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Corewell Health West

Community Commitments Report
2026

Dear West Michigan Community,

Corewell Health West is unwavering in our commitments to the communities we serve and the commitments that were made in the Consent Decree related to the merger of Corewell Health Butterworth Hospital (including Helen DeVos Children's Hospital), Corewell Health Blodgett Hospital, and Corewell Health Medical Group – West, which represents the employed providers that practice in the Butterworth and Blodget hospitals (herein collectively referred to as Corewell Health Grand Rapids).

As part of Corewell Health's commitment to the community, and as part of our ongoing effort to share openly our compliance with the commitments we made in the Consent Decree, attached please find our demonstration of our financial compliance with

- our ongoing commitment to limit margins, and
- our ongoing commitment to the underserved and medically needy.

Corewell Health Grand Rapids has committed to targeting a five-year rolling average total margin (which includes operating margin and investment income) that does not exceed the average of Moody's and Standard & Poor's upper quartile total margins for other health systems nationally. Corewell Health West measures compliance with this commitment by comparing Corewell Health Grand Rapids' five-year rolling average total margin to the Moody's Aa3 and Standard & Poor's AA median total margin for freestanding hospitals, single-state & multi-state healthcare systems. We have included the most recent calculations, which demonstrate our compliance, in the attached report.

Corewell Health West also has committed to establish a fund to provide quality healthcare programs for the underserved in the community, which is budgeted in the amount of $6.0 million per year. While a separate Community Advisory Committee provides for the ongoing allocation of this fund, we continue to represent that at least $6.0 million has been included in the 2027 budget for this commitment. In addition, we will meet our annual $6.0 million spending requirement for the years up to the year ending December 31, 2026. We have included our most recent calculations, which demonstrate our compliance, in the attached report.

We take our commitments to the community very seriously and are steadfast in our determination to provide the information necessary for all stakeholders to be confident that their healthcare system has consistently executed the commitments made in the Consent Decree and has demonstrated the value that was anticipated with the merger of Blodgett Memorial Medical Center and Butterworth Health Corporation.

Sincerely,

Ryan J. Powers

Ryan Powers
VP, Finance Officer – Corewell Health Grand Rapids

COMMITMENT TO THE UNDERSERVED

Corewell Health Grand Rapids has agreed to establish a fund to provide quality healthcare programs for the underserved in the community. As part of this, Corewell Health Grand Rapids has agreed to increase spending from a pre-merger level of approximately $2.0 million per year to $6.0 million per year.

Assertions

- Actual spending for programs to the underserved as of September 30, 2026 was $6.4 million. Corewell Health Grand Rapids is projecting actual expenditures for 2026 of approximately $7.9 million as of December 31, 2026.

- As of September 30, 2026, Corewell Health Grand Rapids has expended funds above the cumulative amounts related to the Commitment to the Underserved. The annual commitment spending of $6.0 million per year from the merger date through September 30, 2026 totals $174.0 million compared with actual spending by Corewell Health Grand Rapids for the same period of $194.5 million resulting in actual spending which is greater than commitments through September 30, 2026 of approximately $20.5 million.

- The Healthier Communities Program provides services which are not specifically related to one particular program. These services are as follows:

Direct Program Administration includes goal and financial management, program oversight, reporting and community-wide committee participation.

Planning, Development and Management includes capacity building, program design and management. Administrative expenses primarily include salary and benefits for staff, maintenance expenses and administrative supplies.

Program Evaluation includes outcomes measurement for the programs. Rather than giving each program a budget to develop an outcomes measurement function, the function was centralized so that one department would coordinate, monitor and analyze outcomes to provide a more consistent and credible tracking and monitoring system.

Outcomes measurement expenses include salaries and benefits for staff that provide support, education, data collection and analysis to the various programs, along with computer equipment, supplies and evaluation materials.

Total program support, including Program Administration, Planning, Development and Management, and Program Evaluation represented 15.7% of projected total community commitment expenditures in 2026.

The following summarizes the breakdown between Administration and Evaluation:

	Actual 2025	Projected 2026	Budget 2027
Program Administration	$246,454	$285,172	$293,727
Planning, Development and Management	$438,141	$506,972	$522,181
Program Evaluation	$366,256	$450,214	$463,720
Total Program Support	$1,050,851	$1,242,358	$1,279,628

MARGIN COMMITMENT

Corewell Health Grand Rapids has agreed to target a five-year rolling average total margin for the merged system not to exceed the average of Moody's and Standard & Poor's upper quartile total margins for other health systems nationally.

