

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

**Basic Financial Statements as of and for the Years Ended June 30, 2025 and 2024,  
Independent Auditors' Report, and Independent Auditors' Report on Internal  
Control Over Financial Reporting and on Compliance and Other Matters**





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Board of Trustees  
The Ohio State University Wexner Medical Center Health System  
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We have reviewed the *Independent Auditors' Report* of The Ohio State University Wexner Medical Center Health System, Franklin County, prepared by KPMG LLP, for the audit period July 1, 2024 through June 30, 2025. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER  
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

January 27, 2026

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# THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM

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## **Independent Auditors' Report**

The Board of Trustees of  
The Ohio State University:

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of The Ohio State University Wexner Medical Center Health System (the "Health System"), a series of departments of The Ohio State University, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Health System's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Health System as of June 30, 2025 and 2024, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Health System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Emphasis of Matter*

As discussed in Note 1, the financial statements of the Health System are intended to present the financial position, the changes in financial position and cash flows of only that portion of The Ohio State University that is attributable to the transactions of the Health System. They do not purport to, and do not, present fairly the financial position of The Ohio State University as of June 30, 2025 and 2024, the changes in its financial position, or its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis, schedule of proportionate share of the net pension liability, and the schedule of proportionate share of the net OPEB liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2025 on our consideration of the Health System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Health System's internal control over financial reporting or on compliance. That report is an integral part of





an audit performed in accordance with *Government Auditing Standards* in considering the Health System's internal control over financial reporting and compliance.

KPMG LLP

Columbus, Ohio  
October 29, 2025

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

## Introduction

The following discussion and analysis provides an overview of the financial position and the activities of The Ohio State University Wexner Medical Center Health System (the "Health System") as of and for the years ended June 30, 2025, 2024, and 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follows this section.

## About The Ohio State University Wexner Medical Center Health System

The Ohio State University Wexner Medical Center (the "Medical Center") is one of the largest and most diverse academic medical centers in the country and the only academic medical center in central Ohio. The Health System is an operating unit of the Medical Center ("OSUWMC") which also includes the College of Medicine, Office of Health Sciences, OSU Physicians ("OSUP"), and the OSU Health Plan. As a part of the Medical Center, the Health System operates under the governance of The Ohio State University Board of Trustees, and is comprised of seven hospitals and a network of ambulatory care locations. The Health System provides a full spectrum of services from primary to quaternary specialized care.

**Mission:** As one of America's top-ranked academic medical centers, our mission is to improve health in Ohio and across the world through innovations and transformation in research, education, patient care and community engagement.

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

- **University Hospital:** the Health System's flagship hospital is a leader in multiple specialties including organ and tissue transplantation, women and infants, digestive diseases, bariatric surgery and minimally invasive surgery. In addition to having a Level I Trauma Center as designated by the American College of Surgeons, University Hospital is also home to a Level III Neonatal Intensive Care Unit, central Ohio's only adult burn center and the only adult solid organ transplant program in central Ohio.
- **Arthur G. James Cancer Hospital and Solove Research Institute ("The James"):** the only free-standing cancer hospital in central Ohio and the first in the Midwest, the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute is an international leader in cancer prevention, detection and treatment. The James is one of only 57 comprehensive cancer centers designated by the National Cancer Institute (NCI) and one of only a few institutions nationally funded by the NCI to conduct both phase I and phase II clinical trials on novel anticancer agents sponsored by the NCI.
- **Richard M. Ross Heart Hospital ("The Ross"):** is dedicated to advancing the field of cardiovascular medicine and surgery. The Ross offers comprehensive heart and vascular care spanning every specialty from open heart surgery to electrophysiology, vascular surgery, advanced heart failure care and emergency cardiac care. The Ross is one of the nation's few free-standing facilities devoted entirely to the research of diseases affecting the heart, lungs and blood vessels.
- **Harding Hospital:** offers counseling services along with the most comprehensive inpatient and outpatient mental health and behavioral health services in central Ohio. Programs are available for adolescents, adults and older adults with complex psychiatric disorders. Harding Hospital's team includes psychiatrists, psychologists, social workers, registered nurses, occupational therapists, recreational therapists, chaplains and licensed counselors.
- **East Hospital:** blends academic medicine with a community-based setting. East Hospital provides a full range of medical and surgical services to patients throughout central Ohio, including orthopedics, general surgery, vascular surgery, plastic surgery, otolaryngology, cardiovascular and pulmonary care, family medicine, general internal medicine, and emergency medicine. Additionally, patients have access to central Ohio's leading alcohol and drug addiction recovery services, a comprehensive wound-healing center with limb preservation program, digestive disease treatment, a full-range of diagnostic services, a sleep disorders center and outpatient oncology services.
- **Dodd Hall:** home to the Health System's nationally recognized and accredited rehabilitation inpatient program, specializing in amputee, cancer, stroke, brain and spinal cord rehabilitation. The program was the first in Ohio and is dedicated to physical medicine and rehabilitation research, training and treatment.
- **Brain and Spine Hospital:** a leader in brain and spine treatment and research with dedicated units for stroke care, neurotrauma and traumatic brain injuries, spinal cord injuries and spine surgery, epilepsy, chronic pain, acute rehabilitation, neurosurgery and sleep medicine.

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

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

The Health System provided services to approximately 61,200 inpatients and 1,803,000 outpatients during fiscal year 2025, 60,600 inpatients and 1,670,000 outpatients during fiscal year 2024, and 60,700 inpatients and 1,548,000 outpatients during fiscal year 2023.

In total, the Health System operates approximately 1,500 inpatient beds and serves as a major tertiary and quaternary referral center for Ohio and the Midwest. The Medical Center delivers superior patient care, quality outcomes, and patient safety and is proud to be celebrating its 33rd consecutive year ranked on the U.S. News & World Report's Best Hospitals list. The Medical Center has 9 nationally ranked specialties out of 15 and 4 selected as high performing. U.S. News consistently ranks the Ohio State Wexner Medical Center as the top hospital in Columbus. The Medical Center is also rated as high performing in 17 out of 22 common procedures and conditions. Hospitals that earned the high performing rating were significantly better than the national average at successfully treating these common problems. These high rankings demonstrate how the Medical Center is leading the way in life-changing medical research and compassionate, effective patient care.

### **Nationally Ranked Specialties**

Cancer (35)	Obstetrics and Gynecology (44)
Cardiology, Heart and Vascular Surgery (47)	Pulmonology and Lung Surgery (33)
Ear, Nose and Throat (15)	Rehabilitation (22)
Gastroenterology and GI Surgery (50)	Urology (28)
Neurology and Neurosurgery (40)	

### **High-Performing Specialties**

Diabetes and Endocrinology	Orthopedics
Geriatrics	Rheumatology

### **High-Performing Common Procedures and Conditions**

Abdominal Aortic Aneurysm Repair	Kidney Failure
Aortic Valve Surgery	Leukemia, Lymphoma and Myeloma
Arrhythmia	Lung Cancer Surgery
Chronic Obstructive Pulmonary Disease	Pacemaker Implantation
Colon Cancer Surgery	Pneumonia
Diabetes	Prostate Cancer Surgery
Gynecological Cancer Surgery	Spinal Fusion
Heart Attack	Transcatheter Aortic Valve Replacement
Heart Failure	

In 2025, Forbes ranked The Ohio State University Wexner Medical Center as one of America's Best Large Employers. This is an exciting recognition, and it means Americans who were surveyed see the Medical Center as a top employer.

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

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

The Medical Center has more “Top Doctors” than any other central Ohio hospital. Wexner Medical Center physicians were selected by Castle Connolly because they are among the very best in their specialties.

The Ohio State University Wexner Medical Center was awarded the Greenhealth Emerald Award for Environmental Sustainability from Practice Greenhealth for 2025.

### **Operating and Financial Highlights**

	Fiscal Year June 30,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
<b><u>Selected Statistics</u></b>			
Admissions	61,231	60,599	60,713
Avg. Daily Census	1,225	1,248	1,251
Outpatient Visits	1,803,001	1,670,131	1,548,271
Emergency Visits	127,579	124,741	120,486
Transplants	591	589	567
Surgeries	60,769	58,897	56,040

In fiscal year 2025, patient admissions increased by 1.0% compared to the prior year, reflecting sustained demand for inpatient services. Average length of stay improved by 2.9%, indicating greater efficiency in care delivery. Total surgeries increased by 3.2%, driven by growth in outpatient surgical activity. Total outpatient volumes rose by 8.0%, primarily due to significant increases in infusion, diagnostic primary and specialty care visits, and procedural services. The elevated activity levels in 2025 contributed positively to the Health System’s overall operational performance.

Fiscal year 2024 was a strong year for the Health System. In 2024, Health System inpatient volumes ended the year slightly below the prior year by 0.2% in terms of patient admissions. However, inpatient surgeries surpassed the prior year by 2.7% and length of stay improved by 0.8%. The Health System continued to see strong growth year over year on the outpatient side. Outpatient surgeries were 6.3% ahead of prior year as the organization continued to add additional operating room capacity. Infusion activity experienced a 12.9% increase in outpatient volume in 2024 contributing to the positive results from operations for the system.

In July 2023, the Health System opened The James Outpatient Care. The James Outpatient Care is home to several services and clinics. It is home to the first outpatient cancer surgery facility for the James. Through this unique, state-of-the-art center the James offers comprehensive care in one location to create better outcomes and more hope for the patient, from diagnosis through treatment to survivorship. In partnership with Nationwide Children’s Hospital (“Children’s”), the facility also includes central Ohio’s first Proton Therapy Center that provides children and adults with the latest radiotherapy available. The 385,000-square-foot center is equipped with eight operating rooms, multiple cancer-specific clinics and the Proton Therapy Center. The James Outpatient Care performed 3,375 surgical cases, approximately 1,450 proton treatments, and over 54,000 outpatient visits in its first year of operations.

In September 2019, the Health System, on behalf of the James, entered into a funding and development agreement with Nationwide Children’s Hospital to build and operate a Proton Therapy Center for a 30-year minimum term. The costs of the proton therapy project are shared equally by the Health System and Nationwide Children’s Hospital. The total cost of the Proton Therapy Center was \$105.0 million, and Children’s share of the cost was \$52.5 million. The Health System will have full ownership, authority and responsibility for operation of the center. The Health System shall ensure that the services of the center are available to pediatric as well as adult patients in the community. In consideration for the construction funding from Children’s, the Health System will provide pediatric patients with priority access to the clinical capacity of the center. The Health System reported the funding from Children’s as unearned revenue and continues to amortize the unearned revenue to operating revenue, on a straight-line basis over the 30-year minimum term starting in December 2023 when the first proton therapy services were provided.

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

The Health System has major construction projects currently underway including:

- **Inpatient Tower** – Opening in 2026, the new Inpatient Tower has been designed to deliver unrivaled care in a state-of-the-art hospital that matches the nationally ranked expertise, high-quality patient care and innovative breakthroughs. Reaching 26 stories into the sky, the tower will reflect The Ohio State University's (the "University") land-grant mission of serving the community by providing the very best care for every person, every time. The Inpatient Tower is 1.9 million square feet, includes 820 private rooms, 234 intensive care beds, and 50 elevators. The \$1.79 billion hospital is the largest single facilities project ever undertaken at the University. In 2022, the University issued general receipts bonds, and the Health System borrowed \$715.4 million from the University to fund the construction of the Inpatient Tower. In 2024, the Health System borrowed an additional \$300.0 million to fund the construction. As of June 30, 2025, construction on the Inpatient Hospital Tower was approximately 92% complete.

In May 2025, the University announced a \$10.0 million commitment from Stan and Jodi Ross to support the Inpatient Hospital Tower project. In recognition, the neurology program's 14<sup>th</sup> floor of the Inpatient Tower will be named in the family's honor.

In February 2024, the Health System announced a transformative gift to support the Inpatient Hospital Tower project. To honor the memory of John F. Wolfe, the Robert F. Wolfe and Edgar T. Wolfe Foundation pledged a \$50.0 million leadership philanthropic commitment to the Medical Center. In recognition, the new tower will have two named spaces — the John F. Wolfe Lobby and the Wolfe Foundation Crossroads.

- **Outpatient Care Powell** – The new location will join Outpatient Care New Albany and Outpatient Care Dublin as the third facility of a new suburban outpatient care program to provide convenient access to comprehensive healthcare services – including primary and specialty care along with diagnostic and treatment services where people work and live. The \$183.0 million project includes 200,000 square feet and will design and build a five-story medical office building and a two-story ambulatory health center which includes imaging, outpatient rehab/physical therapy, endoscopy and support services. As of June 30, 2025, construction on the Outpatient Care Powell facility was approximately 56% complete and is set to open in August 2026.

The Health System's estimated future capital commitments, based on contracts and purchase orders, totaled approximately \$310.6 million at June 30, 2025.

In June 2014, the Health System entered into a master agreement with Nationwide Children's Hospital whereas Children's leases and operates the Neonatal Intensive Care Unit (NICU). Children's will relocate the current NICU operation to the Inpatient Tower. In July 2023, the Health System and Children's entered into a Memorandum of Understanding to extend the term of the master agreement. The term of the agreement is extended for an additional fifteen years and will expire in 2039. In consideration of the extension of the master agreement, Children's agreed to provide additional payments totaling \$19.0 million to the Health System. The parties also agreed to enter into an amended lease agreement for the Inpatient Tower space. As of 2025, the Health System has received installment payments of \$14.0 million. These amounts were recorded as unearned revenue in the Statement of Net Position. The remaining installment payments are due in 2026. The Health System is recognizing the revenue as Other Revenue in the Statement of Revenues, Expenses and Changes in Net Position as terms of the agreement are met.

The global outbreak of Covid-19, a new strain of coronavirus that can result in severe respiratory disease, was declared a pandemic by the World Health Organization in March of 2020. After three unprecedented years of managing Covid-19, the Department of Health and Human Services (HHS) declared an end to the public emergency on May 11, 2023, thus ending the pandemic.

The Health System filed a Request for Public Assistance (RPA) with the Federal Emergency Management Agency (FEMA) for costs associated with emergency protective measures in response to Covid-19. Qualifying activities included purchases of Personal Protective Equipment (PPE), signage and educational

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

materials, reimbursement for nursing overtime labor, purchase of ventilators, as well as standing up testing sites, inpatient surge units, and a field hospital for additional hospital capacity. As of 2025, the Health System has received and recorded \$38.9 million related to Covid-19 cost recovery.

In September 2012, the University entered into a 50-year parking lease and concession agreement with QIC Global Infrastructure (QIC GI). CampusParc LP, a QIC GI affiliate, owns and operates the parking concession on the behalf of QIC GI. Subsequent to the original agreement, the Health System has funded the construction of several new parking facilities to facilitate its growth. In June 2024, QIC GI and other Equity Participants transferred 100% of their equity interests in the lease and concession agreement to Ardan Infrastructure. Upon closing of this transaction, the University and CampusParc LP entered into an amendment of the lease and concession agreement, under which the Health System garages will be included in the parking system subject to the terms of the concession agreement. In consideration for the inclusion of the Health System garages in the parking system, CampusParc made an upfront payment to the Health System of \$70.0 million. The Health System will report the \$70.0 million payment as unearned revenue and will amortize the unearned revenue to operating revenue, on a straight-line basis over the remaining 38-year term of the University parking lease and concession agreement.

In 2022, the Health System implemented GASB Statement No. 87, *Leases*. This standard establishes accounting and reporting for leases, based on the foundational principle that all leases are financings of the right to use an underlying asset for a period of time. Lessees record an intangible right-of-use asset and corresponding lease liability. Lessors record a lease receivable and a corresponding deferred inflow of resources. The standard provides an exception for short-term leases with a maximum possible term of 12 months or less. In 2023, the Health System implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard extends the right-of-use accounting concepts introduced in GASB Statement No. 87 to subscription-based information technology arrangements, or SBITAs. Under GASB 96, governments are required to identify arrangements that qualify as SBITAs and recognize a right-to-use subscription asset, initially measured as the sum of the initial subscription liability amount, payments made to the vendor before commencement of the subscription term, and capitalizable implementation costs. The subscription asset is then amortized over the subscription term.

