Risk Factors Comparison 2024-02-21 to 2023-02-17 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Summary of Risk Factors The following is a summary of the risk factors set forth below. Risks Related to Our Indebtedness • Our indebtedness could adversely affect our ability to meet obligations under existing indebtedness or raise additional capital. • We may be able to incur substantially more debt. • We may not be able to generate sufficient cash to service all of our indebtedness. • We have a substantial amount of indebtedness with certain series of our outstanding notes and other debt scheduled to mature in close proximity to each other. • Restrictive covenants in the agreements governing our indebtedness may adversely affect us. • Higher interest rates could adversely impact us. • If we are unable to make payments on our indebtedness, we could be in default under the terms of our indebtedness agreements. Risks Related to Economic Conditions ~~and the COVID- 19 Pandemic~~ • Our financial results have been, and may continue to be, adversely impacted by negative macroeconomic conditions ~~. • We expect the COVID- 19 pandemic to continue to affect our financial performance. • It is difficult to predict the ultimate impact of the Coronavirus Aid, Relief and Economic Security Act, or the CARES Act, and other stimulus and relief legislation~~ . Risks Related to Our Business • If we are unable to complete divestitures as advisable, our performance could be adversely affected. • The impact of past acquisitions, as well as potential future acquisitions, could have a negative effect on our operations. • If we are unable to effectively compete, patients could use other hospitals and healthcare providers. • We may be adversely affected by consolidation among health insurers and other industry participants. • The failure to obtain our medical supplies at favorable prices could cause our operating results to decline. • Our revenues may decline if reimbursement rates are reduced or if we do not maintain favorable contract terms with payors. • Growth in self- pay volume or deterioration in collectability could adversely affect our financial performance. • Some of the non- urban communities in which we operate face challenging economic conditions. • The demand for our services can be impacted by factors beyond our control. • A **deterioration of public health conditions associated with COVID- 19, or a** future pandemic, epidemic or outbreak of an infectious disease could adversely impact our business. • The industry trend towards value- based purchasing may negatively impact our business. • Our revenues are somewhat concentrated in a relatively small number of states. Risks Related to Human Capital • Our performance depends on our ability to recruit and retain quality physicians. • Our labor costs have been, and may continue to be, adversely affected by competitive labor market conditions and the shortage of qualified nurses and other healthcare personnel. • We may be unable to attract, hire and retain a highly qualified and diverse workforce, including key management. **• We may be adversely impacted by the inability of third parties with whom we contract to provide hospital- based physicians as the result of industry- wide disruptions in the market for outsourced medical specialists.** Risks Related to Legal Proceedings • We are the subject of various legal, regulatory and governmental proceedings. • We could be subject to substantial uninsured liabilities or increased insurance costs as a result of significant legal actions. Risks Related to Government Regulation • **Our business may be adversely** ~~We are unable to predict the ultimate impact~~ **impacted** ~~of~~ **by** health reform initiatives. • If we fail to comply with **extensive** laws and regulations, we could suffer penalties or be required to make changes to our operations ~~. • If there are delays in regulatory updates by governmental entities, we may experience volatility in our operating results~~ . • Any failure to comply with legal requirements governing the privacy and security of health information could adversely affect us. • **Healthcare technology initiatives, particularly those related** ~~If our adoption and utilization of EHR systems fails~~ to **sharing patient data and** ~~satisfy HHS standards or if we fail to comply with~~ interoperability ~~requirements~~ , **may** ~~our business and financial results could be~~ adversely ~~affected~~ -- **affect our operations** . • State efforts to regulate the construction, acquisition or expansion of healthcare facilities could adversely impact us ~~. • State efforts to regulate the sale of municipal or not- for- profit hospitals could prevent our acquisition of such hospitals~~ . • We may incur additional tax liabilities. Risks Related to Impairment • If the fair value of our reporting unit declines, a material non- cash charge to earnings from impairment of our goodwill could result. • A significant decline in operating results at one or more of our facilities could result in an impairment in the fair value of our long- lived assets. Risks Related to Cybersecurity and Technology • Our operations could be significantly impacted by interruptions or restrictions in access to our information systems. • A cyber- attack or security breach could harm our business and patients and expose us to liability. • If we fail to comply with technology agreements, we may be required to pay damages and could lose license rights. **• If the redesign and consolidation of key business functions, including through the implementation of a core enterprise resource planning system does not proceed as expected or is not completed successfully, our business and financial results may be adversely impacted.** For a more complete discussion of these risk factors, see below. Our level of indebtedness could adversely affect our ability to refinance existing indebtedness or raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from meeting our obligations under the agreements related to our indebtedness. We have a significant amount of indebtedness, which is more fully described in the Liquidity and Capital Resources section of " Management' s Discussion and Analysis of Financial Condition and Results of Operations " in Part II, Item 7 of this Form 10- K and Note 6 of the Notes to Consolidated Financial Statements included under Part II, Item 8 of this Form 10- K. The maximum aggregate principal amount under the ABL Facility is $ 1. 0 billion, subject to borrowing base capacity. At December 31, ~~2022~~ **2023** , we had outstanding borrowings of $ ~~53~~ **247** million and approximately $ ~~852~~ **637** million of additional borrowing capacity (after taking into consideration $ ~~83~~ **81** million of outstanding letters of credit) under the ABL Facility. Our substantial leverage could have important consequences, including the following: • it may limit our ability to refinance existing indebtedness or obtain additional debt or equity financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; • a substantial portion of our cash flows from operations will be dedicated

to the payment of principal and interest on our indebtedness and will not be available for other purposes, including to fund our operations, capital expenditures, financial obligations and future business opportunities; • some of our borrowings, including any borrowings under the ABL Facility, accrue interest at variable rates, exposing us to the risk of increased interest rates, which risk is heightened by the current high interest rate environment; • it may limit our ability to make strategic acquisitions or cause us to make nonstrategic divestitures; • it may limit our ability to adjust to changing market conditions and place us at a competitive disadvantage compared to our competitors that are less highly leveraged; and • it may increase our vulnerability in connection with adverse changes in general economic, industry or competitive conditions, or government regulations or other adverse developments. Despite current indebtedness levels, we may still be able to incur substantially more debt. This could further exacerbate the risks described in this section. We and our subsidiaries have the ability to incur substantial additional indebtedness in the future, subject to restrictions contained in the ABL Facility and the indentures governing our outstanding notes. The maximum aggregate principal amount under the ABL Facility is $ 1. 0 billion, subject to borrowing base capacity. At December 31, ~~2022~~ **2023** , we had outstanding borrowings of $ ~~53~~ **247** million and approximately $ ~~852~~ **637** million of additional borrowing capacity (after taking into consideration $ ~~83~~ **81** million of outstanding letters of credit) under the ABL Facility. The aggregate amount we may draw under the ABL Facility may not exceed the " borrowing base " (as calculated thereunder) less outstanding letters of credit thereunder, which fluctuates from time to time. Aside from the ABL Facility, our ability to incur other additional secured debt (other than secured debt used to refinance existing secured debt) is highly limited by certain of the indentures governing our outstanding notes. If additional indebtedness is added to our current debt levels, the related risks that we currently face related to indebtedness as noted in this section could increase. We may not be able to generate sufficient cash to service all of our indebtedness, and we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful. Our ability to make scheduled payments on or to refinance our indebtedness depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to financial, business, regulatory and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. In addition, the borrower under the ABL Facility and issuer of our outstanding notes is a holding company with no direct operations. Its principal assets are the equity interests we hold in our operating subsidiaries. As a result, we are dependent upon dividends and other payments from our subsidiaries to generate the funds necessary to meet our outstanding debt service and other obligations. Our subsidiaries may not generate sufficient cash from operations to enable us to make principal and interest payments on our indebtedness. In addition, any payments of dividends, distributions, loans or advances to us by our subsidiaries could be subject to legal and contractual restrictions. Our subsidiaries are permitted under the terms of our indebtedness to incur additional indebtedness that may restrict payments from those subsidiaries to us. The agreements governing the current and future indebtedness of our subsidiaries may not permit those subsidiaries to provide us with sufficient cash to fund payments on our indebtedness when due. Our non- guarantor subsidiaries are separate and distinct legal entities, and they have no obligation, contingent or otherwise, to pay amounts due under the terms of our indebtedness or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payment. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness. Our ability to refinance our indebtedness on favorable terms, or at all, is directly affected by the then current macroeconomic conditions, financial and capital market conditions as well as the then current interest rate environment. In addition, our ability to incur additional secured indebtedness (which would generally enable us to achieve better pricing than the incurrence of unsecured indebtedness) depends in part on the value of our assets, which depends, in turn, on the strength of our cash flows and results of operations, and on economic and market conditions and other factors. We may find it necessary or prudent to refinance certain of our outstanding indebtedness, the terms of which may not be favorable to us. We cannot assure you that we would be able to take any of these actions, that these actions would be successful and permit us to meet our scheduled debt service obligations or that these actions would be permitted under the terms of our existing or future debt agreements, including the ABL Facility and the indentures governing our outstanding notes. For example, the ABL Facility and the indentures governing our outstanding notes restrict our ability to dispose of certain assets and use the proceeds from any dispositions. We may not be able to consummate those dispositions and any proceeds we receive may not be adequate to meet any debt service obligations then due. We have a substantial amount of indebtedness under certain series of our outstanding notes and other debt scheduled to mature in close proximity to each other. As further described in the Liquidity and Capital Resources section of " Management' s Discussion and Analysis of Financial Condition and Results of Operations " in Part II, Item 7 of this Form 10- K and Note 6 of the Notes to Consolidated Financial Statements included under Part II, Item 8 of this Form 10- K, we have a substantial amount of indebtedness under certain series of our outstanding notes and other debt scheduled to mature in close proximity to each other. As a result, we may not have sufficient cash to repay all amounts owing under such indebtedness and there can be no assurance that we will have the ability to borrow or otherwise raise the amounts necessary to repay all such amounts **, and the prior maturity of such other substantial indebtedness may make it difficult to refinance the notes or repay them at maturity** . Our ability to refinance our indebtedness on favorable terms, or at all, is dependent on (among other things) conditions in the credit and capital markets **,** which are beyond our control. The ABL Facility and the indentures governing our outstanding notes contain various covenants that limit our ability to take certain actions, including our ability to: • incur, assume or guarantee additional indebtedness; • issue redeemable stock and preferred stock; • repurchase capital stock; • make restricted payments, including paying dividends and making certain loans, acquisitions and investments; • redeem subordinated debt; • create liens; • sell or otherwise dispose of assets, including capital stock of subsidiaries; • impair security interests; • enter into agreements that restrict dividends and certain other payments from subsidiaries; • merge, consolidate, sell or otherwise dispose of substantially all our assets; • enter into transactions with affiliates; and • guarantee certain obligations. In

