

## **Written Testimony – John P. Krolicki, UPMC**

The Covid-19 pandemic has heavily disrupted the entire healthcare industry and provider organizations to a significant degree. This has resulted in an increasingly challenging environment with hospital closures, continued staffing shortages, and increased operating costs. Since the onset of the pandemic, over 20 rural hospitals across Pennsylvania have closed their doors. Like so many other hospital providers, UPMC is operating with increasingly slim margins as we work to return to pre-pandemic volumes and staffing. As CFO Ed Karlovich has stated, “we expect to see the pandemic’s lingering effects on health care, including higher costs to effectively address staffing, labor and supply chain challenges, and other operational expenses.” Inflationary pressure on operating expenses and the burden of carrying significant fixed costs only exacerbate the financial challenges ahead.

As we are the provider and insurer of choice in western Pennsylvania, UPMC remains committed to fulfilling our mission and servicing the healthcare needs of the communities we serve. That said, continued financial strain, particularly on non-clinical expenses is a major concern. The large physical footprint of UPMC and high patient volumes lends itself to high utility consumption. Any rate increases for utility costs would represent significant hardship for Health Systems to manage, and one that we collectively have little agency to help improve.