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

In 2025, the Health System's share of OPERS and STRS-Ohio net pension liabilities decreased \$35.7 million, to \$1.53 billion at June 30, 2025. OPERS and STRS-Ohio net pension liabilities decreased \$34.9 million and \$0.8 million, respectively, reflecting positive investment returns for both retirement systems. OPERS realized an 8.82% return on defined benefit plan investments for calendar year 2024. STRS-Ohio realized a 10.53% return for the fiscal year ended June 30, 2024. Deferred outflows related to pensions decreased \$134.4 million, to \$286.7 million at June 30, 2025, and deferred inflows related to pensions decreased \$1.6 million, to \$3.8 million at June 30, 2025. The changes in pension deferrals relate primarily to OPERS and STRS-Ohio projected vs actual investment returns. These deferrals will be recognized as pension expense in future periods.

In 2025, the Health System's proportionate share of OPERS and STRS-Ohio net OPEB assets increased \$91.6 million to \$147.9 million at June 30, 2025, reflecting positive investment returns for both retirement systems. OPERS realized a 10.00% return on its health care investments for calendar year 2024. STRS-Ohio realized a 10.53% return for the fiscal year ended June 30, 2024. Deferred outflows related to OPEB decreased \$44.1 million, to \$1.0 million at June 30, 2025, and deferred inflows related to OPEB decreased

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

\$3.5 million, to \$28.7 million at June 30, 2025. The changes in OPEB deferrals relate primarily to OPERS projected vs actual investment returns. These deferrals will be recognized as OPEB expense in future periods.

In 2024, the Health System's share of OPERS and STRS-Ohio net pension liabilities decreased \$174.3 million to \$1.570 billion at June 30, 2024. OPERS and STRS-Ohio net pension liabilities decreased \$172.5 million and \$1.8 million, respectively, reflecting positive investment returns for both retirement systems. OPERS realized an 11.26% return on defined benefit plan investments for calendar year 2023. STRS-Ohio realized a 7.55% return for the fiscal year ended June 30, 2023. Deferred outflows related to pensions decreased \$249.5 million, to \$421.1 million at June 30, 2024, while deferred inflows related to pensions increased \$1.4 million to \$5.4 million at June 30, 2024. The changes in pension deferrals relate primarily to OPERS and STRS-Ohio projected vs actual investment returns. These deferrals will be recognized as pension expense in future periods.

In 2024, the Health System's proportionate share of OPEB liabilities for OPERS swung from a net OPEB liability of \$38.1 million to a net OPEB asset of \$55.9 million at June 30, 2024, reflecting positive investment returns. OPERS realized a 13.97% return on its health care investments for calendar year 2023. Deferred outflows related to OPEB decreased \$68.9 million, to \$45.1 million at June 30, 2024, and deferred inflows related to OPEB increased \$19.0 million, to \$32.2 million at June 30, 2024. The changes in OPEB deferrals relate primarily to OPERS projected vs actual investment returns. These deferrals will be recognized as OPEB expense in future periods.

In 2023, the Health System's share of OPERS and STRS-Ohio net pension liabilities increased \$1.259 billion to \$1.744 billion at June 30, 2023. OPERS and STRS-Ohio net pension liabilities increased \$1.255 billion and \$3.5 million, respectively, predominantly reflecting negative investment returns for both retirement systems. OPERS realized a (12.03)% return on defined benefit plan investments for calendar year 2022. STRS-Ohio realized a (3.73)% return for the fiscal year ended June 30, 2022. Deferred outflows related to pensions increased \$504.0 million, to \$670.6 million at June 30, 2023, while deferred inflows related to pensions decreased \$631.7 million to \$3.9 million at June 30, 2023. The changes in pension deferrals relate primarily to OPERS and STRS-Ohio projected vs actual investment returns. These deferrals will be recognized as pension expense in future periods.

In 2023, the Health System's proportionate share of OPERS net OPEB liabilities swung from a net OPEB asset of \$188.7 million to a net OPEB liability of \$38.1 million at June 30, 2023, reflecting a combination of negative investment returns and a reduction in the discount rate used to calculate the total OPEB liability. OPERS realized a (15.51)% return on its health care investments for calendar year 2022. Deferred outflows related to OPEB increased \$113.5 million, to \$114.1 million at June 30, 2023, and deferred inflows related to OPEB decreased \$181.4 million, to \$13.2 million at June 30, 2023. The changes in OPEB deferrals relate primarily to OPERS projected vs. actual investment returns. These deferrals will be recognized as OPEB expense in future periods.

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

Income Before Other Changes in Net Position was \$272.0 million in 2025 compared to \$218.7 million in 2024. The Health System recognized pension expense of \$97.1 million in 2025 and \$76.6 million in 2024 reflecting annual accounting under GASB 68. In comparison, the Health System recognized an OPEB benefit of \$51.0 million in 2025 and \$5.7 million in 2024 reflecting annual accounting under GASB 75. Income Before Other Changes in Net Position for clinical activities was \$309.7 million in 2025, \$285.3 million in 2024, and \$301.8 million in 2023. Income Before Other Changes in Net Position for clinical activities in 2025 includes Medical Center Investments of \$270.5 million reinvested to support clinical research and education, as well as various patient programs at the Medical Center.

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

	Fiscal Year June 30,		
	<u>2025</u>	<u>2024</u> (in thousands)	<u>2023</u>
Clinical Activities	\$ 309,747	\$ 285,293	\$ 301,796
Pension/OPEB	(46,088)	(70,975)	(54,681)
Other	8,378	4,344	3,024
Income Before Other Changes in Net Position	<u>\$ 272,037</u>	<u>\$ 218,662</u>	<u>\$ 250,139</u>

In fiscal 2025, Other Changes in Net Position includes \$28.0 million of capital contributions for construction of the Inpatient Tower including the recognition of the \$10.0 million Ross gift as well as other capital acquisitions. This compares to \$60.1 million in 2024 and \$31.4 million in 2023. After these changes and including the impact of GASB 68 and GASB 75, the Health System's Net Position increased \$300.7 million and totaled \$3,457.4 million in 2025 compared to \$3,156.7 million in 2024 and \$2,877.1 million in 2023.

**Using the Financial Statements**

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

**Statement of Net Position**

The Statement of Net Position represents the financial position of the Health System at the end of the fiscal year and includes all assets and deferred outflows and liabilities and deferred inflows. The difference between total assets and deferred outflows and total liabilities and deferred inflows – Net Position – is one indicator of the current financial condition of the Health System, while the change in Net Position is an indication of whether the overall financial condition has improved during the year. Included in deferred outflows and deferred inflows is the impact of the recognition of GASB 68, GASB 75, GASB 87, and GASB 96.



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The Statements of Net Position on June 30, 2025, 2024, and 2023 are summarized as follows:

	<u><b>2025</b></u>	<u><b>2024</b></u> <u><b>(in thousands)</b></u>	<u><b>2023</b></u>
Current assets	\$ 2,111,185	\$ 1,939,924	\$ 1,663,816
Noncurrent assets			
Long-term investment pool	633,650	593,934	560,234
Other long-term investments	20,000	139,956	139,956
Capital assets, net	4,004,633	3,640,940	3,227,596
Net OPEB Asset	147,917	56,270	739
Other	229,707	237,722	258,337
Deferred outflows	287,679	466,611	785,039
Total assets and deferred outflows	7,434,771	7,075,357	6,635,717
Current liabilities			
Accounts payable and accrued expenses	444,082	291,895	278,854
Accrued salaries and benefits	106,603	83,215	73,197
Current portion of long-term debt	77,502	79,429	71,763
Other current liabilities	45,826	39,640	22,835
Total current liabilities	674,013	494,179	446,649
Non-current liabilities			
Long-term debt	1,247,833	1,325,335	1,104,764
Net pension liability	1,534,381	1,570,105	1,744,389
Net OPEB liability	-	-	38,085
Other non-current liabilities	343,340	336,870	244,860
Deferred inflows	177,808	192,200	179,864
Total liabilities and deferred inflows	3,977,375	3,918,689	3,758,611
Net position	3,457,396	3,156,668	2,877,106
Total liabilities, deferred inflows, and net position	\$ 7,434,771	\$ 7,075,357	\$ 6,635,717

**Current Assets and Current Liabilities**

	<u><b>2025</b></u>	<u><b>2024</b></u> <u><b>(in thousands)</b></u>	<u><b>2023</b></u>
<u><b>Current Assets</b></u>			
Cash and cash equivalents	\$ 1,167,456	\$ 1,087,585	\$ 958,811
Patient accounts receivable, net	679,451	596,190	464,038
Inventory	100,116	91,160	75,551
Prepaid expenses and other current assets	40,731	36,962	30,921
Other Receivables	123,431	128,027	134,495
<b>Total Current Assets</b>	<b>\$ 2,111,185</b>	<b>\$ 1,939,924</b>	<b>\$ 1,663,816</b>

Cash and cash equivalents on deposit with the University represents the Health System's cash, which is pooled with cash from other operating units within the University. These funds earn interest income at rates established through the University's internal bank program. The Office of Financial Services for the University manages cash, investments, and debt for all the departments within the institution. The Office of Financial Services serves as a bank to University departments including the Health System providing services that include taking deposits, issuing debt, investing operating funds, and distributing loans. Cash increased by \$79.9 million from 2024 to 2025, primarily driven by strong operating performance. The Health System generated \$868.7 million in cash from operations, which was utilized to fund \$575.2 million in capital

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

expenditures, \$270.5 million in Medical Center investments, and \$158.6 million in debt service and interest payments.

Cash increased \$128.8 million from 2023 to 2024. The Health System generated \$727.4 million in cash from operations. The Health System spent \$646.3 million in capital purchases related to various hospital projects including the construction of the Inpatient Tower, as well as \$235.4 on Medical Center Investments and \$138.9 million for debt obligations and interest payments.

Patient accounts receivable, net, represents amounts due from third-party payors and patients after allowances for discounts and bad debts. As of the end of the 2025 fiscal year, patient accounts receivable, net increased \$83.3 million compared to 2024, reflecting the overall increase in inpatient and outpatient volumes. As of the end of the 2024 fiscal year, patient accounts receivable net increased \$132.2 million compared to 2023.

Inventory consists of medical supplies, pharmaceutical drugs, and information technology equipment. Prepaid expenses primarily include preventive maintenance contracts related to medical and information technology equipment. Other receivables represent amounts due from non-patient activities, including reference laboratory services and revenue associated with Nationwide Children's Hospital for the management of the Neonatal Intensive Care Unit. As of the end of fiscal year 2025, the combined balance of inventory, prepaid expenses, and other receivables totaled \$264.3 million, compared to \$256.1 million in 2024 and \$241.0 million in 2023. The increase in inventory during 2025 was driven by higher volumes of operating room supplies and pharmaceuticals, reflecting growth in procedural and infusion activity. Other receivables totaled \$123.4 million in 2025, a decrease of \$4.6 million compared to the prior year. In accordance with GASB Statement No. 87, other receivables also include the current portion of lease receivables, which amounted to \$11.9 million in 2025 and \$9.5 million in 2024. The current portion represents lease revenue expected to be recognized in the subsequent fiscal year.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
		<u>(in thousands)</u>	
<b><u>Current Liabilities</u></b>			
Accounts payable and accrued expenses	\$ 444,082	\$ 291,895	\$ 278,854
Accrued salaries and benefits	106,603	83,215	73,197
Current portion of long-term debt	77,502	79,429	71,763
Third-party payor settlements	19,134	18,770	3,344
Other current liabilities	26,692	20,870	19,491
<b>Total Current Liabilities</b>	<b>\$ 674,013</b>	<b>\$ 494,179</b>	<b>\$ 446,649</b>

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

Accounts payable and accrued expenses increased by \$152.2 million, or 52.1%, from 2024 to 2025. This growth was primarily due to the timing of expense accruals related to medical supplies, pharmaceuticals, and growth in the information technology space. Additionally, higher volumes in pharmacy, infusion treatments, and surgical procedures contributed to the increase. The rise also reflects elevated capital expenditures and construction-related costs for the Inpatient Tower.

Accounts payable and accrued expenses increased \$13.0 million or 4.7% from 2023 to 2024. The increase is primarily driven by expense accruals related to the timing of payment for medical supplies, pharmaceuticals, and services.

Accrued salaries and benefits represent compensation and related expenses incurred for the days following the most recent bi-weekly payroll cycle. As of fiscal year-end 2025, accrued salaries and benefits increased by \$23.4 million, or 28.1%, compared to 2024. This increase is primarily attributable to workforce expansion in response to higher patient volumes and staffing preparations for the opening of the Inpatient Tower.

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**Other long-term investments**

Other long-term investments consist of funds designated for future capital expansion projects and research initiatives that support clinical care and the academic mission of the Medical Center. During fiscal year 2025, the Health System utilized \$91.9 million from funds held for capital replacement and \$28.0 million from funds held for debt retirement to support construction expenditures related to the Inpatient Tower.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
		<u>(in thousands)</u>	
<b><u>Other long-term investments</u></b>			
Funds held for capital replacement	\$ -	\$ 91,925	\$ 91,925
Funds held for debt retirement	-	28,031	28,031
Funds held for research initiatives	20,000	20,000	20,000
<b>Total other long-term investments</b>	<b>\$ 20,000</b>	<b>\$ 139,956</b>	<b>\$ 139,956</b>

**Long-Term Investment Pool**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
		<u>(in thousands)</u>	
<b><u>Long-Term Investment Pool</u></b>			
Long-term investment pool - Cost Value	\$ 489,382	\$ 489,382	\$ 489,382
Unrealized Gain	144,268	104,552	70,852
<b>Long-Term Investment Pool</b>	<b>\$ 633,650</b>	<b>\$ 593,934</b>	<b>\$ 560,234</b>

The Health System maintains an investment interest in the University's Long-Term Investment Pool to support capital projects, research initiatives, clinical care, and the academic mission of the Medical Center. As of fiscal year 2025, the cost value of the Health System's investment in the pool was \$489.4 million. The Health System recorded net increases or unrealized gains of \$39.7 million in 2025, compared to \$33.7 million in 2024 and \$12.6 million in 2023, reflecting favorable market performance and continued growth in the value of invested assets.

**Capital Assets**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
		<u>(in thousands)</u>	
<b><u>Capital Assets - Net</u></b>			
Property, Plant, and Equipment	\$ 4,303,283	\$ 4,216,166	\$ 3,710,424
Construction In Progress	1,982,235	1,534,443	1,402,536
Accumulated Depreciation	(2,389,440)	(2,199,421)	(1,977,909)
Lease Assets	108,555	89,752	92,545
<b>Capital Assets - Net</b>	<b>\$ 4,004,633</b>	<b>\$ 3,640,940</b>	<b>\$ 3,227,596</b>

Property, plant, and equipment increased in 2025 primarily due to the completion of the Bob Crane Community Center in Upper Arlington. The facility is a hub for recreation, wellness and community connection, offering a variety of amenities and activities for all ages, including sports, fitness facilities and classes, aquatics, arts and enrichment programs, social gatherings, and health care services. Continued updates to the Martha Morehouse complex, existing ambulatory locations, strategic Information Technology initiatives, and other equipment purchases also contributed to the increase from prior year. Similar to prior year, construction in progress grew as a result of the costs associated with the Inpatient Tower hospital, regional ambulatory sites, and other facility improvements.

Property, plant, and equipment increased in 2024 primarily due to the completion of The James Outpatient Care in the Carmenton innovation district. This project included outpatient operating rooms, interventional radiology rooms, pharmacy, central Ohio's first proton therapy treatment facility in partnership with

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Nationwide Children's Hospital, and other services. Continued updates to existing ambulatory locations, strategic Information Technology initiatives, and other equipment purchases also contributed to the increase from prior year. Construction in progress growth continued due to the costs associated with the Inpatient Tower, regional ambulatory sites, and other facility improvements including equipment expenses.

GASB 87 established the foundational principle that all leases are financings of the right to use an underlying asset for a period of time. The Health System recorded a lease asset in the amount of \$58.3 million in 2025, \$55.4 million in 2024 and \$59.1 million in 2023. GASB 96 extends the right-of-use accounting concepts introduced in GASB Statement No. 87 to subscription-based information technology arrangements, or SBITAs. The Health System recorded a SBITA asset in the amount of \$50.3 million in 2025, \$34.4 million in 2024 and \$33.4 million in 2023.

