

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2024

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-15925

COMMUNITY HEALTH SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

4000 Meridian Boulevard
Franklin, Tennessee

(Address of principal executive offices)

13-3893191

(I.R.S. Employer
Identification Number)

37067
(Zip Code)

615-465-7000

(Registrant's telephone number)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Smaller reporting company

Non-accelerated filer

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 19, 2024, there were outstanding 138,943,526 shares of the Registrant's Common Stock, \$.01 par value.

Community Health Systems, Inc.
Form 10-Q
For the Three and Six Months Ended June 30, 2024

Part I.	Financial Information	Page
Item 1.	Financial Statements:	
	<u>Condensed Consolidated Statements of Loss – Three and Six Months Ended June 30, 2024 and June 30, 2023 (Unaudited)</u>	2
	<u>Condensed Consolidated Statements of Comprehensive Loss – Three and Six Months Ended June 30, 2024 and June 30, 2023 (Unaudited)</u>	3
	<u>Condensed Consolidated Balance Sheets – June 30, 2024 and December 31, 2023 (Unaudited)</u>	4
	<u>Condensed Consolidated Statements of Cash Flows – Six Months Ended June 30, 2024 and June 30, 2023 (Unaudited)</u>	5
	<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	6
Item 2.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	23
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	40
Item 4.	<u>Controls and Procedures</u>	40
Part II.	<u>Other Information</u>	41
Item 1.	<u>Legal Proceedings</u>	41
Item 1A.	<u>Risk Factors</u>	42
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	43
Item 3.	<u>Defaults Upon Senior Securities</u>	43
Item 4.	<u>Mine Safety Disclosures</u>	43
Item 5.	<u>Other Information</u>	43
Item 6.	<u>Exhibits</u>	44
	<u>Signatures</u>	45

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF LOSS
(In millions, except share and per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<i>Net operating revenues</i>	\$ 3,140	\$ 3,115	\$ 6,279	\$ 6,223
<i>Operating costs and expenses:</i>				
Salaries and benefits	1,329	1,338	2,696	2,703
Supplies	483	504	969	1,011
Other operating expenses	882	836	1,727	1,671
Lease cost and rent	73	80	151	161
Depreciation and amortization	125	124	241	255
Impairment and (gain) loss on sale of businesses, net	10	(13)	27	(35)
Total operating costs and expenses	<u>2,902</u>	<u>2,869</u>	<u>5,811</u>	<u>5,766</u>
<i>Income from operations</i>	238	246	468	457
Interest expense, net	216	207	426	414
Gain from early extinguishment of debt	(26)	—	(26)	—
Equity in earnings of unconsolidated affiliates	(2)	(1)	(4)	(4)
Income before income taxes	50	40	72	47
Provision for income taxes	24	38	52	65
<i>Net income (loss)</i>	26	2	20	(18)
Less: Net income attributable to noncontrolling interests	39	40	75	71
Net loss attributable to Community Health Systems, Inc. stockholders	<u>\$ (13)</u>	<u>\$ (38)</u>	<u>\$ (55)</u>	<u>\$ (89)</u>
<i>Loss per share attributable to Community Health Systems, Inc. stockholders:</i>				
Basic	<u>\$ (0.10)</u>	<u>\$ (0.29)</u>	<u>\$ (0.42)</u>	<u>\$ (0.68)</u>
Diluted	<u>\$ (0.10)</u>	<u>\$ (0.29)</u>	<u>\$ (0.42)</u>	<u>\$ (0.68)</u>
<i>Weighted-average number of shares outstanding:</i>				
Basic	<u>132,344,504</u>	<u>130,659,672</u>	<u>131,808,274</u>	<u>130,176,976</u>
Diluted	<u>132,344,504</u>	<u>130,659,672</u>	<u>131,808,274</u>	<u>130,176,976</u>

See accompanying notes to the condensed consolidated financial statements.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In millions)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Net income (loss)	\$ 26	\$ 2	\$ 20	\$ (18)
Other comprehensive income (loss), net of income taxes:				
Net change in fair value of available-for-sale debt securities, net of tax	3	(1)	2	2
Other comprehensive income (loss)	3	(1)	2	2
Comprehensive income (loss)	29	1	22	(16)
Less: Comprehensive income attributable to noncontrolling interests	39	40	75	71
Comprehensive loss attributable to Community Health Systems, Inc. stockholders	<u>\$ (10)</u>	<u>\$ (39)</u>	<u>\$ (53)</u>	<u>\$ (87)</u>

See accompanying notes to the condensed consolidated financial statements.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share data)
(Unaudited)

	June 30, 2024	December 31, 2023
ASSETS		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 39	\$ 38
Patient accounts receivable	2,195	2,231
Supplies	337	328
Prepaid income taxes	92	76
Prepaid expenses and taxes	244	260
Other current assets	292	275
Total current assets	3,199	3,208
<i>Property and equipment</i>		
Less accumulated depreciation and amortization	(4,372)	(4,304)
Property and equipment, net	5,222	5,207
<i>Goodwill</i>		
	3,972	3,958
<i>Deferred income taxes</i>		
	29	29
<i>Other assets, net</i>		
	1,989	2,053
<i>Total assets</i>	\$ 14,411	\$ 14,455
LIABILITIES AND STOCKHOLDERS' DEFICIT		
<i>Current liabilities:</i>		
Current maturities of long-term debt	\$ 27	\$ 21
Current operating lease liabilities	114	124
Accounts payable	896	912
<i>Accrued liabilities:</i>		
Employee compensation	499	571
Accrued interest	258	160
Other	378	354
Total current liabilities	2,172	2,142
<i>Long-term debt</i>		
	11,504	11,466
<i>Deferred income taxes</i>		
	351	369
<i>Long-term operating lease liabilities</i>		
	542	563
<i>Other long-term liabilities</i>		
	721	739
<i>Total liabilities</i>	15,290	15,279
<i>Redeemable noncontrolling interests in equity of consolidated subsidiaries</i>		
	324	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; 138,960,194 shares issued and outstanding at June 30, 2024, and 136,774,911 shares issued and outstanding at December 31, 2023	1	1
Additional paid-in capital	2,190	2,185
Accumulated other comprehensive loss	(13)	(14)
Accumulated deficit	(3,619)	(3,564)
Total Community Health Systems, Inc. stockholders' deficit	(1,441)	(1,392)
<i>Noncontrolling interests in equity of consolidated subsidiaries</i>		
	238	245
<i>Total stockholders' deficit</i>	(1,203)	(1,147)
<i>Total liabilities and stockholders' deficit</i>	\$ 14,411	\$ 14,455

See accompanying notes to the condensed consolidated financial statements.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Six Months Ended	
	June 30,	
	2024	2023
<i>Cash flows from operating activities:</i>		
Net income (loss)	\$ 20	\$ (18)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	241	255
Deferred income taxes	(17)	29
Stock-based compensation expense	8	10
Impairment and (gain) loss on sale of businesses, net	27	(35)
Gain from early extinguishment of debt	(26)	—
Other non-cash expenses, net	94	88
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	(23)	(73)
Accounts payable, accrued liabilities and income taxes	(88)	(130)
Other	(78)	(33)
Net cash provided by operating activities	197	91
<i>Cash flows from investing activities:</i>		
Acquisitions of facilities and other related businesses	(1)	(15)
Purchases of property and equipment	(181)	(227)
Proceeds from disposition of hospitals and other ancillary operations	—	111
Proceeds from sale of property and equipment	4	24
Purchases of available-for-sale debt securities and equity securities	(23)	(99)
Proceeds from sales of available-for-sale debt securities and equity securities	32	137
Purchases of investments in unconsolidated affiliates	(4)	(7)
Increase in other investments	(34)	(29)
Net cash used in investing activities	(207)	(105)
<i>Cash flows from financing activities:</i>		
Repurchase of restricted stock shares for payroll tax withholding requirements	(2)	(4)
Deferred financing costs and other debt-related costs	(9)	—
Proceeds from noncontrolling investors in joint ventures	1	3
Redemption of noncontrolling investments in joint ventures	(2)	(1)
Distributions to noncontrolling investors in joint ventures	(84)	(83)
Other borrowings	18	29
Issuance of long-term debt	1,296	—
Proceeds from ABL Facility	1,906	1,527
Repayments of long-term indebtedness	(3,113)	(1,457)
Net cash provided by financing activities	11	14
Net change in cash and cash equivalents	1	—
Cash and cash equivalents at beginning of period	38	118
Cash and cash equivalents at end of period	\$ 39	\$ 118
<i>Supplemental disclosure of cash flow information:</i>		
Interest payments	\$ (360)	\$ (385)
Income tax payments, net	\$ (84)	\$ (37)

See accompanying notes to the condensed consolidated financial statements.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of Community Health Systems, Inc. (the “Parent Company”) and its subsidiaries (the “Company”) as of June 30, 2024 and December 31, 2023 and for the three-month and six-month periods ended June 30, 2024 and 2023, have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). In the opinion of management, such information contains all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for such periods. All intercompany transactions and balances have been eliminated. The results of operations for the three and six months ended June 30, 2024, are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2024. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements. Actual results could differ from these estimates under different assumptions or conditions.

Certain information and disclosures normally included in the notes to the consolidated financial statements have been condensed or omitted as permitted by the rules and regulations of the Securities and Exchange Commission (the “SEC”). The Company believes the disclosures are adequate to make the information presented not misleading. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2023, contained in the Company’s Annual Report on Form 10-K filed with the SEC on February 21, 2024 (“2023 Form 10-K”).

Noncontrolling interests in less-than-wholly-owned consolidated subsidiaries of the Parent Company are presented as a component of total equity in the condensed consolidated balance sheets to distinguish between the interests of the Parent Company and the interests of the noncontrolling owners. Noncontrolling interests that are redeemable or may become redeemable at a fixed or determinable price at the option of the holder or upon the occurrence of an event outside of the control of the Company are presented in mezzanine equity in the condensed consolidated balance sheets.

Substantially all of the Company’s operating costs and expenses are “cost of revenue” items. Operating costs that could be classified as general and administrative by the Company include the Company’s corporate office costs at its Franklin, Tennessee office, which were \$75 million and \$65 million for the three months ended June 30, 2024 and 2023, respectively, and \$156 million and \$126 million during the six months ended June 30, 2024 and 2023, respectively. The increase in corporate office costs during the three and six months ended June 30, 2024 compared to the same periods in 2023 is primarily due to the impact of certain non-recurring adjustments.

Throughout these notes to the unaudited condensed consolidated financial statements, Community Health Systems, Inc., and its consolidated subsidiaries are referred to on a collective basis as the “Company.” This drafting style is not meant to indicate that the publicly-traded Parent Company or any particular subsidiary of the Parent Company owns or operates any asset, business, or property. The hospitals, operations and businesses described in this filing are owned and operated, and management services provided, by distinct and indirect subsidiaries of Community Health Systems, Inc.

Revenue Recognition.

Net Operating Revenues

Net operating revenues are recorded at the transaction price estimated by the Company to reflect the total consideration due from patients and third-party payors in exchange for providing goods and services in patient care. These services are considered to be a single performance obligation and have a duration of less than one year. Revenues are recorded as these goods and services are provided. The transaction price, which involves significant estimates, is determined based on the Company’s standard charges for the goods and services provided, with a reduction recorded for price concessions related to third party contractual arrangements as well as patient discounts and other patient price concessions. During each of the three and six-month periods ended June 30, 2024 and 2023, the impact of changes to the inputs used to determine the transaction price was considered immaterial.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (continued)

Currently, several states utilize supplemental reimbursement programs for the purpose of providing reimbursement to providers that is not specifically tied to an individual's care, some of which offsets a portion of the cost of providing care to Medicaid and indigent patients. The programs are funded with a combination of state and federal resources, including, in certain instances, fees or taxes levied on the providers. The programs are generally authorized by the Centers for Medicare & Medicaid Services ("CMS") for a specified period of time and require CMS's approval to be extended. Under these supplemental programs, the Company recognizes revenue and related expenses in the period in which amounts are estimable and payment is reasonably assured. Reimbursement under these programs is reflected in net operating revenues. Taxes or other program-related costs are reflected in other operating expenses.

The Company's net operating revenues for the three and six months ended June 30, 2024 and 2023 have been presented in the following table based on an allocation of the estimated transaction price with the patient between the primary patient classification of insurance coverage (in millions):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Medicare	\$ 563	\$ 628	\$ 1,159	\$ 1,276
Medicare Managed Care	560	522	1,139	1,065
Medicaid	465	449	906	872
Managed Care and other third-party payors	1,501	1,492	2,980	2,962
Self-pay	51	24	95	48
Total	<u>\$ 3,140</u>	<u>\$ 3,115</u>	<u>\$ 6,279</u>	<u>\$ 6,223</u>

Patient Accounts Receivable

Patient accounts receivable are recorded at net realizable value based on certain assumptions determined by each payor. For third-party payors including Medicare, Medicare Managed Care, Medicaid and Managed Care, the net realizable value is based on the estimated contractual reimbursement percentage, which is based on current contract prices or historical paid claims data by payor. For self-pay accounts receivable, which includes patients who are uninsured and the patient responsibility portion for patients with insurance, the net realizable value is determined using estimates of historical collection experience without regard to aging category. These estimates are adjusted for estimated conversions of patient responsibility portions, expected recoveries and any anticipated changes in trends.

Patient accounts receivable can be impacted by the effectiveness of the Company's collection efforts. Additionally, significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental healthcare coverage could affect the net realizable value of accounts receivable. The Company also continually reviews the net realizable value of accounts receivable by monitoring historical cash collections as a percentage of trailing net operating revenues, as well as by analyzing current period net operating revenues and admissions by payor classification, days revenue outstanding, the composition of self-pay receivables between pure self-pay patients and the patient responsibility portion of third-party insured receivables, the impact of recent acquisitions and dispositions and the impact of current macroeconomic conditions and other events.

Final settlements for some payors and programs are subject to adjustment based on administrative review and audit by third parties. As a result of these final settlements, the Company has recorded amounts due to third-party payors of \$92 million and \$97 million as of June 30, 2024 and December 31, 2023, respectively, and these amounts are included in accrued liabilities-other in the accompanying condensed consolidated balance sheets. Amounts due from third-party payors were \$109 million and \$130 million as of June 30, 2024 and December 31, 2023, respectively, and are included in other current assets in the accompanying condensed consolidated balance sheets. Substantially all Medicare and Medicaid cost reports are final settled through 2019.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (continued)

Charity Care

In the ordinary course of business, the Company renders services to patients who are financially unable to pay for hospital care. The Company's policy is to not pursue collections for such amounts; therefore, the related charges for those patients who are financially unable to pay and that otherwise do not qualify for reimbursement from a governmental program are not reported in net operating revenues, and are thus classified as charity care. The Company determines amounts that qualify for charity care based on the patient's household income relative to the federal poverty level guidelines, as established by the federal government.

These charity care services are estimated to be \$287 million and \$320 million for the three months ended June 30, 2024 and 2023, respectively, and \$603 million and \$646 million for the six months ended June 30, 2024 and 2023, respectively, representing the value (at the Company's standard charges) of these charity care services that are excluded from net operating revenues. The estimated cost incurred by the Company to provide these charity care services to patients who are unable to pay was approximately \$29 million and \$34 million for the three months ended June 30, 2024 and 2023, respectively, and \$59 million and \$72 million for the six months ended June 30, 2024 and 2023, respectively. The estimated cost of these charity care services was determined using a ratio of cost to gross charges and applying that ratio to the gross charges associated with providing care to charity patients for the period.

Accounting for the Impairment or Disposal of Long-Lived Assets. During the six months ended June 30, 2024, the Company recorded an impairment charge of approximately \$27 million primarily to reduce the carrying value of several assets that were idled, disposed of or held-for-sale.

During the six months ended June 30, 2023, the Company recorded a net gain of approximately \$35 million, comprised of a gain of \$62 million related to the sale of two hospitals, offset by (i) an approximate \$22 million impairment charge recorded to reduce the carrying value of a hospital that was deemed held-for-sale based on the difference between carrying value of the hospital disposal group compared to the estimated fair value less costs to sell, and (ii) an approximate \$5 million impairment charge recorded to reduce the carrying value of several assets that were idled, disposed of or held-for-sale. During the six months ended June 30, 2023, approximately \$130 million of goodwill was allocated from the hospital operations reporting unit based on a calculation of each disposal group's relative fair value compared to the total reporting unit.

The Company will continue to evaluate the potential for impairment of the long-lived assets of hospitals and other held-and-used businesses as well as evaluate offers for potential sales, as applicable. Based on such analysis, additional impairment charges may be recorded in the future.

New Accounting Pronouncements. In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, "Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures." This ASU includes additional requirements for the disclosure of significant segment expenses and segment measure(s) of profit or loss, as well as new disclosure requirements for entities with a single reportable segment and certain qualitative information about the chief operating decision maker. This ASU is effective for annual periods beginning after December 15, 2023 and interim periods beginning after December 15, 2024. The amendments in this ASU must be applied retrospectively to all periods presented. Early adoption is permitted. The Company is currently evaluating the impact that adoption of this ASU will have on its condensed consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740), Improvements to Income Tax Disclosures." This ASU establishes new requirements for the categorization and disaggregation of information in the rate reconciliation as well as for disaggregation of income taxes paid. Additionally, this ASU modifies and eliminates certain existing requirements for indefinitely reinvested foreign earnings and unrecognized tax benefits. This ASU is effective for annual periods beginning after December 15, 2024 and interim periods beginning after December 15, 2025. The amendments in this ASU should be applied on a prospective basis and early adoption is permitted. The Company is currently evaluating the impact that adoption of this ASU will have on its condensed consolidated financial statements.

The Company has evaluated all other recently issued, but not yet effective, ASUs and does not expect the eventual adoption of such ASUs to have a material impact on its consolidated financial position or results of operations.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (continued)

2. ACCOUNTING FOR STOCK-BASED COMPENSATION

Stock-based compensation awards have been granted under the Community Health Systems, Inc. Amended and Restated 2009 Stock Option and Award Plan, which was most recently amended and restated as of March 22, 2023 and most recently approved by the Company’s stockholders at the annual meeting of stockholders held on May 9, 2023 (the “2009 Plan”).

The 2009 Plan provides for the grant of incentive stock options intended to qualify under Section 422 of the Internal Revenue Code (“IRC”) and for the grant of stock options which do not so qualify, stock appreciation rights, restricted stock, restricted stock units (“RSUs”), performance-based shares or units and other share awards. Persons eligible to receive grants under the 2009 Plan include the Company’s directors, officers, employees and consultants. To date, all options granted under the 2009 Plan have been “nonqualified” stock options for tax purposes. Generally, these options vest in one-third increments on each of the first three anniversaries of the option grant date and expire on the tenth anniversary of the option grant date. The exercise price of all options granted under the 2009 Plan is equal to the fair value of the Company’s common stock on the option grant date. As of June 30, 2024, 3,835,513 shares of unissued common stock were reserved for future grants under the 2009 Plan.

The following table reflects the impact of total compensation expense related to stock-based equity plans on the reported operating results for the respective periods (in millions):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Effect on income before income taxes	\$ (2)	\$ (4)	\$ (8)	\$ (10)
Effect on net income (loss)	\$ (2)	\$ (3)	\$ (6)	\$ (8)

At June 30, 2024, \$28 million of unrecognized stock-based compensation expense related to outstanding unvested stock options, restricted stock and restricted stock units (the terms of which are summarized below) was expected to be recognized over a weighted-average period of 23 months. Of that amount, \$5 million relates to outstanding unvested stock options expected to be recognized over a weighted-average period of 21 months and \$23 million relates to outstanding unvested restricted stock and RSUs expected to be recognized over a weighted-average period of 23 months. There were no modifications to awards during the six months ended June 30, 2024 and 2023.

The fair value of stock options was estimated using the Black Scholes option pricing model with the following assumptions and weighted-average fair values during the three and six months ended June 30, 2024 and 2023:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Expected volatility	N/A	N/A	90.1%	87.3%
Expected dividends	N/A	N/A	—	—
Expected term	N/A	N/A	6 years	6 years
Risk-free interest rate	N/A	N/A	4.3%	4.2%

In determining the expected term, the Company examined concentrations of option holdings and historical patterns of option exercises and forfeitures, as well as forward-looking factors, in an effort to determine if there were any discernible employee populations. From this analysis, in determining the expected term for both of the six-month periods ended June 30, 2024 and 2023, the Company identified one population, consisting of persons receiving grants of stock options. The computation of expected term was performed using the simplified method for all stock options granted in the periods presented. The simplified method was used as a result of the Company determining that historical exercise data does not provide a reasonable basis for the expected term of its grants, due primarily to the limited number of stock option exercises that have occurred.

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of the grant. The pre-vesting forfeiture rate is based on historical rates and forward-looking factors for each population identified. The Company adjusts the estimated forfeiture rate to its actual experience.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (continued)

The expected volatility rate was estimated based on historical volatility. In determining expected volatility, the Company also reviewed the market-based implied volatility of actively traded options of its common stock and determined that historical volatility utilized to estimate the expected volatility rate did not differ significantly from the implied volatility.

Options outstanding and exercisable under the 2009 Plan as of June 30, 2024, and changes during each of the three-month periods following December 31, 2023, was as follows (in millions, except share and per share data):

	Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value as of June 30, 2024
Outstanding at December 31, 2023	3,630,750	\$ 7.07		
Granted	901,000	2.87		
Exercised	—	—		
Forfeited and cancelled	(27,000)	4.96		
Outstanding at March 31, 2024	4,504,750	6.24		
Granted	—	—		
Exercised	—	—		
Forfeited and cancelled	(14,000)	4.99		
Outstanding at June 30, 2024	4,490,750	\$ 6.24	7.4 years	\$ —
Exercisable at June 30, 2024	2,793,739	\$ 6.99	6.4 years	\$ —

The weighted-average grant date fair value of stock options granted during the six months ended June 30, 2024 and 2023 was \$2.19 and \$4.61, respectively. The aggregate intrinsic value (calculated as the number of in-the-money stock options multiplied by the difference between the Company's closing stock price on the last trading day of the reporting period (\$3.36) and the exercise price of the respective stock options) in the table above represents the amount that would have been received by the option holders had all option holders exercised their options on June 30, 2024. This amount changes based on the market value of the Company's common stock. No stock options were exercised during the three and six months ended June 30, 2024. The aggregate intrinsic value of options exercised was less than \$1 million during both of the three- and six-month periods ended June 30, 2023. The aggregate intrinsic value of options vested and expected to vest approximates that of the outstanding options.