addition, the ABL Facility contains restrictive covenants and may, in certain circumstances, require us to maintain a specified financial ratio and satisfy other financial condition tests. Our ability to meet these restrictive covenants and financial ratio and tests (if applicable) may be affected by events beyond our control, and we cannot assure you that we will meet those tests. In addition, our ability to incur additional secured debt (other than (i) secured debt to refinance existing secured debt and (ii) indebtedness incurred under our ABL Facility) is highly limited. A breach of any of these covenants could result in a default under the ABL Facility and the indentures governing our outstanding notes. Upon the occurrence of an event of default under the ABL Facility or any of the indentures governing our outstanding notes, all amounts outstanding under the applicable indebtedness may become immediately due and payable and all commitments under the ABL Facility to extend further credit may be terminated. If we were unable to repay those amounts, the holders of such indebtedness could, subject to applicable intercreditor agreements, proceed against the collateral granted to them to secure that indebtedness. **If holders of any of our indebtedness accelerate the maturity date of any of our indebtedness, we cannot assure you that we will have sufficient assets to repay the indebtedness that has been accelerated (and all other indebtedness that is also accelerated by virtue of applicable cross- acceleration provisions in the agreements governing our indebtedness).** Higher interest rates could increase the cost of refinancing our indebtedness and could cause our debt service obligations to increase significantly. The current high interest rate environment could adversely impact us. If interest rates remain at their current elevated levels or continue to increase, this could adversely impact our ability to refinance existing indebtedness or obtain additional debt financing on acceptable terms or at all, and otherwise could increase our debt service obligations in connection with future debt refinancings. In addition, any borrowings under the ABL Facility are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on such variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income would decrease. As of December 31, ~~2022~~ **2023** , we had outstanding borrowings of $ ~~53~~ **247** million under the ABL Facility. If we default on our obligations to pay our indebtedness, or if we otherwise fail to comply with the various covenants in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing our indebtedness. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, including covenants in the ABL Facility and the indentures governing our outstanding notes, we could be in default under the terms of the agreements governing such indebtedness. In the event of any default, the holders of such indebtedness could elect to declare all the funds borrowed to be immediately due and payable, together with accrued and unpaid interest; the lenders under the ABL Facility could elect to terminate their commitments thereunder, cease making further loans and direct the applicable collateral agents to institute foreclosure proceedings against our assets; and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to obtain waivers from the required lenders under the ABL Facility to avoid being in default. If we breach our covenants under the ABL Facility and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under the ABL Facility, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation. Economic conditions in the United States continue to be challenging in various respects, and the United States economy continues to experience significant inflationary pressures, elevated interest rates, challenging labor market conditions, and ~~disruptions to supply networks~~ **possible adverse effects associated with current geopolitical instability** . Taking into account these factors, we have incurred **in certain recent periods** , and may continue to incur, increased expenses arising from factors such as wage inflation for permanent employees ~~and~~ **,** increased rates for and utilization of temporary contract labor (including contract nursing personnel), and **increased rates for outsourced medical specialists** ~~have also experienced unfavorable changes in payor mix, declines in patient volumes and lower overall acuity of inpatient admissions and surgeries. These factors had an unfavorable impact on our financial results during the year ended December 31, 2022, and may have an unfavorable impact on our financial results in future periods which could be material~~ . Moreover, if economic conditions in the United States significantly deteriorate, any such developments could materially and adversely affect our results of operations, financial position, and / or our cash flows. Other risks we face during periods of economic weakness include potential declines in the population covered under commercial insurance agreements, increased patient decisions to postpone or cancel elective and **non-** ~~nonemergency~~ --- **emergency** healthcare procedures (including delaying surgical procedures), which may lead to poorer health and higher acuity interventions, potential increases in the uninsured and underinsured populations, increased adoption of health plan structures that shift financial responsibility to patients, and increased difficulties in collecting patient receivables for copayment and deductible receivables. In addition, negative macroeconomic conditions in the United States have resulted in, and may continue to result in, increased budget deficits at federal, state and local governmental levels, which may continue to negatively impact spending for health and human ~~service~~ **services** programs, including Medicare, Medicaid and similar programs, which represent significant third- party payor sources for our healthcare facilities. Moreover, it is difficult to predict whether, when, or what additional deficit reduction initiatives may be proposed by Congress, but future legislation may include additional Medicare spending reductions, which may adversely affect our business and financial results due to our reliance on Medicare payments. Further, there is ongoing uncertainty regarding the federal budget and federal spending levels, including the possible impacts of a failure to increase the " debt ceiling. " Any U. S. government default on its debt could have broad macroeconomic effects. In addition, negative macroeconomic conditions in the United States (including elevated interest rates) have had, and may continue to have, an adverse impact on capital market conditions, which could limit our ability to refinance existing indebtedness or obtain additional debt or equity financing on acceptable terms or at all. ~~We expect the COVID- 19 pandemic to continue to affect our financial performance, and such pandemic could have material adverse effects on our results of operations, financial condition, and / or our cash flows if it causes public health and / or economic conditions in the United States to deteriorate. As a provider of healthcare services, we have been, and may continue to be, affected by the public health~~

and economic effects of the COVID- 19 pandemic. Although vaccines and booster shots for the COVID- 19 virus are widely available in the United States, COVID- 19 has continued to result in a significant number of hospitalizations, and the future course of the pandemic remains uncertain. We have implemented considerable safety measures within our hospitals in response to COVID- 19. Nonetheless, treatment of COVID- 19 has associated risks, which may include the manner in which patients, physicians, nurses and other medical personnel perceive and respond to such risks. These risks may result in reduced operating capacity, impaired employee morale, labor unrest and / or other workforce disruptions. Moreover, during the pandemic, we believe that some individuals have elected to postpone medical care for an undetermined period of time in a manner that has adversely impacted our patient volumes in comparison to pre- pandemic levels. Although our hospitals have not generally experienced major capacity constraints to date arising from the treatment of COVID- 19 patients, there are hospitals in the United States that have been overwhelmed in caring for COVID- 19 patients, which has prevented such hospitals from treating all patients who seek care. Moreover, due to the concentration of our hospitals in certain states, we are particularly sensitive to the increase in COVID- 19 cases in those states, where the pandemic could have a disproportionate effect on our business. CMS issued an interim final rule in November 2021 that requires COVID- 19 vaccinations for workers in most Medicare and Medicaid certified providers and suppliers, including our hospitals. On January 13, 2022, the U. S. Supreme Court issued a decision allowing the CMS COVID- 19 vaccine mandate to go into effect immediately. The rule applies to all staff, including clinical staff, individuals providing services under arrangements, volunteers, and staff who are not involved in direct patient care, subject to approved religious and medical exemptions. Additionally, some states have implemented, or may implement in the future, vaccine mandates with respect to healthcare personnel. It is difficult to predict the impact that these vaccine mandates may have on us. However, these vaccine mandates may result in employee attrition and the loss of personnel who are unvaccinated, which could adversely affect our business and results of operations. In addition, our financial performance may continue to be affected by federal or state laws, regulations, orders, or other governmental or regulatory actions addressing the current COVID- 19 pandemic or otherwise affecting the U. S. healthcare system in connection with the pandemic. We may also be subject to lawsuits from patients, employees and others exposed to COVID- 19 at our facilities. Such actions may involve large demands, as well as substantial defense costs. Our professional and general liability insurance may not cover all claims against us. While we are not able to fully quantify the impact that the COVID- 19 pandemic will have on our future financial results, developments related to the pandemic may continue to affect our financial performance. Moreover, if public health conditions related to the COVID- 19 pandemic significantly worsen, any such developments could materially and adversely affect our results of operations, financial position, and / or our cash flows. The ongoing impact of the pandemic on our financial results will depend on, among other factors, the duration and severity of the pandemic, the impact of the pandemic on economic conditions, the volume of canceled or rescheduled procedures at our facilities, the volume of COVID- 19 patients cared for across our health systems, the timing, availability, and acceptance of effective medical treatments, the availability, acceptance of and need for vaccines (including additional dosages of vaccines), the spread of potentially more contagious and / or virulent forms of the virus, including any variants of the virus that may be resistant to currently available vaccines, the availability of and processing times for tests, and the impact of government actions on the hospital industry and broader economy, including through existing and any future stimulus efforts as well as vaccine and testing requirements. The COVID- 19 pandemic continues to evolve, and we may not be able to predict or effectively respond to future developments. It is difficult to predict the ultimate impact of the CARES Act and other stimulus and relief legislation or the effect that such legislation and other governmental responses intended to assist providers in responding to COVID- 19 may have on our business. In response to the COVID- 19 pandemic, federal and state governments have passed legislation, promulgated regulations and taken other administrative actions intended to assist healthcare providers in providing care to COVID- 19 and other patients during the public health emergency and to provide financial relief. Together, the CARES Act, the Paycheck Protection Program and Health Care Enhancement Act, or the PPPHCE Act, the Consolidated Appropriations Act, or the CAA, and the ARPA, authorized over $ 186 billion in funding to be distributed to eligible healthcare providers. These funds are intended to reimburse eligible providers, including public entities and Medicare- and / or Medicaid- enrolled providers and suppliers, for lost revenues and healthcare related expenses attributable to COVID- 19. Recipients are not required to repay these funds, provided that they attest to and comply with certain terms and conditions, including limitations on balance billing, not using funds received from the PHSSEF to reimburse expenses or losses that other sources are obligated to reimburse and audit and reporting requirements. HHS' interpretation of the underlying terms and conditions may continue to evolve, and additional guidance or new or amended interpretations of existing guidance on such underlying terms and conditions may result in our inability to recognize additional PHSSEF payments or may result in the derecognition of amounts previously recognized, which (in any such case) may be material. To the extent that any unrecognized PHSSEF payments that have been or may be received by us do not qualify for reimbursement based on our future operations, we may be required to return such unrecognized payments to HHS following the end of the COVID- 19 pandemic or other future time as may be determined by HHS guidance. Further, we may be subject to or incur costs from related government actions including payment recoupment, audits and inquiries by governmental authorities, and criminal, civil or administrative penalties. The CARES Act and related legislation also have made other forms of financial assistance available to healthcare providers, including through Medicare and Medicaid payments adjustments, such as a 20 % add- on payment for hospital inpatient care provided to patients with COVID- 19 and delays of Medicaid DSH reductions, and expansion of the Medicare Accelerated and Advance Payment Program. Providers indirectly benefit from a temporary increase in federal funds for state Medicaid expenditures for states that maintain continuous Medicaid enrollment, among other requirements. However, the continuous coverage requirement expires as of April 1, 2023, and the increase in federal funding will be phased out through calendar year 2023. Expiration of the continuous coverage requirement may lead to Medicaid coverage disruptions and dis- enrollments of current Medicaid enrollees. As another way to offer financial relief to providers, Congress temporarily suspended the Medicare sequestration payment adjustment, which would have otherwise reduced