**Other Non-current Assets and Non-current Liabilities**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	<u>(in thousands)</u>		
<b><u>Other Non-Current Assets</u></b>			
Net OPEB Asset	147,917	56,270	739
Long-term lease receivable	145,707	155,758	160,098
Long term receivables and other noncurrent assets	84,000	81,964	98,239
<b>Total Other Non-Current Assets</b>	<b>\$ 377,624</b>	<b>\$ 293,992</b>	<b>\$ 259,076</b>

Long-term receivables and other non-current assets totaled \$84.0 million in 2025, which includes equity investment interests. The Health System has an equity investment interest in MedFlight, a community-based air ambulance/intensive care transport authority as well as an investment interest with partial ownership in Madison County Hospital, a community hospital. The Health System operates a program to assist community-based hospital systems gain access to the Epic electronic medical record via a hosting relationship to better serve the needs of the client's community. Long-term receivables and other non-current assets also include a \$5.3 million receivable which represents payments due to the Health System for implementation and maintenance for the Epic hosting agreement with multiple community hospitals. Long term receivables and other non-current assets also include endowment assets of \$9.5 million in 2025, \$8.9 million in 2024, and \$8.1 million in 2023. The Health System is a lessor for various noncancellable leases of real estate. In accordance with GASB 87, long-term lease receivable recorded by the Health System was \$145.7 million in 2025, \$155.8 million in 2024, and \$160.1 million in 2023.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	<u>(in thousands)</u>		
<b><u>Other Non-Current Liabilities</u></b>			
Third-party payor settlements	\$ 63,857	\$ 79,153	\$ 74,697
Compensated absences	88,119	80,711	74,369
Long-term lease liability	61,222	47,443	51,930
Net pension liability	1,534,381	1,570,105	1,744,389
Net OPEB liability	-	-	38,085
Unearned Revenue	124,880	122,776	37,441
Other noncurrent liabilities	5,262	6,787	6,423
<b>Total Other Non-Current Liabilities</b>	<b>\$ 1,877,721</b>	<b>\$ 1,906,975</b>	<b>\$ 2,027,334</b>

Third-party payor settlements consist of future settlements of current and previous years Medicare and Medicaid cost reports, OIG audits, Managed Care payor audits of charges and payments and prior years charging and billing issues. The change in third-party payor settlements from 2023 to 2025 reflects management's estimate for previous years Medicare and Medicaid cost report audits and final settlements. Compensated absences reflect the liability for earned but unused vacation and the potential payment of ill time upon an employee's termination or retirement. The change in compensated absences from 2023 to 2025 is a result of the utilization of vacation and ill time by the workforce. In accordance with GASB 87, the Health System has recorded a long-term lease liability of \$40.4 million in 2025, \$33.5 million in 2024, and

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\$36.1 million in 2023. In accordance with GASB 96, the Health System has recorded a long-term lease liability of \$20.8 million in 2025, \$13.9 million in 2024 and \$15.8 million in 2023. Unearned revenue for the Health System totaled \$124.9 million in 2025, \$122.8 million in 2024, and \$37.4 million in 2023. Unearned revenue includes \$44.4 million of funding from Nationwide Children's Hospital for construction funding on the proton therapy center as well as \$66.3 million for the upfront payment for the parking agreement, and \$14.2 million related to the additional payments from Nationwide Children's Hospital related to the NICU.

**Net Position**

Net Position represents the residual interest in the Health System's assets and deferred outflows after liabilities and deferred inflows are deducted. The composition of the Health System's Net Position at June 30, 2025, 2024 and 2023 is summarized as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	<u>(in thousands)</u>		
<b><u>Net Position</u></b>			
Invested in capital assets, net of related debt	2,598,829	2,180,392	2,032,008
Restricted, nonexpendable	9,538	8,861	8,063
Restricted, expendable	70,320	73,405	30,924
Unrestricted	778,709	894,010	806,111
<b>Net Position</b>	<b>\$ 3,457,396</b>	<b>\$ 3,156,668</b>	<b>\$ 2,877,106</b>

Net investment in capital assets are the Health System's capital assets, net of accumulated depreciation and outstanding principal balances of debt obtained for acquiring, constructing, and improving those assets. Net Position is further categorized into Restricted-Nonexpendable, Restricted-Expendable, and Unrestricted. Please see the Notes to the Financial Statements for further definition. In 2025, Net Position totaled \$3,457.4 million, an increase of \$300.7 million compared to 2024 driven by strong operating results related to higher surgical volumes, increased outpatient volumes, and growth in infusion activity. Included in the change in Net Position is a \$97.1 million pension expense related to GASB 68 as well a \$51.0 million OPEB benefit related to GASB 75.

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## **Statement of Revenues, Expenses, and Changes in Net Position**

The Statement of Revenues, Expenses, and Changes in Net Position represents the Health System's results of operations. A comparison of revenues, expenses and changes in net position for the years ended June 30, 2025, 2024 and 2023 is as follows:

	<b>Fiscal Year June 30,</b>		
	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b><u>(in thousands)</u></b>		
<b><u>Income and Change in Net Position</u></b>			
Operating Revenues	\$ 5,565,560	\$ 4,904,658	\$ 4,444,018
Operating Expenses	5,077,970	4,500,859	4,028,707
Operating Income	487,590	403,799	415,311
Non-Operating Expenses	(215,553)	(185,137)	(165,172)
Income Before Other Changes in Net Position	272,037	218,662	250,139
Capital contributions	\$ 28,015	\$ 60,102	\$ 31,392
Additions to permanent endowments	676	798	320
Other Changes in Net Position	28,691	60,900	31,712
Increase in Net Position	\$ 300,728	\$ 279,562	\$ 281,851
Net Position - Beginning of Year	3,156,668	2,877,106	2,595,255
Net Position - End of Year	\$ 3,457,396	\$ 3,156,668	\$ 2,877,106

## **Operating Revenues**

In fiscal year 2025, total operating revenues increased by \$660.9 million, or 13.5%, compared to the prior year. This growth was driven by strong outpatient volume, increased infusion services, and higher procedural activity. Total surgical volume rose by 3.2%, while outpatient activity grew by 8.0% year-over-year. Case mix index, which reflects inpatient acuity, improved by 2.3%, and a more favorable payor mix contributed to higher net revenue across the system. Additionally, specialty outpatient pharmacy activity experienced a \$116.5 million increase, further supporting the strong operating revenue performance in fiscal 2025.

In 2024, total operating revenues grew \$460.6 million or 10.4% over the prior fiscal year. Total surgical volume increased 5.1% and total outpatient activity increased 9.4% compared to 2023. Infusion activity for the Health System grew 12.9%. Case mix index which measures inpatient acuity was up 3.0% compared to the prior year. Additionally, improved payor mix led to higher net revenue for the system. Operating revenues also included a \$70.7 million increase for the specialty outpatient pharmacy activity from 2023 to 2024.

Approximately 84.5% of total operating revenues are from patient care activities, which approximated the prior year of 84.8% in 2024. Other Operating Revenues include revenue from reference labs, cafeteria operations, rental and lease agreements, and other non-patient services. In response to the increasing complexity and significantly growing number of specialty oral and self-administered pharmaceuticals available for cancer and non-cancer patients, the Health System operates a specialty outpatient pharmacy dedicated to improving patient care by easing the challenges of managing medications. Specialty outpatient pharmacy activity contributed \$577.4 million to Health System operating revenues in 2025, \$460.9 million in 2024, and \$390.2 million in 2023. Other Operating Revenues also includes a portion of the revenue shared with Nationwide Children's Hospital for the management of the Neonatal Intensive Care Unit located at the Health System. The goal of this managed unit is to standardize the care and quality outcomes of all the neonatal patients in Central Ohio. The NICU contributed \$19.4 million of operating revenues in 2025, \$17.5 million in 2024, and \$17.5 million in 2023. The Health System participates in the Care Innovation and Community Improvement Program (CICIP). CICIP was developed to increase alignment of quality

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improvement strategies and goals between the State, Managed Care Organizations (MCO), and both public and nonprofit hospital agencies. The Health System recognized \$59.4 million in Other Operating Revenues related to CICIP in 2025 compared to \$70.7 million in 2024, and \$84.5 million in 2023.

	Fiscal Year June 30,		
	<u>2025</u>	<u>2024</u> (in thousands)	<u>2023</u>
<b><u>Revenues</u></b>			
Net patient service revenue less provision for bad debts	\$ 4,701,465	\$ 4,161,491	\$ 3,757,576
Other Operating Revenues	864,095	743,167	686,442
Total Operating Revenue	<b>\$ 5,565,560</b>	<b>\$ 4,904,658</b>	<b>\$ 4,444,018</b>

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

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

Medicare pays most inpatient and outpatient care on prospectively determined case rates. Additional payments are made to the Health System for medical education, caring for low-income patients, transplant costs, and cases with unusually high cost of care. The James is one of eleven cancer hospitals nationwide exempt from the prospective payment system. Medicare reimburses The James reasonable inpatient costs of care, subject to per case limit – Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) limit. The final payments for The James inpatient services are determined through annual cost reports. Medicare pays The James for outpatient services at costs discounted by a payment to cost factor (PCR) each year. In 2025, outpatient costs were paid at 89% PCR.

The Health System has estimated and recorded settlement amounts for all unsettled Medicare and Medicaid cost reports through June 30, 2025. In the opinion of management, adequate provisions have been made for such settlements. The Health System records changes in estimates upon receiving interim or final settlements related to prior year cost reports and regulation changes and are recorded in net patient service revenue.

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

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

The Health System also has contractual relationships with other payors and provides much of the acute care needs for The Ohio Department of Corrections. The Health System also provides care for various Bureau of Worker's Compensation managed care payors and other state and federal agencies. Effective July 1, 2013, corrections/inmates under 21 or over 64 years are covered under Medicaid. Previously, the Health System was reimbursed directly through the Ohio Department of Corrections. As of July 1, 2013,

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any pregnant inmate is covered by Medicaid for inpatient services. The remaining inmate population shifted to Medicaid for inpatient health coverage on January 1, 2014.

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

The Health System's Payor Mix, based on gross patient revenue, has experienced a slight shift, with a decrease in Medicaid and Medicare contributions and a corresponding increase in Managed Care. The Payor Mix for the 2025, 2024 and 2023 fiscal years are as follows:

<b><u>Payor Mix</u></b>	<b>Fiscal Year June 30,</b>		
	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Managed Care	39.7%	38.6%	36.9%
Medicare	41.1	40.2	40.8
Medicaid	15.0	16.7	17.7
Self Pay	1.7	1.8	1.6
Other	2.5	2.7	3.0
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### **Operating Expenses**

A comparison of operating expenses for the three years ended June 30, 2025, 2024 and 2023 is summarized as follows:

	<b>Fiscal Year June 30,</b>		
	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
		<b>(in thousands)</b>	
<b>Expenses</b>			
Salaries and benefits	\$ 2,018,289	\$ 1,877,595	\$ 1,730,058
Supplies and drugs	1,801,819	1,502,265	1,330,794
Purchased services	763,034	643,437	547,474
Depreciation	286,978	253,782	217,436
Pension expense	97,133	76,639	123,103
OPEB (benefit)	(51,045)	(5,664)	(68,422)
Other expenses	161,762	152,805	148,264
Total Operating Expenses	<b>\$ 5,077,970</b>	<b>\$ 4,500,859</b>	<b>\$ 4,028,707</b>

Operating expenses increased by \$577.1 million, or 12.8%, from 2024 to 2025, reflecting continued growth and strong patient volumes across the Health System. While the healthcare industry faced rising labor and supply costs, the Health System responded by refining staffing models and improving patient throughput to support efficient care delivery.

Salaries and benefits rose by \$140.7 million, or 7.5%, driven by growth in nursing and clinical care positions. Supplies and drugs increased by \$299.6 million, or 19.9%, primarily due to higher surgical and outpatient procedural volumes. Drug costs were further impacted by expanded chemotherapy services at The James and increased activity at ambulatory infusion sites. Additionally, specialty outpatient pharmacy costs rose in response to higher prescription volumes in 2025. Purchased services grew by \$119.6 million, or 18.6%, reflecting increased utility expenses, franchise fee, operational program support, and maintenance costs related to information technology and clinical care systems.

Total pension and OPEB expense recognized in 2025, including employer contributions, totaled \$238.7 million. This included \$192.6 million in employer contributions, \$97.1 million in pension expense related to GASB 68 accruals, and a \$51.0 million OPEB benefit associated with GASB 75 accruals. Adjusted for



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activities (measuring both inpatient and outpatient activity), total operating expense increased 7.9% from 2024 to 2025. Including contractors, the Health System employed 16,300 full time equivalent employees (FTEs) in 2025, 15,700 in 2024 and 14,900 in 2023.

### **Non-Operating Revenue and Expenses**

In 2025, the Health System recognized \$53.6 million in interest expense, the majority of which was paid to the University to service debt obligations incurred on its behalf. This compares to \$44.0 million in 2024 and \$46.6 million in 2023.

The Health System has an investment interest in the University's Long-Term Investment Pool to support capital projects, research initiatives, clinical care, and the academic mission of the Medical Center. Income from investments in 2025 includes a \$39.7 million unrealized gain and \$19.8 million of interest income related to the Long-Term Investment Pool. This compares to a \$33.7 million unrealized gain and \$18.2 million of interest income in 2024 and a \$12.6 million unrealized gain and \$16.5 million of interest income in 2023.

### **Income Before Other Changes in Net Position**

Income Before Other Changes in Net Position totaled \$272.0 million in 2025, reflecting a 24.4% increase from \$218.7 million in 2024 and \$250.1 million in 2023. This growth is primarily attributable to strong operating performance throughout the year.

Included in the 2025 results is \$270.5 million in Medical Center investments, which were reinvested to advance clinical research, education, and patient care initiatives. These investments underscore the Health System's continued commitment to its academic and clinical mission.

Key accounting adjustments also impacted the 2025 results. Pension expense totaled \$97.1 million, compared to \$76.6 million in 2024 and \$123.1 million in 2023, in accordance with GASB Statement No. 68. Additionally, the OPEB benefit was \$51.0 million in 2025, up from \$5.7 million in 2024 and \$68.4 million in 2023, consistent with annual reporting under GASB Statement No. 75.

### **Other Changes in Net Position**

The Health System's other changes in net position include capital contributions of \$28.0 million in 2025, \$60.1 million in 2024, and \$31.4 million in 2023 for hospital projects and capital acquisitions.

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

## **Statement of Cash Flows**

The Statement of Cash Flows provides additional information about the Health System's major sources and uses of cash. A comparison of cash flows for the three years ended June 30, 2025, 2024 and 2023 is summarized as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	<u>(in thousands)</u>		
<b><u>Cash Flows</u></b>			
Receipts from patients and third-party payors	\$ 4,609,010	\$ 4,049,680	\$ 3,640,890
Payments to and on behalf of employees	(2,061,220)	(1,932,484)	(1,800,403)
Payments to vendors for supplies and services	(2,278,989)	(1,988,790)	(1,811,168)
Other operating activities	599,928	599,036	435,921
Net cash provided by operating activities	868,729	727,442	465,240
Net cash used in non-capital financing activities	(151,674)	(231,500)	(158,858)
Net cash used in capital and related financing activities	(705,783)	(465,955)	(854,197)
Net cash provided (used) by investing activities	68,599	98,787	327,183
Net Increase (Decrease) in Cash and Cash Equivalents	79,871	128,774	(220,632)
Cash and Cash Equivalents - Beginning of Year	\$ 1,087,585	\$ 958,811	\$ 1,179,443
Cash and Cash Equivalents - End of Year	\$ 1,167,456	\$ 1,087,585	\$ 958,811

Net cash provided by operating activities amounted to \$868.7 million in 2025, representing an increase from \$727.4 million in 2024 and \$465.2 million in 2023. This growth reflects continued strength in operational performance and cash generation. Net cash used in non-capital financing activities totaled \$151.7 million in 2025, primarily driven by \$270.5 million in investments directed toward research, education, and patient care programs at the Medical Center, offset by \$120.0 million transferred for improvements to capital assets. Cash outflows from capital and related financing activities were \$705.8 million in 2025, which includes \$575.2 million in capital asset expenditures, consistent with the Health System's ongoing investment in infrastructure and strategic initiatives. Net cash provided by investing activities was \$68.6 million in 2025, comprised entirely of interest income.