The Company has also awarded restricted stock under the 2009 Plan to employees of certain subsidiaries. With respect to time-based vesting restricted stock that has been awarded under the 2009 Plan, the restrictions on these shares have generally lapsed in one-third increments on each of the first three anniversaries of the award date. In addition, certain of the restricted stock awards granted to the Company's senior executives have contained performance objectives required to be met in addition to any time-based vesting requirements. If the applicable performance objectives are not attained, these awards will be forfeited in their entirety. For performance-based awards, the performance objectives are measured cumulatively over a three-year period. If the applicable target performance objective is met at the end of the three-year period, then the restricted stock award subject to such performance objective will vest in full on the third anniversary of the award date. Additionally, for these performance-based awards, based on the level of achievement for the applicable performance objective within the parameters specified in the award agreement, the number of shares to be issued in connection with the vesting of the award may be adjusted to decrease or increase the number of shares specified in the original award. Notwithstanding the above-mentioned performance objectives and vesting requirements, the restrictions with respect to restricted stock granted under the 2009 Plan may lapse earlier in the event of death, disability, change in control of the Company or, other than for performance-based awards, termination of employment by the Company for any reason other than for cause of the holder of the restricted stock. On March 1, 2024, restricted stock awards subject to performance objectives granted on March 1, 2021 vested based on the Company's cumulative performance compared to performance objectives for the 2021 through 2023 performance period, which were set prior to the date of grant. Such awards vested at 80% of the number of shares originally granted to the Company's then executive chairman, chief executive officer and chief financial officer based on the performance objectives applicable to the then executive chairman, chief executive officer and chief financial officer, and at 100% of the number of shares originally granted to other senior executives based on the performance objectives applicable to such other senior executives. Restricted stock awards subject to performance objectives that have not yet been satisfied are not considered outstanding for purposes of determining diluted earnings per share unless the performance objectives have been satisfied on the basis of results through the end of each respective reporting period.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (continued)

Restricted stock outstanding under the 2009 Plan as of June 30, 2024, and changes during each of the three-month periods following December 31, 2023, was as follows:

	Shares	Weighted- Average Grant Date Fair Value
Unvested at December 31, 2023	6,053,823	\$ 8.00
Granted	2,842,000	2.87
Vested	(2,111,567)	8.47
Forfeited	(147,001)	8.34
Unvested at March 31, 2024	6,637,255	5.65
Granted	4,000	3.78
Vested	(44,335)	6.63
Forfeited	(5,334)	5.22
Unvested at June 30, 2024	<u>6,591,586</u>	6.64

RSUs have been granted to the Company's non-management directors under the 2009 Plan. Each of the Company's then serving non-management directors received grants under the 2009 Plan of 62,718 RSUs and 29,268 RSUs with a grant date of March 1, 2024 and 2023, respectively. Both the March 2024 and 2023 grants had a grant date fair value of approximately \$180,000. In addition to the grants set forth above, on March 1, 2024 and March 1, 2023, the Chairman of the Board of Directors was awarded an additional grant of 92,334 RSUs and 43,089 RSUs, respectively, each with a grant date fair value of approximately \$265,000, as additional compensation for serving as Chairman of the Board of Directors. Pursuant to the Company's non-management director compensation program, on June 1, 2024, a new non-management director, who was elected to the Board of Directors at the Annual Meeting of the Company's stockholders on May 7, 2024, received a grant of 62,718 RSUs (the same number of RSUs granted to the other non-management directors on March 1, 2024), which had a grant date fair value of approximately \$248,000. Vesting of RSUs granted to non-management directors occurs in one-third increments on each of the first three anniversaries of the award date or upon the director's earlier cessation of service on the Board of Directors, other than for cause. Each non-management director may elect, prior to the beginning of the calendar year in which the award is granted, to defer the receipt of shares of the Company's common stock issuable upon vesting until either his or her (i) separation from service with the Company or (ii) attainment of an age specified in advance by the non-management director. A total of five directors elected to defer the receipt of RSUs granted on March 1, 2024 to a future date, and a total of four directors elected to defer the receipt of RSUs granted on March 1, 2023 to a future date. The new non-management director elected to defer the receipt of RSUs granted on June 1, 2024 to a future date.

RSUs outstanding under the 2009 Plan as of June 30, 2024, and changes during each of the three-month periods following December 31, 2023, was as follows:

	Shares	Weighted- Average Grant Date Fair Value
Unvested at December 31, 2023	775,926	\$ 6.86
Granted	844,950	2.87
Vested	(129,384)	7.78
Forfeited	—	—
Unvested at March 31, 2024	1,491,492	4.52
Granted	62,718	3.96
Vested	(5,894)	5.00
Forfeited	—	—
Unvested at June 30, 2024	<u>1,548,316</u>	4.49

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (continued)

3. ACQUISITIONS AND DIVESTITURES

Acquisitions

The Company accounts for all transactions that represent business combinations using the acquisition method of accounting, where the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquired entity are recognized and measured at their fair values on the date the Company obtains control in the acquiree. Such fair values that are not finalized for reporting periods following the acquisition date are estimated and recorded as provisional amounts. Adjustments to these provisional amounts during the measurement period (defined as the date through which all information required to identify and measure the consideration transferred, the assets acquired, the liabilities assumed and any noncontrolling interests has been obtained, limited to one year from the acquisition date) are recorded when identified. Goodwill is determined as the excess of the fair value of the consideration conveyed in the acquisition over the fair value of the net assets acquired.

The Company accounts for asset acquisitions pursuant to a cost accumulation model. Direct transaction costs are recognized as part of the cost of an acquisition. The Company also evaluates which elements of a transaction should be accounted for as part of an asset acquisition and which should be accounted for separately. The cost of an asset acquisition, including transaction costs, is allocated to identifiable assets acquired and liabilities assumed based on a relative fair value basis. Goodwill is not recognized in an asset acquisition.

During the six months ended June 30, 2024, one or more subsidiaries of the Company paid approximately \$1 million to acquire the operating assets and related businesses of certain physician practices and clinics that operate within the communities served by the Company's affiliated hospitals. The purchase price for these transactions was primarily allocated to working capital and property and equipment.

Divestitures

There were no hospital divestitures completed during the three and six months ended June 30, 2024. The following table provides a summary of hospitals that the Company divested (or, in the case of Lutheran Rehabilitation Hospital, in which the Company sold a majority interest) during the year ended December 31, 2023:

Hospital	Buyer	City, State	Licensed Beds	Effective Date
2023 Divestitures:				
Greenbrier Valley Medical Center	Vandalia Health, Inc.	Ronceverte, WV	122	January 1, 2023
Plateau Medical Center	Vandalia Health, Inc.	Oak Hill, WV	25	April 1, 2023
Medical Center of South Arkansas	SARH Holdings, Inc.	El Dorado, AR	166	July 1, 2023
Lutheran Rehabilitation Hospital	Select Medical Corporation	Fort Wayne, IN	36	September 1, 2023
AllianceHealth Ponca City	Integrus Health	Ponca City, OK	140	November 1, 2023
AllianceHealth Woodward	Integrus Health	Woodward, OK	87	November 1, 2023
Bravera Health Brooksville	Tampa General Hospital	Brooksville, FL	120	December 1, 2023
Bravera Health Spring Hill	Tampa General Hospital	Spring Hill, FL	124	December 1, 2023
Bravera Health Seven Rivers	Tampa General Hospital	Crystal River, FL	128	December 1, 2023

On February 28, 2023, the Company entered into a definitive agreement for the sale of substantially all of the assets of Lake Norman Regional Medical Center (123 licensed beds) in Mooresville, North Carolina, and Davis Regional Medical Center (144 licensed beds) in Statesville, North Carolina, to Novant Health, Inc. Following judicial developments involving efforts of the Federal Trade Commission to prevent completion of this transaction, the aforementioned definitive agreement was terminated effective June 21, 2024. No termination penalty was payable either by or to the Company in connection with the termination of this agreement. These hospitals are classified as held-and-used as of June 30, 2024.

On April 18, 2024, the Company entered into a definitive agreement for the sale of substantially all of the assets of Tennova Healthcare - Cleveland (351 licensed beds) in Cleveland, Tennessee, to Hamilton Health Care System, Inc. and certain of its affiliates. This hospital was classified as held-for-sale as of June 30, 2024.

The following table discloses amounts included in the condensed consolidated balance sheets for the hospital classified as held-for-sale as of June 30, 2024 and December 31, 2023 (in millions). Other assets, net, primarily includes the net property and equipment and goodwill for the hospital held-for-sale. No divestitures or potential divestitures meet the criteria for reporting as a discontinued operation as of June 30, 2024 or December 31, 2023.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (continued)

	June 30, 2024	December 31, 2023
Other current assets	\$ 7	\$ 6
Other assets, net	185	218
Accrued liabilities	(8)	(13)

4. GOODWILL

The changes in the carrying amount of goodwill for the six months ended June 30, 2024 are as follows (in millions):

Balance, as of December 31, 2023		
Goodwill	\$	6,772
Accumulated impairment losses		(2,814)
		3,958
Goodwill acquired as part of acquisitions during current year		
Goodwill allocated to hospitals divested or held-for-sale		14
Balance, as of June 30, 2024		
Goodwill		6,786
Accumulated impairment losses		(2,814)
	\$	3,972

Goodwill allocated to hospitals divested or held-for-sale reflects the net activity of changing the classification of entities as held-and-used or held-for-sale during the period as further discussed in Note 3 to the Condensed Consolidated Financial Statements.

Goodwill is allocated to each identified reporting unit, which is defined as an operating segment or one level below the operating segment (referred to as a component of the entity). Management has determined that the Company's operating segment meets the criteria to be classified as a reporting unit.

Goodwill is evaluated for impairment annually and when an event occurs or circumstances change that, more likely than not, reduce the fair value of the reporting unit below its carrying value. The Company performed its last annual goodwill impairment evaluation during the fourth quarter of 2023 using an October 31, 2023 measurement date, which indicated no impairment.

The determination of fair value in the Company's goodwill impairment analysis is based on an estimate of fair value for the reporting unit utilizing known and estimated inputs at the evaluation date. Some of those inputs include, but are not limited to, the most recent price of the Company's common stock and fair value of long-term debt, the Company's recent financial results, estimates of future revenue and expense growth, estimated market multiples, expected capital expenditures, income tax rates, costs of invested capital and a discount rate.

Future estimates of fair value could be adversely affected if the actual outcome of one or more of the assumptions described above changes materially in the future, including as a result of any decline in the Company's stock price and the fair value of its long-term debt, an increase in the volatility of the Company's stock price and the fair value of its long-term debt, lower-than-expected hospital volumes and/or net operating revenues, higher market interest rates, increased operating costs or other adverse impacts on the Company's financial results. Such changes impacting the calculation of fair value could result in a material impairment charge in the future.

5. INCOME TAXES

The total amount of unrecognized benefit that would affect the effective tax rate, if recognized, was \$46 million at June 30, 2024. A total of \$3 million of interest and penalties is included in the amount of the liability for uncertain tax positions at June 30, 2024. It is the Company's policy to recognize interest and penalties related to unrecognized benefits in its condensed consolidated statements of loss as income tax expense.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (continued)

It is possible the amount of unrecognized tax benefit could change in the next 12 months as a result of a lapse of the statute of limitations and settlements with taxing authorities; however, the Company does not anticipate the change will have a material impact on the Company's condensed consolidated results of operations or financial position.

The Company's income tax return for the 2018 tax year remains under examination by the Internal Revenue Service. The Company believes the result of this examination will not be material to its consolidated results of operations or consolidated financial position. The Company has extended the federal statute of limitations through June 30, 2025 for Community Health Systems, Inc. for the tax period ended December 31, 2018.

The Company's provision for income taxes was \$24 million and \$38 million for the three months ended June 30, 2024 and 2023, respectively, and \$52 million and \$65 million for the six months ended June 30, 2024 and 2023, respectively. The Company's effective tax rates were 48.0% and 95.0% for the three months ended June 30, 2024 and 2023, respectively, and 72.2% and 138.3% for the six months ended June 30, 2024 and 2023, respectively. The decrease in the provision for income taxes and the difference in the Company's effective tax rate for the three and six months ended June 30, 2024, compared to the same periods in 2023 was primarily due to a decrease in nondeductible goodwill in the current period compared to the prior period.

Cash paid for income taxes, net of refunds received, resulted in a net payment of \$84 million during both the three and six months ended June 30, 2024, and \$37 million during both the three and six months ended June 30, 2023.

6. LONG-TERM DEBT

Long-term debt, net of unamortized debt issuance costs and discounts or premiums, as applicable, consists of the following (in millions):

	June 30, 2024	December 31, 2023
8% Senior Secured Notes due 2026	\$ —	\$ 1,116
8% Senior Secured Notes due 2027	700	700
5 ⁵ / ₈ % Senior Secured Notes due 2027	1,900	1,900
6 ⁷ / ₈ % Senior Notes due 2028	626	756
6% Senior Secured Notes due 2029	644	644
5 ¹ / ₄ % Senior Secured Notes due 2030	1,535	1,535
4 ³ / ₄ % Senior Secured Notes due 2031	1,058	1,058
10 ⁷ / ₈ % Senior Secured Notes due 2032	2,225	1,000
6 ⁷ / ₈ % Junior-Priority Secured Notes due 2029	1,244	1,244
6 ¹ / ₈ % Junior-Priority Secured Notes due 2030	1,227	1,227
ABL Facility	273	247
Finance lease and financing obligations	369	366
Other	33	32
Less: Unamortized deferred debt issuance costs	(303)	(338)
Total debt	11,531	11,487
Less: Current maturities	(27)	(21)
Total long-term debt	\$ 11,504	\$ 11,466

On June 5, 2024, CHS/Community Health Systems, Inc. ("CHS") completed the offering of an additional \$1.225 billion aggregate principal amount of its outstanding 10.875% Senior Secured Notes due 2032 (the "Tack-On Notes") at an issue price of 102.000%, plus accrued and unpaid interest from December 22, 2023 to the closing date (which equaled approximately \$60 million). The Tack-On Notes are part of the same series as, and rank equally with, the 10⁷/₈% Senior Secured Notes due 2032 issued in December 2023. Following the issuance of the Tack-On Notes, the total aggregate principal amount of outstanding 10⁷/₈% Senior Secured Notes due 2032 is \$2.225 billion.

Proceeds from the offering of the Tack-On Notes, together with cash on hand, were used to redeem all \$1.116 billion of the outstanding 8.000% Senior Secured Notes due 2026, to fund repurchases of the Company's 6⁷/₈% Senior Notes due 2028 as noted below, to pay related fees and expenses and for general corporate purposes.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (continued)

The 10% Senior Secured Notes due 2032 bear interest at a rate of 10.875% per year payable semi-annually in arrears on February 15 and August 15, commencing on August 15, 2024. The 10% Senior Secured Notes due 2032 are unconditionally guaranteed on a senior-priority secured basis by the Company and each of CHS' current and future domestic subsidiaries that provide guarantees under the ABL Facility, any capital market debt securities of CHS (including CHS' outstanding senior notes) and certain other long-term debt of CHS. The 10% Senior Secured Notes due 2032 and the related guarantees are secured by shared (i) first-priority liens on the Non-ABL Priority Collateral and (ii) second-priority liens on the ABL Priority Collateral that secures on a first-priority basis the ABL Facility, in each case subject to permitted liens described in the indenture governing the 10% Senior Secured Notes due 2032.

Approximately \$98 million of the proceeds from the Tack-On Notes, as described above, was used to extinguish \$130 million principal value of the Company's 6% Senior Notes due 2028, resulting in a pre-tax gain from early extinguishment of debt of approximately \$32 million. Together with the issuance of the Tack-On Notes, there was a pre-tax and after-tax gain from early extinguishment of debt of \$26 million and \$27 million, respectively, for the three- and six-month periods ended June 30, 2024. There were no financing transactions in the comparable prior year periods.

On June 5, 2024, the Company and CHS entered into the Second Amendment and Restatement Agreement (the "Amendment") to refinance and replace the amended and restated asset-based loan ("ABL") credit agreement (the "ABL Credit Agreement" and, as amended by the Amendment, the "Amended and Restated ABL Credit Agreement"), dated as of November 22, 2021, with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders and other agents party thereto. Pursuant to the Amended and Restated ABL Credit Agreement, the lenders have extended to CHS a revolving asset-based loan facility (the "ABL Facility") in the maximum aggregate principal amount of \$1.0 billion, subject to borrowing base capacity. The ABL Facility includes borrowing capacity available for letters of credit of \$200 million. CHS and all domestic subsidiaries of CHS that guarantee CHS' other outstanding senior and senior secured indebtedness guarantee the obligations of CHS under the ABL Facility. Subject to certain exceptions, all obligations under the ABL Facility and the related guarantees are secured by a perfected first-priority security interest in substantially all of the receivables, deposit, collection and other accounts and contract rights, books, records and other instruments related to the foregoing of the Company, CHS and the guarantors, as well as a perfected junior-priority third lien security interest in substantially all of the other assets of the Company, CHS and the guarantors, subject to customary exceptions and intercreditor arrangements. Principal amounts outstanding under the ABL Facility will be due and payable in full on June 5, 2029.

At June 30, 2024, the Company had outstanding borrowings of \$273 million and approximately \$599 million of additional borrowing capacity (after taking into consideration the \$67 million of outstanding letters of credit) under the ABL Facility. The issued letters of credit were primarily in support of potential insurance-related claims and certain bonds. Letters of credit were reduced during the six months ended June 30, 2024 by \$14 million, primarily in relation to a professional liability claim that was settled and funded during the six months ended June 30, 2024.

The ABL Facility contains customary representations and warranties, subject to limitations and exceptions, and customary covenants restricting the Company's ability, subject to certain exceptions, to, among other things (1) declare dividends, make distributions or redeem or repurchase capital stock, (2) prepay, redeem or repurchase other debt, (3) incur liens or grant negative pledges, (4) make loans and investments and enter into acquisitions and joint ventures, (5) incur additional indebtedness or provide certain guarantees, (6) engage in mergers, acquisitions and asset sales, (7) conduct transactions with affiliates, (8) alter the nature of the Company's, CHS' or the guarantors' businesses, (9) grant certain guarantees with respect to physician practices, (10) engage in sale and leaseback transactions or (11) change the Company's fiscal year. The Company is also required to comply with a consolidated fixed charge coverage ratio, upon certain triggering events described below, and various affirmative covenants. The consolidated fixed charge coverage ratio is calculated as the ratio of (x) consolidated EBITDA (as defined in the ABL Facility) less capital expenditures to (y) the sum of consolidated interest expense (as defined in the ABL Facility), scheduled principal payments, income taxes and restricted payments made in cash or in permitted investments. For purposes of calculating the consolidated fixed charge coverage ratio, the calculation of consolidated EBITDA as defined in the ABL Facility is a trailing 12-month calculation that begins with the Company's consolidated net income, with certain adjustments for interest, taxes, depreciation and amortization, net income attributable to noncontrolling interests, stock compensation expense, restructuring costs, and the financial impact of other non-cash or non-recurring items recorded during any such 12-month period. The consolidated fixed charge coverage ratio is a required covenant only in periods where the total borrowings outstanding under the ABL Facility reduce the amount available in the facility to less than the greater of (i) \$95 million or (ii) 10% of the calculated borrowing base. As a result, in the event the Company has less than \$95 million available under the ABL Facility, the Company would need to comply with the consolidated fixed charge coverage ratio. At June 30, 2024, the Company is not subject to the consolidated fixed charge coverage ratio as such triggering event had not occurred during the twelve months ended June 30, 2024.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (continued)

The Company paid interest of \$211 million and \$188 million on borrowings during the three months ended June 30, 2024 and 2023, respectively, and \$360 million and \$385 million on borrowings during the six months ended June 30, 2024 and 2023, respectively.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments has been estimated by the Company using available market information as of June 30, 2024 and December 31, 2023, and valuation methodologies considered appropriate. The estimates presented in the table below are not necessarily indicative of amounts the Company could realize in a current market exchange (in millions):

	June 30, 2024		December 31, 2023	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets:				
Cash and cash equivalents	\$ 39	\$ 39	\$ 38	\$ 38
Investments in equity securities	64	64	69	69
Available-for-sale debt securities	178	178	182	182
Trading securities	5	5	5	5
Liabilities:				
8% Senior Secured Notes due 2026	—	—	1,109	1,114
8% Senior Secured Notes due 2027	695	695	695	679
5 ⁷ / ₈ % Senior Secured Notes due 2027	1,855	1,769	1,847	1,767
6 ⁷ / ₈ % Senior Notes due 2028	622	458	750	470
6% Senior Secured Notes due 2029	624	567	622	580
5 ¹ / ₄ % Senior Secured Notes due 2030	1,463	1,269	1,458	1,287
4 ³ / ₄ % Senior Secured Notes due 2031	1,054	829	1,054	834
10 ⁷ / ₈ % Senior Secured Notes due 2032	2,211	2,316	982	1,047
6 ⁷ / ₈ % Junior-Priority Secured Notes due 2029	1,168	954	1,162	812
6 ¹ / ₈ % Junior-Priority Secured Notes due 2030	1,170	858	1,167	781
ABL Facility and other debt	300	300	275	275

The carrying value of the Company's long-term debt in the above table is presented net of unamortized deferred debt issuance costs. The estimated fair value is determined using the methodologies discussed below in accordance with accounting standards related to the determination of fair value based on the U.S. GAAP fair value hierarchy as discussed in Note 8. The estimated fair value for financial instruments with a fair value that does not equal its carrying value is considered a Level 1 valuation. The Company utilizes the market approach and obtains indicative pricing through publicly available subscription services such as Bloomberg to determine fair values where relevant.

Cash and cash equivalents. The carrying amount approximates fair value due to the short-term maturity of these instruments (less than three months).