~~payments to Medicare providers by 2 % as required by the Budget Control Act of 2011, or the BCA. The sequestration adjustment was phased back in with a 1 % reduction beginning April 1, 2022, and returned to 2 % on July 1, 2022. The BCA sequestration has been extended through the first six months of 2032. The ARPA, in addition to providing funding for healthcare providers, increases the federal budget deficit in a manner that triggers an additional statutorily mandated sequestration under the Pay- As- You- Go Act of 2010, or the PAYGO Act. As a result, an additional payment reduction of up to 4 % was required to take effect in January 2022. However, Congress has delayed implementation of this payment reduction until 2025. Beyond financial assistance, federal and state governments have enacted legislation and established regulations intended to increase access to medical supplies and equipment and ease legal and regulatory burdens on healthcare providers. These efforts have included, for example, expanding access to and payment for telehealth services and prioritizing review of drug applications to help with shortages of emergency drugs. Many of the federal and state legislative and regulatory measures allowing for flexibility in delivery of care and various financial supports for healthcare providers are available only for the duration of the COVID- 19 public health emergency. Most states have ended their state- level emergency declarations. The current HHS declaration expires May 11, 2023. The presidential administration has indicated that the public health emergency will not be extended. Termination of the public health emergency may impact our operations and financial results. For example, the 20 % add- on payment for hospital inpatient care provided to patients diagnosed with COVID- 19 will end. There is still uncertainty regarding the magnitude and timing of any future payments or benefits that we may receive or realize under the CARES Act and other stimulus and relief legislation passed in response to the COVID- 19 pandemic. However, we do not expect to receive or recognize any significant level of payments or benefits under the CARES Act and other existing legislation in future periods, which may adversely impact our business and financial results in comparison to prior periods in which a higher level of payments and benefits were received.~~ If we are unable to complete divestitures as we may deem advisable, our results of operations and financial condition could be adversely affected. We **have divested** ~~may give consideration to divesting~~ certain of our hospitals and non- hospital businesses **in recent years, and may give consideration to divesting certain additional hospitals and non- hospital businesses. For a description of recent divestitures, see " Acquisition, Divestiture and Closure Activity " under Part II, Item 7 of this Form 10- K** . Generally, these hospitals and non- hospital businesses are not in one of our strategically beneficial service areas, are less complementary to our business strategy and / or have lower operating margins. In addition, we continue to receive interest from potential acquirers for certain of our hospitals and non- hospital businesses. As such, we may sell additional hospitals and / or non- hospital businesses if we consider any such disposition to be in our best interests. However, there is no assurance that potential divestitures will be completed or, if they are completed, the aggregate amount of proceeds we will receive, that potential divestitures will be completed within our targeted timeframe, or that potential divestitures will be completed on terms favorable to us. Moreover, the current negative macroeconomic environment may make it more difficult for us to complete divestitures on acceptable terms, or at all. Additionally, the results of operations for these hospitals and non- hospital businesses that we may divest and the potential gains or losses on the sales of those businesses may adversely affect our results of operations. We may also incur asset impairment charges related to potential or completed divestitures that reduce our profitability. In addition, after entering into a definitive agreement, we may be subject to the satisfaction of pre- closing conditions as well as necessary regulatory and governmental **notices and** approvals, which, if not satisfied or obtained, may prevent us from completing the sale. Divestitures may also involve continued financial exposure related to the divested business, such as through indemnities or retained obligations, that present risk to us. Any future divestiture activities may present financial, managerial, and operational risks. Those risks include diversion of management attention from improving existing operations; additional restructuring charges and the related impact from separating personnel, renegotiating contracts, and restructuring financial and other systems; adverse effects on existing business relationships with patients and third- party payors; and the potential that the collectability of any patient accounts receivable retained from any divested hospital may be adversely impacted. Any of these factors could adversely affect our financial condition and results of operations. Our business strategy has historically included growth by acquisitions, and we may complete additional acquisitions in the future. However, not- for- profit hospital systems and other for- profit hospital companies generally attempt to acquire the same type of hospitals as we may desire to acquire. Some of the competitors for our acquisitions have greater financial resources than we have. Furthermore, some hospitals are sold through an auction process, which may result in higher purchase prices than we believe are reasonable. Therefore, we may not be able to acquire additional hospitals on terms favorable to us. In addition, many of the hospitals we have previously acquired have had lower operating margins than we do and operating losses incurred prior to the time we acquired them. Hospitals **or other businesses** acquired in the future may have similar financial performance issues. In the past, we have experienced delays in improving the operating margins or effectively integrating the operations of certain acquired hospitals **and other businesses** . In the future, if we are unable to improve the operating margins of acquired hospitals **or other businesses** , operate them profitably, or effectively integrate their operations, our results of operations and business may be adversely affected. Moreover, hospitals **or other businesses** that we have acquired, or in the future could acquire, may have unknown or contingent liabilities, including liabilities associated with ongoing legal proceedings or for failure to comply with healthcare laws and regulations. Although we generally seek indemnification from sellers covering these matters, we may nevertheless have material liabilities for past activities of acquired hospitals. If we are unable to effectively compete, patients could use other hospitals and healthcare providers, and our business may be adversely impacted. The healthcare industry is highly competitive among hospitals and other healthcare providers, such as urgent care centers and other outpatient providers and other industry participants, for patients, affiliations with physicians and acquisitions. Changes in licensure or other regulations, recognition of new provider types or payment models, and industry consolidation could negatively impact our competitive position. For example, in states with certificate of need or similar prior approval requirements, removal of these requirements could remove barriers to entry and increase competition in our service areas. Our hospitals, our competitors, and other healthcare industry

participants are increasingly implementing physician alignment strategies, such as acquiring physician practice groups, employing physicians and participating in ACOs or other clinical integration models. Increasing consolidation within the payor industry, vertical integration efforts involving payors and healthcare providers, and cost- reduction strategies by payors, large employer groups and their affiliates may impact our ability to contract with payors on favorable terms, participate in favorable payment tiers or provider networks, and otherwise affect our competitive position. **Legislative and regulatory initiatives, such as changes in Texas law that eliminated restrictions on tiered networks and steering patients to particular providers, may accelerate or otherwise impact these trends.** The majority of our hospitals are located in generally larger non- urban service areas in which we believe we are the primary, if not the sole, provider of general acute care health services. As a result, the most significant competition for providers of general acute care services are hospitals outside of our primary service areas, typically hospitals in larger urban areas that provide more complex services. Patients in our primary service areas may travel to other hospitals because of physician referrals, payor networks that exclude our providers or the need for services we do not offer, among other reasons. Patients who receive services from these other hospitals may subsequently shift their preferences to those hospitals for the services we provide. Our other hospitals, in selected urban service areas, may face competition from hospitals that are more established than our hospitals. Some of our competitors offer services, including extensive medical research and medical education programs, that are not offered by our facilities. In addition, in certain markets where we operate, there are large teaching hospitals that provide highly specialized facilities, equipment and services that may not be available at our hospitals. We also face competition from other specialized care providers, including outpatient surgery, orthopedic, oncology and diagnostic centers. ~~Some competitors are implementing physician alignment strategies, such as employing physicians, acquiring physician practice groups, and participating in ACOs, or other clinical integration models. Cost- reduction strategies by large employer groups and their affiliates may increase this competition.~~ At December 31, ~~2022~~ **2023** , ~~30~~ **43** of our hospitals competed with **one or** more ~~than one other~~ non- affiliated ~~hospital~~ **hospitals** in their respective primary service areas. In most markets in which we are not the sole provider of general acute care health services, our primary competitor is a municipal or not- for- profit hospital. These hospitals are owned by tax- supported governmental agencies or not- for- profit entities supported by endowments and charitable contributions. These hospitals are exempt from sales, property and income taxes. Such exemptions and support are not available to our hospitals and may provide the tax- supported or not- for- profit entities an advantage in funding general and capital expenditures and offering services more specialized than those available at our hospitals. If our competitors are better able to attract patients with these offerings, we may experience an overall decline in patient volume. Trends toward transparency and value- based purchasing may have an impact on our competitive position, ability to obtain and maintain favorable contract terms, and patient volumes in ways that are difficult to predict. The CMS Care Compare website makes available to the public certain data that hospitals submit in connection with Medicare reimbursement claims, including performance data related to quality measures and patient satisfaction surveys. Further, every hospital must establish and update annually a public, online listing of the hospital' s standard charges for all items and services, including discounted cash prices and payor- specific charges, and must also publish a consumer- friendly list of standard charges for certain " shoppable " services or, alternatively, maintain an online price estimator tool for the shoppable services. HHS also requires health insurers to publish online charges negotiated with providers for healthcare services, and ~~starting January 1, 2023,~~ health insurers must provide online price comparison tools to help individuals get personalized cost estimates for **all** covered items and services. If any of our hospitals achieve poor results (or results that are lower than our competitors) on the quality measures or on patient satisfaction surveys, or if our standard charges are higher than our competitors, we may attract fewer patients. The No Surprises Act creates additional price transparency requirements that may impact our competitive position, including requiring providers to send uninsured or self- pay patients ~~(in advance of the date of the scheduled item or service or upon request)~~ and health plans of insured patients a good faith estimate of the expected charges and diagnostic codes prior to the scheduled date of the service or item **or upon request** . Until HHS issues additional regulations, **HHS** ~~the agency~~ is deferring enforcement of **portions of** the good faith estimate ~~requirement~~ **requirements** ~~for insured patients, and is also deferring enforcement with regard to good faith estimates sent to uninsured or self- pay patients that do not include expected charges for co- providers or co- facilities~~ . It is unclear how price transparency requirements and similar initiatives will affect consumer behavior, our relationships with payors, or our ability to set and negotiate prices. We expect these competitive trends to continue. If we are unable to compete effectively with other hospitals and other healthcare providers, patients may seek healthcare services at providers other than our hospitals and affiliated businesses. In recent years, a number of health insurers have merged or increased efforts to consolidate with other non- governmental payors. Insurers are also increasingly pursuing alignment initiatives with healthcare providers. Consolidation within the health insurance industry may result in insurers having increased negotiating leverage and competitive advantages, such as greater access to performance and pricing data. Our ability to negotiate prices and favorable terms with health insurers in certain markets could be affected negatively as a result of this consolidation. Also, the shift toward value- based payment models could be accelerated if larger insurers, including those engaging in consolidation activities, find these models to be financially beneficial. We cannot predict whether we will be able to negotiate favorable terms with payors and otherwise respond effectively to the impact of increased consolidation in the payor industry or vertical integration efforts. We have a participation agreement with HealthTrust, a GPO. The current term of this agreement extends through **the end of** December ~~2023~~ **2024** , with automatic renewal terms of one year **,** unless either party terminates by giving notice of non- renewal. GPOs attempt to obtain favorable pricing on medical supplies with manufacturers and vendors, sometimes by negotiating exclusive supply arrangements in exchange for discounts. To the extent these exclusive supply arrangements are challenged or deemed unenforceable, we could incur higher costs for our medical supplies obtained through HealthTrust. Further, costs of supplies and drugs may continue to increase due to market pressure from pharmaceutical companies and new product releases ~~. The COVID- 19 pandemic continues to cause increased demand for certain medical supplies~~ , **among other factors** ~~which has resulted in, and may continue to result in, higher costs and supply shortages~~ . Also,