## **Future Direction**

The Ohio State University Wexner Medical Center Health System is advancing its mission to improve health in Ohio and beyond through innovation in research, education, patient care, and community engagement. Guided by Impact 2035—a comprehensive strategic plan rooted in our shared purpose—The Ohio State University Wexner Medical Center Health System is building the foundation to become a fully recognized top-tier academic medical center. This purpose is built on three core commitments:

- World-class care for every person, every time
- Relentless innovation to improve lives
- The best place to work and learn

These guiding principles shape every aspect of our strategy and ensure that the Wexner Medical Center continues to lead in care, discovery, and education—locally, nationally, and globally.

Recent and upcoming developments reflect this commitment:

- James Outpatient Care, opened in fiscal 2024, offers collaborative outpatient cancer care and houses central Ohio's first outpatient cancer surgery and proton therapy centers.

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

- The Inpatient Tower, opening in fiscal 2026, will be a 1.9 million square foot facility—the largest single construction project in University history—enhancing research, clinical training, and patient care.
- Outpatient Care Powell, opening in fiscal 2027, will join New Albany and Dublin locations in expanding suburban access to comprehensive healthcare services, including primary and specialty care, diagnostics, and treatment.

As a leading academic medical center, the Health System is redefining healthcare delivery by prioritizing high-value care, exceptional patient experiences, and broad access. It plays a vital role in addressing complex health needs while promoting community wellness—an impact uniquely possible through an academic health system.

Embodying the Buckeye Spirit through values of Inclusiveness, Determination, Empathy, Sincerity, Ownership, and Innovation, the Health System remains proactive in navigating the evolving healthcare landscape. It is poised to build on its legacy of excellence, driving growth in both care delivery and operational performance in the years ahead.

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

	As of June 30, 2025	As of June 30, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents on deposit with the University	\$ 1,167,456	\$ 1,087,585
Patient accounts receivable, net of provision for bad debts of \$99,876 in 2025 and \$90,619 in 2024	679,451	596,190
Other receivables	123,431	128,027
Inventory	100,116	91,160
Prepaid expenses and other current assets	40,731	36,962
Total current assets	2,111,185	1,939,924
Non-current assets:		
Long-term investment pool	633,650	593,934
Other long-term investments	20,000	139,956
Capital assets, net	4,004,633	3,640,940
Net OPEB Asset	147,917	56,270
Long-term lease receivable	145,707	155,758
Other non-current assets	84,000	81,964
Total non-current assets	5,035,907	4,668,822
Total assets	7,147,092	6,608,746
Deferred outflows:		
Pension	286,657	421,070
OPEB	1,022	45,117
Other	-	424
Total deferred outflows	287,679	466,611
Total assets and deferred outflows	\$ 7,434,771	\$ 7,075,357
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 444,082	\$ 291,895
Accrued salaries and benefits	106,603	83,215
Current portion of compensated absences	7,445	6,643
Current portion lease liability	19,247	14,227
Third-party payor settlements	19,134	18,770
Current portion of long-term debt	77,502	79,429
Total current liabilities	674,013	494,179
Non-current liabilities:		
Long-term debt less current portion	1,247,833	1,325,335
Compensated absences less current portion	88,119	80,711
Third-party payor settlements less current portion	63,857	79,153
Long-term lease liability	61,222	47,443
Net pension liability	1,534,381	1,570,105
Unearned revenue	124,880	122,776
Other non-current liabilities	5,262	6,787
Total non-current liabilities	3,125,554	3,232,310
Total liabilities	3,799,567	3,726,489
Deferred inflows:		
Pension	3,808	5,363
OPEB	28,688	32,181
Leases	145,312	154,656
Total deferred inflows	177,808	192,200
Total liabilities and deferred inflows	3,977,375	3,918,689
<b>Net Position</b>		
Net investment in capital assets	2,598,829	2,180,392
Restricted:		
Nonexpendable	9,538	8,861
Expendable	70,320	73,405
Unrestricted	778,709	894,010
Total net position	3,457,396	3,156,668
Total liabilities, deferred inflows, and net position	\$ 7,434,771	\$ 7,075,357
<b>The accompanying notes are an integral part of these financial statements</b>		

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

	Year Ended June 30, 2025	Year Ended June 30, 2024
<b>Operating Revenues</b>		
Net patient service revenue	\$ 4,770,263	\$ 4,192,240
Provision for bad debts	(68,798)	(30,749)
Net patient service revenue less provision for bad debts	4,701,465	4,161,491
Other revenue	864,095	743,167
<b>Total Operating Revenue</b>	5,565,560	4,904,658
<b>Operating Expenses</b>		
Salaries and benefits	2,018,289	1,877,595
Supplies and drugs	1,801,819	1,502,265
Purchased services	763,034	643,437
Depreciation and amortization	286,978	253,782
Pension expense (benefit)	97,133	76,639
OPEB benefit	(51,045)	(5,664)
Other expenses	161,762	152,805
<b>Total Expenses</b>	5,077,970	4,500,859
<b>Operating Income</b>	487,590	403,799
<b>Non-Operating (Expenses) Revenues</b>		
Interest expense	(53,632)	(43,975)
Income from investments	108,314	92,051
Medical Center investments	(270,547)	(235,433)
Contributions to permanent and term endowments	312	2,220
<b>Total Non-Operating (Expenses) Revenues, net</b>	(215,553)	(185,137)
<b>Income Before Other Changes in Net Position</b>	272,037	218,662
<b>Other Changes in Net Position</b>		
Capital contributions	28,015	60,102
Additions to permanent endowments	676	798
<b>Total Other Changes in Net Position</b>	28,691	60,900
<b>Increase in Net Position</b>	300,728	279,562
<b>Net Position - Beginning of Year</b>	3,156,668	2,877,106
<b>Net Position - End of Year</b>	<u>\$ 3,457,396</u>	<u>\$ 3,156,668</u>
The accompanying notes are an integral part of these financial statements		

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

	Year Ended June 30, 2025	Year Ended June 30, 2024
<b>Cash flows from Operating Activities:</b>		
Receipts from patients and third-party payors	\$ 4,609,010	\$ 4,049,680
Other receipts	868,770	832,167
Payments to and on behalf of employees	(2,061,220)	(1,932,484)
Payments to vendors for supplies and services	(2,278,989)	(1,988,790)
Payments on other expenses	(268,842)	(233,131)
Net cash provided by operating activities	<u>868,729</u>	<u>727,442</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Federal and state stimulus funding	36	2,428
Medical Center investments	(270,547)	(235,433)
Improvements to capital assets	119,956	-
Other non-capital financing activities	(1,119)	1,505
Net cash used in non-capital financing activities	<u>(151,674)</u>	<u>(231,500)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds from borrowing of long-term debt	-	300,000
Purchase of capital assets	(575,230)	(646,342)
Repayments of long-term debt and capital lease obligations	(104,936)	(94,931)
Cash paid for interest	(53,632)	(43,975)
Contributions and transfers for property acquisitions	28,015	19,293
Net cash used in capital and related financing activities	<u>(705,783)</u>	<u>(465,955)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of investments	-	(300,000)
Sales of investments	-	340,436
Investment Income, net of related expenses	68,599	58,351
Net cash provided by investing activities	<u>68,599</u>	<u>98,787</u>
Net Increase in Cash and Cash Equivalents	79,871	128,774
Cash and Cash Equivalents - Beginning of Year	1,087,585	958,811
Cash and Cash Equivalents - End of Year	<u>\$ 1,167,456</u>	<u>\$ 1,087,585</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income	\$ 487,590	\$ 403,799
Adjustments to reconcile operating income to net cash provided by operations:		
Pension Expense	97,133	76,639
OPEB Benefit	(51,045)	(5,664)
Depreciation and amortization	286,978	253,782
Changes in assets and liabilities:		
Patient accounts receivable, net	(83,261)	(132,152)
Other receivables	5,345	22,276
Lease receivable	(1,654)	(3,309)
Inventory	(8,956)	(15,609)
Prepaid expenses and other assets	(3,769)	(6,041)
Accounts payable/accrued expenses	123,122	11,174
Accrued salaries and benefits	23,388	10,018
Third party payor settlements	(14,932)	19,882
Compensated absences	8,210	6,948
Other liabilities	580	85,699
Net cash provided by operating activities	<u>\$ 868,729</u>	<u>\$ 727,442</u>
<b>Non Cash Transactions</b>		
Unrealized gain on investments	\$ 39,716	\$ 33,700
Change in Construction in progress in accounts payable	29,065	1,868
<b>The accompanying notes are an integral part of these financial statements.</b>		

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

**NOTE 1 – ORGANIZATION**

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

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting:**

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

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

**New Accounting Pronouncements:**

In June 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential to decision making and assessing a government's accountability. The Statement includes provisions related to the presentation of Management's Discussion and Analysis, the presentation of proprietary fund statements of revenues, expenses and changes in net position and the presentation of major component unit information and is effective for fiscal years beginning after June 15, 2025 (FY2026).

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets, including leases, subscription-based information technology arrangements and right-of-use assets associated with public-private partnerships, to be disclosed separately in the capital assets note disclosures required by Statement No. 34. It also requires additional disclosures for capital assets held for sale. The Statement is effective for fiscal years beginning after June 15, 2025 (FY2026).

Health System management is currently assessing the impact that implementation of GASB Statements No. 103 and 104 will have on the Health System's financial statements.

In fiscal year 2025, the Health System implemented GASB issued Statement No. 101, *Compensated Absences*. GASB 101, which supersedes GASB Statement No. 16, *Accounting for Compensated Absences*, requires recognition of liabilities for leave that have not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The adoption of Statement No. 101 resulted in no change in net position as of July 1, 2023 for the Health System.

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

**Use of Estimates:**

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

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

**Net Position:**

Net Position is categorized as:

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

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

**Cash and Cash Equivalents on Deposit with the University:**

Cash and cash equivalents of \$1,167,456 at June 30, 2025 and \$1,087,585 at June 30, 2024 consist primarily of petty cash, demand deposit accounts, money market accounts, savings accounts and investments with original maturities of 90 days or less. Such investments consist primarily of U.S. Government obligations, U.S. Agency obligations, repurchase agreements and money market funds. Health System cash is pooled with other operating units within the University and earns interest income at rates established through the University's internal bank program.

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

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



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

rates of third parties in previously settled cost reports are being appealed. Any recoveries are recognized in the financial statements as adjustments to prior year settlements at the time the appeals are resolved.

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

**Medicare:**

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

**Medicaid:**

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

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

**Other:**

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

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

**Settlements:**

The Health System has estimated and recorded settlement amounts for all unsettled Medicare and Medicaid cost reports through June 30, 2025. In the opinion of management, adequate provisions have been made for such settlements. The Health System records changes in estimates upon receiving interim or final settlements related to prior year cost reports. The most recent settled cost report for The Ohio State University Hospital for Medicare was for fiscal year ended June 30, 2021 and June 30, 2019 for Medicaid. The most recent settled cost report for the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute for Medicare was fiscal year ended June 30, 2023 and June 30, 2019 for Medicaid.

In addition to cost report settlements, government and managed care payors are increasingly retroactively reviewing claims for medical necessity, inpatient/outpatient status, charge accuracy, documentation, provider-based requirements and non-allowable charges. Annual audits are completed related to HCAP payments. Electronic Health Records payment audits are also being completed by CMS and the Office of the Inspector General (OIG) to assure accuracy of payments in prior years for both Medicare and Medicaid. The Health System reserves include amounts to cover potential recoveries related to these audits.

**Contributions and Pledges Receivable:**

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

**Inventory:**

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

**Other Long-term Investments:**

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

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

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

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

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

Other Long-term Investments consisted of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Funds held for capital replacement	\$ -	\$ 91,925
Funds held for debt retirement	-	28,031
Funds held for research initiatives	20,000	20,000
<b>Total</b>	<b>\$ 20,000</b>	<b>\$ 139,956</b>

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

Amounts invested in the Ohio State University Long-Term Investment Pool are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools* as amended by GASB Statement 72, *Fair value Measurement and Application*. These funds are managed by the Investment Office of the University, which commingles the funds with other University related organizations. Earned investment income by a fund is based on the moving average of its monthly market value percentage to the overall pool.

**Endowment Funds:**

All University endowments are invested in the University's Long-Term Investment Pool and are invested and administered according to University policy. Certain endowment fund assets, namely funds relating to the Health System capital expansion and patient care activities, have been recorded in the Health System's financial statements based upon the concurrent determination that the underlying activities are to be recorded by the Health System. Each named Health System fund is assigned a number of shares in the University Long-Term Investment Pool based on the value of the gifts, income to principal transfers, or transfers of operating funds to the named fund. Annual distributions from the funds are computed using the share method of accounting for pooled investments. Health System endowment fund assets are included in long term receivables and other assets on the Statement of Net Position, and totaled \$9,537 and \$8,861 at June 30, 2025 and 2024, respectively.

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

**Equity method investments:**

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

**Capital Assets:**

Capital assets are long-life assets in the service of the Health System and include land, buildings, improvements, equipment and software. The Health System applies capitalization thresholds for items with a cost of \$5 or more and a useful life of at least two years as capital assets. Groups of like items less than \$5 individually but exceeding \$5 in total may be considered a capital asset when associated with new construction or renovation. Capital asset acquisitions are recorded at cost or at acquisition value at date of donation. Depreciation is recorded on a straight-line basis over the estimated useful life of the assets beginning in the month the asset is placed in service. The useful life of buildings ranges from 5-70 years, and equipment useful life range is 2-20 years. Leasehold improvements are depreciated over the shorter

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

of the remaining lease term or the useful life of the improvement. The Health System uses guidelines established by the American Hospital Association to assign estimated useful lives to fixed equipment and inventoried equipment. Interest expense incurred on borrowed funds during the period of construction of capital assets is expensed as a component of the cost of acquiring those assets.

**Net Patient Service Revenue:**

Net Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated and retroactive settlements. Net patient service revenue for the years ended June 30, 2025 and 2024 are summarized as follows:

	<u><b>2025</b></u>	<u><b>2024</b></u>
Total patient service revenue	\$ 15,023,432	\$ 13,063,917
Contractual allowances and other discounts	(10,253,169)	(8,871,677)
Provision for bad debts	(68,798)	(30,749)
Net patient service revenue less provision for bad debts	<u><b>\$ 4,701,465</b></u>	<u><b>\$ 4,161,491</b></u>

Additionally, net patient service revenue is reported net of contractual allowances and other discounts and excludes provision for bad debts. Net patient service revenue amounts recognized from major payor sources (based on primary payor) for fiscal 2025 and 2024, respectively, are as follows:

<u><b>Payor</b></u>	<u><b>2025</b></u>		<u><b>2024</b></u>	
Medicare	\$ 1,430,080	30.0%	\$ 1,220,204	29.1%
Medicaid	665,711	14.0%	660,386	15.7%
Managed Care	2,666,080	55.9%	2,304,160	55.0%
<i>Anthem</i>	928,625		857,472	
<i>United Healthcare</i>	669,727		538,047	
<i>MMO</i>	279,718		233,762	
<i>Aetna</i>	245,627		209,709	
<i>Other</i>	542,383		465,170	
Self Pay	8,392	0.1%	7,490	0.2%
<b>Total</b>	<u><b>\$ 4,770,263</b></u>	<u><b>100.0%</b></u>	<u><b>\$ 4,192,240</b></u>	<u><b>100.0%</b></u>

**Charity Care:**

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

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

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The cost of providing charity care for the fiscal years 2025 and 2024 are as follows:

	<u><b>2025</b></u>	<u><b>2024</b></u>
Total cost of charity care	\$ 72,040	\$ 83,859
Less Health Care Assurance Program support	(19,597)	(24,556)
Net cost of charity care	<u><b>\$ 52,443</b></u>	<u><b>\$ 59,303</b></u>

**Other Revenue:**

Other Revenue is composed of items such as reference labs, cafeteria operations, rental agreements, specialty outpatient pharmacy operations, Neonatal Intensive Care Unit, HP3 staff lease agreement, and other sources.

**Estimated Medical Liability Costs:**

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

**NOTE 3 – COVID-19 AND FEDERAL EMERGENCY MANAGEMENT AGENCY**

The Covid-19 pandemic had a significant impact on the activities and results of Health System operations. Health System expenses were significantly impacted due to staffing shortages that drove up salary cost related to premium pay and agency spend. The global supply chain challenges caused inflationary pressure with medical supplies and capital project costs. The Department of Health and Human Services (HHS) declared an end to the public emergency on May 11, 2023, thus ending the pandemic.