Investments in equity securities. Estimated fair value is based on closing price as quoted in public markets.

Available-for-sale debt securities. Estimated fair value is based on closing price as quoted in public markets or other various valuation techniques.

Trading securities. Estimated fair value is based on closing price as quoted in public markets.

Senior Notes, Senior Secured Notes and Junior-Priority Secured Notes. Estimated fair value is based on the closing market price for these notes.

ABL Facility and other debt. The carrying amount of the ABL Facility and all other debt approximates fair value due to the nature of these obligations.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (continued)

8. FAIR VALUE

Fair Value Hierarchy

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the Company utilizes the U.S. GAAP fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumption about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The inputs used to measure fair value are classified into the following fair value hierarchy:

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

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Company's own assumptions.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment of factors specific to the asset or liability. Transfers between levels within the fair value hierarchy are recognized by the Company on the date of the change in circumstances that requires such transfer. There were no transfers between levels during the six months ended June 30, 2024 and 2023.

The following table sets forth, by level within the fair value hierarchy, the financial assets and liabilities recorded at fair value on a recurring basis as of June 30, 2024 and December 31, 2023 (in millions):

	June 30, 2024	Level 1	Level 2	Level 3
Investments in equity securities	\$ 64	\$ 64	\$ —	\$ —
Available-for-sale debt securities	178	—	178	—
Trading securities	5	—	5	—
Total assets	<u>\$ 247</u>	<u>\$ 64</u>	<u>\$ 183</u>	<u>\$ —</u>
	December 31, 2023	Level 1	Level 2	Level 3
Investments in equity securities	\$ 69	\$ 69	\$ —	\$ —
Available-for-sale debt securities	182	—	182	—
Trading securities	5	—	5	—
Total assets	<u>\$ 256</u>	<u>\$ 69</u>	<u>\$ 187</u>	<u>\$ —</u>

Investments in equity securities classified as Level 1 are measured using quoted market prices. Level 2 available-for-sale debt securities and trading securities primarily consist of bonds and notes issued by the United States government and its agencies and domestic and foreign corporations. The estimated fair values of these securities are determined using various valuation techniques, including a multi-dimensional relational model that incorporates standard observable inputs and assumptions such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids/offers and other pertinent reference data.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (continued)

9. LEASES

The Company utilizes operating and finance leases for the use of certain hospitals, medical office buildings, and medical equipment. The components of lease cost and rent expense for the three and six months ended June 30, 2024 and 2023 are as follows (in millions):

Lease Cost	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating lease cost:				
Operating lease cost	\$ 46	\$ 53	\$ 94	\$ 108
Short-term rent expense	22	22	45	44
Variable lease cost	6	6	14	12
Sublease income	(1)	(1)	(2)	(3)
Total operating lease cost	<u>\$ 73</u>	<u>\$ 80</u>	<u>\$ 151</u>	<u>\$ 161</u>
Finance lease cost:				
Amortization of right-of-use assets	\$ 3	\$ 3	\$ 5	\$ 6
Interest on finance lease liabilities	3	3	7	7
Total finance lease cost	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 12</u>	<u>\$ 13</u>

Supplemental balance sheet information related to leases is as follows (in millions):

	Balance Sheet Classification	June 30, 2024	December 31, 2023
Operating Leases:			
Operating lease right-of-use assets	Other assets, net	\$ 634	\$ 665
Finance Leases:			
Finance lease right-of-use assets	<i>Property and equipment</i>		
	Land and improvements	\$ —	\$ —
	Buildings and improvements	248	246
	Equipment and fixtures	9	10
	<i>Property and equipment</i>	<u>257</u>	<u>256</u>
	Less accumulated depreciation and amortization	(57)	(55)
	Property and equipment, net	<u>\$ 200</u>	<u>\$ 201</u>
Current finance lease liabilities	Current maturities of long-term debt	\$ 2	\$ 2
Long-term finance lease liabilities	Long-term debt	216	214

Supplemental cash flow information related to leases for the six months ended June 30, 2024 and 2023 is as follows (in millions):

Cash flow information	Six Months Ended June 30,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases ⁽¹⁾	\$ 91	\$ 103
Operating cash flows from finance leases	7	7
Financing cash flows from finance leases	2	2
Right-of-use assets obtained in exchange for new finance lease liabilities	3	—
Right-of-use assets obtained in exchange for new operating lease liabilities	32	49

(1) Included in the change in other operating assets and liabilities in the condensed consolidated statements of cash flows.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (continued)

10. STOCKHOLDERS' DEFICIT

Authorized capital shares of the Company include 400,000,000 shares of capital stock consisting of 300,000,000 shares of common stock and 100,000,000 shares of preferred stock. Each of the aforementioned classes of capital stock has a par value of \$0.01 per share. Shares of preferred stock, none of which were outstanding as of June 30, 2024, may be issued in one or more series having such rights, preferences and other provisions as determined by the Board of Directors without approval by the holders of common stock.

The Company is a holding company, which operates through its subsidiaries. The ABL Facility and the indentures governing each series of the Company's outstanding notes contain various covenants under which the assets of the subsidiaries of the Company are subject to certain restrictions relating to, among other matters, dividends and distributions, as referenced in the paragraph below.

The ABL Facility and the indentures governing each series of the Company's outstanding notes restrict the Company's subsidiaries from, among other matters, paying dividends and making distributions to the Company, which thereby limits the Company's ability to pay dividends and/or repurchase stock. As of June 30, 2024, under the most restrictive test in these agreements (and subject to certain exceptions), the Company has approximately \$300 million of capacity to pay permitted dividends and/or repurchase shares of stock or make other restricted payments.

The schedule below presents the reconciliation of the carrying amount of total equity, equity attributable to the Company's stockholders, and equity attributable to noncontrolling interests as of June 30, 2024, and during each of the three-month periods following December 31, 2023 (in millions).

	Redeemable Noncontrolling Interest	Community Health Systems, Inc. Stockholders					Noncontrolling Interest	Total Stockholders' Deficit
		Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit			
Balance, December 31, 2023	\$ 323	\$ 1	\$ 2,185	\$ (14)	\$ (3,564)	\$ 245	\$ (1,147)	
Comprehensive income (loss)	16	—	—	(2)	(41)	19	(24)	
Distributions to noncontrolling interests	(17)	—	—	—	—	(33)	(33)	
Adjustment to redemption value of redeemable noncontrolling interests	(3)	—	3	—	—	—	3	
Cancellation of restricted stock for tax withholdings on vested shares	—	—	(2)	—	—	—	(2)	
Other reclassifications of noncontrolling interests	10	—	—	—	—	(10)	(10)	
Share-based compensation	—	—	6	—	—	—	6	
Balance, March 31, 2024	329	1	2,192	(16)	(3,605)	221	(1,207)	
Comprehensive income (loss)	15	—	—	3	(14)	25	14	
Distributions to noncontrolling interests	(14)	—	—	—	—	(20)	(20)	
Purchases of subsidiary shares from noncontrolling interests	1	—	(2)	—	—	—	(2)	
Adjustment to redemption value of redeemable noncontrolling interests	2	—	(2)	—	—	—	(2)	
Other reclassifications of noncontrolling interests	(9)	—	—	—	—	12	12	
Share-based compensation	—	—	2	—	—	—	2	
Balance, June 30, 2024	\$ 324	\$ 1	\$ 2,190	\$ (13)	\$ (3,619)	\$ 238	\$ (1,203)	

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (continued)

The following schedule presents the reconciliation of the carrying amount of total equity, equity attributable to the Company's stockholders, and equity attributable to the noncontrolling interests as of June 30, 2023, and during each of the three-month periods following December 31, 2022 (in millions):

	Redeemable Noncontrolling Interest	Community Health Systems, Inc. Stockholders					
		Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Noncontrolling Interest	Total Stockholders' Deficit
Balance, December 31, 2022	\$ 541	\$ 1	\$ 2,084	\$ (21)	\$ (3,431)	\$ 92	\$ (1,275)
Comprehensive income (loss)	21	—	—	3	(51)	11	(37)
Distributions to noncontrolling interests	(33)	—	—	—	—	(11)	(11)
Purchases of subsidiary shares from noncontrolling interests	(1)	—	—	—	—	—	—
Contributions from noncontrolling interests	1	—	—	—	—	1	1
Adjustment to redemption value of redeemable noncontrolling interests	32	—	(32)	—	—	—	(32)
Cancellation of restricted stock for tax withholdings on vested shares	—	—	(4)	—	—	—	(4)
Share-based compensation	—	—	6	—	—	—	6
Balance, March 31, 2023	561	1	2,054	(18)	(3,482)	93	(1,352)
Comprehensive income (loss)	28	—	—	(1)	(38)	11	(28)
Distributions to noncontrolling interests	(21)	—	—	—	—	(19)	(19)
Contributions from noncontrolling interests	—	—	—	—	—	1	1
Purchases of subsidiary shares from noncontrolling interests	(6)	—	5	—	—	—	5
Noncontrolling interest in acquired entity	7	—	—	—	—	—	—
Adjustment to redemption value of redeemable noncontrolling interests	14	—	(14)	—	—	—	(14)
Share-based compensation	—	—	4	—	—	—	4
Balance, June 30, 2023	\$ 583	\$ 1	\$ 2,049	\$ (19)	\$ (3,520)	\$ 86	\$ (1,403)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Net loss attributable to Community Health Systems, Inc. stockholders	\$ (13)	\$ (38)	\$ (55)	\$ (89)
Transfers to the noncontrolling interests:				
Net increase in Community Health Systems, Inc. paid-in-capital for purchase of subsidiary partnership interests	3	5	3	5
Net transfers to the noncontrolling interests	3	5	3	5
Change to Community Health Systems, Inc. stockholders' deficit from net loss attributable to Community Health Systems, Inc. stockholders and transfers to noncontrolling interests	\$ (10)	\$ (33)	\$ (52)	\$ (84)

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (continued)

11. EARNINGS PER SHARE

The following table sets forth the components of the denominator for the computation of basic and diluted earnings per share for net loss attributable to Community Health Systems, Inc. stockholders:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Weighted-average number of shares outstanding — basic	132,344,504	130,659,672	131,808,274	130,176,976
Effect of dilutive securities:				
Restricted stock awards	—	—	—	—
Employee stock options	—	—	—	—
Other equity-based awards	—	—	—	—
Weighted-average number of shares outstanding — diluted	<u>132,344,504</u>	<u>130,659,672</u>	<u>131,808,274</u>	<u>130,176,976</u>

The Company generated a loss attributable to Community Health Systems, Inc. stockholders for each of the three- and six-month periods ended June 30, 2024 and 2023, so the effect of dilutive securities is not considered because their effect would be antidilutive. If the Company had generated income during the three months ended June 30, 2024 and 2023, the effect of restricted stock awards, employee stock options, and other equity-based awards on the diluted shares calculation would have been an increase of 864,816 shares and 202,182 shares, respectively. If the Company had generated income during the six months ended June 30, 2024 and 2023, the effect of restricted stock awards, employee stock options, and other equity-based awards on the diluted shares calculation would have been an increase of 654,307 shares and 335,188 shares, respectively.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Dilutive securities outstanding not included in the computation of earnings per share because their effect is antidilutive:				
Employee stock options and restricted stock awards	<u>5,771,995</u>	<u>7,191,908</u>	<u>5,786,164</u>	<u>6,540,493</u>

12. CONTINGENCIES

The Company is a party to various legal, regulatory and governmental proceedings incidental to its business. Based on current knowledge, management does not believe that loss contingencies arising from pending legal, regulatory and governmental matters will have a material adverse effect on the consolidated financial position or liquidity of the Company. However, in light of the inherent uncertainties involved in pending legal, regulatory and governmental matters, some of which are beyond the Company's control, and the very large or indeterminate damages sought in some of these matters, an adverse outcome in one or more of these matters could be material to the Company's results of operations or cash flows for any particular reporting period.

With respect to all legal, regulatory and governmental proceedings, the Company considers the likelihood of a negative outcome. If the Company determines the likelihood of a negative outcome with respect to any such matter is probable and the amount of the loss can be reasonably estimated, the Company records an accrual for the estimated loss for the expected outcome of the matter. If the likelihood of a negative outcome with respect to material matters is reasonably possible and the Company is able to determine an estimate of the possible loss or a range of loss, whether in excess of a related accrued liability or where there is no accrued liability, the Company discloses the estimate of the possible loss or range of loss. However, the Company is unable to estimate a possible loss or range of loss in some instances based on the significant uncertainties involved in, and/or the preliminary nature of, certain legal, regulatory and governmental matters.

COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (continued)

The table below presents a reconciliation of the beginning and ending liability balances (in millions) during the six months ended June 30, 2024, with respect to the Company's determination of the contingencies of the Company in respect of which an accrual has been recorded. The liability as of June 30, 2024 is comprised of individually insignificant amounts for various matters.

Summary of Recorded Amounts

	Probable Contingencies
Balance as of December 31, 2023	\$ 7
Expense	—
Reserve for insured claim	9
Cash payments	(2)
Balance as of June 30, 2024	<u>\$ 14</u>

In accordance with applicable accounting guidance, the Company establishes a liability for litigation, regulatory and governmental matters for which, based on information currently available, the Company believes that a negative outcome is known or is probable and the amount of the loss is reasonably estimable. For all such matters (whether or not discussed in this contingencies footnote), such amounts have been recorded in other accrued liabilities in the condensed consolidated balance sheets and are included in the table above. Due to the uncertainties and difficulty in predicting the ultimate resolution of these contingencies, the actual amount could differ from the estimated amount reflected as a liability in the condensed consolidated balance sheets.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read this discussion together with our condensed consolidated financial statements and the accompanying notes included herein.

Throughout this Form 10-Q, we refer to Community Health Systems, Inc., or the Parent Company, and its consolidated subsidiaries in a simplified manner and on a collective basis, using words like "we," "our," "us" and the "Company." This drafting style is suggested by the Securities and Exchange Commission, or SEC, and is not meant to indicate that the publicly-traded Parent Company or any particular subsidiary of the Parent Company owns or operates any asset, business or property. The hospitals, operations and businesses described in this filing are owned and operated by distinct and indirect subsidiaries of Community Health Systems, Inc.

We are one of the nation's largest healthcare companies. Our affiliates are leading providers of healthcare services, developing and operating healthcare delivery systems in 40 distinct markets across 15 states. As of June 30, 2024, our subsidiaries own or lease 71 affiliated hospitals, with more than 11,000 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. We generate revenues by providing a broad range of general and specialized hospital healthcare services and outpatient services to patients in the communities in which we are located. For the hospitals and other sites of care that we own and operate, we are paid for our services by governmental agencies, private insurers and directly by the patients we serve.

Acquisition and Divestiture Activity

During the six months ended June 30, 2024, we paid approximately \$1 million to acquire the operating assets and related businesses of certain physician practices and clinics that operate within the communities served by our hospitals. The purchase price for these transactions was primarily allocated to working capital and property and equipment.

There were no hospital divestitures completed during the three and six months ended June 30, 2024. The following table provides a summary of hospitals that we divested (or, in the case of Lutheran Rehabilitation Hospital, in which we sold a majority interest) during the year ended December 31, 2023.

Hospital	Buyer	City, State	Licensed Beds	Effective Date
2023 Divestitures:				
Greenbrier Valley Medical Center	Vandalia Health, Inc.	Ronceverte, WV	122	January 1, 2023
Plateau Medical Center	Vandalia Health, Inc.	Oak Hill, WV	25	April 1, 2023
Medical Center of South Arkansas	SARH Holdings, Inc.	El Dorado, AR	166	July 1, 2023
Lutheran Rehabilitation Hospital	Select Medical Corporation	Fort Wayne, IN	36	September 1, 2023
AllianceHealth Ponca City	Integrus Health	Ponca City, OK	140	November 1, 2023
AllianceHealth Woodward	Integrus Health	Woodward, OK	87	November 1, 2023
Bravera Health Brooksville	Tampa General Hospital	Brooksville, FL	120	December 1, 2023
Bravera Health Spring Hill	Tampa General Hospital	Spring Hill, FL	124	December 1, 2023
Bravera Health Seven Rivers	Tampa General Hospital	Crystal River, FL	128	December 1, 2023

On February 28, 2023, we entered into a definitive agreement for the sale of substantially all of the assets of Lake Norman Regional Medical Center (123 licensed beds) in Mooresville, North Carolina, and Davis Regional Medical Center (144 licensed beds) in Statesville, North Carolina, to Novant Health, Inc., or Novant. Following judicial developments involving efforts of the Federal Trade Commission to prevent completion of this transaction, the aforementioned definitive agreement was terminated effective June 21, 2024. For additional information regarding termination of this definitive agreement, see the Current Report on Form 8-K filed by us on June 24, 2024.

On April 18, 2024, we entered into a definitive agreement for the sale of substantially all of the assets of Tennova Healthcare - Cleveland (351 licensed beds) in Cleveland, Tennessee, to Hamilton Health Care System, Inc. and certain of its affiliates. For additional information regarding this potential disposition, see the Current Report on Form 8-K filed by us on April 18, 2024.

There can be no assurance that this potential disposition will be completed, or if this potential disposition is completed, the ultimate timing of the completion of this potential disposition.

Moreover, we may give consideration to divesting certain additional hospitals and non-hospital businesses. Generally, these hospitals and non-hospital businesses are not in one of our strategically beneficial services areas, are less complementary to our business strategy and/or have lower operating margins. In addition, we continue to receive interest from potential acquirers for certain of our hospitals and non-hospital businesses. As such, we may sell additional hospitals and/or non-hospital businesses if we consider any such disposition to be in our best interests. We expect proceeds from any such divestitures to be used for general corporate purposes (including potential debt repayments and/or debt repurchases) and capital expenditures.

Overview of Operating Results

Net operating revenues increased from \$3.115 billion for the three months ended June 30, 2023 to \$3.140 billion for the three months ended June 30, 2024. On a same-store basis, net operating revenues for the three months ended June 30, 2024 increased \$141 million compared to the same period in 2023.

We had net income of \$26 million during the three months ended June 30, 2024, compared to \$2 million for the same period in 2023. Net income for the three months ended June 30, 2024 included the following:

- an after-tax benefit of \$27 million for gain from early extinguishment of debt,
- an after-tax charge of \$10 million for expense related to costs associated with our multi-year initiative to modernize and consolidate technology platforms and associated processes, and
- an after-tax charge of \$8 million resulting from impairment of certain long-lived assets that were disposed as well as divestiture related costs.

Net income for the three months ended June 30, 2023 included the following:

- an after-tax charge of \$5 million for expense related to costs associated with our multi-year initiative to modernize and consolidate technology platforms and associated processes,
- an after-tax benefit of \$3 million for the gain related to the sale of a hospital partially offset by impairment of long-lived assets that were idled, disposed of or held-for-sale, and
- an after-tax charge of \$7 million for restructuring charges related to the closure of businesses as well as service line closures and consolidations at certain hospitals.

Consolidated inpatient admissions for the three months ended June 30, 2024, decreased 2.8%, compared to the same period in 2023. Consolidated adjusted admissions for the three months ended June 30, 2024, decreased 2.4%, compared to the same period in 2023. Same-store inpatient admissions for the three months ended June 30, 2024, increased 3.0%, compared to the same period in 2023, and same-store adjusted admissions for the three months ended June 30, 2024, increased 3.2%, compared to the same period in 2023.

Net operating revenues increased from \$6.2 billion for the six months ended June 30, 2023 to \$6.3 billion for the six months ended June 30, 2024. On a same-store basis, net operating revenues for the six months ended June 30, 2024 increased \$311 million compared to the same period in 2023.

We had net income of \$20 million during the six months ended June 30, 2024, compared to a net loss of \$(18) million for the same period in 2023. Net income for the six months ended June 30, 2024 included the following:

- an after-tax benefit of \$27 million for gain from early extinguishment of debt,
- an after-tax charge of \$19 million for expense related to costs associated with our multi-year initiative to modernize and consolidate technology platforms and associated processes, and
- an after-tax charge of \$21 million resulting from impairment of long-lived assets that were idled, disposed of or held-for-sale.

Net loss for the six months ended June 30, 2023 included the following:

- an after-tax charge of \$5 million for expense related to costs associated with our multi-year initiative to modernize and consolidate technology platforms and associated processes,
- an after-tax charge of \$8 million for expense related to government and other legal matters and related costs,
- an after-tax benefit of \$17 million for the gain related to the sale of two hospitals partially offset by impairment of long-lived assets that were idled, disposed of or held-for-sale, and
- an after-tax charge of \$8 million for restructuring charges related to the closure of businesses as well as service line closures and consolidations at certain hospitals.

Consolidated inpatient admissions for the six months ended June 30, 2024, decreased 2.6%, compared to the same period in 2023. Consolidated adjusted admissions for the six months ended June 30, 2024, decreased 3.2%, compared to the same period in 2023. Same-store inpatient admissions for the six months ended June 30, 2024, increased 3.4%, compared to the same period in 2023, and same-store adjusted admissions for the six months ended June 30, 2024, increased 2.5%, compared to the same period in 2023.

Self-pay revenues represented approximately 1.6% and 0.8% of net operating revenues for the three months ended June 30, 2024 and 2023, respectively, and 1.5% and 0.8% for the six months ended June 30, 2024 and 2023, respectively. The amount of foregone revenue related to providing charity care services as a percentage of net operating revenues was approximately 9.1% and 10.3% for the three months ended June 30, 2024 and 2023, respectively, and 9.6% and 10.4% for the six months ended June 30, 2024 and 2023, respectively. Direct and indirect costs incurred in providing charity care services as a percentage of net operating revenues was approximately 0.9% and 1.1% for the three months ended June 30, 2024 and 2023, respectively, and 0.9% and 1.2% for the six months ended June 30, 2024 and 2023, respectively.

