares to the diluted weighted-average number of shares (in millions):

	Three Months Ended March 31,	
	2024	2023
Weighted-average number of shares outstanding - basic	131	130
Add effect of dilutive securities:		
Stock awards and options	-	-
Weighted-average number of shares outstanding - diluted	<u>131</u>	<u>130</u>

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Footnotes to Financial Highlights, Financial Statements and Selected Operating Data (Continued)

The Company generated a net loss attributable to Community Health Systems, Inc. stockholders for the three months ended March 31, 2024 and 2023, so the effect of dilutive securities is not considered because their effect would be antidilutive. If the Company had generated net income, the effect of stock awards and options on the diluted shares calculation would have been an increase of 443,799 shares and 468,193 shares during the three months ended March 31, 2024 and 2023, respectively.

- (e) The following supplemental table reconciles net loss attributable to Community Health Systems, Inc. stockholders, as reported, on a per share (diluted) basis, to net loss attributable to Community Health Systems, Inc. stockholders per share (diluted) with the adjustments described herein (total per share amounts may not add due to rounding). The Company believes that the presentation of non-GAAP adjusted net loss attributable to Community Health Systems, Inc. stockholders per share (diluted) presents useful information to investors by highlighting the impact on net loss attributable to Community Health Systems, Inc. stockholders per share (diluted) of selected items used in calculating Adjusted EBITDA which may not reflect the Company's underlying operating performance and assisting in comparing the Company's results of operations between periods.

	Three Months Ended March 31,	
	2024	2023
Net loss per share (diluted), as reported	\$ (0.32)	\$ (0.40)
Adjustments:		
Impairment and (gain) loss on sale of businesses, net	0.10	(0.11)
Expense from government and other legal matters and related costs	-	0.06
Expense from business transformation costs	0.08	-
Expense related to employee termination benefits and other restructuring charges	-	0.01
Net loss per share (diluted), excluding adjustments	\$ (0.14)	\$ (0.43)

- (f) Both income from operations and net loss included a net non-cash impairment expense of \$17 million and income of \$22 million for the three months ended March 31, 2024 and 2023, respectively. The impairment expense for 2024 was primarily to reduce the carrying value of several assets that were idled, disposed of or held-for-sale. The income for 2023 was primarily from gains on the sale of certain businesses during the period and also impairment charges to reduce the value of certain long-lived assets at businesses the Company identified for closure, sale or sold. These gains and impairment charges do not have an impact on the calculation of the Company's financial covenants under the ABL Facility.
- (g) The maximum aggregate principal amount under the ABL Facility is \$1.0 billion, subject to borrowing base capacity. At March 31, 2024, the Company had outstanding borrowings of \$302 million and approximately \$618 million of additional borrowing capacity (after taking into consideration \$67 million of outstanding letters of credit) under the ABL Facility.

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Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995 that involve risk and uncertainties. All statements in this press release other than statements of historical fact, including statements regarding projections, expected operating results, and other events that depend upon or refer to future events or conditions or that include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” “thinks,” and similar expressions, are forward-looking statements. Although the Company believes that these forward-looking statements are based on reasonable assumptions, these assumptions are inherently subject to significant economic and competitive uncertainties and contingencies, which are difficult or impossible to predict accurately and may be beyond the control of the Company. Accordingly, the Company cannot give any assurance that its expectations will in fact occur and cautions that actual results may differ materially from those in the forward-looking statements. A number of factors could affect the future results of the Company or the healthcare industry generally and could cause the Company’s expected results to differ materially from those expressed in this press release.

These factors include, among other things:

- general economic and business conditions, both nationally and in the regions in which we operate, including the impact of current negative macroeconomic conditions, ongoing inflationary pressures, the current high interest rate environment, and current geopolitical instability, as well as the potential impact on us of financial, credit and capital conditions;
- the impact of current or future federal and state health reform initiatives;
- the extent to and manner in which states adopt changes to Medicaid programs, implement health insurance exchanges or alter or reduce the provision of, or payment for, healthcare to state residents through legislation, regulation or otherwise;
- changes related to health insurance enrollment, including those affecting the beneficiary enrollment process and the stability of health insurance exchanges;
- risks associated with our substantial indebtedness, leverage and debt service obligations, including our ability to refinance such indebtedness on acceptable terms or to incur additional indebtedness, and our ability to remain in compliance with debt covenants;
- demographic changes;
- changes in, or the failure to comply with, federal, state or local laws or governmental regulations affecting our business;
- potential adverse impact of known and unknown legal, regulatory and governmental proceedings and other loss contingencies, including governmental investigations and audits, and federal and state false claims act litigation;
- our ability, where appropriate, to enter into and maintain provider arrangements with payors and the terms of these arrangements, which may be further affected by the increasing consolidation of health insurers and managed care companies and vertical integration efforts involving payors and healthcare providers;
- changes in, or the failure to comply with, contract terms with payors and changes in reimbursement policies, methodologies or rates paid by federal or state healthcare programs or commercial payors;

