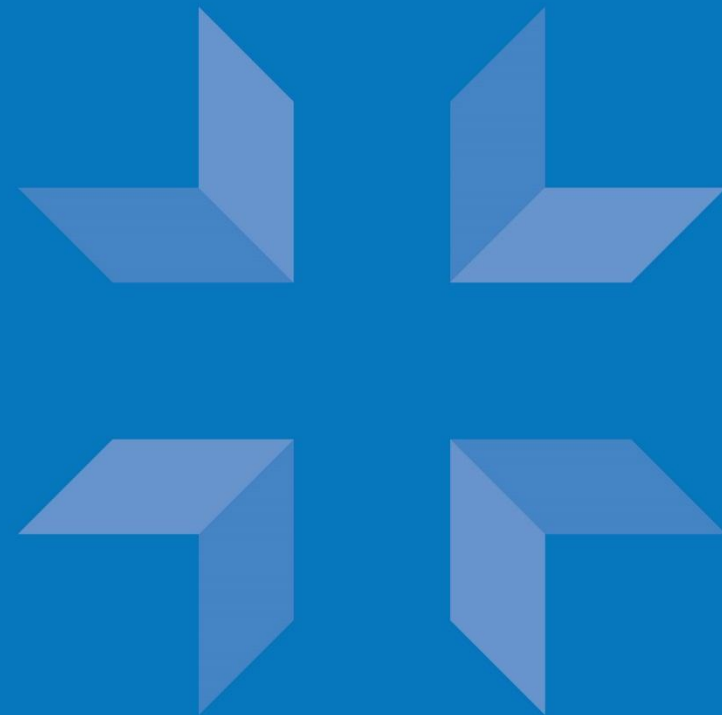


# HENNEPIN HEALTHCARE SYSTEM

## 2026 BUDGET UPDATE

DECEMBER 2025

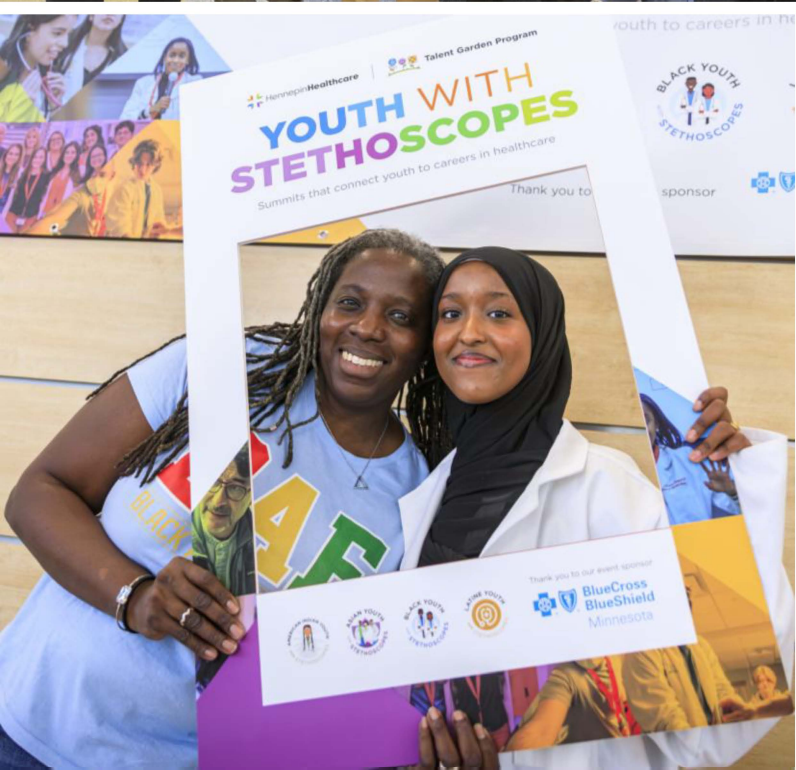


## OUR VISION

Transforming the  
health of our community –  
exceptional care, without exception.









# 2025 Financial Situation:

## Time for Change



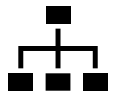
HHS is forecasting a significant loss for 2025, consistent with a multi-year trend



Days cash on hand have been averaging single digits for over year



Uncompensated Costs have doubled in the past 5 years, driven in part by the end of the Public Health Emergency



Existential Crisis; Governance altered to focus maximal efforts on stability/sustainability



2026 Budget optimized staffing via targeted reductions in costs and pursued novel revenue streams to produce a break-even budget and maintain adequate resources to sustain quality medical care



HHS remains in a highly vulnerable financial status. Relentlessly pursuing additional efficiencies and reviewing care models, partnerships and revenue streams to achieve financial success for 2026 and beyond