Overview of Legislative and Other Governmental Developments

The healthcare industry is subject to changing political, regulatory, and economic influences that may affect our business. In recent years, the U.S. Congress and certain state legislatures have introduced and passed a large number of proposals and legislation affecting the healthcare system, including laws intended to impact access to health insurance and reduce healthcare costs and government spending. The most prominent of these efforts, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively, the Affordable Care Act, affects how healthcare services are covered, delivered and reimbursed, and expanded health insurance coverage through a combination of public program expansion and private sector health insurance reforms. The Affordable Care Act has been, and continues to be, subject to legislative and regulatory changes and court challenges. To increase access to health insurance during the COVID-19 pandemic, the American Rescue Plan Act of 2021, or the ARPA, enhanced subsidies for individuals eligible to purchase coverage through Affordable Care Act marketplaces. Subsequent legislation extended these enhanced subsidies through 2025. In addition, COVID-related legislation enacted during the early stages of the pandemic required states to maintain continuous Medicaid enrollment, among other conditions, in order to receive a temporary increase in federal funds for Medicaid expenditures. The expiration of this “continuous coverage” requirement in April 2023 has resulted in significant Medicaid coverage disruptions and disenrollments. Although it was originally anticipated that states would complete unwinding-related Medicaid renewals by June 2024, the Centers for Medicare & Medicaid Services, or CMS, required certain states to pause procedural disenrollments due to noncompliant renewal systems, and CMS has approved state implementation of other flexibilities and mitigation strategies that extended timelines for completion. These and other changes and initiatives may impact the number of individuals that elect to obtain public or private health insurance or the scope of such coverage, if obtained.

Of critical importance to us is the potential impact of any changes specific to the Medicaid program, including the funding and expansion provisions of the Affordable Care Act and subsequent legislation or agency initiatives. Historically, the states with the greatest reductions in the number of uninsured adult residents have been those that have expanded Medicaid under the Affordable Care Act. A number of states have opted out of the Medicaid coverage expansion provisions, but could ultimately decide to expand their programs at a later date. Of the 15 states in which we operated hospitals as of June 30, 2024, nine states have taken action to expand their Medicaid programs. The other six states have not, including Florida, Alabama, Tennessee, Mississippi and Texas, where we operated a significant number of hospitals as of June 30, 2024. Some states use, or have applied to use, waivers granted by CMS to implement expansion, impose different eligibility or enrollment conditions, or otherwise implement programs that vary from federal standards.

Other recent reform initiatives and proposals at the federal and state levels include those focused on price transparency and limiting out-of-network charges, which may impact prices, our competitive position and the relationships between hospitals, insurers, patients, and ancillary providers (such as anesthesiologists, radiologists, and pathologists). For example, the No Surprises Act imposes various requirements on providers and health plans intended to prevent “surprise” medical bills. Among other restrictions and requirements, the law prohibits providers from charging patients an amount beyond the in-network cost sharing amount for services rendered by out-of-network providers, subject to limited exceptions. For services for which balance billing is prohibited (even when no balance billing occurs), the No Surprises Act may limit the amounts received by out-of-network providers from health plans, and also establishes a dispute resolution process for providers and payors to handle payment disputes that cannot be resolved through direct negotiations. The regulations and related guidance implementing the No Surprises Act have been and continue to be subject to legal challenges. The No Surprises Act also requires providers to provide a good faith estimate of expected charges to uninsured or self-pay patients for scheduled items and services, in advance of the date of the scheduled item or service or upon request. Based on these estimates, patients may invoke a patient-provider dispute resolution process established by the regulations to challenge charges in certain circumstances.

Other trends toward transparency and value-based purchasing may impact the competitive position and patient volumes of providers. For example, the CMS Care Compare website makes available to the public certain data that hospitals submit in connection with Medicare reimbursement claims, including hospital performance data on quality measures and patient satisfaction. In addition, Medicare reimbursement for hospitals is adjusted based on quality and efficiency measures, and CMS currently administers various accountable care organizations and bundled payment demonstration projects. The CMS Innovation Center has highlighted the need to accelerate the movement to value-based care and drive broader system transformation.

Throughout the acute phase of the COVID-19 pandemic that began in 2020, federal and state governments passed legislation, promulgated regulations and took other administrative actions intended to assist healthcare providers in providing care to COVID-19 and other patients during the public health emergency and to provide financial relief to healthcare providers. The public health emergency declared by the U.S. Department of Health and Human Services, or HHS, in response to the pandemic expired in May 2023. Although federal and state governments have terminated most of the temporary measures that were implemented to assist providers, the effects of certain of these measures, including those intended to provide financial relief during the public health emergency, continue to impact providers. For example, the Budget Control Act of 2011 sequestration was extended several times as part of COVID-relief and subsequent legislation, and the payment reductions are currently set to continue through April 2032. Further, the ARPA, in addition to providing funding for healthcare providers, increased the federal budget deficit in a manner that triggers an additional statutorily mandated sequestration under the Pay-As-You Go Act of 2010. As a result, an additional Medicare spending reduction of up to 4% was required to take effect in January 2022. However, Congress has delayed implementation of this payment reduction until 2025. We anticipate that the federal deficit will continue to place pressure on government healthcare programs, and it is possible that future deficit reduction legislation will impose additional spending reductions.

We did not receive or recognize any significant level of payments or benefits under the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, or other COVID-19 related stimulus and relief legislation, during the six months ended June 30, 2024, and do not expect to receive or recognize any significant level of payments or benefits under the CARES Act and other existing legislation related to COVID-19 in future periods.

Reimbursement by government programs may be affected by broad shifts in payment policy. For example, recent changes related to the 340B Drug Pricing Program have implications for all hospitals reimbursed under the outpatient prospective payment system, or PPS, including those, like ours, that do not participate in the program. In 2018, CMS implemented a payment policy that reduced Medicare payments for 340B hospitals for most drugs obtained at 340B-discounted rates and that resulted in increased payments for non-340B hospitals. In June 2022, the U.S. Supreme Court, in *American Hospital Association v. Becerra*, invalidated past payment cuts for hospitals participating in the 340B Drug Pricing Program. In light of the U.S. Supreme Court decision and to achieve budget neutrality, CMS implemented a reduction of approximately 3.1% to payment rates for non-drug services under the outpatient PPS for calendar year 2023. In addition, HHS directed that \$9 billion be paid to affected 340B providers in one-time lump sum payments as the remedy for calendar years 2018 through 2022. Moreover, in order to comply with budget neutrality requirements, HHS finalized a corresponding offset in future non-drug item and service payments for all outpatient PPS providers (except new providers) that will reduce the outpatient PPS conversion factor by 0.5% annually. This adjustment will start in calendar year 2026 and continue for approximately 16 years. This reduction to payment rates adversely affected our results for the six months ended June 30, 2024, and the reduction to the outpatient PPS conversion factor as noted above is anticipated to adversely impact our future results.

In June 2024, the U.S. Supreme Court issued decisions affecting judicial review of federal agency-related actions that increase judicial scrutiny of agency authority, shift greater responsibility for statutory interpretation to courts, and expand the timeline in which a plaintiff can sue regulators. In particular, in *Loper Bright Enterprises v. Raimondo*, the U.S. Supreme Court overruled its prior ruling in *Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, which held that when a statute is ambiguous or silent, courts should not substitute their own judgments regarding the actions of those agencies so long as the agencies' interpretation of the enabling federal statute was reasonable. In *Loper Bright*, the U.S. Supreme Court held that courts must instead exercise their independent judgment when deciding whether an agency has acted within its statutory authority, and that courts may not defer to an agency interpretation simply because a statute is ambiguous. The *Loper Bright* decision, as well as certain other recent decisions of the U.S. Supreme Court, could have significant impacts on government agency regulation, particularly within the heavily-regulated healthcare industry, and may have broad implications for our business. As a result of these decisions, there may be an increase in legal challenges to regulations and guidance issued by federal agencies responsible for regulating various aspects of our business. These potential legal challenges, if successful, could have a negative or positive impact on our business, and any such impact could be material. In addition to potential changes to regulations and agency guidance as a result of legal challenges, these recent U.S. Supreme Court decisions may result in increased regulatory uncertainty, inconsistent judicial interpretations, and delays in and other impacts to the agency rulemaking process, any of which could adversely impact our business and operations.

Sources of Revenue

The following table presents the approximate percentages of net operating revenues by payor source for the periods indicated. The data for the periods presented are not strictly comparable due to the effect that businesses acquired, sold, closed or opened during each of the respective periods, as applicable, have had on these statistics.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Medicare	17.9%	20.2%	18.5%	20.5%
Medicare Managed Care	17.8	16.7	18.1	17.1
Medicaid	14.8	14.4	14.4	14.0
Managed Care and other third-party payors	47.9	47.9	47.5	47.6
Self-pay	1.6	0.8	1.5	0.8
Total	100.0%	100.0%	100.0%	100.0%

As shown above, we receive a substantial portion of our revenues from the Medicare, Medicare Managed Care and Medicaid programs. Included in Managed Care and other third-party payors is net operating revenues from insurance companies with which we have insurance provider contracts, insurance companies for which we do not have insurance provider contracts, workers' compensation carriers and non-patient service revenue, such as gain (loss) on investments, rental income and cafeteria sales. We generally expect the portion of revenues received from the Medicare, Medicare Managed Care and Medicaid programs to increase over the long-term due to the general aging of the population and other factors, including health reform initiatives. There has been a trend toward increased enrollment in Medicare Managed Care and Medicaid managed care programs, which may adversely affect our net operating revenues. We may also be impacted by regulatory requirements imposed on insurers, such as minimum medical-loss ratios and specific benefit requirements. Furthermore, in the normal course of business, managed care programs, insurance companies and employers actively negotiate the amounts paid to hospitals. Our relationships with payors may be impacted by price transparency initiatives and out-of-network billing restrictions, including those in the No Surprises Act. There can be no assurance that we will retain our existing reimbursement arrangements or that third-party payors will not attempt to further reduce the rates they pay for our services.

Net operating revenues include amounts estimated by management to be reimbursable by Medicare and Medicaid under prospective payment systems and provisions of cost-based reimbursement and other payment methods. In addition, we are reimbursed by non-governmental payors using a variety of payment methodologies. Amounts we receive for the treatment of patients covered by Medicare, Medicaid and non-governmental payors are generally less than our standard billing rates. We account for the differences between the estimated program reimbursement rates and our standard billing rates as contractual allowance adjustments, which we deduct from gross revenues to arrive at net operating revenues. Final settlements under some of these programs are subject to adjustment based on administrative review and audit by third parties. We account for adjustments to previous program reimbursement estimates as contractual allowance adjustments and report them in the periods that such adjustments become known. Contractual allowance adjustments related to final settlements and previous program reimbursement estimates impacted net operating revenues by an insignificant amount in each of the three- and six-month periods ended June 30, 2024 and 2023.

The payment rates under the Medicare program for hospital inpatient and outpatient acute care services are based on prospective payment systems, which depend upon a patient's diagnosis or the clinical complexity of services provided to a patient, among other factors. These rates are indexed for inflation annually, although increases have historically been less than actual inflation. On August 1, 2023, CMS published the final rule to increase this index by 3.3% for hospital inpatient acute care services that are reimbursed under the prospective payment system for federal fiscal year 2024 (which began October 1, 2023). Together with other changes to payment policies, payment rates for hospital inpatient acute care services are expected to increase approximately 3.1%. Hospitals that do not submit required patient quality data are subject to a reduction in payments. We are complying with this data submission requirement. Payments may also be affected by various other adjustments, including those that depend on patient-specific or hospital specific factors. For example, the "two midnight rule" establishes admission and medical review criteria for inpatient services limiting when services to Medicare beneficiaries are payable as inpatient hospital services. Reductions in the rate of increase or overall reductions in Medicare reimbursement may cause a decline in the growth of our net operating revenues.

- (d) Average length of stay represents the average number of days inpatients stay in our hospitals.
- (e) Excludes information for businesses divested or closed during each of the respective periods, as applicable.

Items (b) through (e) are metrics used to manage our performance. These metrics provide useful insight to investors about the volume and acuity of services we provide, which aid in evaluating our financial results.

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

Net operating revenues increased to \$3.140 billion for the three months ended June 30, 2024, compared to \$3.115 billion for the same period in 2023. Net operating revenues on a same-store basis from hospitals that were operated throughout both periods increased \$141 million, or 4.7%, during the three months ended June 30, 2024, compared to the same period in 2023. On a period-over-period basis, the increase in same-store net operating revenues was primarily attributable to higher inpatient and outpatient volumes, increased reimbursement rates and higher revenues from supplemental reimbursement programs. Non-same-store net operating revenues decreased \$116 million during the three months ended June 30, 2024, compared to the same period in 2023, due to the divestiture of hospitals in 2023. On a consolidated basis, inpatient admissions decreased by 2.8% and adjusted admissions decreased by 2.4% during the three months ended June 30, 2024, compared to the same period in 2023. On a same-store basis, net operating revenues per adjusted admission increased 1.4%, while inpatient admissions increased by 3.0% and adjusted admissions increased by 3.2% for the three months ended June 30, 2024, compared to the same period in 2023.

Operating costs and expenses, as a percentage of net operating revenues, increased from 92.1% during the three months ended June 30, 2023 to 92.4% during the three months ended June 30, 2024. Operating costs and expenses, excluding depreciation and amortization and impairment and (gain) loss on sale of businesses, as a percentage of net operating revenues, decreased from 88.5% for the three months ended June 30, 2023 to 88.1% for the three months ended June 30, 2024. Salaries and benefits, as a percentage of net operating revenues, decreased from 42.9% for the three months ended June 30, 2023 to 42.3% for the three months ended June 30, 2024, primarily due to an increase in net operating revenues. Supplies, as a percentage of net operating revenues, decreased from 16.2% for the three months ended June 30, 2023 to 15.4% for the three months ended June 30, 2024, primarily due to changes in the mix of services, the benefit of cost savings initiatives and an increase in net operating revenues. Other operating expenses, as a percentage of net operating revenues, increased from 26.8% for the three months ended June 30, 2023 to 28.1% for the three months ended June 30, 2024, primarily due to increased expense for supplemental reimbursement programs and outsourced medical specialists, partially offset by decreased costs for contract labor and an increase in net operating revenues. Lease cost and rent, as a percentage of net operating revenues, decreased from 2.6% for the three months ended June 30, 2023 to 2.3% for the three months ended June 30, 2024.

Depreciation and amortization, as a percentage of net operating revenues, remained consistent at 4.0% for both of the three-month periods ended June 30, 2024 and 2023.

Impairment and (gain) loss on sale of businesses, net was an expense of \$10 million for the three months ended June 30, 2024, compared to a gain of \$13 million for the same period in 2023. The expense recognized during the three months ended June 30, 2024 was primarily to reduce the carrying value of certain assets that were disposed as well as for divestiture related costs. The gain recognized during the three months ended June 30, 2023 related primarily to divestiture activity during the respective period as discussed more specifically under “Acquisition, Divestiture and Closure Activity” herein.

Interest expense, net, increased by \$9 million to \$216 million for the three months ended June 30, 2024, compared to \$207 million for the same period in 2023 due primarily to financing activities in 2023.

Equity in earnings of unconsolidated affiliates, as a percentage of net operating revenues, increased to 0.1% for the three months ended June 30, 2024 from 0.0% for the same period in 2023.

Gain from early extinguishment of debt of \$26 million was recognized during the three months ended June 30, 2024 as a result of the refinancing and extinguishment of certain of our outstanding notes as discussed further in Liquidity. There were no financing transactions during the three months ended June 30, 2023.

The net results of the above-mentioned changes resulted in income before income taxes increasing \$10 million to \$50 million for the three months ended June 30, 2024 from \$40 million for the same period in 2023.

Our provision for income taxes for the three months ended June 30, 2024 and 2023 was \$24 million and \$38 million, respectively, and the effective tax rates were 48.0% and 95.0% for the three months ended June 30, 2024 and 2023, respectively. The decrease in the provision for income taxes and the difference in our effective tax rate for the three months ended June 30, 2024, compared to the same period in 2023 was due to a decrease in nondeductible goodwill for the three months ended June 30, 2024 compared to the same period in 2023.

Net income, as a percentage of net operating revenues, was 0.8% for the three months ended June 30, 2024, compared to 0.1% for the same period in 2023.

Net income attributable to noncontrolling interests as a percentage of net operating revenues was 1.2% for the three months ended June 30, 2024, compared to 1.3% for the same period in 2023.

Net loss attributable to Community Health Systems, Inc. stockholders was \$(13) million for the three months ended June 30, 2024, compared to \$(38) million for the same period in 2023.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

Net operating revenues increased to \$6.279 billion for the six months ended June 30, 2024, compared to \$6.223 billion for the same period in 2023. Net operating revenues on a same-store basis from hospitals that were operated throughout both periods increased \$311 million, or 5.2%, during the six months ended June 30, 2024, compared to the same period in 2023. On a period-over-period basis, the increase in same-store net operating revenues was primarily attributable to higher inpatient and outpatient volumes, increased reimbursement rates and higher revenues from supplemental reimbursement programs. Non-same-store net operating revenues decreased \$255 million during the six months ended June 30, 2024, compared to the same period in 2023, due to the divestiture of hospitals in 2023. On a consolidated basis, inpatient admissions decreased by 2.6% and adjusted admissions decreased by 3.2% during the six months ended June 30, 2024, compared to the same period in 2023. On a same-store basis, net operating revenues per adjusted admission increased 2.6%, while inpatient admissions increased by 3.4% and adjusted admissions increased by 2.5% for the six months ended June 30, 2024, compared to the same period in 2023.

Operating costs and expenses, as a percentage of net operating revenues, decreased from 92.7% during the six months ended June 30, 2023 to 92.5% during the six months ended June 30, 2024. Operating costs and expenses, excluding depreciation and amortization and impairment and (gain) loss on sale of businesses, as a percentage of net operating revenues, decreased from 89.2% for the six months ended June 30, 2023 to 88.3% for the six months ended June 30, 2024. Salaries and benefits, as a percentage of net operating revenues, decreased from 43.5% for the six months ended June 30, 2023 to 43.0% for the six months ended June 30, 2024, primarily due to an increase in net operating revenues. Supplies, as a percentage of net operating revenues, decreased from 16.2% for the six months ended June 30, 2023 to 15.4% for the six months ended June 30, 2024, primarily due to changes in the mix of services, the benefit of cost savings initiatives and an increase in net operating revenues. Other operating expenses, as a percentage of net operating revenues, increased from 26.9% for the six months ended June 30, 2023 to 27.5% for the six months ended June 30, 2024, primarily due to increased expense for supplemental reimbursement programs and outsourced medical specialists, partially offset by decreased costs for contract labor and an increase in net operating revenues. Lease cost and rent, as a percentage of net operating revenues, decreased from 2.6% for the six months ended June 30, 2023 to 2.4% for the six months ended June 30, 2024.

Depreciation and amortization, as a percentage of net operating revenues, decreased to 3.8% for the six months ended June 30, 2024 from 4.1% for the same period in 2023, primarily due to an increase in net operating revenues and a reduction in the amortization of capitalized internal-use software.

Impairment and (gain) loss on sale of businesses, net was an expense of \$27 million for the six months ended June 30, 2024, compared to a gain of \$35 million for the same period in 2023. The expense recognized during the six months ended June 30, 2024 was primarily to reduce the carrying value of several assets that were idled, disposed of or held-for-sale. The gain recognized during the six months ended June 30, 2023 related primarily to divestiture activity during the respective period as discussed more specifically under “Acquisition, Divestiture and Closure Activity” herein.

Interest expense, net, increased by \$12 million to \$426 million for the six months ended June 30, 2024, compared to \$414 million for the same period in 2023 due primarily to financing activities in 2023.

Gain from early extinguishment of debt of \$26 million was recognized during the six months ended June 30, 2024 as a result of the refinancing and extinguishment of certain of our outstanding notes as discussed further in Liquidity. There were no financing transactions during the six months ended June 30, 2023.

Equity in earnings of unconsolidated affiliates, as a percentage of net operating revenues, remained consistent at (0.1)% for both of the six-month periods ended June 30, 2024 and 2023.

The net results of the above-mentioned changes resulted in income before income taxes increasing \$25 million to \$72 million for the six months ended June 30, 2024 from \$47 million for the same period in 2023.

Our provision for income taxes for the six months ended June 30, 2024 and 2023 was \$52 million and \$65 million, respectively, and the effective tax rates were 72.2% and 138.3% for the six months ended June 30, 2024 and 2023, respectively. The decrease in the provision for income taxes and the difference in our effective tax rate for the six months ended June 30, 2024, compared to the same period in 2023 was due to a decrease in nondeductible goodwill for the six months ended June 30, 2024 compared to the same period in 2023.

Net income, as a percentage of net operating revenues, was 0.3% for the six months ended June 30, 2024, compared to a net loss of (0.3)% for the same period in 2023.

Net income attributable to noncontrolling interests as a percentage of net operating revenues was 1.2% for the six months ended June 30, 2024, compared to 1.1% for the same period in 2023.

Net loss attributable to Community Health Systems, Inc. stockholders was \$(55) million for the six months ended June 30, 2024, compared to \$(89) million for the same period in 2023.

Liquidity and Capital Resources

Net cash provided by operating activities increased \$106 million, from approximately \$91 million for the six months ended June 30, 2023, to approximately \$197 million for the six months ended June 30, 2024. The increase in cash provided by operating activities is primarily due to increased collections of patient accounts receivable and lower cash paid for interest, partially offset by increased income tax payments. Cash paid for interest was \$360 million during the six months ended June 30, 2024, compared to \$385 million for the same period in 2023. Cash paid for income taxes, net of refunds received, resulted in a net payment of \$84 million and \$37 million during the six months ended June 30, 2024 and 2023.

Net cash used in investing activities was approximately \$207 million for the six months ended June 30, 2024, compared to approximately \$105 million for the same period in 2023. Net cash used in investing activities during the six months ended June 30, 2024 was impacted by a decrease of \$111 million in cash proceeds from dispositions of hospitals and other ancillary operations and a decrease of \$29 million in cash from the net impact of the purchases and sales of available-for-sale debt and equity securities, offset by a decrease of \$46 million in cash used for the purchase of property and equipment.

Our net cash provided by financing activities was approximately \$11 million for the six months ended June 30, 2024, compared to approximately \$14 million for the same period in 2023, a change of \$3 million. This was primarily due to the net impact of our debt borrowings and repayments during the six months ended June 30, 2024, compared to the same period in 2023.