there can be no assurance that our arrangement with HealthTrust will provide the discounts we expect to achieve. If reimbursement rates paid by federal or state healthcare programs or commercial payors are reduced, if we are unable to maintain favorable contract terms with payors or comply with our payor contract obligations, if insured individuals move to insurance plans with greater coverage exclusions or narrower networks, or if insurance coverage is otherwise restricted or reduced, our net operating revenues may decline. During the year ended December 31, ~~2022~~ **2023** , ~~35~~ **34** . ~~7~~ **2** % of our net operating revenues came from the Medicare and Medicaid programs. However, as federal healthcare expenditures continue to increase and state governments continue to face budgetary shortfalls, federal and state governments have made, and continue to make, significant changes in the Medicare and Medicaid programs, including reductions in reimbursement levels **. For example, as a result of sequestration measures that extend through April 2032, Medicare payments are automatically reduced by 2 %. In addition, as a result of the ARPA, an additional Medicare payment reduction of up to 4 % was required to take effect in January 2022; however, Congress has delayed implementation of this reduction until 2025** . In addition, CMS may implement changes through new or modified demonstration projects authorized pursuant to Medicaid waivers. Some of these changes have decreased, or could decrease, the amount of money we receive for our services relating to these programs. In addition, government and commercial payors as well as other third parties from whom we receive payment for our services attempt to control healthcare costs by, for example, requiring hospitals to discount payments for their services in exchange for exclusive or preferred participation in their benefit plans, restricting coverage through utilization review, reducing coverage of inpatient and emergency room services and shifting care to outpatient settings, requiring prior authorizations, and implementing alternative payment models. The ability of commercial payors to control healthcare costs using these measures may be enhanced by the increasing consolidation of insurance and managed care companies ~~and ,~~ vertical integration of health insurers with healthcare providers **and regulatory changes** . Limitations on balance billing may also reduce the amount that hospitals and other providers are able to collect for out- of- network services. For example, the No Surprises Act prohibits providers from charging patients an amount beyond the in- network cost sharing amount for services rendered by out- of- network providers, subject to limited exceptions. For services for which balance billing is prohibited (even when no balance billing occurs), the No Surprises Act includes provisions that may limit the amounts received by out- of- network providers by health plans, and also establishes an ~~IDR~~ **independent dispute resolution** process for providers and payors to handle payment disputes that cannot be resolved through direct negotiation. **The regulations and related guidance** ~~In August 2022, HHS, together with other government agencies, issued a final rule to implement~~ **implementing** ~~the IDR provisions of~~ the No Surprises Act, **including** ~~updating an interim final rule published in 2021. The regulations provide that, when making a payment determination, the~~ **those establishing** ~~IDR must consider~~ the ~~QPA (which is generally the payor' s median contracted rate for the same or similar service in an area) and all additional permissible information submitted by each party. The IDR entity must select the offer that best represents the value of the item or service under~~ dispute **resolution** ~~. The final rule establishing the IDR~~ process ~~is currently~~ **, are** the subject of legal challenges **and** , **potentially, regulatory changes** ~~which many result in delays in claim resolution~~ . In addition, price transparency initiatives ~~, such as those included in the No Surprises Act and other federal and state laws and regulations,~~ may impact our ability to obtain or maintain favorable contract terms. For example, the No Surprises Act requires providers to send health plans of insured patients a good faith estimate of the expected charges and diagnostic codes prior to the scheduled date of the service or item. HHS is deferring enforcement of certain requirements related to good faith estimates until the agency issues additional regulations. Further, hospitals are required to publish online payor- specific negotiated charges and de- identified minimum and maximum charges. In addition ~~, starting January 1, 2023~~ , health insurers must provide online price comparison tools to help individuals get personalized cost estimates for covered items and services. During the year ended December 31, ~~2022~~ **2023** , ~~63~~ **64** . ~~6~~ **7** % of our net operating revenues came from commercial payors. Our contracts with payors require us to comply with a number of terms related to the provision of services and billing for services. If we are unable to negotiate increased reimbursement rates, maintain existing rates or other favorable contract terms, effectively respond to payor cost controls and reimbursement policies or comply with the terms of our payor contracts, the payments we receive for our services may be reduced. Also, we are increasingly involved in disputes with payors and experience payment denials, both prospectively and retroactively. In addition, enrollment of individuals in high- deductible health plans, sometimes referred to as consumer- directed plans, has increased over the last decade. In comparison to traditional health plans, these plans tend to have lower reimbursement rates for providers along with higher co- pays and deductibles due from the patient, which subjects us to increased collection cost and risk. Further, high- deductible health plans may exclude our hospitals and employed physicians from coverage. If we experience continued growth in self- pay volume and revenues or if we experience deterioration in the collectability of patient responsibility accounts, our financial condition or results of operations could be adversely affected. Our primary collection risks relate to uninsured patients and outstanding patient balances for which the primary insurance payor has paid some but not all of the outstanding balance, with the remaining outstanding balance (generally deductibles and co- payments) owed by the patient. Collections are impacted by the economic ability of patients to pay and the effectiveness of our collection efforts. Significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental healthcare coverage may affect our collection of accounts receivable and are considered in our estimates of accounts receivable collectability. In recent years, federal and state legislatures have considered or passed various proposals impacting or potentially impacting the size of the uninsured population. **The number and identity of states that choose to expand** ~~For~~ **or** ~~example~~ **otherwise modify Medicaid programs and the terms of expansion and other program modifications continue to evolve. Further** , early COVID- related legislation authorized a temporary increase in federal funds for state Medicaid expenditures in states that ~~maintain~~ **maintained** continuous Medicaid enrollment, among other requirements. ~~However,~~ **The resumption of Medicaid eligibility redeterminations following** the **expiration of this** continuous coverage requirement **in** ~~expires as of~~ April ~~1,~~ 2023 **has resulted** ~~, and the increase~~ in **significant** ~~federal funding will be phased out through calendar year 2023. Expiration of the continuous coverage requirement may lead to~~ Medicaid coverage disruptions and

dis- enrollments **.** ~~of current~~ Medicaid ~~enrollees. Furthermore~~ **enrollment is generally expected to decline through fiscal year 2024 (which ends June 30** , **2024, in most** ~~the number and identity of~~ states ~~that choose~~ **). CMS has required certain states** to **pause disenrollments due** ~~expand or otherwise modify Medicaid programs and the terms of expansion and other program modifications continue~~ to ~~evolve~~ **noncompliant renewal systems** . The ARPA ~~provides additional financial incentives to expand Medicaid for states that have not already done so,~~ temporarily ~~increases~~ **increased** the value of premium tax credit subsidies for subsidy- eligible individuals purchasing health insurance coverage through the federal and state- run marketplaces and ~~expands~~ **expanded** eligibility for the tax credit subsidies to more individuals. **Subsequent legislation** ~~The Inflation Reduction Act, enacted in August 2022, extends~~ **extended** the enhanced subsidies through 2025. In addition, although the federal financial penalty associated with the Affordable Care Act' s mandate that individuals enroll in an insurance plan has been effectively eliminated, some states have imposed individual health insurance mandates with financial penalties for noncompliance. Other states have explored or offer public health insurance options. These variables, among others, make it difficult to predict the number of uninsured individuals and what percentage of our total revenue will be comprised of self- pay revenues. We may be adversely affected by the growth in patient responsibility accounts as a result of the adoption of plan structures, including health savings accounts, narrow networks and tiered networks, that shift greater responsibility for care to individuals through greater exclusions and copayment and deductible amounts. Further, our ability to collect patient responsibility accounts may be limited by statutory, regulatory and investigatory initiatives, including private lawsuits directed at hospital charges and collection practices for uninsured and underinsured patients and regulatory restrictions on charges for out- of- network services. For example, the No Surprises Act requires providers to send uninsured and self- pay patients a good faith estimate of expected charges for items and services. The estimate must **be provided in advance of the scheduled date for the item or service or upon request and** cover items and services that are reasonably expected to be provided together with the primary item or services, including those that may be provided by other providers. If the uninsured or self- pay patient receives a bill that is substantially greater than the expected charges in the good faith estimate or the provider furnishes an item or service that was not included in the good faith estimate, they may initiate a patient- provider dispute resolution process established by regulation. In addition, a deterioration of economic conditions in the United States could potentially lead to higher levels of uninsured patients, result in higher levels of patients covered by lower paying government programs, result in fiscal uncertainties for both government payors and private insurers and / or limit the economic ability of patients to make payments for which they are responsible. If we experience continued growth in self- pay volume or deterioration in collectability of patient responsibility accounts, our financial condition or results of operations could be adversely affected. Some of the non- urban communities in which we operate face challenging economic conditions, and the failure of certain employers, or the closure of certain manufacturing and other facilities in our markets, could have a disproportionate impact on our hospitals. Some of the non- urban communities in which we operate have been facing particularly challenging economic conditions, which in certain instances predate, and **/ or** are broader than **or disproportionately exacerbated by** , the current negative macroeconomic conditions impacting the United States economy. In addition, the economies in the non- urban communities in which our hospitals primarily operate are often dependent on a small number of large employers, especially manufacturing or similar facilities. These employers often provide income and health insurance for a disproportionately large number of community residents who may depend on our hospitals for care. The failure of one or more large employers, or the closure or substantial reduction in the number of individuals employed at manufacturing or other facilities located in or near many of the non- urban communities in which our hospitals primarily operate, could cause affected employees to move elsewhere for employment or lose insurance coverage that was otherwise available to them. When patients are experiencing personal financial difficulties or have concerns about general economic conditions, they may delay or forgo elective procedures, choose to seek care in emergency rooms and purchase high- deductible insurance plans or no insurance at all, which increases a hospital' s dependence on self- pay revenue and may adversely affect our results of operations. The demand for services provided by our hospitals and affiliated providers can be impacted by factors beyond our control. Our admissions and adjusted admissions as well as acuity trends may be impacted by factors beyond our control. For example, seasonal fluctuations in the severity of influenza and other critical illnesses, such as COVID- 19, unplanned shutdowns or unavailability of our facilities due to weather or other unforeseen events, decreases in trends in high acuity service offerings, changes in competition from other service providers, turnover in physicians affiliated with our hospitals, or changes in medical technology can have an impact on the demand for services at our hospitals and affiliated providers. In addition, certain of our facilities are located in hurricane- prone coastal regions in Florida and other states, and our operations may be adversely impacted by hurricanes, tornadoes, winter storms, and other severe weather conditions ~~(such as was the case with Hurricane Ian, which adversely impacted our financial results during the third and fourth quarter of 2022)~~ , which adverse weather conditions may be more frequent and / or severe as the result of climate change. Moreover, we could be affected by climate change and other environmental issues to the extent such issues adversely affect the general economy **or specific markets** , adversely impact our supply chain or increase the costs of supplies needed for our operations, or otherwise result in disruptions impacting the communities in which our facilities are located. In addition, legal requirements regulating greenhouse gas emissions and energy inputs or otherwise associated with the transition to a lower carbon economy may increase in the future, which could increase our costs associated with compliance and otherwise disrupt and adversely affect our operations. The impact of these or other factors beyond our control could have an adverse effect on our business, financial position and results of operations. A **deterioration of public health conditions associated with COVID- 19, or a** future pandemic, epidemic or outbreak of an infectious disease in the markets in which we operate or that otherwise impacts our facilities could adversely impact our business. **As a provider of healthcare services, we were significantly impacted by the public health and economic effects of the COVID- 19 pandemic.** If **public health conditions related to COVID- 19 significantly worsen, our business and financial results could be adversely impacted. Moreover, conditions related to COVID- 19 continue to evolve, and we may not be able to predict or effectively respond to future**