The Health System filed a Request for Public Assistance (RPA) with FEMA for costs associated with Emergency Protective Measures in response to Covid-19. Qualifying activities included purchases of PPE, signage and educational materials, reimbursement for nursing overtime labor, purchase of ventilators, as well as standing up testing sites, surge units, and a field hospital for additional hospital capacity. As of 2025, the Health System has received and recorded \$38,863 related to Covid-19 cost recovery. These amounts provided to the Health System from FEMA were recognized as non-operating revenues in the Statement of Revenues, Expenses and Changes in Net Position as eligibility requirements were met and the FEMA projects were obligated.

**NOTE 4 – LONG-TERM INVESTMENT POOL**

The Health System maintains an investment interest in the University's Long-Term Investment Pool to support capital projects, research initiatives, clinical care, and the academic mission of the Medical Center. In addition, certain endowment funds, namely funds relating to the Health System capital expansion and patient care activities, have been recorded in the Health System's financial statements based upon the concurrent determination that the underlying activities are to be recorded by the Health System.

The pool consists of 6,607 Board authorized funds and 221 pending funds. Each named fund in the Long-Term Investment Pool is assigned a number of shares, based on the value of the original gift amounts, income-to-principal transfers or transfers of operating funds to that named fund. The pool is invested in a diversified portfolio of equities, fixed income securities and alternative investment funds. The pool operates with a long-term investment goal of preserving and maintaining the real purchasing power of the principal while allowing for the generation of a predictable stream of annual distribution to support the Health System's mission.

The University holds investments in limited partnerships, such as hedge, private equity, venture capital and other alternative investment funds, which are measured at net asset value provided by the management of

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

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

As of June 30, 2025, the original cost and additions of the Health System's operating investments in the pool was \$489,382 and the market value of the Health System's operating investments in the pool was \$633,650. As of June 30, 2024, the original cost and additions of the Health System's operating investments in the pool was \$489,382 and the market value of the Health System's operating investments in the pool was \$593,934.

**NOTE 5 – CAPITAL ASSETS**

Capital assets activity for the years ended June 30, 2025 and 2024 is summarized as follows:

	<b>2025</b>			
	Beginning Balance	Additions	Retirements and Reductions	Ending Balance
Capital assets being depreciated:				
Land and Improvements	\$ 293,225	\$ 4,208	\$ 671	\$ 296,762
Buildings	1,826,006	32,653	1,683	1,856,976
Leasehold Improvements	32,183	8,350	-	40,533
Equipment - Fixed	883,763	43,031	2,052	924,742
Equipment - Moveable	1,180,989	76,760	73,479	1,184,270
Total depreciable assets	4,216,166	165,002	77,885	4,303,283
Less: Accumulated depreciation for				
Land and Improvements	97,961	11,606	-	109,567
Buildings	801,979	88,197	5	890,171
Leasehold Improvements	29,002	1,050	-	30,052
Equipment - Fixed	444,361	41,524	838	485,047
Equipment - Moveable	826,118	116,607	68,122	874,603
Total accumulated depreciation	2,199,421	258,984	68,965	2,389,440
Construction in Progress	1,534,443	612,950	165,158	1,982,235
<b>Capital assets, net excluding lease assets</b>	<b>\$ 3,551,188</b>	<b>\$ 518,968</b>	<b>\$ 174,078</b>	<b>\$ 3,896,078</b>
<b>Lease assets, net (Note 7)</b>				<b>\$ 108,555</b>
<b>Total capital assets, net as reported in statement of net position</b>				<b>\$ 4,004,633</b>

Capital assets placed in service in 2025 totaled \$165,158 primarily from the completion of the Martha Morehouse Facility Improvements, Outpatient Upper Arlington Community Center, Information Technology updates, and other facility enhancements.

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	<b>2024</b>			
	Beginning Balance	Additions	Retirements and Reductions	Ending Balance
Capital assets being depreciated:				
Land and Improvements	\$ 275,658	\$ 17,567	\$ -	\$ 293,225
Buildings	1,624,891	204,891	3,776	1,826,006
Leasehold Improvements	32,183	-	-	32,183
Equipment - Fixed	766,352	120,275	2,864	883,763
Equipment - Moveable	1,011,340	175,469	5,820	1,180,989
Total depreciable assets	3,710,424	518,202	12,460	4,216,166
Less: Accumulated depreciation for				
Land and Improvements	86,198	11,763	-	97,961
Buildings	718,851	83,910	782	801,979
Leasehold Improvements	28,123	879	-	29,002
Equipment - Fixed	410,110	36,686	2,435	444,361
Equipment - Moveable	734,627	95,683	4,192	826,118
Total accumulated depreciation	1,977,909	228,921	7,409	2,199,421
Construction in Progress	1,402,536	647,925	516,018	1,534,443
<b>Capital assets, net excluding lease assets</b>	<b>\$ 3,135,051</b>	<b>\$ 937,206</b>	<b>\$ 521,069</b>	<b>\$ 3,551,188</b>
<b>Lease assets, net (Note 7)</b>				<b>\$ 89,752</b>
<b>Total capital assets, net as reported in statement of net position</b>				<b>\$ 3,640,940</b>

Capital assets placed in service in 2024 totaled \$517,126 primarily from the completion of The James Outpatient Care building including the proton facility, Information Technology updates, and other facility enhancements.

**NOTE 6 – LONG-TERM DEBT**

Long-term debt activity for the years ended June 30, 2025 and 2024 is summarized as follows:

	<b>2025</b>			
	Beginning Balance	Additions	Reductions	Ending Balance
<b>University Bonds:</b>				
2023, 3.84% through 2054	\$ 300,000	-	\$ 5,431	\$ 294,569
2021, 2.85% through 2052	677,232	-	16,042	661,190
2015, 4.95% through 2031	4,278	-	590	3,688
2013, 4.75% through 2032	242,517	-	25,529	216,988
2010, 4.95% through 2031	146,874	-	20,248	126,626
2008, 3.83%-4.03% through 2029	24,146	-	4,995	19,151
2005, 4.08% through 2026	7,223	-	6,170	1,053
1999, 5.14% through 2030	2,494	-	424	2,070
<b>Total Long Term Obligations</b>	<b>1,404,764</b>	<b>-</b>	<b>79,429</b>	<b>1,325,335</b>
Less Current Portion of Long-Term Debt	79,429	77,502	79,429	77,502
<b>Net Long Term Debt</b>	<b>\$ 1,325,335</b>	<b>\$ (77,502)</b>	<b>\$ -</b>	<b>\$ 1,247,833</b>

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	<b>2024</b>			
	Beginning Balance	Additions	Reductions	Ending Balance
<b>University Bonds:</b>				
2023, 3.84% through 2054	\$ -	\$ 300,000	\$ -	\$ 300,000
2021, 2.85% through 2052	692,824	-	15,592	677,232
2015, 4.95% through 2031	4,839	-	561	4,278
2013, 4.75% through 2032	266,864	-	24,347	242,517
2010, 4.95% through 2031	166,146	-	19,272	146,874
2008, 3.83%-4.03% through 2029	28,944	-	4,798	24,146
2005, 4.08% through 2026	13,146	-	5,923	7,223
2003, 4.37%-4.57% through 2024	859	-	859	-
1999, 5.14% through 2030	2,905	-	411	2,494
<b>Total Long Term Obligations</b>	<b>1,176,527</b>	<b>300,000</b>	<b>71,763</b>	<b>1,404,764</b>
Less Current Portion of Long-Term Debt	71,763	79,429	71,763	79,429
<b>Net Long Term Debt</b>	<b>\$ 1,104,764</b>	<b>\$ 220,571</b>	<b>\$ -</b>	<b>\$ 1,325,335</b>

**University Bonds**

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

The University issued general receipts bonds (2023, 3.84% through 2054) in 2024 and the Health System borrowed an additional \$300,000 from the University. The University issued general receipts bonds (2021, 2.85% through 2054) in 2022 and the Health System borrowed \$715,395 from the University. The general receipts bonds were used in the construction of the Inpatient Tower.

The Health System received no additions to debt related to University bonds or other financing in fiscal year 2025.

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	77,502	46,693	124,195
2027	79,784	43,346	123,130
2028	83,271	39,853	123,124
2029	83,953	36,226	120,179
2030	84,319	32,620	116,939
2031-2035	216,458	126,932	343,390
2036-2040	160,994	98,962	259,956
2041-2045	188,231	71,725	259,956
2046-2050	220,187	39,770	259,957
2051-2054	130,636	7,059	137,695
	<b>\$ 1,325,335</b>	<b>\$ 543,186</b>	<b>\$ 1,868,521</b>



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**NOTE 7 – LEASES AND SUBSCRIPTION-BASED IT ARRANGEMENTS**

***Health System as Lessee and Subscription-Based IT Arrangements***

The Health System is a lessee for various noncancellable leases of real estate and equipment. The Health System also has noncancellable subscription Information Technology (IT) arrangements (similar to a lease) for the right-to-use information technology hardware and software (subscription IT arrangements). Lease assets and subscription IT assets are reported with capital assets. Lease and subscription IT liabilities are reported as lease liability in the Statement of Net Position.

Lease and subscription IT asset activity for year ended June 30, 2025 is summarized as follows:

	Beginning Balance	Additions	Remeasurements	Deductions	Ending Balance
Lease assets:					
Real estate	\$ 73,064	\$ 9,944	\$ (197)	\$ 2,334	\$ 80,477
Equipment	1,092	-	-	-	1,092
Total lease assets	74,156	9,944	(197)	2,334	81,569
Less accumulated amortization - lease assets:					
Real estate	18,346	6,621	-	2,299	22,668
Equipment	418	218	-	-	636
Total accumulated amortization	18,764	6,839	-	2,299	23,304
Total lease assets, net	55,392	3,105	(197)	35	58,265
Subscription IT assets	70,372	33,989	(1,486)	19,898	82,977
Less accumulated amortization	36,012	16,573	-	19,898	32,687
Subscription IT assets, net	34,360	17,416	(1,486)	(0)	50,290
Total lease and subscription IT assets, net	\$ 89,752	\$ 20,521	\$ (1,683)	\$ 35	\$ 108,555

Lease and subscription IT asset activity for year ended June 30, 2024 is summarized as follows:

	Beginning Balance	Additions	Remeasurements	Deductions	Ending Balance
Lease assets:					
Real estate	\$ 70,947	\$ 2,609	\$ -	\$ 492	\$ 73,064
Equipment	1,092	-	-	-	1,092
Total lease assets	72,039	2,609	-	492	74,156
Less accumulated amortization - lease assets:					
Real estate	12,696	5,823	-	173	18,346
Equipment	197	221	-	-	418
Total accumulated amortization	12,893	6,044	-	173	18,764
Total lease assets, net	59,146	(3,435)	-	319	55,392
Subscription IT assets	51,495	18,375	502	-	70,372
Less accumulated amortization	18,096	17,916	-	-	36,012
Subscription IT assets, net	33,399	459	502	-	34,360
Total lease and subscription IT assets, net	\$ 92,545	\$ (2,976)	\$ 502	\$ 319	\$ 89,752

Lease and subscription IT liability activity for the year ended June 30, 2025 is summarized as follows:

	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Lease liabilities	\$ 36,051	\$ 9,051	\$ 612	\$ 2,666	\$ 43,048	\$ 2,603
Subscription IT liabilities	25,619	31,461	2,666	22,325	37,421	16,644
Total	\$ 61,670	\$ 40,512	\$ 3,278	\$ 24,991	\$ 80,469	\$ 19,247

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Lease and subscription IT liability activity for the year ended June 30, 2024 is summarized as follows:

	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Lease liabilities	\$ 38,526	\$ -	\$ -	\$ 2,475	\$ 36,051	\$ 2,536
Subscription IT liabilities	\$ 26,858	\$ 17,587	\$ 502	\$ 19,328	\$ 25,619	\$ 11,691
Total	\$ 65,384	\$ 17,587	\$ 502	\$ 21,803	\$ 61,670	\$ 14,227

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

**Future Lease Payments**

	Principal	Interest	Total
Year Ending June 30,			
2026	\$ 2,603	\$ 1,912	\$ 4,515
2027	2,604	1,802	4,406
2028	2,651	1,691	4,342
2029	2,469	1,580	4,049
2030	1,766	1,485	3,251
2031-2035	9,075	6,222	15,297
2036-2040	7,635	4,212	11,847
2041-2045	3,991	2,913	6,904
2046-2050	5,291	1,789	7,080
2051-2055	4,697	634	5,331
2056-2060	266	1	267
	<u>\$ 43,048</u>	<u>\$ 24,241</u>	<u>\$ 67,289</u>

**Future SBITA Payments**

	Principal	Interest	Total
Year Ending June 30,			
2026	\$ 16,644	\$ 1,163	\$ 17,807
2027	16,710	530	17,240
2028	2,933	110	3,043
2029	1,134	17	1,151
	<u>\$ 37,421</u>	<u>\$ 1,820</u>	<u>\$ 39,241</u>

**Health System as Lessor**

The Health System is lessor for various noncancellable leases of real estate. Lease-related revenues recognized by the Health System for the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Lease revenue	\$ 13,864	\$ 13,314
Interest revenue	7,049	7,425
	<u>\$ 20,913</u>	<u>\$ 20,739</u>

**NOTE 8 - SELF INSURANCE PROGRAM – MEDICAL LIABILITY**

On July 1, 2003, the Health System joined with Ohio State University Physicians, Inc., a component unit of The Ohio State University, to establish a self-insurance fund for professional and patient general liability

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claims (Fund II). The fund covers the hospitals and the employed physicians, including eligible providers employed by Ohio State University Physicians, Inc. and its Single Member Limited Liability Companies and their Sub Limited Liability Companies created prior to July 1, 2013. Previous to July 1, 2003, the Health System was self-insured through the University's established self-insurance fund for professional and patient general liability (Fund I). Effective November 1, 2022, Fund I was dissolved, and the remaining liabilities were transferred to Oval Limited. A Loss Portfolio Transfer Assumption Agreement was executed, and a premium was paid to Oval Limited to accept the remaining liabilities. After the premium and expenses were paid, the Fund I was closed, and the remaining Fund I assets were transferred to the Health System during fiscal year 2023. The assets and liabilities of both funds are included in the University's financial statements but are not included in the Health System financial statements as a result of the retained risk being held by the University. The estimated liability and the related contributions are based upon an independent actuarial determination as of June 30, 2025. The medical liability contribution expense is recorded as period expense for the Health System. There was no medical liability contribution expense for fiscal years 2025 and 2024.

The University has also established a pure captive insurer (Oval Limited) that provides excess liability coverage over retained Fund I and Fund II liabilities. Effective November 1, 2022, Oval Limited provides coverage with limits of \$4,000 per loss event and various annual aggregate limits for the residual obligations of the Health System's liability of its employed staff and physicians from 1976 to 2003. Fund II retains \$4,000 per loss event with various annual aggregate limits and a \$2,000 buffer layer in excess of this retention. Effective July 1, 2024, Oval Limited provides coverage with limits of \$120,000 per loss event and in the aggregate. The risk written for fiscal years 2025 and 2024 are fully reinsured by a combination of reinsurance companies each of which has a minimum AM Best rating of A-.

Oval Limited assets and liabilities are included in the University's financial statements but are not included in the Health System financial statements, as a result of the retained risk being held by the University. Annual contributions from the Health System are recorded as period expense. There were no contributions to Oval in fiscal years 2025 and 2024.

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

## **NOTE 9 - RETIREMENT PLANS**

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

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

In accordance with GASB Statements Nos. 68 and 75, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension and OPEB liabilities of the plans. Although changes in the net pension and OPEB liabilities generally are recognized as expense in the current period, certain items are deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are

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amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 2 to 11 years).