Liquidity

Net working capital was approximately \$1.0 billion at June 30, 2024 and \$1.1 billion at December 31, 2023. Net working capital decreased by approximately \$39 million between December 31, 2023 and June 30, 2024. The decrease is primarily due to decreases in patient accounts receivable and prepaid expenses and taxes and increases in current maturities of long-term debt, accrued interest and other current liabilities during the six months ended June 30, 2024, partially offset by increases in supplies, prepaid income taxes and other current assets and decreases in accounts payable, current operating lease liabilities and accrued liabilities for employee compensation.

In addition to cash flows from operations, available sources of capital include amounts available under the asset-based loan (ABL) credit agreement, or the ABL Credit Agreement, and anticipated access to public and private debt markets as well as proceeds from the disposition of hospitals or other investments such as our minority equity interests in various businesses, as applicable.

Pursuant to the ABL Credit Agreement, the lenders have extended to CHS/Community Health Systems, Inc., or CHS, a revolving asset-based loan facility, or ABL Facility. The maximum aggregate amount under the ABL Facility is \$1.0 billion, subject to borrowing base capacity. At June 30, 2024, we had outstanding borrowings of \$273 million and approximately \$599 million of additional borrowing capacity (after taking into consideration \$67 million of outstanding letters of credit) under the ABL Facility. The issued letters of credit were primarily in support of potential insurance-related claims and certain bonds. Letters of credit were reduced during the six months ended June 30, 2024 by \$14 million, primarily in relation to a professional liability claim that was settled and funded during the six months ended June 30, 2024. Principal amounts outstanding under the ABL Facility, if any, will be due and payable in full on June 5, 2029.

2024 Financing Activity

On June 5, 2024, CHS completed the offering of an additional \$1.225 billion aggregate principal amount of its outstanding 10.875% Senior Secured Notes due 2032, or the Tack-On Notes, at an issue price of 102.000%, plus accrued and unpaid interest from

December 22, 2023 to the closing date (which equaled approximately \$60 million). The Tack-On Notes are part of the same series as, and rank equally with, the 10⁷/₈% Senior Secured Notes due 2032 issued in December 2023. Proceeds from the offering of the Tack-On Notes, together with cash on hand, were used to redeem all of the remaining \$1.116 billion of outstanding 8.000% Senior Secured Notes due 2026, to fund senior note repurchases in the amount of approximately \$98 million resulting in the extinguishment of \$130 million principal amount of the 6⁷/₈% Senior Notes due 2028, pay related fees and expenses and for general corporate purposes.

Additionally, on June 5, 2024, the ABL Credit Agreement, as noted above, was amended and restated to, among other things, extend the maturity to June 5, 2029.

For additional information regarding the issuance of the Tack-On Notes and the amendment of the ABL Credit Agreement, see the Current Report on Form 8-K filed by us on June 5, 2024.

Additional Liquidity Information

Our ability to meet the restricted covenants and financial ratios and tests in the ABL Facility and the indentures governing our outstanding notes can be affected by events beyond our control, and we cannot assure you that we will meet those tests. A breach of any of these covenants could result in a default under the ABL Facility and/or the indentures that govern our outstanding notes. Upon the occurrence of an event of default under the ABL Facility or indentures that govern our outstanding notes, all amounts outstanding under the ABL Facility and the indentures that govern our outstanding notes may become immediately due and payable and all commitments under the ABL Facility to extend further credit may be terminated.

As of June 30, 2024, approximately \$27 million of our outstanding debt of approximately \$11.5 billion is due within the next 12 months.

Net proceeds from divestitures, if any, are expected to be used for general corporate purposes (including potential debt repayments and/or debt repurchases) and capital expenditures.

We believe that our current levels of cash, internally generated cash flows and current levels of availability for additional borrowing under the ABL Facility, our anticipated continued access to the capital markets, and the use of proceeds from any potential future dispositions as noted above, will be sufficient to finance acquisitions, capital expenditures, working capital requirements, and any debt repurchases or other debt repayments we may elect to make or be required to make through the next 12 months and the foreseeable future thereafter. However, ongoing negative economic conditions (including inflationary conditions and elevated interest rate levels) have resulted in, and may continue to result in, significant disruptions of financial and capital markets, which could reduce our ability to access capital and negatively affect our liquidity in the future.

We may elect from time to time to purchase our outstanding debt in open market purchases, privately negotiated transactions or otherwise. Any such debt repurchases will depend upon prevailing market conditions, our liquidity requirements, contractual restrictions, applicable securities law requirements and other factors.

There have been no material changes outside of the ordinary course of business to our upcoming cash obligations during the three months ended June 30, 2024, from those disclosed under “Capital Resources” in Management’s Discussion and Analysis of Financial Condition and Results of Operations in the 2023 Form 10-K.

Capital Resources

Cash expenditures for purchases of facilities and other related businesses were approximately \$1 million for the six months ended June 30, 2024, compared to \$15 million for the same period in 2023. Our expenditures for the six months ended June 30, 2024 and 2023 were primarily related to physician practices and clinics.

Capital expenditures relate primarily to expansion and renovation of existing facilities, construction of additional access points such as free-standing emergency departments and ambulatory surgery centers, investments in higher acuity service lines and information technology infrastructure, as well as routine expenditures for equipment, minor renovations and other upgrades. Capital expenditures totaled \$181 million and \$227 million for the six months ended June 30, 2024 and 2023, respectively. We expect total capital expenditures of approximately \$350 million to \$400 million in 2024.

Pursuant to a hospital purchase agreement from our March 1, 2016 acquisition of Northwest Health - Starke, formerly known as Starke Hospital, we committed to spend up to \$15 million toward the construction of a replacement facility in Knox, Indiana. Construction is required to be completed within five years of the date we enter into a new lease with Starke County, Indiana, the hospital lessor, or in the event we do not enter into a new lease with Starke County, construction is to be completed by September 30, 2026. We have not entered into a new lease with the lessor for Northwest Health - Starke.

Reimbursement, Legislative and Regulatory Changes

Ongoing legislative and regulatory efforts, and judicial interpretations, could reduce or otherwise adversely affect the payments we receive from Medicare and Medicaid and other payors. Within the statutory framework of the Medicare and Medicaid programs, there are substantial areas subject to administrative rulings, interpretations and discretion, and which are at times subject to court challenges, which may further affect payments made under those programs. We expect legal challenges to healthcare regulations and agency guidance, including those related to Medicare and Medicaid payment policies, to increase as a result of recent U.S. Supreme Court decisions as noted above. The increased potential for legal challenges may result in delays in and other impacts to the agency rulemaking process. Further, the federal and state governments might, in the future, reduce the funds available under the Medicare and Medicaid programs, require repayment of previously received funds or require more stringent utilization and quality reviews of hospital facilities. Additionally, there may be a continued rise in managed care programs and further restructuring of the financing and delivery of healthcare in the United States. These events could cause our future financial results to be adversely impacted. We cannot estimate the impact of Medicare and Medicaid reimbursement changes that have been enacted or otherwise determined or that are currently or may in the future be under consideration. We cannot predict whether additional reimbursement reductions will be made or whether any such changes or other restructuring of the financing and delivery of healthcare would have a material adverse effect on our business, financial conditions, results of operations, cash flow, capital resources and liquidity.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of our condensed consolidated financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are defined as those policies that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the financial condition or results of operations of the registrant. We believe that our critical accounting policies are limited to those described below. The following information should be read in conjunction with our significant accounting policies included in Note 1 of the Notes to the Consolidated Financial Statements included under Part II, Item 8 of the 2023 Form 10-K.

Revenue Recognition

Net operating revenues include amounts estimated by management to be reimbursable by Medicare and Medicaid under prospective payment systems and provisions of cost-reimbursement and other payment methods. In addition, we are reimbursed by non-governmental payors using a variety of payment methodologies. Amounts we receive for treatment of patients covered by these programs are generally less than our standard billing rates. Explicit price concessions are recorded for contractual allowances that are calculated and recorded through a combination of internally- and externally-developed data collection and analysis tools to automate the monthly estimation of required contractual allowances. Within these automated systems, payors' historical paid claims data and contracted amounts are utilized to calculate the contractual allowances. This data is updated on a monthly basis. All hospital contractual allowance calculations are subjected to monthly review by management to ensure reasonableness and accuracy. We account for the differences between the estimated program reimbursement rates and the standard billing rates as contractual allowance adjustments, which is one component of the deductions from gross revenues to arrive at net operating revenues. The process of estimating contractual allowances requires us to estimate the amount expected to be received based on payor contract provisions. The key assumption in this process is the estimated contractual reimbursement percentage, which is based on payor classification, historical paid claims data and, when applicable, application of the expected managed care plan reimbursement based on contract terms.

Due to the complexities involved in these estimates, actual payments we receive could be different from the amounts we estimate and record. If the actual contractual reimbursement percentage under government programs and managed care contracts differed by 1% at June 30, 2024 from our estimated reimbursement percentage, net income for the six months ended June 30, 2024 would have changed by approximately \$99 million, and net accounts receivable at June 30, 2024 would have changed by \$127 million. Final settlements under some of these programs are subject to adjustment based on administrative review and audit by third parties. We account for adjustments to previous program reimbursement estimates as contractual allowance adjustments and report them in the periods that such adjustments become known. Contractual allowance adjustments related to final settlements and previous program reimbursement estimates impacted net operating revenues by an insignificant amount for the three- and six-month periods ended June 30, 2024 and 2023.

Patient Accounts Receivable

Substantially all of our accounts receivable are related to providing healthcare services to patients at our hospitals and affiliated businesses. Collection of these accounts receivable is our primary source of cash and is critical to our operating performance. Our primary collection risks relate to uninsured patients and outstanding patient balances for which the primary insurance payor has paid some but not all of the outstanding balance, with the remaining outstanding balance (generally deductibles and co-payments) owed by the patient. For all procedures scheduled in advance, our policy is to verify insurance coverage prior to the date of the procedure. Insurance coverage is not verified in advance of procedures for walk-in and emergency room patients.

We estimate any adjustments to the transaction price for implicit price concessions by reserving a percentage of all self-pay accounts receivable without regard to aging category, based on collection history, adjusted for expected recoveries and any anticipated changes in trends. Our ability to estimate the transaction price and any implicit price concessions is not impacted by not utilizing an aging of our net accounts receivable as we believe that substantially all of the risk exists at the point in time such accounts are identified as self-pay. The percentage used to reserve for all self-pay accounts is based on our collection history. We believe that we collect substantially all of our third-party insured receivables, which include receivables from governmental agencies.

Patient accounts receivable can be impacted by the effectiveness of our collection efforts and, as described in our significant accounting policies included in Note 1 of the Notes to Condensed Consolidated Financial Statements included under Part I, Item 1 of this Form 10-Q, numerous factors may affect the net realizable value of accounts receivable. If the actual collection percentage differed by 1% at June 30, 2024 from our estimated collection percentage as a result of a change in expected recoveries, net income for the six months ended June 30, 2024 would have changed by \$37 million, and net accounts receivable at June 30, 2024 would have changed by \$48 million. We also continually review our overall reserve adequacy by monitoring historical cash collections as a percentage of trailing net operating revenues, as well as by analyzing current period net operating revenues and admissions by payor classification, days revenue outstanding, the composition of self-pay receivables between pure self-pay patients and the patient responsibility portion of third-party insured receivables and the impact of recent acquisitions and dispositions.

Our policy is to write-off gross accounts receivable if the balance is under \$10.00 or when such amounts are placed with outside collection agencies. We believe this policy accurately reflects our ongoing collection efforts and is consistent with industry practices. We had approximately \$1.8 billion at June 30, 2024 and \$1.7 billion at December 31, 2023, being pursued by various outside collection agencies. We expect to collect less than 4%, net of estimated collection fees, of the amounts being pursued by outside collection agencies. As these amounts have been written-off, they are not included in our accounts receivable. Collections on amounts previously written-off are recognized as a recovery of net operating revenues when received. However, we take into consideration estimated collections of these future amounts written-off in determining the implicit price concessions used to measure the transaction price for the applicable portfolio of patient accounts receivable.

All of the following information is derived from our hospitals, excluding clinics, unless otherwise noted.

Patient accounts receivable from our hospitals represent approximately 98% of our total consolidated accounts receivable.

Days revenue outstanding, adjusted for the impact of receivables for state Medicaid supplemental payment programs and divested facilities, was 58 days at both June 30, 2024 and December 31, 2023.

Total gross accounts receivable (prior to allowance for contractual adjustments and implicit price concessions) was approximately \$17.1 billion and \$16.8 billion as of June 30, 2024 and December 31, 2023, respectively. The approximate percentage of total gross accounts receivable (prior to allowance for contractual adjustments and implicit price concessions) summarized by payor and aging categories is as follows:

As of June 30, 2024:

Payor	% of Gross Receivables			
	0 - 90 Days	90 - 180 Days	180 - 365 Days	Over 365 Days
Medicare	10%	—%	—%	1%
Medicare Managed Care	16%	3%	3%	2%
Medicaid	6%	1%	1%	1%
Managed Care and other third-party payors	18%	4%	3%	3%
Self-Pay	7%	6%	8%	7%

As of December 31, 2023:

Payor	% of Gross Receivables			
	0 - 90 Days	90 - 180 Days	180 - 365 Days	Over 365 Days
Medicare	10%	1%	1%	—%
Medicare Managed Care	16%	3%	3%	2%
Medicaid	6%	1%	1%	1%
Managed Care and other third-party payors	18%	3%	3%	3%
Self-Pay	7%	6%	7%	8%

The approximate percentage of total gross accounts receivable (prior to allowances for contractual adjustments and implicit price concessions) summarized by payor-type is as follows:

	June 30, 2024	December 31 2023
Insured receivables	72.3%	72.1%
Self-pay receivables	27.7	27.9
Total	100.0%	100.0%

The combined total at our hospitals and clinics for the estimated implicit price concessions for self-pay accounts receivable and allowances for other self-pay discounts and contractals, as a percentage of gross self-pay receivables, was approximately 90% at June 30, 2024 and 91% at December 31, 2023. If the receivables that have been written-off, but where collections are still being pursued by outside collection agencies, were included in both the allowances and gross self-pay receivables specified above, the percentage of combined allowances to total self-pay receivables would have been 93% at both June 30, 2024 and December 31, 2023.

Goodwill

At June 30, 2024, we had approximately \$4.0 billion of goodwill recorded, all of which resides at our hospital operations reporting unit. Goodwill represents the excess of the fair value of the consideration conveyed in an acquisition over the fair value of net assets acquired. Goodwill is evaluated for impairment annually and when an event occurs or circumstances change that, more likely than not, reduce the fair value of the reporting unit below its carrying value. We performed our last annual goodwill impairment evaluation during the fourth quarter of 2023 using the October 31, 2023 measurement date, which indicated no impairment.

The determination of fair value in our goodwill impairment analysis is based on an estimate of fair value for the hospital operations reporting unit utilizing known and estimated inputs at the evaluation date. Some of those inputs include, but are not limited to, the most recent price of our common stock and fair value of our long-term debt, our recent financial results, estimates of future revenue and expense growth, estimated market multiples, expected capital expenditures, income tax rates, costs of invested capital and a discount rate.

Future estimates of fair value could be adversely affected if the actual outcome of one or more of the assumptions described above changes materially in the future, including as a result of any decline in or increased volatility of our stock price and the fair value of our long-term debt, lower than expected hospital volumes and/or net operating revenues, higher market interest rates, increased operating costs or other adverse impacts on our financial results. Such changes impacting the calculation of our fair value could result in a material impairment charge in the future.

Professional Liability Claims

As part of our business of providing healthcare services, we are subject to legal actions alleging liability on our part. We accrue for losses resulting from such liability claims, as well as loss adjustment expenses that are out-of-pocket and directly related to such liability claims. These direct out-of-pocket expenses include fees of outside counsel and experts. We do not accrue for costs that are part of our corporate overhead, such as the costs of our in-house legal and risk management departments. The losses resulting from professional liability claims primarily consist of estimates for known claims, as well as estimates for incurred but not reported claims. The estimates are based on specific claim facts, our historical claim reporting and payment patterns, the nature and level of our hospital operations, and actuarially determined projections. The actuarially determined projections are based on our actual claim data, including historic reporting and payment patterns, which have been gathered over the life of the Company. As discussed below, since we purchase excess insurance on a claims-made basis that transfers risk to third-party insurers, the estimated liability for professional and general liability claims does include an amount for the losses covered by our excess insurance. We also record a receivable for the expected reimbursement of losses covered by our excess insurance. Since we believe that the amount and timing of our future claims payments are reliably determinable, we discount the amount we accrue for losses resulting from professional liability claims.

The net present value of the projected payments was discounted using a weighted-average risk-free rate of approximately 3.9% and 3.7% at June 30, 2024 and December 31, 2023, respectively. This liability is adjusted for new claims information in the period such information becomes known to us. Professional liability expense includes the losses resulting from professional liability claims and loss adjustment expense, as well as excess insurance premiums, and is presented within other operating expenses in the accompanying condensed consolidated statements of loss.

Our processes for obtaining and analyzing claims and incident data are standardized across all of our businesses and have been consistent for many years. We monitor the outcomes of the medical care services that we provide and for each reported claim, we obtain various information concerning the facts and circumstances related to that claim. In addition, we routinely monitor current key statistics and volume indicators in our assessment of utilizing historical trends. The average lag period between claim occurrence and payment of a final settlement is between three and four years, although the facts and circumstances of individual claims could result in the timing of such payments being different from this average. Since claims are paid promptly after settlement with the claimant is reached, settled claims represent approximately 3% or less of the total liability at the end of any period.

For purposes of estimating our individual claim accruals, we utilize specific claim information, including the nature of the claim, the expected claim amount, the year in which the claim occurred and the laws of the jurisdiction in which the claim occurred. Once the case accruals for known claims are determined, information is stratified by loss layers and retentions, accident years, reported years and geography. Several actuarial methods are used against this data to produce estimates of ultimate paid losses and reserves for incurred but not reported claims. Each of these methods uses our company-specific historical claims data and other information. Company-specific data includes information regarding our business, including historical paid losses and loss adjustment expenses, historical and current case loss reserves, actual and projected hospital statistical data, a variety of hospital census information, employed physician information, professional liability retentions for each policy year, geographic information and other data. Significant assumptions are made on the basis of the aforementioned information in estimating reserves for incurred but not reported claims. A 1% change in assumptions for either severity or frequency as of June 30, 2024 would have increased or decreased the reserve between \$5 million to \$15 million.

Based on these analyses, we determine our estimate of the professional liability claims. The determination of management's estimate, including the preparation of the reserve analysis that supports such estimate, involves subjective judgment of management. Changes in reserve data or the trends and factors that influence reserve data may signal fundamental shifts in our future claim development patterns or may simply reflect single-period anomalies. Even if a change reflects a fundamental shift, the full extent of the change may not become evident until years later. Moreover, since our methods and models use different types of data and we select our liability from the results of all of these methods, we typically cannot quantify the precise impact of such factors on our estimates of the liability. Due to our standardized and consistent processes for handling claims and the long history and depth of our company-specific data, our methodologies have historically produced reliably determinable estimates of ultimate paid losses. Management considers any changes in the amount and pattern of its historical paid losses up through the most recent reporting period to identify any fundamental shifts or trends in claim development experience in determining the estimate of professional liability claims. However, due to the subjective nature of this estimate and the impact that previously unforeseen shifts in actual claim experience can have, future estimates of professional liability could be adversely impacted when actual paid losses develop unexpectedly based on assumptions and settlement events that were not previously known or anticipated.

We are primarily self-insured for professional liability claims; however, we obtain excess insurance that transfers the risk of loss to a third-party insurer for claims in excess of our self-insured retentions. Our excess insurance is underwritten on a claims-made basis. For claims reported prior to June 1, 2002, substantially all of our professional and general liability risks were subject to a less than \$1 million per occurrence self-insured retention and for claims reported from June 1, 2002 through June 1, 2003, these self-insured retentions were \$2 million per occurrence. Substantially all claims reported after June 1, 2003 and before June 1, 2005 are self-insured up to \$4 million per claim. Substantially all claims reported on or after June 1, 2005 and before June 1, 2014 are self-insured up to \$5 million per claim. Substantially all claims reported on or after June 1, 2014 and before June 1, 2018 are self-insured up to \$10 million per claim. Substantially all claims reported on or after June 1, 2018 are self-insured up to \$15 million per claim. Management, on occasion, has selectively increased the insured risk at certain hospitals based upon insurance pricing and other factors and may continue that practice in the future.

Excess insurance for all hospitals has been purchased through commercial insurance companies and generally covers us for liabilities in excess of the self-insured retentions. The excess coverage consists of multiple layers of insurance, the sum of which totals up to \$95 million per occurrence and in the aggregate for claims reported on or after June 1, 2003, up to \$145 million per occurrence and in the aggregate for claims reported on or after January 1, 2008, up to \$195 million per occurrence and in the aggregate for claims reported on or after June 1, 2010, and up to at least \$215 million per occurrence and in the aggregate for claims reported on or after June 1, 2015. In addition, for integrated occurrence professional liability claims, there is an additional \$50 million of excess coverage for claims reported on or after June 1, 2014 and an additional \$75 million of excess coverage for claims reported on or after June 1, 2015 through June 1, 2020. The \$75 million in integrated occurrence coverage will also apply to claims reported between June 1, 2020 and June 1, 2025 for events that occurred prior to June 1, 2020 but which were not previously known or reported. For certain policy

years prior to June 1, 2014, if the first aggregate layer of excess coverage becomes fully utilized, then the self-insured retention will increase to \$10 million per claim for any subsequent claims in that policy year until our total aggregate coverage is met. Beginning June 1, 2018, this drop-down provision in the excess policies attaches over the \$15 million per claim self-insured retention.

There were no significant changes in our estimate of the reserve for professional liability claims during the six months ended June 30, 2024.

Income Taxes

We must make estimates in recording provision for income taxes, including determination of deferred tax assets and deferred tax liabilities and any valuation allowances that might be required against the deferred tax assets. We believe that future income will enable us to realize certain deferred tax assets, subject to the valuation allowance we have established.

The total amount of unrecognized benefit that would impact the effective tax rate, if recognized, was \$46 million at June 30, 2024. A total of \$3 million of interest and penalties is included in the amount of liability for uncertain tax positions at June 30, 2024. It is our policy to recognize interest and penalties related to unrecognized benefits in our condensed consolidated statements of loss as income tax expense.