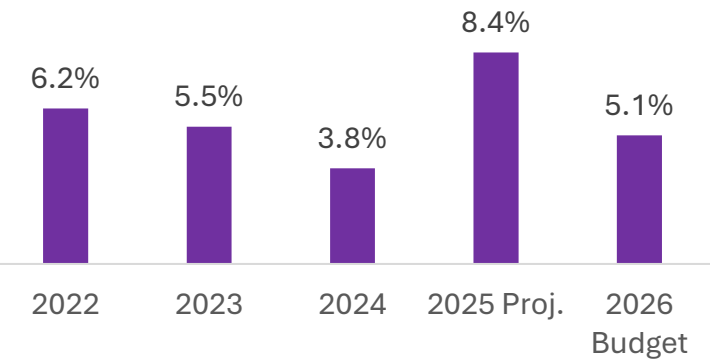
# HENNEPIN HEALTHCARE SYSTEM

## 2026 BUDGET EXECUTIVE DASHBOARD

### COUNTY IMPACTS

Capital:	In Millions
Asset Preservation	\$25.0
Operating:	
Uncompensated Care	\$38.0
<b>TOTAL</b>	<b>\$63.0</b>

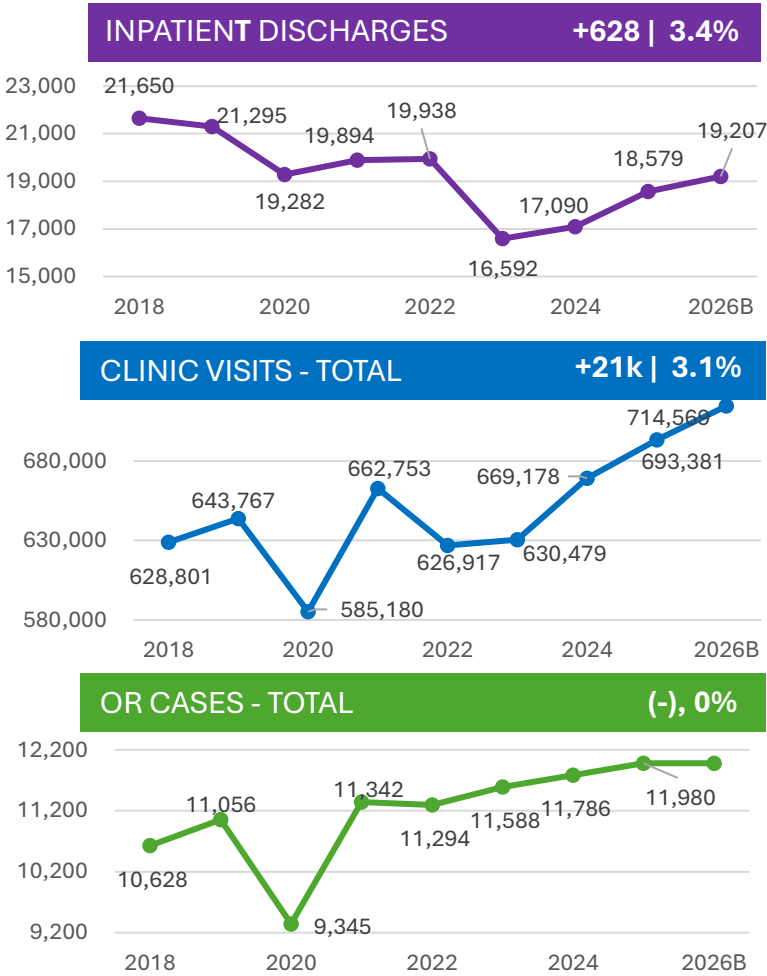
### YEARLY REVENUE GROWTH



### FINANCIAL VITALITY



### VOLUMES



# FINANCIAL VITALITY 2026

INVEST IN PEOPLE, MEET OPERATING MARGIN TARGET, FINANCE CAPITAL NEEDS, AND ENCOURAGE REVENUE GROWTH WHILE INCREASING HEALTH EQUITY OUTCOMES.