developments. In response to the COVID- 19 pandemic, the federal government authorized financial relief for eligible healthcare providers through the Public Health and Social Services Emergency Fund, or PHSSEF. Although recipients are not required to repay funding received, provided they attest to and comply with certain terms and conditions, changes to interpretations of guidance on the underlying terms and conditions may result in the derecognition of amounts previously realized. To the extent that any unrecognized PHSSEF payments that have been received by us do not qualify for reimbursement, we may be required to return such payments. Further, we may be subject to or incur costs from related government actions including payment recoupment, audits and inquiries by governmental authorities, and criminal, civil or administrative penalties. In addition, if a future pandemic, epidemic, or outbreak of an infectious disease or other public health crisis were to affect our markets, our business could be adversely affected. Any such crisis could diminish the public trust in healthcare facilities, especially hospitals that fail to accurately or timely diagnose, or that are treating (or have treated) patients affected by, contagious diseases. If any of our facilities ~~were~~ **are** involved **, or perceived as being involved,** in treating patients for such a contagious disease, other patients might cancel elective procedures or fail to seek needed care at our facilities. Patient volumes may decline or volumes of uninsured and underinsured patients may increase, depending on the economic circumstances surrounding the pandemic, epidemic, or outbreak. Further, **a** ~~any such~~ pandemic **, epidemic, or outbreak** might adversely impact our business by causing a temporary shutdown or diversion of patients, by **causing** ~~disrupting~~ - **disruption or delays in supply chains** ~~or~~ **for** ~~delaying production and delivery of~~ materials and products ~~in the supply chain~~ or by causing staffing shortages in our facilities. Although we have **contingency plans in place, including infection control and** disaster plans ~~in place and operate pursuant to infectious disease protocols~~, the potential impact **of**, as well as the public' s and government' s response to, ~~of~~ any such future pandemic, epidemic or outbreak of an infectious disease with respect to our markets or our facilities is difficult to predict and could adversely impact our business. There is a trend toward value- based purchasing of healthcare services across the healthcare industry among both government and commercial payors. Generally, value- based purchasing initiatives tie payment to the quality and efficiency of care. For example, hospital payments may be negatively impacted by the occurrence of HACs. Medicare does not reimburse for care related to HACs, ~~and~~ **by disallowing the** ~~hospitals~~ **hospital to be assigned a higher paying MS- DRG if certain HACs were not present on admission and the identified HAC is the only condition resulting in the assignment of the higher paying MS- DRG. Hospitals** in the bottom quartile of HAC rates receive a 1 % reduction in their total Medicare payments the following year. In addition, federal funds may not be used under the Medicaid program to reimburse providers for services provided to treat HACs. Hospitals that experience excess readmissions for designated conditions receive reduced payments for all inpatient discharges **in the fiscal year** . HHS also reduces Medicare inpatient hospital payments for all discharges by a required percentage and pools the amount collected from these reductions to fund payments to reward hospitals that meet or exceed certain quality performance standards. Further, Medicare and Medicaid require hospitals to report certain quality data to receive full reimbursement updates. HHS ~~has~~ **continues to** ~~focused~~ -- **focus** on tying Medicare payments to quality or value through alternative payment models, which generally aim to make providers attentive to the quality and cost of care they deliver to patients. Examples of alternative payment models include ACOs and bundled payment arrangements. An ACO is a care coordination model intended to produce savings as a result of improved quality and operational efficiency ~~. In bundled payment models, providers receive one payment for services provided to patients for certain medical conditions or episodes of care, accepting accountability for costs and quality of care. Providers may receive supplemental Medicare payments or owe repayments to CMS depending on whether spending exceeds or falls below a specified spending target and whether certain quality standards are met. Generally, participation in Medicare bundled payment programs is voluntary, but CMS currently requires hospitals in selected markets to participate in bundled payment initiatives for specific orthopedic procedures and end- stage renal disease treatment. A mandatory radiation oncology bundled payment model was expected to begin January 1, 2023, but CMS has indefinitely delayed its implementation. In a strategic report issued in 2021 and updated in 2022, the CMS Innovation Center highlighted the need to accelerate the movement to value- based care and drive broader system transformation~~ . By 2030, the CMS Innovation Center aims to have all fee- for- service Medicare beneficiaries and the vast majority of Medicaid beneficiaries in an accountable care relationship with providers who are responsible for quality and total medical costs. ~~The~~ **In bundled payment models, providers receive one payment for services provided to patients for certain medical conditions or episodes of care, accepting accountability for costs and quality of care. Providers may receive supplemental Medicare payments or owe repayments to** CMS ~~Innovation Center~~ **depending on whether spending exceeds or falls below a specified spending target and whether certain quality standards are met. Generally, participation in Medicare bundled payment programs is voluntary, but CMS currently requires hospitals in selected markets to participate in bundled payment initiatives for specific orthopedic procedures and end- stage renal disease treatment. A mandatory radiation oncology bundled payment model was expected to begin January 1, 2023, but CMS has indefinitely delayed its implementation. CMS has** signaled its intent to streamline its payment models and to increase provider participation through implementation of more mandatory models. There are also several state- driven value- based care initiatives. For example, some states have aligned quality metrics across payors through legislation or regulation. Commercial payors are transitioning toward value- based reimbursement arrangements as well. Further, many commercial payors require hospitals to report quality data and restrict reimbursement for certain preventable adverse events. We expect value- based purchasing programs, including programs that condition reimbursement on patient outcome measures, to become more common and to involve a higher percentage of reimbursement amounts. It is unclear whether these and other alternative payment models will successfully coordinate care and reduce costs or whether they will decrease aggregate reimbursement. While we believe we are adapting our business strategies to compete in a value- based reimbursement environment, we are unable at this time to predict how this trend will affect our results of operations. If we perform at a level below the outcomes demonstrated by our competitors, are unable to meet or exceed the quality performance standards under any applicable value- based purchasing program, or otherwise fail to effectively provide or coordinate the