It is possible the amount of unrecognized tax benefit could change in the next 12 months as a result of a lapse of the statute of limitations and settlements with taxing authorities; however, we do not anticipate the change will have a material impact on our consolidated results of operations or consolidated financial position.

Our federal income tax return for the 2018 tax year is under examination by the Internal Revenue Service. We believe the result of this examination will not be material to our consolidated results of operations or consolidated financial position. In addition, we have extended our federal statute of limitations through June 30, 2025 for the tax period ended December 31, 2018.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2023-07, "Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures." This ASU includes additional requirements for the disclosure of significant segment expenses and segment measure(s) of profit or loss, as well as new disclosure requirements for entities with a single reportable segment and certain qualitative information about the chief operating decision maker. This ASU is effective for annual periods beginning after December 15, 2023 and interim periods beginning after December 15, 2024. The amendments in this ASU must be applied retrospectively to all periods presented. Early adoption is permitted. We are currently evaluating the impact that adoption of this ASU will have on our condensed consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740), Improvements to Income Tax Disclosures." This ASU establishes new requirements for the categorization and disaggregation of information in the rate reconciliation as well as for disaggregation of income taxes paid. Additionally, this ASU modifies and eliminates certain existing requirements for indefinitely reinvested foreign earnings and unrecognized tax benefits. This ASU is effective for annual periods beginning after December 15, 2024 and interim periods beginning after December 15, 2025. The amendments in this ASU should be applied on a prospective basis and early adoption is permitted. We are currently evaluating the impact that adoption of this ASU will have on our condensed consolidated financial statements.

We have evaluated all other recently issued, but not yet effective, ASUs and do not expect the eventual adoption of such ASUs to have a material impact on our consolidated financial position or results of operations.

FORWARD-LOOKING STATEMENTS

This Form 10-Q 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 risks and uncertainties. Statements that are predictive in nature, 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. These statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these 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 Form 10-Q. 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, inflationary conditions, the current high interest rate environment, and current geopolitical instability, as well as the potential impact on us of political, 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;
- judicial developments impacting the Company or the healthcare industry, including the potential impact of the recent decisions of the U.S. Supreme Court regarding the actions of federal agencies;
- 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;
- 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;
- 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 2023 Form 10-K and our other filings filed with the SEC.

Although we believe that these forward-looking statements are based upon reasonable assumptions, these assumptions are inherently subject to significant regulatory, economic and competitive uncertainties and contingencies, which are difficult or impossible to predict accurately and may be beyond our control. Accordingly, we cannot give any assurance that our expectations will in fact occur, and we caution that actual results may differ materially from those in the forward-looking statements. Given these uncertainties, prospective investors are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are made as of the date of this filing. We undertake no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

During the three months ended June 30, 2024, there have been no material changes in the quantitative and qualitative disclosures set forth in Item 7A. Quantitative and Qualitative Disclosures about Market Risk in our 2023 Form 10-K.

Item 4. *Controls and Procedures*

Our Chief Executive Officer and Chief Financial Officer, with the participation of other members of management, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Securities and Exchange Act of 1934, as amended, as of the end of the period covered by this report. Based on such evaluations, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective (at the reasonable assurance level) to ensure that the information required to be included in this report has been recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and to ensure that the information required to be included in this report was accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

There have been no changes in our internal control over financial reporting during the three months ended June 30, 2024 that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

PART II OTHER INFORMATION

Item 1. *Legal Proceedings*

From time to time, we receive inquiries or subpoenas from state regulators, state Medicaid Fraud Control units, fiscal intermediaries, CMS, the U.S. Department of Justice and other government entities regarding various Medicare and Medicaid issues. In addition, we are subject to other claims and lawsuits arising in the ordinary course of our business including lawsuits and claims related to billing and collection practices at our hospitals. Based on current knowledge, management does not believe that loss contingencies arising from pending legal, regulatory and governmental matters, including the matters described herein, will have a material adverse effect on the consolidated financial position or liquidity of the Company. However, in light of the inherent uncertainties involved in pending legal, regulatory and governmental matters, some of which are beyond our control, and the very large or indeterminate damages sought in some of these matters, an adverse outcome in one or more of these matters could be material to our results of operations or cash flows for any particular reporting period. Settlements of suits involving Medicare and Medicaid issues routinely require both monetary payments as well as corporate integrity agreements. Additionally, qui tam or “whistleblower” actions initiated under the FCA may be pending but placed under seal by the court to comply with the FCA’s requirements for filing such suits. In September 2014, the Criminal Division of the U.S. Department of Justice announced that all qui tam cases will be shared with their Division to determine if a parallel criminal investigation should be opened. The Criminal Division has also frequently stated an intention to pursue corporations in criminal prosecutions, including in its most recent Memorandum dated September 15, 2022. From time to time, we detect issues of non-compliance with federal healthcare laws pertaining to claims submission and reimbursement practices and/or financial relationships with physicians. We avail ourselves of various mechanisms to address potential overpayments arising out of these issues, including repayment of claims, rebilling of claims, and participation in voluntary disclosure protocols offered by CMS and the Office of Inspector General. Participating in voluntary repayments and voluntary disclosure protocols can have the potential for significant settlement obligations or even enforcement action.

The following legal proceedings are described in detail because, although certain legal proceedings may not be required to be disclosed in this Part II, Item 1 under SEC rules, due to the nature of the business of the Company, we believe that the following discussion of these matters may provide useful information to security holders. This discussion does not include claims and lawsuits covered by medical professional liability, general liability or employment practices insurance and risk retention programs, none of which claims or lawsuits would in any event be required to be disclosed in this Part II, Item 1 under SEC rules.

Government Investigations and Qui Tam Litigation

U.S. ex rel Larry Bomar v. Bayfront HMA Medical Center, LLC, et al – On September 14, 2017, our former hospital in St. Petersburg, Florida received a civil investigative demand, or CID, from the United States Department of Justice for information concerning its historic participation in the Florida Low Income Pool Program. The Florida Low Income Pool Program, or LIP, is a funding pool to support healthcare providers that provide uncompensated care to Florida residents who are uninsured or underinsured. The CID sought documentation related to agreements between the hospital and Pinellas County. On June 13, 2019, an additional ten of our affiliated hospitals in Florida received CIDs related to the same subject matter, along with two CIDs addressed to our affiliated management company and the Parent Company. We cooperated fully with the investigation. On September 15, 2021, the United States District Court for the Middle District of Florida ordered the unsealing of this *qui tam* complaint, which contains allegations related to the information sought in the CID received on September 14, 2017. Specifically, the relator claims our former hospital in St. Petersburg – Bayfront Medical Center St. Petersburg – along with other, unaffiliated hospitals violated the False Claims Act by allegedly making certain contributions to a non-profit entity for the purpose of receiving supplemental Medicaid funding. The United States has declined to intervene in the case. We filed a motion to dismiss on November 23, 2021, which the District Court granted without prejudice on January 24, 2023. The relator filed a first amended complaint on February 14, 2023, our response to which was filed on February 28, 2023. The District Court granted our motion to dismiss with prejudice on August 21, 2023. The relator filed a notice of appeal to the United States Court of Appeals for the Eleventh Judicial Circuit. This matter was settled during the three months ended June 30, 2024.

In addition, on January 11, 2024, we received a CID from the Department of Justice for documents and information relating to a variety of subjects, including practices and procedures related to utilization review, inpatient admissions and inpatient dialysis at our hospitals. Based upon our review of the CID, the documents we have reviewed and the witnesses we have interviewed, we believe at this time that the CID relates to allegations made by a former employee at one of our hospitals in 2022 and that these allegations were thoroughly and fully investigated to our satisfaction at the time they were originally made. We continue to cooperate fully with this investigation.

Commercial Litigation and Other Lawsuits

Tower Health, f/k/a Reading Health System, et al v. CHS/Community Health Systems, Inc., et al. This breach of contract action is pending in the United States District Court for the Eastern District of Pennsylvania. The plaintiffs allege breaches of an asset purchase agreement in connection with the sale of Pottstown Memorial Medical Center. The alleged breaches regard plaintiffs' contention that the defendants failed to disclose certain conditions related to the physical plant of the hospital, along with various other alleged breaches of the asset purchase agreement. The plaintiffs filed an amended complaint on July 22, 2019. Trial for this matter began May 3, 2021, and closed on October 5, 2021. On September 6, 2022, the District Court issued a Memorandum Opinion denying all of Tower Health's claims and entering a judgment in favor of the Company. The district Court also awarded the Company its attorneys' fees and costs. On October 4, 2022, Tower Health filed a Rule 59 motion to alter or amend the District Court's judgment and a Rule 15 motion to amend its pleadings. The Company has filed oppositions to both motions and has separately moved for its attorney's fees. On August 11, 2023, the District Court denied Tower Health's Rule 59 and Rule 15 motions. Tower Health has filed a notice of appeal to the United States Court of Appeals for the Third Judicial District. Our motion for attorneys' fees has been stayed pending the outcome of Tower Health's appeal. We continue to vigorously defend this case.

Daniel H. Golden, as Litigation Trustee of the QHC Litigation Trust, and Wilmington Savings Fund Society, FSB, solely in its capacity as indenture trustee v. Community Health Systems, Inc., et al. A complaint in this case was filed on October 25, 2021 in the United States Bankruptcy Court for the District of Delaware against various persons, including the Company, certain subsidiaries of the Company, certain former executive officers of the Company and Credit Suisse Securities (USA) LLC. Plaintiff Daniel H. Golden is the litigation trustee for a litigation trust, which was formed under the plan of reorganization of Quorum Health Corporation, or QHC, and certain affiliated entities confirmed by order of the United States Bankruptcy Court for the District of Delaware wherein QHC and certain affiliated entities contributed various causes of action to such litigation trust. Plaintiff Wilmington Savings Fund Society is the indenture trustee for certain notes issued by QHC. The complaint seeks damages and other forms of recovery arising out of certain alleged actions taken by the Company and the other defendants in connection with the spin-off of QHC, which was completed on April 29, 2016, and includes claims for unjust enrichment and for avoidance of certain transactions and payments by QHC to the Company connected with the spin-off, including the \$1.21 billion special dividend paid by QHC to the Company as part of the spin-off transactions. We filed a motion to dismiss on January 14, 2022, and oral argument on that motion was heard on July 21, 2022. On March 16, 2023, the District Court granted in part and denied in part our motion to dismiss. We continue to vigorously defend this case.

Federal Trade Commission v. Novant Health, Inc. and Community Health Systems, Inc. On January 25, 2024, the FTC filed a Complaint for Temporary Restraining Order and Preliminary Injunction in the United States District Court for the Western District of North Carolina seeking to enjoin the consummation of our proposed sale of Lake Norman Regional Medical Center and Davis Regional Medical Center to Novant Health, Inc., or Novant, pursuant to the terms of a definitive agreement dated as of February 28, 2023, as amended, entered into by us with Novant. The FTC alleged, among other things, that the proposed sale of the two hospitals would violate federal antitrust laws. Following a denial by the U.S. District Court of the FTC's request for an injunction on June 5, 2024, the FTC appealed such ruling and sought a motion to temporarily enjoin the consummation of such transactions pending this appeal, which motion was granted by the United States Fourth Circuit Court of Appeals on June 18, 2024. Following such judicial developments, the aforementioned definitive agreement was terminated effective June 21, 2024.

Item 1A. Risk Factors

The following supplements the Company's risk factors previously disclosed in the 2023 Form 10-K by adding the following risk factor. Except as set forth below, there have been no material changes with regard to the risk factors previously disclosed in the 2023 Form 10-K.

Recent U.S. Supreme Court decisions affecting the review of federal agency actions could adversely impact our business and operations.

In June 2024, the U.S. Supreme Court issued decisions affecting judicial review of federal agency-related actions that increase judicial scrutiny of agency authority, shift greater responsibility for statutory interpretation to courts, and expand the timeline in which a plaintiff can sue regulators. In particular, in *Loper Bright Enterprises v. Raimondo*, the U.S. Supreme Court overruled its prior ruling in *Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, which held that when a statute is ambiguous or silent, courts should not substitute their own judgments regarding the actions of those agencies so long as the federal agencies' interpretation of the enabling federal statute was reasonable (this was commonly known as "Chevron deference"). In *Loper Bright*, the U.S. Supreme Court, held that courts must instead exercise their independent judgment when deciding whether an agency has acted within its statutory authority, and that courts may not defer to an agency interpretation simply because a statute is ambiguous.

The *Loper Bright* decision, as well as certain other recent decisions of the U.S. Supreme Court, could have significant impacts on government agency regulation, particularly within the heavily-regulated healthcare industry, and may have broad implications for our

business. As a result of these decisions, there may be an increase in legal challenges to regulations and guidance issued by federal agencies responsible for regulating various aspects of our business, including HHS and certain of its agencies, such as CMS, the Food and Drug Administration, and the Office of Inspector General. Certain of these potential legal challenges, if successful, could have a material negative impact on our business, including through impacts on Medicare and Medicaid payment and coverage, the availability of coverage and subsidies to our patients under the Affordable Care Act and other policies affecting the size of the uninsured population, the administration of state Medicaid programs, the enforcement and interpretation of fraud and abuse laws, and other legal matters discussed in the risk factor “If we fail to comply with extensive laws and government regulations, including fraud and abuse laws, we could suffer penalties or be required to make significant changes to our operations” included in Part I, Item 1A of the 2023 Form 10-K. In addition to potential changes to regulations and agency guidance as a result of legal challenges, these U.S. Supreme Court decisions may result in increased regulatory uncertainty, inconsistent judicial interpretations, and delays in and other impacts to the agency rulemaking process, any of which could also adversely impact our business and operations.

Item 2. Unregistered Sale of Equity Securities and Use of Proceeds

The following table contains information about our purchases of common stock during the three months ended June 30, 2024.

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs (b)
April 1, 2024 - April 30, 2024	1,484	\$ 3.58	—	—
May 1, 2024 - May 31, 2024	—	—	—	—
June 1, 2024 - June 30, 2024	9,270	3.96	—	—
Total	10,754	\$ 3.91	—	—

(a) 10,754 shares were withheld to satisfy the payment of tax obligations related to the vesting of restricted stock awards.

(b) We had no publicly announced repurchase programs for shares of our common stock during the three months ended June 30, 2024.

The ABL Facility and the indentures governing each series of our outstanding notes restrict our subsidiaries from, among other matters, paying dividends and making distributions to us, which thereby limits our ability to pay dividends and/or repurchase stock. As of June 30, 2024, under the most restrictive test in these agreements (and subject to certain exceptions), we have approximately \$300 million of capacity to pay permitted dividends and/or repurchase shares of stock or make other restricted payments.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None. Without limiting the generality of the foregoing, during the three months ended June 30, 2024, no director or officer of the Company adopted or terminated any “Rule 10b5-1 trading arrangement,” or any “non-Rule 10b-5 trading arrangement,” as such terms are defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

No.	Description
2.1	Asset Purchase Agreement, dated as of April 18, 2024, by and among certain subsidiaries of Community Health Systems, Inc. and Hamilton Health Care System, Inc. and certain of its affiliates (incorporated by reference to Exhibit 2.1 to Community Health Systems, Inc.'s Current Report on Form 8-K filed April 18, 2024 (No. 001-15925))
4.1 *	Collateral Agency Transfer Agreement, dated as of April 30, 2024, among Credit Suisse AG and Credit Suisse AG, Cayman Islands Branch, together as Predecessor Collateral Agent, Regions Bank, as Trustee and Authorized Representative, U.S. Bank Trust Company, National Association, as Successor Collateral Agent, CHS/Community Health Systems, Inc., Community Health Systems, Inc. and the guarantors party thereto
4.2	First Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 10.875% Senior Secured Notes due 2032, dated as of June 5, 2024, among CHS/Community Health Systems, Inc., Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as trustee, and U.S. Bank Trust Company, National Association, as collateral agent (incorporated by reference to Exhibit 4.2 to Community Health Systems, Inc.'s Current Report on Form 8-K filed on June 5, 2024 (No. 001-15925))
10.1	Second Amendment and Restatement Agreement to the Amended and Restated ABL Credit Agreement, dated as of June 5, 2024, among CHS/Community Health Systems, Inc., as Borrower, Community Health Systems, Inc., as the Parent, the subsidiaries of the Borrower party thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent (incorporated by reference to Exhibit 10.1 to Community Health Systems, Inc.'s Current Report on Form 8-K filed on June 5, 2024 (No. 001-15925))
31.1 *	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2 *	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 **	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2 **	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101 *	The following financial information from our quarterly report on Form 10-Q for the quarter and six months ended June 30, 2024 and 2023, filed with the SEC on July 25, 2024, formatted in Inline Extensible Business Reporting Language: (i) the condensed consolidated statements of loss for the three and six months ended June 30, 2024 and 2023, (ii) the condensed consolidated statements of comprehensive loss for the three and six months ended June 30, 2024 and 2023, (iii) the condensed consolidated balance sheets at June 30, 2024 and December 31, 2023, (iv) the condensed consolidated statements of cash flows for the six months ended June 30, 2024 and 2023, and (v) the notes to the condensed consolidated financial statements. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104 *	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

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, thereunto duly authorized.

COMMUNITY HEALTH SYSTEMS, INC.
(Registrant)

By: /s/ Tim L. Hingtgen

Tim L. Hingtgen
Director and
Chief Executive Officer

By: /s/ Kevin J. Hammons

Kevin J. Hammons
President and
Chief Financial Officer

By: /s/ Jason K. Johnson

Jason K. Johnson
Senior Vice President and
Chief Accounting Officer

Date: July 25, 2024

COLLATERAL AGENCY TRANSFER AGREEMENT

This COLLATERAL AGENCY TRANSFER AGREEMENT, dated as of April 30, 2024 (this “Agreement”), among CREDIT SUISSE AG (“CS AG”) and CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH (“CS AG CIB”) and, together with CS AG, “Credit Suisse”), in each case, as applicable, as former Collateral Agent under the Indentures and the Existing Collateral Documents (each as defined below) (in such capacity, the “Predecessor Collateral Agent”), REGIONS BANK (“Regions”), as Trustee under the Indentures and as Authorized Representative under the First Lien Intercreditor Agreement (as defined below), U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION (“U.S. Bank”), as successor Collateral Agent under the Indentures and the Existing Collateral Documents (in such capacity, the “Successor Collateral Agent”), CHS/COMMUNITY HEALTH SYSTEMS, INC., a Delaware corporation (the “Company”), COMMUNITY HEALTH SYSTEMS, INC., a Delaware corporation (the “Parent”), and the subsidiaries of the Company party hereto (collectively, and together with the Parent, the “Guarantors”).

Reference is made to the following documents, each as amended, restated, supplemented, reaffirmed or otherwise modified from time to time prior to the date hereof:

(a) the indentures listed on Schedule 1 hereto (each an “Indenture” and collectively, the “Indentures”);

(b) the First Lien Intercreditor Agreement, dated as of August 17, 2012 (the “First Lien Intercreditor Agreement”), among CS AG, as collateral agent and authorized representative, Regions, as trustee and authorized representative, and the additional authorized representatives from time to time party thereto;

(c) the Second Amended and Restated ABL Intercreditor Agreement, dated as of February 4, 2022 (the “ABL Intercreditor Agreement”), among JPMorgan Chase Bank, N.A. (“JP Morgan”), as ABL Agent (as defined therein), CS AG, as Senior-Priority Collateral Agent (as defined therein), Regions, as trustee of the several secured notes identified therein and as Junior-Priority Collateral Agent (as defined therein), the Company, the Parent, the subsidiaries of the Company from time to time party thereto and each Additional Agent (as defined therein) from time to time party thereto;

(d) the Amended and Restated Senior-Junior Lien Intercreditor Agreement, dated as of February 4, 2022 (the “Senior-Junior Lien Intercreditor Agreement”), among the Company, the Parent, the subsidiaries of the Company from time to time party thereto, Regions, as Initial Junior-Priority Collateral Agent (as defined therein), CS AG CIB, as Initial Senior-Priority Collateral Agent (as defined therein) and each Additional Agent (as defined therein) from time to time party thereto;

(e) the Second Amended and Restated Guarantee and Collateral Agreement, dated as of November 19, 2019 (including any Guarantee and Collateral Agreement theretofore in effect, the “Guarantee and Collateral Agreement”), by and among the Parent, the Company, certain subsidiaries of the Company identified therein as guarantors and CS AG, as collateral agent;

(f) the Uniform Commercial Code financing statements listed on Schedule 3, the intellectual property security agreements listed on Schedule 3, the mortgages and deeds of trust listed on Schedule 3 and each other agreement, instrument or other document in effect as of the date hereof entered into in favor of the Predecessor Collateral Agent for purposes of securing any Series of Obligations (together with the First Lien Intercreditor Agreement, the ABL Intercreditor Agreement, the Senior-Junior Lien Intercreditor Agreement and the Guarantee and Collateral Agreement, the “Existing Collateral Documents”); and

(g) the Credit Agreement, dated as of July 25, 2007 (the “Credit Agreement”), among the Company, the Parent, the lenders from time to time party thereto and CS AG CIB, as administrative agent and collateral agent.

WHEREAS, on April 30, 2024 (the “Notice Date”), the Predecessor Collateral Agent provided written notice to the Company and Regions (as Trustee under the Indentures) of its resignation as Collateral Agent under each Indenture in accordance with Section 12.1(e) of each Indenture;

WHEREAS, on the Notice Date, the Predecessor Collateral Agent provided written notice to Regions (as Authorized Representative under the First Lien Intercreditor Agreement) and the Company of its resignation as Collateral Agent under the First Lien Intercreditor Agreement and the other Existing Collateral Documents in accordance with Section 4.06 of the First Lien Intercreditor Agreement;

WHEREAS, on the Notice Date, the Predecessor Collateral Agent provided written notice to JP Morgan, Regions and the Company of its resignation as Senior-Priority Collateral Agent under the ABL Intercreditor Agreement and to Regions and the Company of its resignation as Initial Senior-Priority Collateral Agent under the Senior-Junior Lien Intercreditor Agreement;

WHEREAS, Regions, upon the direction and consent of the Company, desires to appoint U.S. Bank to act as the Successor Collateral Agent under each Indenture and under the First Lien Intercreditor Agreement and the other Existing Collateral Documents pursuant to Section 12.1(e) of each Indenture and Section 4.06 of the First Lien Intercreditor Agreement;

WHEREAS, U.S. Bank desires to accept the appointment and become the Successor Collateral Agent under each Indenture and under the First Lien Intercreditor Agreement and the other Existing Collateral Documents as provided herein; and

WHEREAS, the Company desires to consent to the appointment of U.S. Bank as the Successor Collateral Agent as described herein pursuant to Section 12.1(e) of each Indenture and Section 4.06 of the First Lien Intercreditor Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

2. Defined Terms. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the First Lien Intercreditor Agreement. The provisions of Section 1.01(a) of the First Lien Intercreditor Agreement shall apply to this Agreement, *mutatis mutandis*.