**Grow Revenue**  
**Target: 5%**



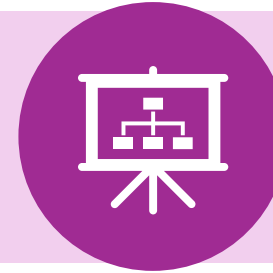
**Meet Margin**  
**Target: 0%**



**Productivity**  
**Target: 100%**



**Days Cash on Hand**  
**Target: 2.5**



**Staffing Ratio**  
**Target: 66.4%**

# HENNEPIN HEALTHCARE SYSTEM

## CONSOLIDATING INCOME STATEMENT

In Thousands

Description	2026 Budget				2025 Forecast HHS	2026 vs 2025
	HCMC	HHF	HHRI	HHS		
Operating Income/(Loss) Margin	0.0%	13.2%	-1.4%	0.1%	-1.7%	
Operating Cash Margin	2.5%	13.2%	-1.4%	2.5%	-1.7%	
<b>Total Revenues</b>	<b>\$1,592,389</b>	<b>\$14,233</b>	<b>\$43,728</b>	<b>\$1,650,350</b>	<b>\$1,582,707</b>	<b>\$67,644</b>
<b>Operating Expenses:</b>						
Salaries, Wages and Benefits	\$1,056,666	\$3,887	\$23,910	\$1,084,463	\$1,073,883	(\$10,580)
Other Expenses	535,724	8,468	20,418	564,610	536,256	(28,354)
<b>Total Expenses</b>	<b>\$1,592,390</b>	<b>\$12,355</b>	<b>\$44,328</b>	<b>\$1,649,073</b>	<b>\$1,610,139</b>	<b>(\$38,934)</b>
<b>Operating Income (Loss)</b>	<b>(\$0)</b>	<b>\$1,878</b>	<b>(\$600)</b>	<b>\$1,278</b>	<b>(\$27,432)</b>	<b>\$28,710</b>
Non-operating	23,124	-	-	23,124	53,965	(30,841)
<b>Net Income/(Loss)</b>	<b>\$23,123</b>	<b>\$1,878</b>	<b>(\$600)</b>	<b>\$24,401</b>	<b>\$26,533</b>	<b>(\$2,131)</b>
<b>Operating Cash Margin</b>	<b>\$39,284</b>	<b>\$1,878</b>	<b>(\$600)</b>	<b>\$40,562</b>	<b>(\$27,432)</b>	<b>\$67,994</b>

# HENNEPIN HEALTHCARE SYSTEM

## CONSOLIDATING BALANCE SHEET

In Thousands

Description	2026 BUDGET				2025 Forecast HHS	2026 vs 2025
	HCMC	HHF	HHRI	HHS		
Cash and Cash Equivalents	\$9,220	\$30,448	\$1,586	\$41,255	\$33,559	\$7,696
Other Current Assets	262,077	8,345	12,603	283,025	293,007	(9,983)
Property and Equipment	493,295	1,628	2,000	496,922	478,837	18,085
Other Noncurrent Assets	85,960	20,199	57,782	163,941	164,544	(603)
<b>Total Assets</b>	<b>\$850,551</b>	<b>\$60,620</b>	<b>\$73,971</b>	<b>\$985,142</b>	<b>\$969,947</b>	<b>\$15,195</b>
Current Liabilities	\$222,523	\$409	\$9,572	\$232,504	\$230,611	\$1,893
Long Term Debt	166,600	-	-	166,600	177,700	(11,100)
Other Noncurrent Liabilities	417,241	-	500	417,741	417,741	-
<b>Total Liabilities</b>	<b>\$806,364</b>	<b>\$409</b>	<b>\$10,072</b>	<b>\$816,845</b>	<b>\$826,052</b>	<b>(\$9,207)</b>
Net Assets	44,187	60,211	63,899	168,297	143,895	24,402
<b>Total Liabilities and Net Assets</b>	<b>\$850,551</b>	<b>\$60,620</b>	<b>\$73,971</b>	<b>\$985,142</b>	<b>\$969,947</b>	<b>\$15,195</b>



# HENNEPIN HEALTHCARE SYSTEM

## CONSOLIDATING CASH FLOW STATEMENT

In Thousands

Description	2026 BUDGET				2025 Forecast
	HCMC	HHF	HHRI	HHS	
<b>Operating Profit (Loss)</b>	<b>\$0</b>	<b>\$1,878</b>	<b>(\$600)</b>	<b>\$1,278</b>	<b>(\$27,432)</b>
County Funded Capital	25,000	-	-	25,000	59,834
Depreciation	33,290	-	528	33,818	33,791
Other	10,000	-	-	10,000	(5,318)
<b>Total Cash Sources</b>	<b>\$68,290</b>	<b>\$1,878</b>	<b>(\$72)</b>	<b>\$70,096</b>	<b>\$60,874</b>
<b>Uses of Cash</b>					
Debt Service Payments	(11,100)	-	-	(11,100)	(11,100)
Capital Spending	(50,000)	(100)	(400)	(50,500)	(65,485)
Other		-	(800)	(800)	(1,754)
<b>Total Cash Uses</b>	<b>(\$61,100)</b>	<b>(\$100)</b>	<b>(\$1,200)</b>	<b>(\$62,400)</b>	<b>(\$78,339)</b>
Net Change in Cash	\$7,190	\$1,778	(\$1,272)	\$7,696	(\$17,465)
Beginning Cash	\$2,030	\$28,670	\$2,858	\$33,559	\$50,941
<b>Ending Cash</b>	<b>\$9,220</b>	<b>\$30,448</b>	<b>\$1,586</b>	<b>\$41,255</b>	<b>\$33,477</b>

Thank you