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- security breaches, cyber-attacks, loss of data, other cybersecurity threats or incidents, including those experienced with respect to our information systems or the information systems of third parties with whom we conduct business, and any actual or perceived failures to comply with legal requirements governing the privacy and security of health information or other regulated, sensitive or confidential information, or legal requirements regarding data privacy or data protection;
- any potential impairments in the carrying value of goodwill, other intangible assets, or other long-lived assets, or changes in the useful lives of other intangible assets;
- the effects related to the sequestration spending reductions pursuant to both the Budget Control Act of 2011 and the Pay-As-You-Go Act of 2010 and the potential for future deficit reduction legislation;
- increases in the amount and risk of collectability of patient accounts receivable, including decreases in collectability which may result from, among other things, self-pay growth and difficulties in recovering payments for which patients are responsible, including co-pays and deductibles;
- the efforts of insurers, healthcare providers, large employer groups and others to contain healthcare costs, including the trend toward value-based purchasing;
- the impact of competitive labor market conditions, including in connection with our ability to hire and retain qualified nurses, physicians, other medical personnel and key management, and increased labor expenses arising from inflation and/or competition for such positions;
- the inability of third parties with whom we contract to provide hospital-based physicians and the effectiveness of our efforts to mitigate such non-performance including through acquisitions of outsourced medical specialist businesses, engagement with new or replacement providers, employment of physicians and re-negotiation or assumption of existing contracts;
- any failure to obtain medical supplies or pharmaceuticals at favorable prices;
- liabilities and other claims asserted against us, including self-insured professional liability claims;
- competition;
- trends toward treatment of patients in less acute or specialty healthcare settings, including ambulatory surgery centers or specialty hospitals or via telehealth;
- changes in medical or other technology;
- any failure of our ongoing process of redesigning and consolidating key business functions, including through the implementation of a new core enterprise resource planning system, to proceed as expected or to be completed successfully;
- changes in U.S. GAAP;
- the availability and terms of capital to fund any additional acquisitions or replacement facilities or other capital expenditures;

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- our ability to successfully make acquisitions or complete divestitures, our ability to complete any such acquisitions or divestitures on desired terms or at all, the timing of the completion of any such acquisitions or divestitures, and our ability to realize the intended benefits from any such acquisitions or divestitures;
- the impact that changes in our relationships with joint venture or syndication partners could have on effectively operating our hospitals or ancillary services or in advancing strategic opportunities;
- our ability to successfully integrate any acquired hospitals and/or outpatient facilities, or to realize expected benefits from acquisitions such as increased growth in patient service revenues;
- the impact of severe weather conditions and climate change, as well as the timing and amount of insurance recoveries in relation to severe weather events;
- our ability to obtain adequate levels of insurance, including general liability, professional liability, cyber liability and directors and officers liability insurance;
- timeliness of reimbursement payments received under government programs;
- effects related to pandemics, epidemics, or outbreaks of infectious diseases on our business, results of operations, financial condition, and/or cash flows;
- any failure to comply with our obligations under license or technology agreements;
- challenging economic conditions in non-urban communities in which we operate;
- the concentration of our revenue in a small number of states;
- our ability to realize anticipated cost savings and other benefits from our current strategic and operational cost savings initiatives;
- any changes in or interpretations of income tax laws and regulations; and
- the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission (the “SEC”) on February 21, 2024 and other filings filed with the SEC.

The consolidated operating results for the three months ended March 31, 2024, are not necessarily indicative of the results that may be experienced for any future periods. The Company cautions that the reaffirmation of our guidance for calendar year 2024 (which guidance was originally included in our February 20, 2024 press release) as set forth herein is based on currently available information. The Company undertakes no obligation to revise or update any forward-looking statements (including such guidance), or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

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