efficient delivery of quality healthcare services, our reputation in the industry may be negatively impacted, we may receive reduced reimbursement amounts and we may owe repayments to payors, causing our revenues to decline. Our revenues are somewhat concentrated in a relatively small number of states, which makes us particularly sensitive to regulatory and economic changes in those states. Our revenues are particularly sensitive to regulatory and economic changes in states in which we generate a significant portion of our revenues, including Indiana, Alabama, Texas and Florida. Accordingly, any change in the current demographic, economic, competitive, or regulatory conditions in these states could have an adverse effect on our business, financial condition, or results of operations. Changes to the Medicaid programs in these states could also have an adverse effect on our business, financial condition, results of operations, or cash flows. For example, the Texas **Healthcare Transformation and Quality Improvement Program, or the Texas** Waiver Program, which **enables the expansion of Medicaid managed care programs in the state,** provides funding for uncompensated care and ~~delivery system reform initiatives~~ **includes several directed payment programs** , is operated under a waiver granted pursuant to Section 1115 of the Social Security Act. The Texas waiver continues through 2030, but ~~a separate~~ directed payment ~~program~~ **programs** ~~for~~ **have more limited approval periods, such as the Comprehensive** ~~hospitals~~ **Hospital** ~~in Texas~~ **Increase Reimbursement Program, or CHIRP, which is currently set to** ~~expires~~ **expire on** August 31, ~~2023~~ **2024** . If Texas is unable to obtain future extensions or other approvals of the directed payment program or similar programs, our revenues could be negatively impacted ~~. In recent years, aspects of existing or proposed Medicaid waiver programs have been subject to legal challenge. The state has submitted an amendment to the Texas Waiver Program addressing postpartum coverage, and may propose other amendments in the future~~ . It is difficult to predict whether and how Medicaid programs, including their waiver programs, might be modified, extended or eliminated, any of which could negatively impact our revenues. The success of our healthcare facilities depends in part on the number and quality of the physicians on the medical staffs of our healthcare facilities, our ability to employ quality physicians, the admitting and utilization practices of employed and independent physicians, maintaining good relations with those physicians and controlling costs related to the employment of physicians. Although we employ some physicians, physicians are often not employees at our healthcare facilities at which they practice. In many of the markets we serve, many physicians have admitting privileges at other healthcare facilities in addition to our healthcare facilities. Such physicians may terminate their affiliation with or employment by our healthcare facilities at any time. Moreover, we are facing increased competition from health insurers and private equity- ~~back~~ **backed** companies seeking to acquire or affiliate with physicians or physician practices. **We** ~~In addition, we~~ may face increased challenges recruiting and retaining quality physicians as the physician population reaches retirement age, especially if there is a shortage of physicians willing and able to provide comparable services. In some markets, physician recruitment and retention may be affected by a shortage of physicians in certain specialties or the difficulties physicians may experience in obtaining professional liability insurance. The types, amount and duration of compensation and assistance we can provide when recruiting physicians are limited by the federal Physician Self- Referral Law (commonly known as the Stark Law), the federal Anti- Kickback Statute, similar state laws and implementing regulations. If we are unable to provide adequate support personnel or technologically advanced equipment and facilities that meet the needs of those physicians and their patients, our ability to recruit and retain quality physicians may be negatively impacted. Our performance and labor costs have been, and may continue to be, adversely affected by challenging labor market conditions and the shortage of qualified nurses and other healthcare personnel. The operations of our healthcare facilities are dependent on the efforts, abilities and experience of our facility management, healthcare professionals, such as nurses, pharmacists, lab technicians, and medical support personnel. We compete with other healthcare providers in recruiting and retaining qualified facility management and personnel responsible for the daily operations of our healthcare facilities, including nurses, other non- physician healthcare professionals and medical support personnel. The healthcare industry has been experiencing a challenging labor market arising out of current macroeconomic conditions ~~and the COVID- 19 pandemic~~ , and our hospitals and other healthcare facilities, like many other healthcare providers, have experienced increased labor costs. In some markets in which we operate, a shortage of available nurses, other healthcare professionals and medical support personnel has been a significant operating issue for healthcare providers, which has been exacerbated by current labor market conditions as noted above. Due to such challenges and other factors, our hospitals and other healthcare facilities, like other healthcare providers, have experienced increased labor costs. We may be required to continue to enhance wages and benefits to recruit and retain nurses, other healthcare professionals and medical support personnel, and / or to hire more expensive temporary or contract personnel. In addition, to the extent we are unable to maintain sufficient staffing levels at our hospitals, we may be required to limit the acute healthcare services provided at certain of our hospitals, which would have a corresponding adverse effect on our net revenues. We also depend on the available labor pool of semi- skilled and unskilled employees in each of the markets in which we operate. In some of our markets, employers across various industries have increased their ~~minimum wage~~ **wages for these roles** , which has created more competition for this sector of employees. The impact of labor shortages across the healthcare industry may result in other healthcare facilities, such as nursing homes, limiting admissions, which may constrain our ability to discharge patients to such facilities and further exacerbate the demand on our resources. ~~Moreover, labor shortages, including with respect to nurses, may be further exacerbated by the CMS rule regarding vaccine requirements as noted above.~~ In addition, the states in which we operate could adopt mandatory nurse- staffing ratios ~~or~~ **,** could ~~reduce~~ **revise** mandatory nurse- staffing ratios already in place **or adopt other measures aimed at regulating staffing** . State- mandated nurse- staffing ratios **and similar measures** could significantly affect labor costs and have an adverse impact on revenues if we are required to limit admissions **or incur other costs** in order to ~~meet the required ratios~~ **comply with such requirements** . We may be unable to attract, hire, and retain a highly qualified and diverse workforce, including key management. At December 31, ~~2022~~ **2023** , certain employees at ~~five~~ **three** of our hospitals were represented by various labor unions. While we have not experienced work stoppages to date that have material and adversely affected our business or results of operations, increased or ongoing labor union activity could adversely affect our labor costs or otherwise adversely impact us. In addition, when

negotiating collective bargaining agreements with unions, whether such agreements are renewals or first contracts, there is the possibility that strikes could occur during the negotiation process, and our continued operation during any strikes could increase our labor costs and otherwise adversely impact us. Finally, potential changes to federal labor laws and regulations, including those supported by the current presidential administration, could increase the likelihood of employee unionization activity and the ability of employees to unionize, which could adversely impact our operations and financial results. If our labor costs continue to increase, we may not be able to raise rates to offset these increased costs. Because a significant percentage of our revenues consists of fixed, prospective payments, our ability to pass along increased labor costs is constrained. In the event we are not entirely effective at recruiting and retaining qualified facility management, nurses and other medical support personnel, or in controlling labor costs, this could continue to have an adverse effect on our results of operations **. We contract with various third parties who provide hospital- based physicians, including emergency, anesthesiology, hospitalist / inpatient care, radiology, tele- radiology and surgery. Third- party providers of hospital- based physicians, including those with whom we contract, have experienced significant disruption in the form of regulatory changes, including those stemming from enactment of the No Surprises Act, challenging labor market conditions resulting from a shortage of physicians and inflationary wage- related pressures, as well as increased competition through consolidation of physician groups. In some instances, providers of outsourced medical specialists have become insolvent and unable to fulfill their contracts with us for providing hospital- based physicians. The success of our hospitals depends in part on the adequacy of staffing, including through contracts with third parties. If we are unable to adequately contract with providers, or the providers with whom we contract become unable to fulfill their contracts, our admissions may decrease, and our operating performance, capacity and growth prospects may be adversely affected. Further, our efforts to mitigate the potential impact to our business from third- party providers who are unable to fulfill their contracts to provide hospital- based physicians, including through acquisitions of outsourced medical specialist businesses, employment of physicians and re- negotiation or assumption of existing contracts, may be unsuccessful. These developments with respect to providers of outsourced medical specialists, and our inability to effectively respond to and mitigate the potential impact of such developments, may disrupt our ability to provide healthcare services, which may adversely impact our business and financial results** . We are the subject of various legal, regulatory and governmental proceedings that, if resolved unfavorably, could have an adverse effect on us, and we may be subject to other loss contingencies, both known and unknown. We are a party to various legal, regulatory and governmental proceedings and other related matters. Those proceedings include, among other things, government investigations. In addition, we are and may become subject to other loss contingencies, both known and unknown, which may relate to past, present and future facts, events, circumstances and occurrences. Should an unfavorable outcome occur in connection with our current or potential future legal, regulatory or governmental proceedings or other loss contingencies, or if we become subject to any such loss contingencies in the future, there could be an adverse impact on our financial position, results of operations and liquidity. In particular, government investigations, as well as qui tam lawsuits, may lead to significant fines, penalties, damages payments or other sanctions, including exclusion from government healthcare programs. Settlements of lawsuits involving Medicare and Medicaid issues routinely require both monetary payments and corporate integrity agreements, each of which could have an adverse effect on our business, financial condition, results of operations and / or cash flows. Physicians, hospitals and other healthcare providers have become subject to an increasing number of legal actions alleging professional liability, product liability, or related legal theories. Even in states that have imposed caps on damages, litigants are seeking recoveries under new theories of liability that might not be subject to the caps on damages. Many of these actions involve large claims and significant defense costs. To protect us from the cost of these claims, we maintain claims- made professional liability insurance and general liability insurance coverage in excess of those amounts for which we are self- insured. This insurance coverage is in amounts that we believe to be sufficient for our operations; however, our insurance coverage may not continue to be available at a reasonable cost for us to maintain adequate levels of insurance. Additionally, our insurance coverage does not cover all claims against us, such as fines, penalties, or other damage and legal expense payments resulting from qui tam lawsuits. We cannot predict the outcome of current or future legal actions against us or the effect that judgments or settlements in such matters may have on us or on our insurance costs. Additionally, all professional and general liability insurance we purchase is subject to policy limitations. If the aggregate limit of any of our professional and general liability policies is exhausted, in whole or in part, it could deplete or reduce the limits available to pay any other material claims applicable to that policy period. Furthermore, one or more of our insurance carriers could become insolvent and unable to fulfill its or their obligations to defend, pay or reimburse us when those obligations become due. In that case, or if payments of claims exceed our estimates or are not covered by our insurance, it could have an adverse effect on our business, financial condition or results of operations. ~~We are unable to predict the ultimate impact of health reform initiatives on our business.~~ In recent years, the healthcare industry has undergone significant changes, many of which have been aimed at reducing costs and government spending. The U. S. Congress and certain state legislatures have introduced, considered or passed a large number of proposals and legislation affecting the healthcare system, including laws intended to impact access to health insurance. The Affordable Care Act is the most prominent of these legislative reform efforts. The law affects how healthcare services are covered, delivered, and reimbursed, and expanded health insurance coverage through a combination of public program expansion and private sector health insurance reforms. **In addition** ~~The Affordable Care Act has been, and continues to be, subject to legislative and regulatory changes and court challenges. For example, effective January 2019, the financial penalty for individuals that fail to maintain insurance coverage associated with the individual mandate was effectively eliminated. However~~ , some states have imposed individual health insurance mandates, and other states have explored or offer public health insurance options. To increase access to health insurance during the COVID- 19 pandemic, the ARPA enhanced subsidies for individuals eligible to purchase coverage through Affordable Care Act marketplaces ~~as part of the APRA~~ . **Subsequent legislation** ~~The Inflation Reduction Act, enacted in August 2022, extends~~ **extended** these enhanced subsidies