The source for this benchmark is both the Moody's and the Standard & Poor's medians, where the median total margin based on 2025 data for freestanding hospitals, single state & multi-state healthcare systems with a Moody's Aa3 bond rating and a Standard & Poor's AA bond rating were used. The worksheet on page five was included to demonstrate Corewell Health Grand Rapids' five-year rolling average total margin in comparison with these benchmarks.

Assertions

- The actual total margin for Corewell Health Grand Rapids as reflected in the 2026 statements as of September 30, 2026, is 3.2%

- The five-year average total margin for Corewell Health Grand Rapids for the period including calendar years 2022 through 2025 and the projection for calendar year 2026 is 4.4%. The five-year average Moody's total margin median for freestanding hospitals, single state & multi-state healthcare systems with an Aa3 bond rating is 5.4% and the five-year average Standard & Poor's total margin median for not-for-profit healthcare systems with an AA rating is 7.1%.

CALENDAR YEAR 2027 BUDGET REVIEW

Our proposed budget and supporting documentation are provided in support of our assertion that the financial commitment to the underserved is incorporated into the 2027 budget and that the total margin for Corewell Health Grand Rapids is within the established benchmark per the Margin Commitments.

Assertions

- Corewell Health Grand Rapids attests that at least $6.0 million is included in the calendar year 2027 budget as part of our commitment to the underserved.

- Corewell Health Grand Rapids' total margin as reflected in the 2027 budget is 4.2%. The five-year rolling average total margin including 2023 through 2025, projected 2026, and 2027 budget is 4.4% compared to the five-year average Moody's total margin median for freestanding hospitals, single-state & multi-state healthcare systems with an Aa3 bond rating of 5.4% and the five-year average Standard & Poor's total margin median for not-for-profit healthcare systems with an AA rating is 7.1%.

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Corewell Health Grand Rapids

Total Margin Calculation
Through Calendar Year Budget Ended 12/31/2027
(in thousands)

	Audited Calendar Year ending 12/31/2022	Audited Calendar Year ending 12/31/2023	Audited Calendar Year ending 12/31/2024	Audited Calendar Year ending 12/31/2025	Projected Calendar Year ending 12/31/2026	Proposed Calendar Year Budget 12/31/2027 (A)	Five Year Average Moody's Median (E)	Five Year Average S&P Median (F)	Actual Five Year Average Margin (B)	Budgeted Five Year Average Margin (C)
Operating revenue	$ 3,141,813	$ 3,409,238	$ 3,708,279	$ 4,025,301	$ 4,383,812	$ 4,518,000			$ 3,733,689	$ 4,008,926
Nonrecurring revenue (G)	22,561	-	-	32,059	22,408	-			15,406	10,893
Non-operating income (expense)	4,333	4,085	1,419	2,364	(90)	-			2,422	1,556
Total revenue	3,168,707	3,413,323	3,709,698	4,059,724	4,406,130	4,518,000			3,751,517	4,021,375
Total operating expenses	3,039,214	3,235,737	3,522,033	3,887,845	4,242,171	4,330,000			3,585,400	3,843,557
Total margin	$ 129,493	$ 177,586	$ 187,665	$ 171,879	$ 163,959	$ 188,000			$ 166,117	$ 177,818
Total margin % before nonrecurring revenue	3.4%	5.2%	5.1%	3.5%	3.2%	4.2%	5.4%	7.1%	4.0%	4.2%
Total margin % (D)	4.1%	5.2%	5.1%	4.2%	3.7%	4.2%	5.4%	7.1%	4.4%	4.4%

(A) Per Calendar Year 2027 Budget.
(B) Five year average margin based on actual results for calendar years 2022 through 2026.
(C) Five year average margin based on actual results from calendar years 2023 through 2026, plus Calendar Year 2027 Budget.
(D) The total margin % (or excess margin as referred to by rating agencies) is calculated as follows based on the rating agencies' formula:
(total operating revenue less total operating expenses plus non-operating income) divided by (total operating revenue plus non-operating income).
(E) Moody's figure represents the median excess margin for freestanding hospitals, single-state and multi-state healthcare systems with an Aa3 rating.
(F) S&P figure represents the median excess margin for not-for-profit healthcare systems with an AA rating.
(G) Nonrecurring revenue, including Coronavirus Aid, Relief and Economic Securities (CARES) Act related government funding.