

From: [Providence Communications](#)
To: [Providence Communications](#)
Subject: CFO Greg Hoffman: Next Few Weeks Critical
Date: Tuesday, July 1, 2025 6:09:04 PM

Follow-up from June 26 organizational update meeting



****This message is going to vice presidents and above across the family of organizations. Please feel free to share with your teams.****

Dear colleagues,

Thank you to those who were able to join last Thursday's organizational update call. We are deeply grateful to you and your teams for continuing to deliver high-quality, compassionate care while also doing the difficult work of financial sustainability.

As we said on the call, your efforts have led to real progress on core metrics — productivity, length of stay and other measures are now at levels that would have supported our Mission and operations back in 2020. However, these levels are no longer sufficient in 2025.

The external pressures are real — and they're not letting up. State laws on wages, staffing and presumptive charity are having a significant impact — as are tariffs, inflation and continued delayed payments and denials from commercial payors.

As a result of these pressures, we closed Q1 with just 86 days cash on hand, which means if revenue stopped coming in today, we would only be able to operate and keep our doors open for another three months. By year end, it is essential that our days cash on hand are restored back to higher levels.

H.R. 1 threatens deeper cuts; Moody's echoes our concerns

If that weren't enough, the Senate version of H.R. 1 — the One Big Beautiful Bill Act — calls for \$200 billion in deeper cuts to Medicaid over the next 10 years compared to the House version. This will potentially leave 11 million people in

the U.S. uninsured, with an estimated financial impact to Providence ranging from \$150 million to \$536 million per year.

- Please see this statement issued today by the Catholic Health Association: [H.R. 1 is a Moral Failure: Congress Prioritizes Wealthy First, Leaves Vulnerable Americans Behind.](#)

In other news, Moody's Ratings today downgraded us from an A2 to A3 credit rating but revised our outlook from negative to stable. We agree with the agency's assertion that external forces are the primary factors: "PSJH's margins will remain under pressure over the near term due to unfavorable conditions in many of PSJH's markets, including union pressure, continued labor shortages, nurse staffing mandates, increased minimum wages, challenging reimbursement, and Oregon's new presumptive charity law."

- [Read the Moody's report.](#) (In the pop-up window, scroll down and click "I agree." No registration is required.)

We are not standing on the sidelines

The good news is we have been preparing for this scenario for some time. Project Escher — the name we've given to our sustainability efforts — is projected to deliver a turnaround of \$2 billion plus, which will bring us the stability we need to reinvest in our Mission and local ministries.

To meet the moment, let's all pull together to do our part.

- **Please continue to hold firm** on the hiring pause for administrative roles, carefully scrutinize all clinical backfills, drive down discretionary spending and sharply improve productivity, length of stay and other core metrics.
- **Take ownership of your budget targets.** We are rolling out performance benchmarks equitably across the family of organizations, with all clinical and administrative areas expected to operate within the 25th to 30th percentile. Toward that end, shared services are being asked to deliver results that are 10% better than budget in the second half of the year.
- **Create capacity and improve throughput.** With weekly surgeries and procedures significantly down from prior periods, it's imperative that we meet the demand for health care services by expanding access, which will in turn bring in needed revenue.
- **Understand that more difficult decisions lie ahead.** In partnership with local teams, we are carefully reviewing dozens of programs and services for potential closure or partnership with like-minded organizations. This will help ensure we can focus our precious resources on the greatest needs. As we go through the review process, we are carefully discerning these decisions through the lens of our Mission, values and community needs.

As we said on the call, please know there are also dedicated teams focused on

reimbursement and receivables, pursuing improved payment terms from our biggest partners, and ensuring critical partnerships are approved in the regulatory process, all of which will contribute.

Communicate the urgency and our goals to your teams

We recognize there have been several communications on this topic. But we wanted to speak directly to you — our vice presidents and above — because the urgency and need to accelerate this work are intensifying. That said, we are incredibly confident in our ability to turn this around because we have the right team in place — and that includes each of you.

As leaders, your role in cascading this message and engaging your teams and medical staff is essential. Please ensure they understand both the seriousness of the moment and our plan to achieve long-term sustainability. Thank you for your dedication to our Mission and commitment to an enduring and thriving future.

Greg Hoffman
Chief Financial Officer