**Defined Benefit Pension and OPEB Plans - Year Ended June 30, 2025**

The collective net pension liabilities of the retirement systems and the Health System's proportionate share of these liabilities as of June 30, 2025 are as follows:

	<b>STRS-Ohio</b>	<b>OPERS</b>	<b>Total</b>
Net pension liability - all employers	\$ 19,241,616	\$ 24,500,325	
Proportion of the net pension liability - Health System	0.020%	6.247%	
Proportionate share of net pension liability	\$ 3,762	\$ 1,530,619	\$ 1,534,381

The collective net OPEB liabilities (assets) of the retirement systems and the Health System's proportionate share of these liabilities (assets) as of June 30, 2025 are as follows:

	<b>STRS-Ohio</b>	<b>OPERS</b>	<b>Total</b>
Net OPEB (asset) liability - all employers	\$ (1,896,809)	\$ (2,344,234)	
Proportion of the net OPEB (asset) liability - Health System	0.020%	6.294%	
Proportionate share of net OPEB (asset) liability	\$ (371)	\$ (147,546)	\$ (147,917)

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2025:

	<b>STRS-Ohio</b>	<b>OPERS</b>	<b>Total</b>
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$ 237	\$ 32,076	\$ 32,313
Changes in assumptions	173	586	759
Net difference between projected and actual earnings on pension plan investments	-	168,343	168,343
Changes in proportion of university contributions	5	1	6
Employer contributions subsequent to the measurement date	405	84,831	85,236
<b>Total</b>	<b>\$ 820</b>	<b>\$ 285,837</b>	<b>\$ 286,657</b>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$ 2	\$ 1,673	\$ 1,675
Changes in assumptions	130	-	130
Net difference between projected and actual earnings on pension plan investments	323	-	323
Changes in proportion of university contributions	6	1,674	1,680
<b>Total</b>	<b>\$ 461</b>	<b>\$ 3,347</b>	<b>\$ 3,808</b>

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Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2025:

	<b>STRS-Ohio</b>	<b>OPERS</b>	<b>Total</b>
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$ 16	\$ -	\$ 16
Changes in assumptions	46	-	46
Net difference between projected and actual earnings on OPEB plan investments	-	899	899
Changes in proportion of university contributions	-	61	61
Employer contributions subsequent to the measurement date	-	-	-
<b>Total</b>	<b>\$ 62</b>	<b>\$ 960</b>	<b>\$ 1,022</b>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$ 40	\$ 7,180	\$ 7,220
Changes in assumptions	167	21,285	21,452
Net difference between projected and actual earnings on OPEB plan investments	16	-	16
Changes in proportion of university contributions	\$ -	\$ -	-
<b>Total</b>	<b>\$ 223</b>	<b>\$ 28,465</b>	<b>\$ 28,688</b>

Amounts reported as deferred outflows of resources related to pensions resulting from Health System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

	<b>STRS-Ohio</b>	<b>OPERS</b>	<b>Total</b>
2026	\$ (213)	\$ 100,485	\$ 100,272
2027	341	188,225	188,566
2028	(99)	(69,556)	(69,655)
2029	(75)	(22,422)	(22,497)
2030	-	291	291
2031 and Thereafter	-	636	636
<b>Total</b>	<b>\$ (46)</b>	<b>\$ 197,659</b>	<b>\$ 197,613</b>

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

	<b>STRS-Ohio</b>	<b>OPERS</b>	<b>Total</b>
2026	(57)	(15,903)	(15,960)
2027	(26)	12,439	12,413
2028	(32)	(17,777)	(17,809)
2029	(29)	(6,264)	(6,293)
2030	(23)	-	(23)
2031 and Thereafter	6	-	6
<b>Total</b>	<b>\$ (161)</b>	<b>\$ (27,505)</b>	<b>\$ (27,666)</b>

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

The following table provides additional details on the benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension and OPEB liabilities for the retirement systems for the year ended June 30, 2025 (information below applies to both pensions and OPEB unless otherwise indicated).

	<b>STRS-Ohio</b>	<b>OPERS</b>
<b>Statutory Authority</b>	Ohio Revised Code Chapter 3307	Ohio Revised Code Chapter 145

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

<p><b>Benefit Formula</b></p>	<p><b>Pensions</b> – The Define Benefit (DB) Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective Aug. 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after Aug. 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.</p> <p>Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective Aug. 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60.</p> <p>Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after Aug. 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.</p> <p><b>OPEB</b> – Ohio law authorizes the State Teachers Retirement Board to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans and their eligible dependents.</p> <p>Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board</p>	<p><b>Pensions</b> -- Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.</p> <p><b>OPEB</b> – The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan members.</p> <p>Beginning January 1, 2015, the service eligibility criteria for health care coverage increased to 20 years with a minimum age of 60, or, generally, 30 years of qualifying service at any age. Effective January 1, 2022, retirees must generally be at least age 65 with a minimum of 20 years of qualifying service credit, or a minimum of 30 years of qualifying service credit at any age, to qualify for health care benefits.</p> <p>Beginning 2016 for Medicare retirees enrolled in Medicare A and B, and beginning 2022 for non-Medicare retirees, eligible retirees were able to participate in the OPERS Connector (Connector) in lieu</p>
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**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM**  
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	<b>STRS-Ohio</b>	<b>OPERS</b>
	<p>has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Benefit recipients contributed \$150.6 million or 45% of the total health care costs in fiscal 2024 (excluding deductibles, coinsurance and copayments).</p> <p>Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage. For the year ended June 30, 2024, STRS Ohio received \$91.9 million in Medicare Part D government reimbursements.</p>	<p>of comprehensive health care coverage. The Connector, a vendor selected by OPERS, assists eligible retirees in the evaluation, selection and purchase of a health care plan on the open market. Eligible retirees may receive a monthly allowance in their health reimbursement arrangement (HRA) account that can be used to reimburse eligible health care expenses.</p>
<b>Cost-of-Living Adjustments (COLAs)</b>	<p>Effective July 1, 2017, the COLA was reduced to 0%.</p>	<p>Once a benefit recipient retired under the Traditional Pension Plan has received benefits for 12 months, the member is eligible for an annual cost-of-living adjustment. This cost-of-living adjustment is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan division receive a cost-of-living adjustment on the defined benefit portion of their retirement benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3%. For those retiring on or after January 7, 2013, beginning in 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3%.</p>
<b>Contribution Rates</b>	<p>Employer and member contribution rates are established by the Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The employer and member contribution rates are 14% of covered payroll. Under Ohio law, funds to pay health care costs may be deducted from employer contributions. For the year ended June 30, 2024, no employer allocation was made to the health care fund.</p>	<p>Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2024, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).</p>



**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM**  
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(in thousands)

	<b>STRS-Ohio</b>	<b>OPERS</b>
<b>Measurement Date</b>	June 30, 2024	December 31, 2024 (OPEB is rolled forward from December 31, 2023 actuarial valuation date)
<b>Actuarial Assumptions</b>	<b>Valuation Date:</b> June 30, 2024 for pensions and OPEB <b>Actuarial Cost Method:</b> Individual entry age <b>Investment Rate of Return:</b> 7.00% <b>Inflation:</b> 2.50% <b>Projected Salary Increases:</b> Varies by service from 2.5% to 8.5% <b>Cost-of-Living Adjustments:</b> 0% effective July 1, 2017 <b>Payroll Increases:</b> 3.00% <b>Health Care Cost Trends:</b> -112.22% to 8.00% initial; 3.94% ultimate in 2044	<b>Valuation Date:</b> December 31, 2024 for pensions; December 31, 2023 for OPEB <b>Actuarial Cost Method:</b> Individual entry age <b>Investment Rate of Return:</b> 6.9% for pensions; 6.0% for OPEB <b>Inflation:</b> 2.75% <b>Projected Salary Increases:</b> 2.75% - 10.75% <b>Cost-of-Living Adjustments:</b> Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 2.90% Simple for calendar year 2025, then 2.05% Simple <b>Health Care Cost Trends:</b> 5.50% initial; 3.50% ultimate in 2039
<b>Mortality Rates</b>	For healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.	Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.
<b>Date of Last Experience Study</b>	June 30, 2021	December 31, 2020

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

	STRS-Ohio	OPERS																																																																											
<b>Investment Return Assumptions</b>	<p>The 10 year expected real rate of return on defined benefit pension and health care plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and long-term expected real rate of return for each major asset class are summarized as follows:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Domestic Equity</td><td>26.0%</td><td>6.90%</td></tr> <tr> <td>International Equity</td><td>22.0%</td><td>7.70%</td></tr> <tr> <td>Alternatives</td><td>19.0%</td><td>9.10%</td></tr> <tr> <td>Fixed Income</td><td>22.0%</td><td>4.50%</td></tr> <tr> <td>Real Estate</td><td>10.0%</td><td>5.10%</td></tr> <tr> <td>Liquidity Reserves</td><td>1.0%</td><td>2.40%</td></tr> <tr> <td><b>Total</b></td><td><b>100%</b></td><td></td></tr> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Domestic Equity	26.0%	6.90%	International Equity	22.0%	7.70%	Alternatives	19.0%	9.10%	Fixed Income	22.0%	4.50%	Real Estate	10.0%	5.10%	Liquidity Reserves	1.0%	2.40%	<b>Total</b>	<b>100%</b>		<p>The long term expected rates of return on defined benefit pension and health care investment assets were determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.</p> <p>The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2024 and the long-term expected real rates of return:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Fixed Income</td><td>24.0%</td><td>2.42%</td></tr> <tr> <td>Domestic Equities</td><td>21.0%</td><td>5.70%</td></tr> <tr> <td>Real Estate</td><td>13.0%</td><td>4.17%</td></tr> <tr> <td>Private Equity</td><td>15.0%</td><td>8.40%</td></tr> <tr> <td>International Equities</td><td>20.0%</td><td>6.10%</td></tr> <tr> <td>Risk Parity</td><td>2.0%</td><td>4.40%</td></tr> <tr> <td>Other Investments</td><td>5.0%</td><td>2.54%</td></tr> <tr> <td><b>Total</b></td><td><b>100.0%</b></td><td></td></tr> </table> <p>* Returns presented as geometric means</p> <p>The following table displays the Board-approved asset allocation policy for health care assets for 2024 and the long-term expected real rates of return:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Fixed Income</td><td>37.0%</td><td>2.37%</td></tr> <tr> <td>Domestic Equities</td><td>26.0%</td><td>5.70%</td></tr> <tr> <td>Real Estate</td><td>5.0%</td><td>5.00%</td></tr> <tr> <td>International Equities</td><td>26.0%</td><td>6.10%</td></tr> <tr> <td>Risk Parity</td><td>3.0%</td><td>4.40%</td></tr> <tr> <td>Other Investments</td><td>3.0%</td><td>2.50%</td></tr> <tr> <td><b>Total</b></td><td><b>100.0%</b></td><td></td></tr> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	24.0%	2.42%	Domestic Equities	21.0%	5.70%	Real Estate	13.0%	4.17%	Private Equity	15.0%	8.40%	International Equities	20.0%	6.10%	Risk Parity	2.0%	4.40%	Other Investments	5.0%	2.54%	<b>Total</b>	<b>100.0%</b>		Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	37.0%	2.37%	Domestic Equities	26.0%	5.70%	Real Estate	5.0%	5.00%	International Equities	26.0%	6.10%	Risk Parity	3.0%	4.40%	Other Investments	3.0%	2.50%	<b>Total</b>	<b>100.0%</b>	
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**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
(in thousands)

<p><b>Discount Rate</b></p>	<p><b>Pensions</b> -- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.</p> <p><b>OPEB</b> -- The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.</p>	<p><b>Pensions</b> -- The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</p> <p><b>OPEB</b> -- A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2024; however, the single discount rate used at the beginning of the year was 5.70%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). The single discount rate was based on the actuarial assumed rate of return of 6.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2124. As a result, the single discount rate was set as the actuarial assumed long-term expected rate of return on health care investments and was applied to projected costs through the year 2124, the duration of the projection</p>
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**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
(in thousands)

	<b>STRS-Ohio</b>	<b>OPERS</b>												
		period through which projected health care payments are fully funded. The tax-exempt municipal bond rate was not needed in the determination of the single discount rate.												
<b>Changes in Assumptions Since the Prior Measurement Date</b>	<p><b>Pensions</b> – Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.</p> <p><b>OPEB</b> – Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.</p>	<p><b>Pensions</b> – There were no changes in assumptions since the prior measurement date of December 31, 2023.</p> <p><b>OPEB</b> – Amounts reported in 2025 reflect an adjustment of the discount rate from 5.70% to 6.00%.</p>												
<b>Benefit Term Changes Since the Prior Measurement Date</b>	<p><b>Pensions</b> – Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages.</p> <p><b>OPEB</b> - There were no changes in benefit terms since the prior measurement date of June 30, 2023.</p>	<p><b>Pensions</b> –Effective January 1, 2024, the Combined Plan was consolidated into the Traditional Pension Plan, as approved by the legislature in HB 33.</p> <p><b>OPEB</b> – There were no changes in benefit terms since the prior measurement date of December 31, 2023.</p>												
<b>Sensitivity of Net Pension Liability to Changes in Discount Rate</b>	<table> <tr> <th>1% Decrease (6.00%)</th><th>Current Rate (7.00%)</th><th>1% Increase (8.00%)</th></tr> <tr> <td>\$ 6,068</td><td>\$ 3,762</td><td>\$ 1,811</td></tr> </table>	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)	\$ 6,068	\$ 3,762	\$ 1,811	<table> <tr> <th>1% Decrease (5.90%)</th><th>Current Rate (6.90%)</th><th>1% Increase (7.90%)</th></tr> <tr> <td>\$ 2,504,059</td><td>\$ 1,530,619</td><td>\$ 721,760</td></tr> </table>	1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)	\$ 2,504,059	\$ 1,530,619	\$ 721,760
1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)												
\$ 6,068	\$ 3,762	\$ 1,811												
1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)												
\$ 2,504,059	\$ 1,530,619	\$ 721,760												
<b>Sensitivity of Net OPEB Liability (Asset) to Changes in Discount Rate</b>	<table> <tr> <th>1% Decrease (6.00%)</th><th>Current Rate (7.00%)</th><th>1% Increase (8.00%)</th></tr> <tr> <td>\$ (301)</td><td>\$ (371)</td><td>\$ (431)</td></tr> </table>	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)	\$ (301)	\$ (371)	\$ (431)	<table> <tr> <th>1% Decrease (5.00%)</th><th>Current Rate (6.00%)</th><th>1% Increase (7.00%)</th></tr> <tr> <td>\$ (73,269)</td><td>\$ (147,546)</td><td>\$ (209,548)</td></tr> </table>	1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)	\$ (73,269)	\$ (147,546)	\$ (209,548)
1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)												
\$ (301)	\$ (371)	\$ (431)												
1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)												
\$ (73,269)	\$ (147,546)	\$ (209,548)												
<b>Sensitivity of Net OPEB Liability (Asset) to Changes in Medical Trend Rate</b>	<table> <tr> <th>1% Decrease in Trend Rate</th><th>Current Trend Rate</th><th>1% Increase in Trend Rate</th></tr> <tr> <td>\$ (435)</td><td>\$ (371)</td><td>\$ (293)</td></tr> </table>	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	\$ (435)	\$ (371)	\$ (293)	<table> <tr> <th>1% Decrease in Trend Rate</th><th>Current Trend Rate</th><th>1% Increase in Trend Rate</th></tr> <tr> <td>\$ (149,812)</td><td>\$ (147,546)</td><td>\$ (145,028)</td></tr> </table>	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	\$ (149,812)	\$ (147,546)	\$ (145,028)
1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate												
\$ (435)	\$ (371)	\$ (293)												
1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate												
\$ (149,812)	\$ (147,546)	\$ (145,028)												

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

**Defined Benefit Pension and OPEB Plans - Year Ended June 30, 2024**

The collective net pension liabilities of the retirement systems and the Health System's proportionate share of these liabilities as of June 30, 2024 are as follows:

	STRS-Ohio	OPERS	Total
Net pension liability - all employers	\$ 21,534,938	\$ 25,861,873	
Proportion of the net pension liability - Health System	0.021%	6.054%	
Proportionate share of net pension liability	\$ 4,543	\$ 1,565,562	\$ 1,570,105

The collective net OPEB assets of the retirement systems and the Health System's proportionate share of these assets as of June 30, 2024 are as follows:

	STRS-Ohio	OPERS	Total
Net OPEB asset - all employers	\$ (1,944,862)	\$ (902,524)	
Proportion of the net OPEB asset - Health System	0.021%	6.189%	
Proportionate share of net OPEB asset	\$ (410)	\$ (55,860)	\$ (56,270)

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2024:

	STRS-Ohio	OPERS	Total
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$ 166	\$ 28,073	\$ 28,239
Changes in assumptions	384	907	1,291
Net difference between projected and actual earnings on pension plan investments	-	311,257	311,257
Changes in proportion of university contributions	10	-	10
Employer contributions subsequent to the measurement date	-	80,273	80,273
<b>Total</b>	<b>\$ 560</b>	<b>\$ 420,510</b>	<b>\$ 421,070</b>