3. Collateral Agent Resignation and Appointment.

(a) Effective as of the Effective Date (as defined below), (i) CS AG and CS AG CIB each, as applicable, hereby resigns as the Collateral Agent under each Indenture, the First Lien Intercreditor Agreement and the other Existing Collateral Documents, (ii) Regions, with the direction and consent of the Company, hereby appoints U.S. Bank as Successor Collateral Agent under each Indenture, the First Lien Intercreditor Agreement and the other Existing Collateral Documents, (iii) the Company hereby consents to the appointment of U.S. Bank as Successor Collateral Agent under each Indenture, the First Lien Intercreditor Agreement and the other Existing Collateral Documents, (iv) U.S. Bank hereby accepts the appointment to act as Successor Collateral Agent under each Indenture, the First Lien Intercreditor Agreement and the other Existing Collateral Documents, (v) U.S. Bank as the Successor Collateral Agent hereby succeeds to and becomes vested with all the rights, powers, privileges and duties of the Predecessor Collateral Agent under each Indenture, the First Lien Intercreditor Agreement and the other Existing

Collateral Documents and (vi) the Predecessor Collateral Agent is hereby discharged from all of its duties and obligations under each Indenture, the First Lien Intercreditor Agreement and the other Existing Collateral Documents, except with respect to the Predecessor Collateral Agent's obligations specifically provided under this Agreement, including, without limitation, as set forth in Section 3(b) hereof. On and after the Effective Date, any reference to CS AG or CS AG CIB, as applicable, as Collateral Agent under each Indenture, the First Lien Intercreditor Agreement and the other Existing Collateral Documents shall be deemed to be a reference to U.S. Bank as the Successor Collateral Agent, and no further amendment or modification of such documents shall be required for such purposes. For purposes of Section 13.2 of each Indenture, Section 5.01 of the First Lien Intercreditor Agreement and all other notice provisions contained in the Existing Collateral Documents, the address, email and facsimile number for notices and other communications to the Successor Collateral Agent shall be as set forth on Schedule 2.

(b) It is understood and agreed that (i) U.S. Bank as Successor Collateral Agent shall bear no liability or responsibility for any actions taken or omitted to be taken by Credit Suisse while Credit Suisse served as the Collateral Agent under the Indentures, the First Lien Intercreditor Agreement, or the other Existing Collateral Documents, or for any other event or action related to the Indentures, the First Lien Intercreditor Agreement, or the other Existing Collateral Documents that occurred prior to the Effective Date and (ii) Credit Suisse shall bear no liability or responsibility for any actions taken or omitted to be taken after the Effective Date by U.S. Bank as the Successor Collateral Agent under the Indentures, the First Lien Intercreditor Agreement, or the other Existing Collateral Documents, or for any other event or action related to the Indentures, the First Lien Intercreditor Agreement, or the other Existing Collateral Documents that occurred after the Effective Date, including in connection with the matters described in Section 3 hereof. The parties hereto acknowledge and agree that, absent its own gross negligence, willful misconduct or bad faith, the Successor Collateral Agent shall not be liable for any loss or liability incurred as a consequence of the Successor Collateral Agent not having been provided with all information or documents available to the Predecessor Collateral Agent or in the Predecessor Collateral Agent's possession.

(c) The parties hereto agree that, notwithstanding the resignation of Credit Suisse as Collateral Agent, as set forth herein, the provisions of Article VII and Article XII of each Indenture, Article IV of the First Lien Intercreditor Agreement, Section 9.05 of the Credit Agreement and the equivalent provision of any other Existing Collateral Document for the benefit of the Collateral Agent, its sub-agents and their respective Related Parties (as defined in the Credit Agreement) (such provisions collectively, the "Agent Provisions") shall, in each case, continue in effect for the benefit of the Predecessor Collateral Agent, its sub-agents and their respective Related Parties (each, an "Indemnified Predecessor Collateral Agent Party") to the extent provided for in the Agent Provisions in respect of any actions taken or omitted to be taken by any of them, whether taken before, on or after the date of this Agreement, while it or they were acting as, or on behalf of or for the benefit of, or in fulfilling Credit Suisse's role as, the Collateral Agent and in respect of any and all losses, claims, damages, liabilities, penalties and related reasonable out-of-pocket expenses, including reasonable fees, charges and disbursements of one counsel in each relevant jurisdiction (and any such additional counsel, if necessary, as a result of actual or potential conflicts of interest) that may be incurred by or asserted against any Indemnified Predecessor Collateral Agent Party in connection therewith, and that all references in such provisions to the Collateral Agent shall be deemed to include Credit Suisse as Predecessor Collateral Agent. It is understood and agreed that, for purposes of the foregoing provisions of this Section 2(c), references to any Agent Provision, including the defined terms used therein, shall be deemed to refer to such Agent Provision without giving effect to any amendment, waiver or other modification thereof after the Effective Date.

(d) Each of the Company, each Guarantor and Regions hereby expressly agrees and acknowledges that the Successor Collateral Agent is not assuming any liability (i) under or related to the Indentures, the First Lien Intercreditor Agreement, or the other Existing Collateral Documents prior to the

Effective Date and (ii) for any and all claims under or related to the Indentures, the First Lien Intercreditor Agreement, or the other Existing Collateral Documents that may have arisen or accrued prior to the Effective Date. Each of the Company and each Guarantor hereby expressly agrees and confirms that the Successor Collateral Agent, its sub-agents and their respective Related Parties shall be entitled to the benefits of the Agent Provisions, including the indemnities, expense reimbursement and exculpatory provisions set forth therein that may be incurred by or asserted against the Successor Collateral Agent, its sub-agents or any of their respective Related Parties in connection with actions taken or omitted to be taken by the Predecessor Collateral Agent or any of its Related Parties prior to the Effective Date, to the extent provided for in the Agent Provisions.

(e) The Successor Collateral Agent shall be entitled to conclusively rely upon, and shall not incur any liability for relying upon, the records and other information supplied to it by the Company, the Guarantors, the Predecessor Collateral Agent or Regions.

4. Documentation Matters.

(a) As of the Effective Date, the Predecessor Collateral Agent hereby assigns to the Successor Collateral Agent, for its benefit and for the benefit of the other Secured Parties, each of the Liens granted to the Predecessor Collateral Agent under the Existing Collateral Documents, and the Successor Collateral Agent hereby accepts such assignment of all such Liens, for its benefit and for the benefit of the other Secured Parties. The Company and each Guarantor hereby (i) affirms and confirms its guarantees, pledges, Liens, grants of security and other commitments and obligations under the Indentures and the Existing Collateral Documents, (ii) affirms and confirms its indemnification obligations and other commitments and obligations under the Indentures and the Existing Collateral Documents and (iii) agrees that, after giving effect to this Agreement, all guarantees, pledges, Liens, grants of security and other commitments under the Indentures and the Existing Collateral Documents shall continue to be in full force and effect and shall accrue to the benefit of the Secured Parties.

(b) The Successor Collateral Agent hereby appoints the Predecessor Collateral Agent as its sub-agent and bailee for the limited purposes set forth in this Agreement, and the Predecessor Collateral Agent hereby agrees to be a sub-agent and bailee of the Successor Collateral Agent for such limited purposes. On and after the Effective Date, until such time as all Collateral in the possession or under the control of the Predecessor Collateral Agent (in its capacity as such) and all Liens granted in favor of the Predecessor Collateral Agent (in its capacity as such) in the Collateral have been assigned or otherwise transferred to the Successor Collateral Agent, the Predecessor Collateral Agent shall continue to hold or control, as applicable, such Collateral and/or Liens on such Collateral as a sub-agent and bailee of the Successor Collateral Agent for the benefit of the Successor Collateral Agent and the Secured Parties in accordance with the terms of the Existing Collateral Documents, solely for the purposes of maintaining the priority and perfection of such Liens. In addition, on and after the Effective Date, any reference to the Predecessor Collateral Agent on any Existing Collateral Filing (as defined below) shall constitute a reference to the Predecessor Collateral Agent as sub-agent and bailee of the Successor Collateral Agent until such Existing Collateral Filing is amended, supplemented, replaced or otherwise modified to remove or replace references to CS AG or CS AG CIB, as applicable, as the Collateral Agent and to specify U.S. Bank as the Collateral Agent, or until such Existing Collateral Filing is terminated. The parties hereto agree that the Predecessor Collateral Agent's role as such sub-agent and bailee shall impose no duties, obligations or liabilities on the Predecessor Collateral Agent, other than as explicitly set forth in this Section 3(b) and Section 3(c), and, without limiting Section 2(c) hereof, the Predecessor Collateral Agent, its sub-agents and their respective Related Parties shall have the full benefit of the Agency Provisions with respect thereto.

(c) In furtherance of the foregoing, it is understood and agreed that, after the Effective Date, the Predecessor Collateral Agent shall not be required to take any action or exercise any right, power

or privilege (including, without limitation, the exercise of any rights or remedies) under the Indentures or the Existing Collateral Documents unless expressly requested in writing by the Successor Collateral Agent and unless the Predecessor Collateral Agent has been afforded indemnity reasonably satisfactory to it prior to taking any such action or exercising any such right, power or privilege; provided that the Predecessor Collateral Agent shall not be liable for any such action taken at the direction of the Successor Collateral Agent; provided further that the Predecessor Collateral Agent shall not be required to take any action that is in violation of any Indenture, Existing Collateral Document or applicable laws, rules or regulations or that the Predecessor Collateral Agent determines, in its sole discretion, could subject the Predecessor Collateral Agent to any liability. The Predecessor Collateral Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Predecessor Collateral Agent may also rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. The Predecessor Collateral Agent may consult with legal counsel (who may be counsel for the Successor Collateral Agent), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

(d) The Successor Collateral Agent agrees to file or otherwise record amendments, supplements, replacements or other modifications to the Existing Collateral Filings to remove or otherwise replace references to CS AG or CS AG CIB, as applicable, as the Collateral Agent and to specify U.S. Bank as the Collateral Agent (or, if applicable, to file or record terminations of the Existing Collateral Filings if corresponding new filings or recordations are made reflecting U.S. Bank as the Collateral Agent as the holder of the Lien represented thereby), in each case, as promptly as practicable after the Effective Date (and, in any event, no later than 90 days after the Effective Date, unless a longer period is agreed to by the Predecessor Collateral Agent). Any such filing or other recording shall be based on the records and other information provided to the Successor Collateral Agent by the Company, any Guarantor or the Predecessor Collateral Agent. Each of the Company, each Guarantor, the Predecessor Collateral Agent and Regions agrees to cooperate with the Successor Collateral Agent as reasonably necessary to effectuate the foregoing.

(e) Each of the Company, each Guarantor, the Predecessor Collateral Agent and Regions authorizes the Successor Collateral Agent (or its designee) to file any assignments or amendments with respect to the Uniform Commercial Code financing statements and other filings in respect of the Collateral, as the Successor Collateral Agent deems reasonably necessary as permitted in accordance with the terms of the Existing Collateral Documents. Any such filing or other recording shall be based on the records and other information provided to the Successor Collateral Agent by the Company, any Guarantor or the Predecessor Collateral Agent.

5. Representations and Warranties.

(a) Each party hereto hereby represents and warrants on and as of the Effective Date that: (i) it is legally authorized to enter into this Agreement and to perform its obligations hereunder, (ii) it has duly executed and delivered this Agreement and (iii) this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, judicial management, examinership, court protection, reorganization, moratorium or similar laws affecting the enforceability of creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) Each of the Company and each Guarantor hereby represents and warrants that, as of the date hereof, (i) Schedule 3 hereto sets forth a complete and correct list of the Existing Collateral Documents to which the Predecessor Collateral Agent (in its capacity as Collateral Agent) is a party, each

as amended, restated, supplemented, reaffirmed or otherwise modified from time to time prior to the date hereof, including all Uniform Commercial Code financing statements filed in favor of the Predecessor Collateral Agent, all filings with the United States Copyright Office or the United States Patent and Trademark Office made in favor of the Predecessor Collateral Agent, all mortgages and deeds of trust made in favor of the Predecessor Collateral Agent and any other filings or recordings made in favor of the Predecessor Collateral Agent or to perfect its security interest in the Collateral, in each case, in connection with the Existing Collateral Documents (collectively, the “Existing Collateral Filings”).

This Agreement is hereby made without representation or warranty of any kind, nature or description except as specified in this Section 4.

6. Conditions Precedent to Effectiveness. This Agreement shall become effective on the first date (such date, the “Effective Date”) on which all of the following conditions have been satisfied:

(a) Each of the Company, each Guarantor, Regions, the Predecessor Collateral Agent and the Successor Collateral Agent shall have executed and delivered to the other a counterpart of this Agreement signed on behalf of such party in accordance with Section 14 hereof.

(b) The Predecessor Collateral Agent, the Successor Collateral Agent and Regions shall have received from the Company or the Parent reimbursement of all reasonable out-of-pocket expenses (including the fees, charges and disbursements of counsel) due and payable on or prior to the Effective Date pursuant to this Agreement, the Indentures or the Existing Collateral Documents, in each case, to the extent invoiced at least two days prior to the Effective Date.

(c) The Company and the Parent shall have executed and delivered to the Successor Collateral Agent counterparts of that certain Agent Fee Letter dated as of the date hereof (the “Agent Fee Letter”) signed on behalf of the Company and the Parent in accordance with Section 14 hereof.

7. Acknowledgements Regarding Predecessor Collateral Agent and Successor Collateral Agent.

(a) The parties hereto acknowledge and agree that neither the Predecessor Collateral Agent nor any of its Related Parties has made any representation or warranty with respect to (i) any recital, statement, information, warranty or representation made or delivered by any Person in or in connection with this Agreement (other than to the extent of its representations and warranties set forth in Section 4(a) hereof) or any Indenture or Existing Collateral Document, (ii) the contents of any certificate, report or other document delivered hereunder or in connection with any Indenture or Existing Collateral Document, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Indenture or Existing Collateral Document (other than, in each case prior to the Effective Date, the covenants and agreements of the Predecessor Collateral Agent in its capacity as such), (iv) the Company, the Guarantors or any Obligations, (v) the legality, validity, sufficiency, collectability, enforceability, effectiveness or genuineness of this Agreement (other than to the extent of its representations and warranties set forth in Section 4(a) hereof), any Indenture or Existing Collateral Document, any Obligations or any other agreement, instrument or document, (vi) the validity, extent, creation, perfection or priority of any Liens on the Collateral, the genuineness, enforceability, collectability, value, sufficiency or existence of any Collateral or the accuracy or sufficiency of the documents, filings, recordings and other actions taken to create, perfect or maintain the existence, perfection or priority of the Liens created or purported to be created pursuant to the Existing Collateral Documents or (vii) the assets, liabilities, condition (financial or otherwise), results of operations, business, creditworthiness or legal status of the Company, the Guarantors or any of their Related Parties. Notwithstanding anything to the contrary in this Agreement, any Indenture or any Existing Collateral Document, the security interests, Liens and Collateral assigned or transferred by

the Predecessor Collateral Agent to the Successor Collateral Agent under or pursuant to this Agreement and any Existing Collateral Document shall be transferred as-is, where-is and without representation or warranty of any kind, whether express or implied, and without recourse to the Predecessor Collateral Agent. The Successor Collateral Agent acknowledges that it has, independently and without reliance on the Predecessor Collateral Agent and its Related Parties, made its own decision to enter into this Agreement and the transactions contemplated hereby.

(b) The parties hereto acknowledge and agree that the Successor Collateral Agent (i) has not undertaken any analysis of the Existing Collateral Documents or the Collateral, (ii) has not made an independent investigation as to the completeness or accuracy of the information set forth on the Schedules hereto or delivered to it by the Company, the Guarantors or the Predecessor Collateral Agent, whether prior to, on or after the date hereof, and may conclusively rely thereon for all purposes under the Existing Collateral Documents, (iii) has made no determination, and makes no representation and warranty, with respect to (A) any recital, statement, information, warranty or representation made or delivered by any Person in or in connection with this Agreement (other than to the extent of its representations and warranties set forth in Section 4(a) hereof) or any Indenture or Existing Collateral Document, (B) the contents of any certificate, report or other document delivered hereunder or in connection with any Indenture or Existing Collateral Document, (C) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Indenture or Existing Collateral Document (other than any covenants and agreements of the Successor Collateral Agent in its capacity as such), (D) the Company, the Guarantors or any Obligations, (E) the legality, validity, sufficiency, collectability, enforceability, effectiveness or genuineness of this Agreement (other than to the extent of its representations and warranties set forth in Section 4(a) hereof), any Indenture or Existing Collateral Document, any Obligations or any other agreement, instrument or document, (F) the validity, extent, creation, perfection or priority of any Liens on the Collateral, the genuineness, enforceability, collectability, value, sufficiency or existence of any Collateral or the accuracy or sufficiency of the documents, filings, recordings and other actions taken to create, perfect or maintain the existence, perfection or priority of the Liens created or purported to be created pursuant to the Existing Collateral Documents or (G) the assets, liabilities, condition (financial or otherwise), results of operations, business, creditworthiness or legal status of the Company, the Guarantors or any of their Related Parties and (iv) shall be entitled to assume that, as of the Effective Date, all Liens purported to be created pursuant to the Existing Collateral Documents are valid and perfected Liens having the priority intended by the Secured Parties and Existing Collateral Documents.

8. Fees and Expenses. All provisions of the Indentures and the Existing Collateral Documents providing for the payment of fees and expenses of, and providing for indemnities or exculpation for the benefit of, the Collateral Agent shall remain in full force and effect for the benefit of the Successor Collateral Agent and the Predecessor Collateral Agent (in the case of the Predecessor Collateral Agent, as set forth in Section 2(c) hereof). In addition, the Company and the Parent agree to pay all reasonable out-of-pocket expenses incurred by the Successor Collateral Agent, the Predecessor Collateral Agent or Regions (including the fees, charges and disbursements of counsel) in connection with the negotiation, preparation, execution and delivery of this Agreement or any related documents. Subject to Section 2(a) hereof, on the Effective Date, any fees payable to Credit Suisse, as Collateral Agent under the Indentures and the Existing Collateral Documents, shall cease to accrue, it being understood and agreed that the foregoing shall not affect any fees payable to Credit Suisse in any other capacity.

9. Further Assurances.

(a) Without limiting their obligations in any way under any Indenture or any Existing Collateral Document, each of the Company and each Guarantor hereby (i) consents to the substitution of the Successor Collateral Agent under the Indentures and the Existing Collateral Documents, (ii) affirms and acknowledges its obligations to the Successor Collateral Agent with respect to the Indentures and the

Existing Collateral Documents and (iii) agrees to (A) execute and deliver all documents and take all other commercially reasonable actions as are requested by the Successor Collateral Agent or the Predecessor Collateral Agent in order to evidence or effect the resignation and appointment described herein and the other matters covered hereby, including the transfer of the rights, powers and duties of the Predecessor Collateral Agent under the Indentures and the Existing Collateral Documents (including any Liens granted to the Predecessor Collateral Agent or agreements, documents or instruments perfecting such Liens) to the Successor Collateral Agent, and (B) take all actions reasonably requested by the Successor Collateral Agent to facilitate the transfer of information to the Successor Collateral Agent in connection with the Indentures and the Existing Collateral Documents, at the sole cost and expense of the Company and the Parent, in each case in compliance with the Indentures and the Existing Collateral Documents.

(b) The Predecessor Collateral Agent agrees to execute and deliver all documents and take all other commercially reasonable actions (including any actions to facilitate the transfer of information to the Successor Collateral Agent in connection with the Indentures and the Existing Collateral Documents) as are requested by the Successor Collateral Agent in order to evidence or effect the resignation and appointment described herein and the other matters covered hereby, including the transfer of the rights, powers and duties of the Predecessor Collateral Agent under the Indentures and the Existing Collateral Documents (including any Liens granted to the Predecessor Collateral Agent or agreements, documents or instruments perfecting such Liens) to the Successor Collateral Agent, in each case at the sole cost and expense of the Company and the Parent; provided that any document, instrument or agreement to be furnished or executed by, or other action to be taken by, the Predecessor Collateral Agent shall be reasonably satisfactory to it, and the Predecessor Collateral Agent shall be reasonably satisfied that the delivery of any information requested of it would not breach any confidentiality restrictions binding on it. Without limiting the foregoing, the Predecessor Collateral Agent agrees to promptly deliver or cause to be delivered to the Successor Collateral Agent (i) execution versions of all Existing Collateral Documents listed on Schedule 3 to the extent such documents have not been received by the Successor Collateral Agent on or prior to the Effective Date, (ii) all Collateral in the possession of the Predecessor Collateral Agent on the Effective Date and copies of all Existing Collateral Filings and (iii) copies of any written notices or documents delivered by the Company or the Guarantors to the Predecessor Collateral Agent, or by the Predecessor Collateral Agent to the Company or the Guarantors, in each case, pursuant to the Indentures or the Existing Collateral Documents, that are received on or after the date hereof; provided that the failure of the Predecessor Collateral Agent to so deliver, or cause to be delivered, any such notice referred to in this clause (iii) shall not be a breach of this Agreement or result in any liability of the Predecessor Collateral Agent to the Successor Collateral Agent, the Company, the Guarantors or any other Person.