through 2025. These changes and initiatives may impact the number of individuals that elect to obtain public or private health insurance or the scope of such coverage, if purchased **. The Affordable Care Act has been, and continues to be, subject to legislative and regulatory changes and court challenges. There is uncertainty regarding whether, when, and how the Affordable Care Act will be further changed, whether the Affordable Care Act will be repealed or replaced, and how the Affordable Care Act will be interpreted and implemented. Changes to the interpretation or implementation of the Affordable Care Act could eliminate or alter provisions beneficial to us while leaving in place provisions reducing our reimbursement, or otherwise have an adverse effect on our business** . Other recent reform initiatives and proposals at the federal and state levels include those focused on price transparency and out- of- network charges, which may impact prices **, our competitive position, patient volumes** and the relationships between hospitals, patients, payors, and ancillary providers (such as anesthesiologists, radiologists, and pathologists). For example, among other consumer protections, the No Surprises Act imposes various requirements on providers and health plans intended to prevent " surprise " medical bills. **The** ~~It also establishes an IDR process for providers and payors to handle payment disputes that cannot be resolved through direct negotiations. Trends toward transparency and value- based pricing may impact our competitive position and patient volumes. For example, the~~ CMS Care Compare website makes publicly available certain data on hospital performance on quality measures and patient satisfaction. Further, Medicare reimbursement for hospitals is adjusted based on quality and efficiency measures. ~~Other industry participants, such as private payors and large employer groups and their affiliates, may also introduce financial or delivery system reforms. There is uncertainty regarding whether, when, and how the Affordable Care Act will be further changed and how the Affordable Care Act will be interpreted and implemented. Changes to the interpretation or implementation of the Affordable Care Act could eliminate or alter provisions beneficial to us while leaving in place provisions reducing our reimbursement, and thereby have an adverse effect on our business.~~ There is also uncertainty regarding whether, when, and what other health reform measures will be adopted through governmental avenues and / or the private sector, the timing and implementation of any such efforts, and the impact of those efforts on providers as well as other healthcare industry participants. For example, some members of Congress have proposed measures that would expand government- funded coverage. CMS administrators may **make changes to Medicaid payment models and** grant states various flexibilities in the administration of state Medicaid programs ~~and make~~ **, including** changes **encouraging the** ~~to Medicaid payment models, including adopting~~ **adoption of** value- based care models. ~~We~~ **Some of these changes may result in coverage reductions or decreased enrollment. Reductions in the number of insured individuals or the scope of insurance coverage may have an adverse effect on our business. Other industry participants, such as private payors and** ~~are~~ **large** ~~unable~~ **employer groups and their affiliates, may also introduce financial or delivery system reforms. It is difficult** to predict the nature and **/ or** success of current and future health reform initiatives, any of which may have an adverse impact on our business. If we fail to comply with extensive laws and government regulations, including fraud and abuse laws, we could suffer penalties or be required to make significant changes to our operations. The healthcare industry is governed by **extensive and complex** laws and regulations at the federal, state and local government levels. These laws and regulations include ~~standards addressing~~ **requirements related to** , among other issues, licensure, certification, and enrollment with government programs; the necessity and adequacy of medical care; quality of medical equipment and services; qualifications of medical and support personnel; operating policies and procedures; screening, stabilization and transfer of individuals who have emergency medical conditions **; restrictions on the provision of medical care, including with respect to reproductive care; distribution, maintenance and dispensing of pharmaceuticals and controlled substances** ; billing and coding for services; proper handling of overpayments; classification of levels of care provided; preparing and filing cost reports; relationships with referral sources and referral recipients; maintenance of adequate records; hospital use; rate- setting; building codes; environmental protection; privacy and security; interoperability and refraining from information blocking; **development and use of artificial intelligence and other predictive algorithms;** debt collection; limits or prohibitions on balance billing and billing for out- of- network services; and communications with patients and consumers. Examples of these laws include, but are not limited to, HIPAA, the Stark Law, the federal Anti- Kickback Statute, the ~~FCA~~ **federal False Claims Act** , **the** EMTALA ~~, the No Surprises Act~~ and similar state laws. There are heightened coordinated civil and criminal enforcement efforts by both federal and state government agencies relating to the healthcare industry, including the hospital segment. Enforcement actions have focused on financial arrangements between hospitals and physicians, billing for services without adequately documenting medical necessity and billing for services outside the coverage guidelines for such services. Specific to our hospitals, we have received inquiries and subpoenas from various governmental agencies regarding these and other matters, and we are also subject to various claims and lawsuits relating to such matters. For a further discussion of **these** ~~certain legal~~ matters, see " Legal Proceedings " in Part I, Item 3 of this Form 10- K. If we fail to comply with applicable laws and regulations, which are subject to change, we could be subject to liabilities, including civil penalties, money damages, the loss of our licenses to operate one or more facilities, exclusion of one or more facilities from participation in the Medicare, Medicaid and other federal and state healthcare programs, civil lawsuits and criminal penalties. The costs of compliance with, and the other burdens imposed by, these and other laws or regulatory actions may increase our operational costs, result in interruptions or delays in the availability of systems and / or result in a patient volume decline. We may also face audits or investigations by government agencies relating to our compliance with these regulations. An adverse outcome under any such investigation or audit could result in liability, result in adverse publicity, and adversely affect our business. In the future, evolving interpretations or enforcement of applicable laws or regulations could subject our current practices to allegations of impropriety or illegality or could require us to make changes in our facilities or operations. In addition, other legislation or regulations may be adopted that could adversely affect our business. ~~If there are delays in regulatory updates by governmental entities to federal and state healthcare programs, we may experience increased volatility in our operating results as such delays may result in a timing difference between when such program revenues are earned and when they become known or estimable for purposes of accounting recognition. We derive a significant amount of~~

~~our net operating revenues from governmental healthcare programs, primarily Medicare and Medicaid. The reimbursements due to us from those programs are subject to legislative and regulatory changes that can have a significant impact on our operating results. When delays occur in the implementation of regulations or passage of legislation, there is the potential for material increases or decreases in operating revenues to be recognized in periods subsequent to when such related services were performed, resulting in the potential for an adverse effect on our consolidated financial position and consolidated results of operations. Security breaches, loss of data, and actual~~ **Actual** or perceived failures to comply with legal requirements regarding the privacy and security of health information or other regulated, sensitive or confidential information, or legal requirements regarding data privacy or data protection ~~, and other cybersecurity incidents~~ , could adversely affect our business, results of operations and financial condition. The data protection landscape is rapidly evolving, and we are subject to numerous state and federal laws, requirements and regulations governing the collection, use, storage, processing, disclosure, retention, privacy and security of health- related and other regulated, sensitive or confidential information, and may become subject to additional legal requirements of this nature in the future. For example, the Health Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health Act of 2009, each as amended, and the privacy and security regulations that implement these laws (collectively, " HIPAA "), establish national privacy and security standards for the protection of protected health information, or PHI, by health plans, healthcare clearinghouses and certain healthcare providers, referred to as covered entities, and the business associates with whom such covered entities contract for services. HIPAA requires covered entities like us to develop and maintain policies and procedures with respect to the privacy and security of PHI and to adopt administrative, physical and technical safeguards to protect such information. **HIPAA also regulates permissible uses and disclosures of PHI; for example, HHS issued guidance indicating certain data collected on websites and mobile applications offered by HIPAA- regulated entities may be PHI and warning against the use of third- party tracking technologies such as pixels and cookies on such sites.** Covered entities must notify affected individuals without unreasonable delay of breaches of unsecured PHI, the HHS Office for Civil Rights, or OCR, which enforces HIPAA, and, in the case of larger breaches, the media. Failure to comply with the HIPAA privacy and security standards can result in civil monetary penalties, resolution agreements, monitoring agreements, and, in certain circumstances, criminal penalties including fines and / or imprisonment. A covered entity may be subject to penalties as a result of a business associate violating HIPAA. In addition, state attorneys general may enforce the HIPAA privacy and security regulations in response to violations that threaten the privacy of state residents. Although HIPAA does not create a private right of action allowing individuals to sue in civil court for violations, the laws and regulations have been used as the basis for duty of care in state civil suits such as those for negligence or recklessness in the misuse or breach of PHI. There are numerous other laws and legislative and regulatory initiatives at the federal and state levels governing the confidentiality, privacy, availability, integrity and security of PHI and other types of personal information. Certain state laws may be more stringent, broader in scope or offer greater individual rights with respect to PHI than HIPAA, state laws may differ from each other, and the interplay of federal and state laws may be subject to varying interpretations by courts and government agencies, all of which may complicate compliance efforts. Where state laws are more protective than HIPAA **or apply more broadly** , we have to comply with their stricter provisions. Not only do some of these state laws impose fines and other penalties upon violators, but some may afford private rights of action to individuals who believe their personal information has been misused. We may not remain in compliance with diverse privacy and security requirements in all of the jurisdictions in which we do business, particularly to the extent they are inconsistent, rapidly changing and / or ambiguous and uncertain as to their applicability to our business practices. **To the extent we use, may use or permit the data we create, receive, maintain, and transmit to be used by any artificial intelligence, or AI, or machine learning, or ML, platforms, we may be subject to additional risks under health privacy and other laws and regulations. The regulatory framework for AI / ML, particularly in patient care (e. g., through the use of clinical decision support tools), is evolving and remains uncertain. For example, in December 2023, HHS finalized transparency requirements for AI and other predictive algorithms used in certified health information technology, such as decision support interventions. New laws, regulations, and policies may be adopted, including as a result of a recent executive order on AI, and existing laws and regulations may be interpreted in new ways that would affect our operations and the ways in which we may use AI technology. If we are unable to use AI / ML as the result of such laws and regulations, regulators restrict our ability to use AI / ML for certain purposes or our confidential information becomes part of a dataset that is accessible by other third- party AI / ML applications and uses, it could make our business less efficient, result in competitive disadvantages, increase our operating costs, hinder our ability to provide services, and subject us to potential liabilities. Further, the cost to comply with such laws and regulations could be significant and could adversely affect our business, financial condition and results of operations. Any failure or perceived failure by us to comply with AI laws and regulations could result in proceedings, investigations or actions against us by individuals, consumer rights groups, government agencies or others. We could incur significant costs in investigating and defending such claims and, if found liable, pay significant damages or fines or be required to make changes to our technology and business. Further, to the extent that we rely on or use the output of AI / ML, any inaccuracies, biases or errors could hinder our ability to provide services and otherwise have adverse impacts on us, our business, our results of operations or financial condition. Further, any such proceedings and any subsequent adverse outcomes may subject us to significant negative publicity. While the full impact of regulatory and legal risks associated with AI / ML is unknown, if any of these events were to occur, our business, results of operations and financial condition could be materially adversely affected.** In addition, we are subject to ~~more general~~ consumer protection laws and regulations in connection with our business activities. For example, the **FTC** ~~Federal Trade Commission~~ uses its consumer protection authority to initiate enforcement actions in response to data breaches **. Failing to take appropriate steps to keep consumers' personal information secure may violate the Federal Trade Commission Act, or the FTCA. For information that is not subject to HIPAA and deemed to be " personal health records, " the FTC may also**