<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$ 10	\$ 2,345	\$ 2,355
Changes in assumptions	291	-	291
Net difference between projected and actual earnings on pension plan investments	14	-	14
Changes in proportion of university contributions	-	2,703	2,703
<b>Total</b>	<b>\$ 315</b>	<b>\$ 5,048</b>	<b>\$ 5,363</b>

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

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2024:

	<b>STRS-Ohio</b>	<b>OPERS</b>	<b>Total</b>
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$ 2	\$ -	\$ 2
Changes in assumptions	60	13,871	13,931
Net difference between projected and actual earnings on OPEB plan investments	1	31,032	31,033
Changes in proportion of university contributions	-	151	151
Employer contributions subsequent to the measurement date	-	-	-
<b>Total</b>	<b>\$ 63</b>	<b>\$ 45,054</b>	<b>\$ 45,117</b>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$ 63	\$ 7,834	\$ 7,897
Changes in assumptions	271	24,012	24,283
Net difference between projected and actual earnings on OPEB plan investments	-	-	-
Changes in proportion of university contributions	\$ -	\$ 1	1
<b>Total</b>	<b>\$ 334</b>	<b>\$ 31,847</b>	<b>\$ 32,181</b>

Amounts reported as deferred outflows of resources related to pensions resulting from Health System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

	<b>STRS-Ohio</b>	<b>OPERS</b>	<b>Total</b>
2025	\$ (41)	\$ 77,017	\$ 76,976
2026	(155)	104,252	104,097
2027	467	199,238	199,705
2028	(27)	(46,139)	(46,166)
2029	-	235	235
2030 and Thereafter	-	587	587
<b>Total</b>	<b>\$ 244</b>	<b>\$ 335,190</b>	<b>\$ 335,434</b>

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

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

	<b>STRS-Ohio</b>	<b>OPERS</b>	<b>Total</b>
2025	(119)	(2,140)	(2,259)
2026	(58)	1,888	1,830
2027	(22)	24,787	24,765
2028	(29)	(11,328)	(11,357)
2029	(25)	-	(25)
2030 and Thereafter	(17)	-	(17)
<b>Total</b>	<b>\$ (270)</b>	<b>\$ 13,207</b>	<b>\$ 12,937</b>

The following table provides additional details on the benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension and OPEB liabilities for the retirement systems for the year ended June 30, 2024 (information below applies to both pensions and OPEB unless otherwise indicated).

	<b>STRS-Ohio</b>	<b>OPERS</b>
<b>Statutory Authority</b>	Ohio Revised Code Chapter 3307	Ohio Revised Code Chapter 145

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

<p><b>Benefit Formula</b></p>	<p><b>Pensions</b> – The Define Benefit (DB) Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective Aug. 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until Aug. 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until Aug. 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.</p> <p><b>OPEB</b> – Ohio law authorizes the State Teachers Retirement Board to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans and their eligible dependents.</p> <p>Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Benefit recipients contributed \$110.8 million or 29% of the total health care costs in fiscal 2023 (excluding deductibles, coinsurance and copayments).</p> <p>Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible</p>	<p><b>Pensions</b> - Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.</p> <p><b>OPEB</b> – The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Effective January 1, 2022, eligible non-Medicare retirees are part of a Connector program and may be eligible for monthly allowances deposited to an HRA, similar to Medicare-enrolled retirees.</p>
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**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
(in thousands)

	<b>STRS-Ohio</b>	<b>OPERS</b>
	STRS Ohio health care plans include creditable prescription drug coverage. For the year ended June 30, 2023, STRS Ohio received \$100.5 million in Medicare Part D government reimbursements.	
<b>Cost-of-Living Adjustments (COLAs)</b>	Effective July 1, 2017, the COLA was reduced to 0%.	Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, current law provides for an annual COLA. The COLA is calculated on the member's base pension benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a COLA on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, current law provides for a 3% COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.
<b>Contribution Rates</b>	Employer and member contribution rates are established by the Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The employer and member contribution rates are 14% of covered payroll. Under Ohio law, funds to pay health care costs may be deducted from employer contributions. For the year ended June 30, 2023, no employer allocation was made to the health care fund.	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2022, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).
<b>Measurement Date</b>	June 30, 2023	December 31, 2023 (OPEB is rolled forward from December 31, 2022 actuarial valuation date)
<b>Actuarial Assumptions</b>	<b>Valuation Date:</b> June 30, 2023 for pensions and OPEB <b>Actuarial Cost Method:</b> Individual entry age <b>Investment Rate of Return:</b> 7.00% <b>Inflation:</b> 2.50% <b>Projected Salary Increases:</b> Varies by service from 2.5% to 8.5% <b>Cost-of-Living Adjustments:</b> 0% effective July 1, 2017 <b>Payroll Increases:</b> 3.00% <b>Health Care Cost Trends:</b> -11.95% to 7.50% initial; 4.14% ultimate in 2043	<b>Valuation Date:</b> December 31, 2023 for pensions; December 31, 2022 for OPEB <b>Actuarial Cost Method:</b> Individual entry age <b>Investment Rate of Return:</b> 6.9% for pensions; 6.0% for OPEB <b>Inflation:</b> 2.75% <b>Projected Salary Increases:</b> 2.75% - 10.75% <b>Cost-of-Living Adjustments:</b> Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 2.30% Simple through 2024, then 2.05% Simple <b>Health Care Cost Trends:</b> 5.50% initial; 3.50% ultimate in 2038

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM**  
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	<b>STRS-Ohio</b>	<b>OPERS</b>
<b>Mortality Rates</b>	For healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.	Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.
<b>Date of Last Experience Study</b>	June 30, 2021	December 31, 2020

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

	STRS-Ohio	OPERS																																																																											
<b>Investment Return Assumptions</b>	<p>The 10 year expected real rate of return on defined benefit pension and health care plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and long-term expected real rate of return for each major asset class are summarized as follows:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Domestic Equity</td><td>26.0%</td><td>6.60%</td></tr> <tr> <td>International Equity</td><td>22.0%</td><td>6.80%</td></tr> <tr> <td>Alternatives</td><td>19.0%</td><td>7.38%</td></tr> <tr> <td>Fixed Income</td><td>22.0%</td><td>1.75%</td></tr> <tr> <td>Real Estate</td><td>10.0%</td><td>5.75%</td></tr> <tr> <td>Liquidity Reserves</td><td>1.0%</td><td>1.00%</td></tr> <tr> <td><b>Total</b></td><td><b>100%</b></td><td></td></tr> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Domestic Equity	26.0%	6.60%	International Equity	22.0%	6.80%	Alternatives	19.0%	7.38%	Fixed Income	22.0%	1.75%	Real Estate	10.0%	5.75%	Liquidity Reserves	1.0%	1.00%	<b>Total</b>	<b>100%</b>		<p>The long term expected rates of return on defined benefit pension and health care investment assets were determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.</p> <p>The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2023 and the long-term expected real rates of return:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Fixed Income</td><td>24.0%</td><td>2.85%</td></tr> <tr> <td>Domestic Equities</td><td>21.0%</td><td>4.27%</td></tr> <tr> <td>Real Estate</td><td>13.0%</td><td>4.46%</td></tr> <tr> <td>Private Equity</td><td>15.0%</td><td>7.52%</td></tr> <tr> <td>International Equities</td><td>20.0%</td><td>5.16%</td></tr> <tr> <td>Risk Parity</td><td>2.0%</td><td>4.38%</td></tr> <tr> <td>Other Investments</td><td>5.0%</td><td>3.46%</td></tr> <tr> <td><b>Total</b></td><td><b>100.0%</b></td><td></td></tr> </table> <p>* Returns presented as geometric means</p> <p>The following table displays the Board-approved asset allocation policy for health care assets for 2023 and the long-term expected real rates of return:</p> <table> <tr> <th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr> <tr> <td>Fixed Income</td><td>37.0%</td><td>2.82%</td></tr> <tr> <td>Domestic Equities</td><td>25.0%</td><td>4.27%</td></tr> <tr> <td>Real Estate</td><td>5.0%</td><td>4.68%</td></tr> <tr> <td>International Equities</td><td>25.0%</td><td>5.16%</td></tr> <tr> <td>Risk Parity</td><td>3.0%</td><td>4.38%</td></tr> <tr> <td>Other Investments</td><td>5.0%</td><td>2.43%</td></tr> <tr> <td><b>Total</b></td><td><b>100.0%</b></td><td></td></tr> </table> <p>* Returns presented as geometric means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	24.0%	2.85%	Domestic Equities	21.0%	4.27%	Real Estate	13.0%	4.46%	Private Equity	15.0%	7.52%	International Equities	20.0%	5.16%	Risk Parity	2.0%	4.38%	Other Investments	5.0%	3.46%	<b>Total</b>	<b>100.0%</b>		Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	37.0%	2.82%	Domestic Equities	25.0%	4.27%	Real Estate	5.0%	4.68%	International Equities	25.0%	5.16%	Risk Parity	3.0%	4.38%	Other Investments	5.0%	2.43%	<b>Total</b>	<b>100.0%</b>	
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**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM**  
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(in thousands)

<b>Discount Rate</b>	<p><b>Pensions</b> -- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.</p> <p><b>OPEB</b> -- The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.</p>	<p><b>Pensions</b> -- The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</p> <p><b>OPEB</b> -- A single discount rate of 5.70% was used to measure the OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the</p>
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**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
(in thousands)

	STRS-Ohio	OPERS												
		municipal bond rate was applied to all health care costs after that date.												
<b>Changes in Assumptions Since the Prior Measurement Date</b>	<p><b>Pensions</b> – There were no assumption changes since the prior measurement date of June 30, 2022.</p> <p><b>OPEB</b> – Healthcare trends were updated to reflect emerging claims and recovery experience as well as benefit changes effective January 1, 2024.</p>	<p><b>Pensions</b> – There were no changes in assumptions since the prior measurement date of December 31, 2022.</p> <p><b>OPEB</b> – Amounts reported in 2024 reflect an adjustment of the discount rate from 5.22% to 5.70% and changes in healthcare trend rates.</p>												
<b>Benefit Term Changes Since the Prior Measurement Date</b>	<p><b>Pensions</b> – The plan was amended in May 2023 to establish one-time 1% COLA increase effective on the anniversary of a benefit recipient's retirement date during Fiscal Year 2024 for participants who retired prior to July 1, 2019; and to add unreduced retirement benefits to those with 34 Years of Service, which extends through Fiscal Year 2028</p> <p><b>OPEB</b> – The plan was amended as of June 30, 2023 to increase the subsidy percentage for non-Medicare retirees from 2.2% to 2.5% effective January 1, 2023; to remove the freeze on the non-Medicare subsidy base premium effective January 1, 2024; and to remove the 6% cap on the year over year increase in Medicare subsidy effective January 1, 2024</p>	<p><b>Pensions</b> – During 2023 Ohio General Assembly passed bill HB 33 allowing OPERS to consolidate Combined and Traditional Defined Benefit Plans at the discretion of OPERS. OPERS Board voted to consolidate the plans effective January 1, 2024.</p> <p><b>OPEB</b> – There were no changes in benefit terms since the prior measurement date of December 31, 2021.</p>												
<b>Sensitivity of Net Pension Liability to Changes in Discount Rate</b>	<table> <tr> <th>1% Decrease (6.00%)</th><th>Current Rate (7.00%)</th><th>1% Increase (8.00%)</th></tr> <tr> <td>\$ 6,985</td><td>\$ 4,543</td><td>\$ 2,477</td></tr> </table>	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)	\$ 6,985	\$ 4,543	\$ 2,477	<table> <tr> <th>1% Decrease (5.90%)</th><th>Current Rate (6.90%)</th><th>1% Increase (7.90%)</th></tr> <tr> <td>\$ 2,464,655</td><td>\$ 1,565,563</td><td>\$ 817,824</td></tr> </table>	1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)	\$ 2,464,655	\$ 1,565,563	\$ 817,824
1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)												
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1% Decrease (5.90%)	Current Rate (6.90%)	1% Increase (7.90%)												
\$ 2,464,655	\$ 1,565,563	\$ 817,824												
<b>Sensitivity of Net OPEB Liability (Asset) to Changes in Discount Rate</b>	<table> <tr> <th>1% Decrease (6.00%)</th><th>Current Rate (7.00%)</th><th>1% Increase (8.00%)</th></tr> <tr> <td>\$ (347)</td><td>\$ (410)</td><td>\$ (465)</td></tr> </table>	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)	\$ (347)	\$ (410)	\$ (465)	<table> <tr> <th>1% Decrease (4.70%)</th><th>Current Rate (5.70%)</th><th>1% Increase (6.70%)</th></tr> <tr> <td>\$ 30,683</td><td>\$ (55,860)</td><td>\$ (127,495)</td></tr> </table>	1% Decrease (4.70%)	Current Rate (5.70%)	1% Increase (6.70%)	\$ 30,683	\$ (55,860)	\$ (127,495)
1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)												
\$ (347)	\$ (410)	\$ (465)												
1% Decrease (4.70%)	Current Rate (5.70%)	1% Increase (6.70%)												
\$ 30,683	\$ (55,860)	\$ (127,495)												
<b>Sensitivity of Net OPEB Liability (Asset) to Changes in Medical Trend Rate</b>	<table> <tr> <th>1% Decrease in Trend Rate</th><th>Current Trend Rate</th><th>1% Increase in Trend Rate</th></tr> <tr> <td>\$ (468)</td><td>\$ (410)</td><td>\$ (341)</td></tr> </table>	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	\$ (468)	\$ (410)	\$ (341)	<table> <tr> <th>1% Decrease in Trend Rate</th><th>Current Trend Rate</th><th>1% Increase in Trend Rate</th></tr> <tr> <td>\$ (58,149)</td><td>\$ (55,860)</td><td>\$ (53,200)</td></tr> </table>	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate	\$ (58,149)	\$ (55,860)	\$ (53,200)
1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate												
\$ (468)	\$ (410)	\$ (341)												
1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate												
\$ (58,149)	\$ (55,860)	\$ (53,200)												

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

**Defined Contribution Plans**

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

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

STRS Ohio also offers a defined contribution plan in addition to its long established defined benefit plan. All employee contributions and employer contributions at a rate of 11.09% are placed in an investment account directed by the employee. Disability benefits are limited to the employee's account balance. Employees electing the defined contribution plan receive no post-retirement health care benefits.

**Combined Plans**

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

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

**Summary of Employer Pension and OPEB Expense**

Total employer contributions for pensions for the years ended June 30, 2025 and 2024 were \$192,573 and \$175,851, respectively. There were no contributions associated with OPEB. For the years ended June 30, 2025 and 2024, the Health System recognized pension and OPEB expense of \$238,661 and \$246,827, respectively. Pension and OPEB expenses are allocated to institutional functions on the Statement of Revenues, Expenses and Other Changes in Net Position.

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

<u>STRS Ohio</u> 275 East Broad Street Columbus, OH 43215-3371 <a href="https://www.strsoh.org/about/reports.html">https://www.strsoh.org/about/reports.html</a>	<u>OPERS</u> 277 East Town Street Columbus, OH 43215-4642 <a href="https://www.opers.org/financial/reports.shtml">https://www.opers.org/financial/reports.shtml</a>
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**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
(in thousands)

**NOTE 10 – COMPENSATED ABSENCES**

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

Sick leave may be accrued without limit. Additions (accruals) and deductions (use) of sick hours are reflected in employees' total sick leave balances. There is no policy or statutory requirement for employees to use their "oldest" hours first. Unused sick leave hours are payable only upon retirement from the Health System with ten or more years of service with the state. The amount of sick leave benefit payable at retirement is one fourth of the value of the accrued but unused sick leave up to a maximum of 240 hours.

The Health System reviews historical patterns of accruals, usage, pay outs and forfeitures of sick leave hours to determine whether sick leave balances are more likely than not (MLTN) to be used as paid leave or paid out upon retirement. Based on historical trends related to accrual and usage of sick leave hours, management has determined that employees are not more likely than not to use sick leave hours already earned and accrued. As a result, the Health System does not recognize a compensated absence liability for MLTN usage of accrued sick time.