(c) The Successor Collateral Agent agrees to execute and deliver all documents and take all other commercially reasonable actions as are requested by the Predecessor Collateral Agent in order to evidence or effect the resignation and appointment described herein and the other matters covered hereby, including the transfer of the rights, powers and duties of the Predecessor Collateral Agent under the Indentures and the Existing Collateral Documents (including any Liens granted to the Predecessor Collateral Agent or agreements, documents or instruments perfecting such Liens) to the Successor Collateral Agent; provided that any document, instrument or agreement to be furnished or executed by, or other action to be taken by, the Successor Collateral Agent shall be reasonably satisfactory to it.

(d) Each of the Company and each Guarantor hereby consents to all actions taken by the Predecessor Collateral Agent and the Successor Collateral Agent in accordance with this Agreement.

10. Indemnity; Release of Liability.

(a) The Company and each Guarantor shall indemnify the Predecessor Collateral Agent, the Successor Collateral Agent and each sub-agent and Related Party of the Predecessor Collateral

Agent, the Successor Collateral Agent, and Regions (each such Person, an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, penalties and related reasonable out-of-pocket expenses, including reasonable fees, charges and disbursements of one counsel in each relevant jurisdiction (and any such additional counsel, if necessary, as a result of actual or potential conflicts of interest) that may be incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) making or causing to be made any filings and taking any other actions that are necessary or desirable to maintain the validity, perfection and priority of the Liens on the Collateral in favor of the Successor Collateral Agent, (ii) executing any documents requested by the Successor Collateral Agent to transfer the rights and privileges of the Predecessor Collateral Agent under the Indentures or the Existing Collateral Documents to the Successor Collateral Agent, including, without limitation, the execution, delivery and filing of any financing statements, assignments or conveyances, (iii) taking any action to facilitate the transfer of information to the Successor Collateral Agent in connection with the Indentures and the Existing Collateral Documents, (iv) the performance by the Predecessor Collateral Agent or its representatives of its obligations hereunder (including the Predecessor Collateral Agent acting as a sub-agent and bailee of the Successor Collateral Agent as set forth herein) or its compliance with any instructions provided by the Successor Collateral Agent and (v) any claim, litigation, investigation or proceeding relating to any of the foregoing; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities, penalties and related reasonable out-of-pocket expenses are determined by a court of competent jurisdiction by a final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. This Section 9 is in addition to, and shall not limit, the obligations of the Company and the Guarantors contained in the Agent Provisions or Section 2(c) hereof.

(b) Each of the Company, each Guarantor and Regions hereby unconditionally and irrevocably waives, releases, acquits and discharges all claims, suits, debts, liens, losses, causes of action, demands, rights, damages or costs, or expenses of any kind, character or nature whatsoever, known or unknown, fixed or contingent, which it may have or claim to have against Credit Suisse, its Affiliates (as defined in the Credit Agreement) and each of their respective current and former agents, employees, officers, directors, representatives, attorneys, successors and assigns (collectively, the “Released Parties”) to the extent arising out of or in connection with Credit Suisse’s performance as Collateral Agent under the Indentures and the Existing Collateral Documents prior to the Effective Date (collectively, the “Claims”), including, without limitation, Credit Suisse’s resignation as Collateral Agent hereunder, except any Claims arising out of any Released Party’s willful misconduct, gross negligence or bad faith. Each of the Company, each Guarantor and Regions further agrees forever to refrain from commencing, instituting or prosecuting any lawsuit, action, claim or other proceeding against any of the Released Parties with respect to any and all of the foregoing described waived, released, acquitted and discharged Claims, except any lawsuit, action, claim or other proceeding arising out of any Released Party’s willful misconduct, gross negligence or bad faith. Each of the Released Parties shall be a third-party beneficiary of this Section 9(b).

11. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, as well as the other Secured Parties, all of whom are intended to be bound by, and to be third-party beneficiaries of, this Agreement.

12. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

13. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

14. Incorporation by Reference. The provisions of Sections 1.01(a), 5.02(a), 5.02(b), 5.06, 5.08(a), 5.08(b), 5.08(c), 5.08(d) and 5.10 of the First Lien Intercreditor Agreement are hereby incorporated by reference as if set forth in full herein, *mutatis mutandis*.

15. Counterparts; Electronic Execution. The parties may sign any number of copies of this Agreement. Each signed copy shall be an original, but all of them together represent the same agreement. Any signature to this Agreement may be delivered by facsimile, electronic mail (including .pdf) or any electronic signature complying with the U.S. Federal E-SIGN Act of 2000 or the New York Electronic Signature and Records Act or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes to the fullest extent permitted by applicable law. Each of the parties represents and warrants to the other parties that it has the corporate capacity and authority to execute this Agreement through electronic means, and there are no restrictions for doing so in that party's constitutive documents.

16. Entire Agreement. This Agreement constitutes the entire contract among the parties hereto relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement constitutes a "Security Document" under, and as defined in, the First Lien Intercreditor Agreement and a "Notes Collateral Document" under, and as defined in, each Indenture.

17. Amendment; Waiver. Neither this Agreement nor any provision hereof may be terminated, waived, amended or modified except pursuant to an agreement or agreements in writing entered into by each party hereto.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

CHS/COMMUNITY HEALTH SYSTEMS, INC.

By: /s/ R. Gabriel Ottinger
Name: R. Gabriel Ottinger
Title: Senior Vice President and Treasurer

COMMUNITY HEALTH SYSTEMS, INC.

By: /s/ R. Gabriel Ottinger
Name: R. Gabriel Ottinger
Title: Senior Vice President and Treasurer

[Signature Page to Collateral Agency Transfer Agreement]

Affinity Health Systems, LLC
Affinity Hospital, LLC
Birmingham Holdings II, LLC
Birmingham Holdings, LLC
Bluffton Health System LLC
Brandon HMA, LLC
Bullhead City Hospital Corporation
Bullhead City Hospital Investment Corporation
Campbell County HMA, LLC
Carlsbad Medical Center, LLC
Carolinas Holdings, LLC
Carolinas JV Holdings General, LLC
Carolinas JV Holdings II, LLC
Carolinas JV Holdings, L.P.
Central Florida HMA Holdings, LLC
Central States HMA Holdings, LLC
CHS Receivables Funding, LLC
CHSPSC, LLC
Citrus HMA, LLC
Clarksville Holdings, LLC
Cleveland Hospital Company, LLC
Cleveland Tennessee Hospital Company, LLC
Clinton HMA, LLC
Cocke County HMA, LLC
Community Health Investment Company, LLC
CP Hospital GP, LLC
CPLP, LLC
Crestview Hospital Company, LLC
Crestwood Healthcare, L.P.
Crestwood Hospital LP, LLC
Crestwood Hospital, LLC
Desert Hospital Holdings, LLC
Detar Hospital, LLC
DHFV Holdings, LLC
Dukes Health System, LLC
Florida HMA Holdings, LLC
Foley Hospital Company, LLC
Frankfort Health Partner, Inc.
Gadsden Regional Medical Center, LLC
Granbury Hospital Corporation
Greenbrier VMC, LLC
GRMC Holdings, LLC
Hallmark Healthcare Company, LLC
Health Management Associates, LLC
Health Management Associates, LP
Health Management General Partner I, LLC

Health Management General Partner, LLC
Hernando HMA, LLC
HMA Hospitals Holdings, LP
HMA Santa Rosa Medical Center, LLC
HMA Services GP, LLC
HMA-TRI Holdings, LLC
Hospital Management Associates, LLC
Hospital Management Services of Florida, LP
Jackson HMA, LLC
Jefferson County HMA, LLC
Kay County Hospital Corporation
Kay County Oklahoma Hospital Company, LLC
Key West HMA, LLC
Kirksville Hospital Company, LLC
Knox Hospital Company, LLC
Knoxville HMA Holdings, LLC
La Porte Health System, LLC
La Porte Hospital Company, LLC
Laredo Texas Hospital Company, L.P.
Las Cruces Medical Center, LLC
Longview Clinic Operations Company, LLC
Longview Medical Center, L.P.
Longview Merger, LLC
LRH, LLC
Lutheran Health Network of Indiana, LLC
Marshall County HMA, LLC
MCSA, L.L.C.
Metro Knoxville HMA, LLC
Mississippi HMA Holdings I, LLC
Mississippi HMA Holdings II, LLC
Moberly Hospital Company, LLC
Naples HMA, LLC
Natchez Hospital Company, LLC
Navarro Hospital, L.P.
Navarro Regional, LLC
NC-DSH, LLC
North Okaloosa Medical Company, LLC
Northwest Arkansas Hospitals, LLC
Northwest Hospital, LLC
Northwest Sahuarita Hospital, LLC
NOV Holdings, LLC
NRH, LLC
Oak Hill Hospital Corporation
Oro Valley Hospital, LLC
Palmer-Wasilla Health System, LLC
Poplar Bluff Regional Medical Center, LLC

By: /s/ R. Gabriel Ottinger
Name: R. Gabriel Ottinger
Title: Senior Vice President and Treasurer

Acting on behalf of each of the Guarantors set forth above

[Signature Page to Collateral Agency Transfer Agreement]

Port Charlotte HMA, LLC
Punta Gorda HMA, LLC
QHG Georgia Holdings, Inc.
QHG of Bluffton Company, LLC
QHG of Clinton County, Inc.
QHG of Enterprise, Inc.
QHG of Forrest County, Inc.
QHG of Fort Wayne Company, LLC
QHG of Hattiesburg, Inc.
QHG of Springdale, Inc.
Regional Hospital of Longview, LLC
River Oaks Hospital, LLC
River Region Medical Corporation
ROH, LLC
Roswell Hospital Corporation
Scranton Holdings, LLC
Scranton Hospital Company, LLC
Siloam Springs Arkansas Hospital Company, LLC
Siloam Springs Holdings, LLC
Southeast HMA Holdings, LLC
Southwest Florida HMA Holdings, LLC
Statesville HMA, LLC
Tennessee HMA Holdings, LP
Tennyson Holdings, LLC

Triad - El Dorado, Inc.
Triad Healthcare, LLC
Triad Holdings III, LLC
Triad Holdings IV, LLC
Triad Holdings V, LLC
Triad Nevada Holdings, LLC
Triad of Alabama, LLC
Triad-Navarro Regional Hospital Subsidiary, LLC
Venice HMA, LLC
VHC Medical, LLC
Vicksburg Healthcare, LLC
Victoria Hospital, LLC
Victoria of Texas, L.P.
Warsaw Health System LLC
Webb Hospital Corporation
Webb Hospital Holdings, LLC
Wesley Health System LLC
WHMC, LLC
Wilkes-Barre Behavioral Hospital Company, LLC
Wilkes-Barre Holdings, LLC
Wilkes-Barre Hospital Company, LLC
Woodland Heights Medical Center, LLC
Woodward Health System, LLC

By: /s/ R. Gabriel Ottinger

Name: R. Gabriel Ottinger

Title: Senior Vice President and Treasurer

Acting on behalf of each of the Guarantors set forth above

[Signature Page to Collateral Agency Transfer Agreement]

REGIONS BANK,
as Trustee and Authorized Representative

By: /s/ Vanessa Williams
Name: Vanessa Williams
Title: Vice President

[Signature Page to Collateral Agency Transfer Agreement]

CREDIT SUISSE AG, acting through its Cayman Islands Branch,
as Predecessor Collateral Agent

By: /s/ Vipul Dhadha
Name: Vipul Dhadha
Title: Authorized Signatory

By: /s/ Andrew Senicki
Name: Andrew Senicki
Title: Authorized Signatory

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as Predecessor Collateral Agent

By: /s/ Vipul Dhadha
Name: Vipul Dhadha
Title: Authorized Signatory

By: /s/ Andrew Senicki
Name: Andrew Senicki
Title: Authorized Signatory

[Signature Page to Collateral Agency Transfer Agreement]

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Successor Collateral Agent

By: /s/ Shannon Matthews
Name: Shannon Matthews
Title: Assistant Vice President

[Signature Page to Collateral Agency Transfer Agreement]

SCHEDULE 1

Indentures

1. Indenture, dated as of March 6, 2019, among CHS/Community Health Systems, Inc., Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent, relating to the 8.000% Senior Secured Notes due 2026.
 - a. First Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 8.000% Senior Secured Notes due 2026, dated as of March 31, 2019, by and among CHS/Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent.
 - b. Second Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 8.000% Senior Secured Notes due 2026, dated as of July 1, 2019, by and among CHS/Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent.
 - c. Third Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 8.000% Senior Secured Notes due 2026, dated as of September 27, 2019, by and among CHS/Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent.
 - d. Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 8.000% Senior Secured Notes due 2026, dated as of November 19, 2019, by and among CHS/Community Health Systems, Inc., Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent.
 - e. Fifth Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 8.000% Senior Secured Notes due 2026, dated as of March 27, 2020, by and among CHS/Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent.
 - f. Sixth Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 8.000% Senior Secured Notes due 2026, dated as of December 11, 2020, by and among CHS/Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent.
 - g. Seventh Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 8.000% Senior Secured Notes due 2026, dated as of November 13, 2023, by and among CHS/Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent.
 2. Indenture, dated as of November 19, 2019, among CHS/Community Health Systems, Inc., Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent, relating to the 8.000% Senior Secured Notes due 2027.
 - a. First Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 8.000% Senior Secured Notes due 2027, dated as of March 27, 2020, by and among CHS/Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent.
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- b. Second Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 8.000% Senior Secured Notes due 2027, dated as of December 11, 2020, by and among CHS/Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent.
 - c. Third Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 8.000% Senior Secured Notes due 2027, dated as of November 13, 2023, by and among CHS/Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent
 - 3. Indenture, dated as of December 28, 2020, among CHS/Community Health Systems, Inc., Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent, relating to the 5.625% Senior Secured Notes due 2027.
 - a. First Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 5.625% Senior Secured Notes due 2027, dated as of November 13, 2023, by and among CHS/Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent.
 - 4. Indenture, dated as of December 28, 2020, among CHS/Community Health Systems, Inc., Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent, relating to the 6.000% Senior Secured Notes due 2029.
 - a. First Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 6.000% Senior Secured Notes due 2029, dated as of November 13, 2023, by and among CHS/Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent.
 - 5. Indenture, dated as of February 9, 2021, among CHS/Community Health Systems, Inc., Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent, relating to the 4.750% Senior Secured Notes due 2031.
 - a. First Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 4.750% Senior Secured Notes due 2031, dated as of November 13, 2023, by and among CHS/Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent.
 - 6. Indenture, dated as of February 4, 2022, among CHS/Community Health Systems, Inc., Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent, relating to the 5.250% Senior Secured Notes due 2030.
 - a. First Supplemental Indenture relating to CHS/Community Health Systems, Inc.'s 5.250% Senior Secured Notes due 2030, dated as of November 13, 2023, by and among CHS/Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent.
 - 7. Indenture, dated as of December 22, 2023, among CHS/Community Health Systems, Inc., Community Health Systems, Inc., the guarantors party thereto, Regions Bank, as Trustee, and Credit Suisse AG, as Collateral Agent, relating to the 10.875% Senior Secured Notes due 2032.
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SCHEDULE 2

Successor Collateral Agent Notice Information

U.S. Bank Trust Company, National Association
Attn: Global Corporate Trust Services
100 Wall Street, Suite 600
New York, NY 10005
Email: Shannon.matthews@usbank.com

SCHEDULE 3

Existing Collateral Documents

Intercreditor Agreements

1. First Lien Intercreditor Agreement, dated as of August 17, 2012, among Credit Suisse AG, Cayman Islands Branch, as collateral agent and authorized representative, Regions Bank, as trustee and authorized representative, and the additional authorized representatives from time to time party thereto.
2. Second Amended and Restated ABL Intercreditor Agreement, dated as of February 4, 2022, among JPMorgan Chase Bank, N.A., as ABL Agent (as defined therein), Credit Suisse AG, Cayman Islands Branch, as Senior-Priority Collateral Agent (as defined therein), Regions Bank, as trustee of the several secured notes identified therein and as Junior-Priority Collateral Agent (as defined therein), CHS/Community Health Systems, Inc., Community Health Systems, Inc., the subsidiaries of CHS/Community Health Systems, Inc. from time to time party thereto and each Additional Agent (as defined therein) from time to time party thereto.
3. Amended and Restated Senior-Junior Lien Intercreditor Agreement, dated as of February 4, 2022, among CHS/Community Health Systems, Inc., Community Health Systems, Inc., the subsidiaries of CHS/Community Health Systems, Inc. from time to time party thereto, Regions Bank, as Initial Junior-Priority Collateral Agent (as defined therein), Credit Suisse AG, Cayman Islands Branch, as Initial Senior-Priority Collateral Agent (as defined therein) and each Additional Agent (as defined therein) from time to time party thereto.

Guarantee and Collateral Agreement

4. Second Amended and Restated Guarantee and Collateral Agreement, dated as of November 19, 2019, by and among Community Health Systems, Inc., CHS/Community Health Systems, Inc., certain subsidiaries of CHS/Community Health Systems, Inc. identified therein as guarantors and Credit Suisse AG, Cayman Islands Branch, as collateral agent.

Uniform Commercial Code Financing Statements

5. Each UCC-1 Financing Statement described on Annex A hereto.

Intellectual Property Security Agreements (Copyrights)

6. Copyright Security Agreement, dated as of March 6, 2019, between CHS/Community Health Systems, Inc. and Credit Suisse AG, Cayman Islands Branch, as Collateral Agent, recorded on March 6, 2019 in Volume 9961, Doc. No. 072.
 7. Copyright Security Agreement, dated as of November 19, 2019, among CHS/Community Health Systems, Inc., CHSPSC, LLC and Credit Suisse AG, Cayman Islands Branch, as Collateral Agent (entered into in connection with the 8.000% Senior Secured Notes due 2026), recorded on November 19, 2019 in Volume 9968, Doc. No. 274.
 8. Copyright Security Agreement, dated as of November 19, 2019, among CHS/Community Health Systems, Inc., CHSPSC, LLC and Credit Suisse AG, Cayman Islands Branch, as Collateral Agent (entered into in connection with the 8.000% Senior Secured Notes due 2027), recorded on November 20, 2019 in Volume 9968, Doc. No. 276.
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9. Copyright Security Agreement, dated as of December 28, 2020, among CHS/Community Health Systems, Inc., CHSPSC, LLC and Credit Suisse AG, Cayman Islands Branch, as Collateral Agent, recorded on December 28, 2020 in Volume 9975, Doc. No. 346.
10. Copyright Security Agreement, dated as of February 9, 2021, among CHS/Community Health Systems, Inc., CHSPSC, LLC and Credit Suisse AG, Cayman Islands Branch, as Collateral Agent, recorded on February 9, 2021 in Volume 9976, Doc. No. 162.
11. Copyright Security Agreement, dated as of February 4, 2022, among CHS/Community Health Systems, Inc., CHSPSC, LLC and Credit Suisse AG, Cayman Islands Branch, as Collateral Agent, recorded on February 4, 2022 in Volume 15005, Doc. No. 668.
12. Copyright Security Agreement, dated as of December 22, 2023, among CHS/Community Health Systems, Inc., CHSPSC, LLC and Credit Suisse AG, Cayman Islands Branch, as Collateral Agent, recorded on December 22, 2023 in Volume 15020, Doc. No. 937.

Intellectual Property Security Agreements (Trademarks)

13. Trademark Security Agreement, dated as of March 6, 2019, among CHS/Community Health Systems, Inc., Triad Healthcare, LLC and Credit Suisse AG, Cayman Islands Branch, as Collateral Agent, recorded on March 6, 2019 on Reel/Frame 6582/0958.
14. Trademark Security Agreement, dated as of November 19, 2019, among CHS/Community Health Systems, Inc., Triad Healthcare, LLC, CHSPSC, LLC and Credit Suisse AG, Cayman Islands Branch, as Collateral Agent (entered into in connection with the 8.000% Senior Secured Notes due 2026), recorded on November 19, 2019 at Reel/Frame 6799/0109.
15. Trademark Security Agreement, dated as of November 19, 2019, among CHS/Community Health Systems, Inc., Triad Healthcare, LLC, CHSPSC, LLC and Credit Suisse AG, Cayman Islands Branch, as Collateral Agent (entered into in connection with the 8.000% Senior Secured Notes due 2027), recorded on November 19, 2019 at Reel/Frame 6799/0100.
16. Trademark Security Agreement, dated as of December 28, 2020, among CHS/Community Health Systems, Inc., CHSPSC, LLC and Credit Suisse AG, Cayman Islands Branch, as Collateral Agent, recorded on December 28, 2020 at Reel/Frame 7147/0592.
17. Trademark Security Agreement, dated as of February 9, 2021, among CHS/Community Health Systems, Inc., CHSPSC, LLC and Credit Suisse AG, Cayman Islands Branch, as Collateral Agent, recorded on February 9, 2021 at Reel/Frame 7185/0123.
18. Trademark Security Agreement, dated as of February 4, 2022, among CHS/Community Health Systems, Inc., CHSPSC, LLC and Credit Suisse AG, Cayman Islands Branch, as Collateral Agent, recorded on February 4, 2022 at Reel/Frame 7622/0250.
19. Trademark Security Agreement, dated as of December 22, 2023, among CHS/Community Health Systems, Inc., CHSPSC, LLC and Credit Suisse AG, Cayman Islands Branch, as Collateral Agent, recorded on December 22, 2023 at Reel/Frame 8298/0244.

Mortgages and Deeds of Trust

20. Each mortgage and deed of trust described on Annex B hereto.
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Uniform Commercial Code Financing Statements

On file with Collateral Agent

Mortgages and Deeds of Trust

On file with Collateral Agent

**CERTIFICATION PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Tim L. Hingtgen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Community Health Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Tim L. Hingtgen

Tim L. Hingtgen

Chief Executive Officer

Date: July 25, 2024

**CERTIFICATION PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Kevin J. Hammons, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Community Health Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kevin J. Hammons

Kevin J. Hammons

President and Chief Financial Officer

Date: July 25, 2024

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT
TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Community Health Systems, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tim L. Hingtgen, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Tim L. Hingtgen

Tim L. Hingtgen

Chief Executive Officer

July 25, 2024

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT
TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Community Health Systems, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kevin J. Hammons, President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kevin J. Hammons

Kevin J. Hammons

President and Chief Financial Officer

July 25, 2024