The Health System accrues compensated absence liability for sick leave balances that are considered more likely than not to be paid out on retirement using a termination payment method. Under this method, the Health System calculates a ratio, Sick Leave Termination Cost per Year Worked, that is based on the Health System's actual historical experience of sick leave payouts to terminated employees. This ratio is then applied to the total years-of-service for current employees.

Certain employees of the Health System (mostly classified civil service employees) receive compensation time in lieu of overtime pay, which must be paid to the employee at termination or retirement. The Health System accrues compensated absence liability for all unused compensatory time. See the roll forward of compensated absences activity as included in Note 11 – OTHER NON-CURRENT LIABILITIES.

**NOTE 11 – OTHER NON-CURRENT LIABILITIES**

Other non-current liability activity for the years ending June 30, 2025 and 2024 is summarized as follows:

	<b>2025</b>				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 80,711	\$ 7,963	\$ 555	\$ 88,119	\$ 7,445
Third-party payor settlements	79,153	-	15,296	63,857	19,134
Unearned revenue	122,776	5,337	3,233	124,880	5,429
Other liabilities	6,787	636	2,161	5,262	-
	<u>289,427</u>	<u>13,936</u>	<u>21,245</u>	<u>282,118</u>	<u>32,008</u>

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

	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 74,369	\$ 9,586	\$ 3,244	\$ 80,711	\$ 6,643
Third-party payor settlements	74,697	21,517	17,061	79,153	18,770
Unearned revenue	37,441	86,356	1,021	122,776	7,247
Other liabilities	6,423	472	108	6,787	-
	192,930	117,931	21,434	289,427	32,660

**NOTE 12 – CONCENTRATIONS OF CREDIT RISK**

The Health System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of hospital accounts receivable from patients and third-party payors at June 30, 2025 and 2024 is summarized as follows:

<b><u>Payor - Receivables</u></b>	<b>Fiscal Year June 30,</b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>
Managed Care	64%	59%
Medicare	22	26
Medicaid	13	14
Self Pay	1	1
Total	<b>100%</b>	<b>100%</b>

**NOTE 13 – RELATED PARTY TRANSACTIONS**

**The Ohio State University**

The Health System purchases employee benefits, utilities, mail services, and construction project management services from the University. Additionally, the Health System pays university overhead, which includes such services as payroll processing, public safety, auditing, and insurance. University overhead charged to the Health System is recorded in Other expenses and was \$67,685 and \$65,400 for the years ended June 30, 2025 and June 30, 2024, respectively. The Health System provides healthcare services to OSU employees enrolled in OSU sponsored health insurance programs. The Health System collected \$154,501 for healthcare services as of June 30, 2025 and \$130,520 in 2024. This is reflected in Net patient service revenue.

The Health System has an investment interest in the University's Long-Term Investment Pool to support capital projects, research initiatives, clinical care, and the academic mission. As of June 30, 2025, the original cost and additions of the Health System's operating investments in the pool was \$489,382 and the market value of the Health System's operating investments in the pool was \$633,650.

**OSU Physicians**

The Health System leases staff, patient management, accounting and billing software and related hardware to OSU Physicians, Inc. (OSUP). OSUP provides patient account management and insurance billing services for the Health System based physician practices. The Health System also contracts with certain OSUP LLCs to provide physician services to some of the Health System based physician practices. The Health System provides single patient billing services to OSUP for patient responsibility after insurance has paid. Health System amounts due to OSUP totaled \$694 as of June 30 2025, and \$4,743 for fiscal year 2024. Health System amounts due from OSUP totaled \$113 as of June 30, 2025 and \$21,554 for fiscal year 2024.



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

**College of Medicine**

The Health System transfers funds to the College of Medicine and the Comprehensive Cancer Center for support of programs and research which are recorded as Medical Center investments. Medical Center investments totaled \$270,547 for fiscal year 2025 and \$235,433 for fiscal year 2024 and are reflected as Other Changes in Net Position.

**Oval**

The University has a pure captive insurer (Oval Limited) that provides excess coverage over Fund I and II. Oval Limited assets and liabilities are included in the University's financial statements but are not included in the Health System financial statements, as a result of the retained risk being held by the University. Annual contributions from the Health System are recorded as period expense. The Health System has not made any additional contributions in the past two years beyond its actuarially determined and Self Insurance Board approved funding levels. See NOTE 8 - SELF INSURANCE PROGRAM – MEDICAL LIABILITY.

**MedFlight**

The Health System has an investment interest in MedFlight, a community-based air ambulance/intensive care transport which is recorded as equity method investments. The investment reflects the Health System's equity interest of \$5,767 for fiscal year 2025 and \$6,209 for fiscal year 2024.

**OSU Mount Carmel Health Alliance**

The Health System has a joint venture with Mount Carmel with partial ownership in Madison County Hospital which is recorded as equity method investments. The investment reflects the Health System's equity interest of \$10,141 for fiscal year 2025 and \$9,100 for fiscal year 2024.

**NOTE 14 – CAPITAL PROJECT COMMITMENTS**

At June 30, 2025, the Health System is committed to future contractual obligations for capital expenditures of approximately \$310,600 from internal and other sources.

**NOTE 15 – CONTINGENCIES**

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

**NOTE 16 - COMPLIANCE**

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

The estimated Medicare and Medicaid cost report settlements recorded at June 30, 2025 could differ from actual settlements based upon results of the cost report audits discussed in NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. Changes in Medicare and Medicaid programs and the reduction of funding levels could have a material adverse impact on the Health System.

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

**NOTE 17 - SUBSEQUENT EVENTS**

The Health System evaluated subsequent events through October 29, 2025, the date the financial statements were issued. All material matters are disclosed in the footnotes to the financial statements.

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

**Required Supplementary Information:**

**Schedule of Proportionate Share of the Net Pension Liability**

<i>(dollars in thousands)</i>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>STRS-Ohio:</b>										
Health System proportion of the collective net pension liability	0.023%	0.016%	0.015%	0.012%	0.013%	0.016%	0.022%	0.029%	0.021%	0.020%
Health System proportionate share of the net pension liability	\$ 6,382	\$ 5,450	\$ 3,453	\$ 2,627	\$ 2,933	\$ 3,912	\$ 2,848	\$ 6,347	\$ 4,543	\$ 3,762
Health System covered payroll	\$ 2,001	\$ 1,417	\$ 1,316	\$ 1,118	\$ 1,275	\$ 1,585	\$ 2,198	\$ 2,836	\$ 2,346	\$ 2,185
Health System proportionate share of the net pension liability as a percentage of its covered payroll	319%	385%	262%	235%	230%	247%	130%	224%	194%	172%
Plan fiduciary net position as a percentage of the total pension liability	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%	87.8%	78.9%	80.0%	82.5%
<b>OPERS:</b>										
Health System proportion of the collective net pension liability	4.765%	4.876%	5.082%	5.252%	5.577%	5.731%	5.824%	5.933%	6.054%	6.247%
Health System proportionate share of the net pension liability	\$ 822,955	\$ 1,104,558	\$ 790,094	\$ 1,432,414	\$ 1,090,407	\$ 831,082	\$ 482,734	\$ 1,738,043	\$ 1,565,563	\$ 1,530,619
Health System covered payroll	\$ 654,922	\$ 694,019	\$ 744,740	\$ 809,493	\$ 853,211	\$ 943,464	\$ 939,396	\$ 1,004,583	\$ 1,068,677	\$ 1,179,502
Health System proportionate share of the net pension liability as a percentage of its covered payroll	126%	159%	106%	177%	128%	88%	51%	173%	146%	130%
Plan fiduciary net position as a percentage of the total pension liability	81.1%	77.4%	84.9%	74.9%	82.4%	87.2%	93.0%	76.1%	79.4%	81.0%

**Schedule of University Contributions**

<i>(dollars in thousands)</i>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>STRS-Ohio:</b>										
Contractually required contribution	\$ 221	\$ 202	\$ 172	\$ 195	\$ 243	\$ 342	\$ 442	\$ 348	\$ 353	\$ 333
Contributions in relation to the contractually required contribution	\$ 221	\$ 202	\$ 172	\$ 195	\$ 243	\$ 342	\$ 442	\$ 348	\$ 353	\$ 333
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health System covered payroll	\$ 1,417	\$ 1,316	\$ 1,118	\$ 1,275	\$ 1,585	\$ 2,198	\$ 2,836	\$ 2,346	\$ 2,185	\$ 1,883
Contributions as a percentage of covered payroll	15.6%	15.3%	15.4%	15.3%	15.3%	15.6%	15.6%	14.8%	16.2%	17.7%
<b>OPERS:</b>										
Contractually required contribution	\$ 94,862	\$ 101,364	\$ 108,538	\$ 119,588	\$ 126,617	\$ 134,543	\$ 137,067	\$ 148,133	\$ 160,528	\$ 175,732
Contributions in relation to the contractually required contribution	\$ 94,862	\$ 101,364	\$ 108,538	\$ 119,588	\$ 126,617	\$ 134,543	\$ 137,067	\$ 148,133	\$ 160,528	\$ 175,732
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health System covered payroll	\$ 673,340	\$ 719,422	\$ 770,257	\$ 836,963	\$ 886,194	\$ 942,337	\$ 959,511	\$ 1,036,774	\$ 1,124,210	\$ 1,230,568
Contributions as a percentage of covered payroll	14.1%	14.1%	14.1%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%

**Required Supplementary Information:**

**Schedule of Proportionate Share of the Net OPEB Liability**

<i>(dollars in thousands)</i>	2018	2019	2020	2021	2022	2023	2024	2025
<b>STRS-Ohio:</b>								
Health System proportion of the collective net OPEB (asset) liability	0.015%	0.012%	0.013%	0.016%	0.022%	0.029%	0.021%	0.020%
Health System proportionate share of the net OPEB (asset) liability	\$ 567	\$ (192)	\$ (220)	\$ (284)	\$ (470)	\$ (739)	\$ (410)	\$ (371)
Health System covered payroll	\$ 1,316	\$ 1,118	\$ 1,275	\$ 1,275	\$ 2,198	\$ 2,836	\$ 2,346	\$ 2,185
Health System proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	43%	-17%	-17%	-22%	-21%	-26%	-17%	-17%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	47.1%	176.0%	174.7%	182.1%	174.7%	230.7%	168.5%	158.0%
<b>OPERS:</b>								
Health System proportion of the collective net OPEB (asset) liability	5.234%	5.385%	5.715%	5.888%	6.024%	6.040%	6.189%	6.294%
Health System proportionate share of the net OPEB (asset) liability	\$ 568,346	\$ 702,036	\$ 789,364	\$ (104,901)	\$ (188,680)	\$ 38,085	\$ (55,859)	\$ (147,546)
Health System covered payroll	\$ 744,740	\$ 809,493	\$ 853,211	\$ 943,464	\$ 939,396	\$ 1,004,583	\$ 1,068,677	\$ 1,179,502
Health System proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	76%	87%	93%	-11%	-20%	4%	-5%	-13%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	54.1%	46.3%	47.8%	115.6%	128.2%	94.8%	107.8%	121.5%

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**(UNAUDITED)**  
**(in thousands)**

**STRS-Ohio - Pensions:**

*Changes of benefit terms.* The plan was amended in May 2023 to establish one-time 1% COLA increase effective on the anniversary of a benefit recipient's retirement date during Fiscal Year 2024 for participants who retired prior to July 1, 2019; and to add unreduced retirement benefits to those with 34 Years of Service, which extends through Fiscal Year 2028. Amounts reported in 2023 reflect plan amendments to provide a one-time 3% COLA for fiscal year 2023 and to eliminate age 60 requirement for unreduced retirement effective August 1, 2026. Amounts reported in 2019 reflect a reduction in the COLA rate to 0%, effective July 1, 2017.

*Changes of assumptions.* Amounts reported in 2023 reflect updates to demographic assumptions related to mortality, retirement, turnover, pension payment form election and salary increases, based on the actuarial experience study for the period from July 1, 2015 through June 30, 2021. Amounts reported in 2022 reflect an adjustment of the discount rate from 7.45% to 7.00%. Amounts reported in 2018 also reflect an adjustment of mortality assumptions based on the use of the RF-2014 Annuitant Mortality Table rather than the RP-2000 Combined Mortality Table. Amounts reported in 2017 reflect an adjustment of the discount rate from 7.75% to 7.45%.

**OPERS – Pensions:**

*Changes of assumptions.* Effective January 1, 2024, the Combined Plan was consolidated into the Traditional Pension Plan. During 2023, the Ohio General Assembly passed bill HB 33 allowing OPERS to consolidate Combined and Traditional Defined Benefit Plans at the discretion of OPERS. OPERS Board voted to consolidate the plans effective January 1, 2024. Amounts reported in 2022 reflect an adjustment of the discount rate from 7.20% to 6.90%. Amounts reported in 2019 reflect an adjustment of the discount rate from 7.50% to 7.20%. Amounts reported in 2017 reflect an adjustment of the discount rate from 8.00% to 7.50%. Amounts reported in 2017 also reflect an updated healthy and disabled mortality assumptions, based on the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

**STRS-Ohio – OPEB:**

*Changes of benefit terms.* The plan was amended as of June 30, 2023 to increase the subsidy percentage for non-Medicare retirees from 2.2% to 2.5% effective January 1, 2023; to remove the freeze on the non-Medicare subsidy base premium effective January 1, 2024; and to remove the 6% cap on the year over year increase in Medicare subsidy effective January 1, 2024. Amounts reported in 2023 reflect health care program changes for the 2023 plan year to increase subsidy level for health care premiums, modify Medicare Part B reimbursements and adjust certain co-pays and out-of-pocket limits. Amounts reported in 2020 reflect postponement of the Medicare Part B monthly reimbursement elimination date to January 1, 2021. Amounts reported in 2019 reflect adoption of a new premium subsidy plan for 2019 and future years that is intended to extend the fund's solvency to 2047. Amounts reported in 2019 also reflect postponement of the Medicare Part B monthly reimbursement elimination date to January 1, 2020. Amounts reported in 2018 reflect discontinuation of Medicare Part B premium reimbursements for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements, beginning January 2019.

*Changes of assumptions.* Amounts reported in 2024 reflect updated healthcare trends related to emerging claims and recovery experience as well as benefit changes effective January 1, 2024. Amounts reported

**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**(UNAUDITED)**  
**(in thousands)**

in 2023 reflect updates to demographic assumptions related to mortality, retirement, turnover, pension payment form election, OPEB participation and salary increases, based on the actuarial experience study for the period from July 1, 2015 through June 30, 2021. Amounts reported in 2022 reflect an adjustment of the discount rate from 7.45% to 7.00%. Amounts reported in 2019 reflect an adjustment of the discount rate from 4.13% to 7.45%. Amounts reported in 2018 reflect an adjustment of the discount rate from 3.26% to 4.13%. Amounts reported in 2018 also reflect an adjustment of mortality assumptions based on the use of the RF-2014 Annuitant Mortality Table rather than the RP-2000 Combined Mortality Table.

**OPERS – OPEB:**

*Changes of benefit terms.* Amounts reported in 2021 reflect several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes, which were approved by the OPERS Board on January 15, 2020, are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances.

*Changes of assumptions.* Amounts reported in 2025 reflect an adjustment of the discount rate from 5.70% to 6.00%. Amounts reported in 2024 reflect an adjustment of the discount rate from 5.22% to 5.70% and changes in healthcare trend rates. Amounts reported in 2023 reflect an adjustment of the discount rate from 6.00% to 5.22%. Amounts reported in 2021 reflect an adjustment of the discount rate from 3.16% to 6.00%. Amounts reported in 2020 reflect an adjustment of the discount rate from 3.96% to 3.16%. Amounts reported in 2019 reflect an adjustment of the discount rate from 3.85% to 3.96%.



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**Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance With Government Auditing Standards**

The Board of Trustees of The Ohio State University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Ohio State University Wexner Medical Center Health System (the "Health System"), a series of departments of The Ohio State University, which comprise the Health System's statement of net position as of June 30, 2025, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2025, which included an emphasis of matter paragraph concerning the scope of the Health System's financial statement presentation as discussed in Note 1 of the financial statements.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Health System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Health System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Health System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Health System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Columbus, Ohio  
October 29, 2025

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# OHIO AUDITOR OF STATE KEITH FABER



**THE OHIO STATE UNIVERSITY WEXNER MEDICAL CENTER HEALTH SYSTEM**

**FRANKLIN COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/10/2026**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)