impose penalties for violations of the Health Breach Notification Rule, or HBNR, to the extent we are considered a " personal health record- related entity " or " third party service provider. " The FTC has recently taken several enforcement actions under HBNR and indicated that the FTC will continue to protect consumer privacy through greater use of the agency' s enforcement authorities. As a result, we expect scrutiny by federal and state regulators and others of our collection, use and disclosure of health information. Additionally, federal and state consumer protection laws are increasingly being applied by FTC and states' attorneys general to regulate the collection, use, storage, and disclosure of personal or personally identifiable information, through websites or otherwise, and to regulate the presentation of website content . Our marketing and patient engagement activities are subject to communications laws such as the Telephone Consumer Protection Act, or the TCPA, and the Controlling the Assault of Non- Solicited Pornography and Marketing Act, or CAN- SPAM. Determination by a court or regulatory agency that our calling, texting or email practices violate the TCPA or CAN- SPAM could subject us to civil penalties and could require us to change some portions of our business. Even an unsuccessful challenge by patients or regulatory authorities of our activities could result in adverse publicity and could require a costly response from and defense by us **. Other federal and state laws that restrict the use and protect the privacy and security of personally identifiable information may not be preempted by HIPAA, may apply to new categories of health information, such as " consumer health data ", and may be subject to varying interpretations by the courts and government agencies. These varying interpretations can create complex compliance issues for us and our partners and potentially expose us to additional expense, adverse publicity, and liability, any of which could adversely affect our business** . Although we strive to comply with applicable laws and regulations, the requirements related to the collection, use, storage, processing, disclosure, retention, privacy and security of health and other regulated, sensitive or confidential information are evolving rapidly and may be interpreted or applied in an inconsistent manner across jurisdictions. The cost of compliance with these laws and regulations is high and is likely to increase in the future. Any failure or perceived failure by us to comply with applicable data privacy and security laws or regulations, our internal policies and procedures or our contracts governing our processing of health and other regulated, sensitive or confidential information, or to otherwise adequately address privacy and security concerns, could result in negative publicity, government investigations and enforcement actions, claims by third parties and damage to our reputation, any of which could have a material adverse effect on our business, operations, or financial results. **Healthcare technology initiatives, particularly those related** ~~If our adoption and utilization of electronic health record systems fails~~ to **sharing patient data and** ~~satisfy HHS standards or if we fail to comply with inoperability~~ **interoperability** ~~requirements~~ , ~~which~~ may **adversely affect** ~~be burdensome,~~ our business and results of operations ~~could be adversely affected~~ . Under the Health Information Technology for Economic and Clinical Health Act, or HITECH, and other laws, eligible hospitals that fail to demonstrate meaningful use of certified EHR technology and have not applied and qualified for a hardship exception are subject to reduced reimbursement from Medicare. Eligible healthcare professionals are also subject to positive or negative payment adjustments based, in part, on their use of EHR technology. Thus, if our hospitals and employed professionals are unable to properly adopt, maintain, and utilize certified EHR systems, we could be subject to penalties and lawsuits that may have an adverse effect on our consolidated financial position and consolidated results of operations. As EHR technologies have become widespread, the federal government ~~is also promoting interoperability and~~ **' s focus has shifted to** increasing patient access to ~~electronic health~~ **healthcare** ~~information~~ **data and promoting interoperability** . The 21st Century Cures Act and implementing regulations prohibit information blocking by healthcare providers and certain other entities. Information blocking is defined as engaging in activities that are likely to interfere with the access, exchange or use of electronic health information, subject to limited exceptions. **Current and future initiatives related to healthcare technology (including AI / ML), data sharing, and interoperability may require changes to our operations, impose new and complex obligations on us, affect our relationships with providers, vendors, healthcare information exchanges and other third parties and require investments in infrastructure.** We may be subject to **significant** penalties or other disincentives or experience reputational damage for failure to comply ~~. Current~~ **with applicable laws** and ~~future~~ **regulations. It is difficult to predict how these** initiatives **will** ~~related to healthcare technology and interoperability may require changes to our operations, impose new and complex obligations on us,~~ affect our relationships with providers ~~,~~ **and** vendors, **participation in** healthcare information exchanges ~~and~~ **or networks,** ~~other~~ -- **the exchange** ~~third parties and require investments in infrastructure. It is difficult to predict the impact~~ of ~~these initiatives~~ **patient data and patient engagement** . State efforts to regulate the construction, acquisition or expansion of healthcare facilities could limit our ability to build or acquire additional healthcare facilities, renovate our facilities or expand the breadth of services we offer. Some states in which we operate require a CON or other prior approval for the construction or acquisition of healthcare facilities, capital expenditures exceeding a prescribed amount, changes in bed capacity or services and some other matters. In evaluating a proposal, these states consider the need for additional or expanded healthcare facilities or services. If we are not able to obtain required CONs or other prior approvals, we will not be able to acquire, operate, replace or expand our facilities or expand the breadth of services we offer. Furthermore, if a CON or other prior approval upon which we relied to invest in construction of a replacement or expanded facility were to be lost through an appeal process or revoked, we may not be able to recover the value of our investment ~~. State efforts to regulate the sale of hospitals operated by municipal or not- for- profit entities could prevent us from acquiring these types of hospitals~~ . Many states have adopted legislation regarding the sale or other disposition of hospitals operated by municipal or not- for- profit entities. In some states that do not have specific legislation, the attorneys general have demonstrated an interest in these transactions under their general obligation to protect the use of charitable assets. These legislative and administrative efforts focus primarily on the appropriate valuation of the assets divested and the use of the proceeds of the sale by the non- profit seller. **In addition, some states require for- profit entities, including hospitals, to notify state attorneys general or other designated entities in advance of sales or other transactions.** While these **notice requirements,** ~~review~~ **reviews** and, in some instances, approval processes can add additional time to the closing of a hospital acquisition, we have not **yet** had any significant

difficulties or delays in completing acquisitions. However, **if we encounter** ~~future state actions could delay~~ **delays when we seek** ~~or even prevent our ability~~ to acquire hospitals ~~once we return to our~~ **or** ~~acquisition a~~ ~~strategy~~ --- **state prohibits a transaction, these restrictions could have a negative impact on our business and growth plans** . We are subject to tax in the United States as well as those states in which we do business. Changes in tax laws, including increased rates, or interpretations of tax laws by taxing authorities or other standard setting bodies, could increase our tax obligations and materially and adversely impact our results of operations. ~~If the fair value of our reporting unit declines, a material non- cash charge to earnings from impairment of our goodwill could result and recent developments have increased our risk of future goodwill impairment.~~ On an ongoing basis, under U. S. GAAP, we evaluate, based on the fair value of our reporting unit, whether the carrying value of our goodwill is impaired when events or changes in circumstances indicate that such carrying value may not be recoverable. Goodwill is evaluated for impairment annually and when an event occurs or circumstances change that, more likely than not, reduce the fair value of the reporting unit below its carrying value. In assessing the fair value of this reporting unit, we consider, among other things, the most recent price of our common stock and fair value of our long- term debt, our recent financial results, estimates of future revenue and expense growth, estimated market multiples, expected capital expenditures, income tax rates, costs of invested capital and a discount rate. We performed our last annual goodwill impairment evaluation during the fourth quarter of ~~2022~~ **2023** using the October 31, ~~2022~~ **2023** measurement date, which indicated no impairment. **We** ~~However, declines in the fair market value of our senior and unsecured notes and common stock during the year ended December 31, 2022, as well as macroeconomic conditions and our financial results during the year ended December 31, 2022 (including the effect of increased wage and contract labor expense), have increased our risk of future goodwill impairment. Taking into account these developments, we~~ could record material impairment charges in the future if our estimates or assumptions with respect to such fair value determination change in the future. In this regard, we recorded material non- cash impairment charges with respect to our hospital operations reporting unit in 2016 and 2017. A significant decline in operating results or other indicators of impairment at one or more of our facilities could result in a material ~~,~~ non- cash charge to earnings to impair the value of long- lived assets. Our operations are capital intensive and require significant investment in long- lived assets, such as property, equipment and other long- lived intangible assets, including capitalized internal- use software. If one of our facilities experiences declining operating results or is adversely impacted by one or more of these risk factors, we may not be able to recover the carrying value of those assets through our future operating cash flows. On an ongoing basis, we evaluate whether changes in future undiscounted cash flows reflect an impairment in the fair value of our long- lived assets. Additionally, if we decide to sell a business, we evaluate whether a business or a group of businesses is impaired based on an analysis of the selling price from a definitive agreement compared to the carrying value of the net assets being sold. If the carrying value of our long- lived assets is impaired, we may incur a material non- cash charge to earnings. Our operations depend heavily on the proper function, availability and security of our information systems, as well as those of our third- party providers, to collect, maintain, process and use sensitive data and other clinical, operational and financial information. Information systems require an ongoing commitment of significant resources to maintain and enhance existing systems and to develop new systems in order to keep pace with continual changes in information technology. Failure to adequately manage ~~implementations~~ **implementation** of new technology, updates or enhancements of ~~such~~ platforms or interfaces between platforms could place us at a competitive disadvantage, disrupt our operations, and have a material, adverse impact on our business and results of operations. **Further** ~~In addition~~ , **we** ~~our results of operations~~ may be adversely impacted by costs associated with new and expensive technology. ~~We also~~ **In addition, we** rely on third- party providers of financial, clinical, patient accounting and network information services, including those that interface with our own systems, and, as a result, we face operational challenges in maintaining multiple provider platforms and facilitating the interface of such systems with one another. We rely on these third- party providers to have appropriate controls to protect confidential information and other sensitive or regulated data. ~~We~~ **While we take steps to require third- party providers to protect confidential information and sensitive data, we** do not control the information systems of third- party providers, and in some cases we may have difficulty accessing information archived on third- party systems. Our networks and information systems, and the networks and information systems of third parties that we rely upon, are also subject to disruption due to events such as a major earthquake, natural disaster, fire, telecommunications failure, power outages, new system implementations, computer viruses, ransomware or other malware, security breaches, cyber- attacks (including ransomware), human errors (such as inadvertent misuse by employees), acts of war, terrorist or criminal activities or other catastrophic events. ~~Our~~ **Disaster recovery planning, whether conducted by us** or a third party **,** ~~'s disaster recovery planning~~ cannot account for all eventualities, and may not be sufficient to mitigate against or recover from such events. If the information systems on which we rely fail or are interrupted or if our access to these systems is limited in the future, or if we experience data loss or manipulation, it could result in unauthorized disclosure, misuse, loss or alteration of such data, interruptions and delays in our normal business operations, potential liability under applicable laws, regulatory penalties, and damage to our reputation. Any of these could have an adverse effect on our business, financial condition or results of operations. A cyber- attack or security breach could result in the compromise of our facilities, confidential data or critical data systems and give rise to potential harm to patients, remediation and other expenses, expose us to liability under HIPAA, privacy and data protection laws and regulations, consumer protection laws, common law or other theories, subject us to litigation and federal and state governmental inquiries **or actions** , damage our reputation, **adversely impact our financial results** and otherwise be disruptive to our business. We rely extensively on information technology systems to manage clinical and financial data, to communicate with our patients, payors, vendors and other third parties, to summarize and analyze operating results, and for a number of other critical operational functions. We have made significant investments in technology to protect our systems, equipment and medical devices and information from cybersecurity risks **. These risks include incidents involving ransomware and other malicious software, phishing, or other attempts by third parties to access, acquire, use, disclose, misappropriate or manipulate our information or disrupt our operations** . Although we monitor and routinely test our

security systems and processes and have redundancies as well as other proactive measures designed to protect the integrity, security and availability of the systems and data we manage and control, there can be no assurance that we, or our third- party vendors and providers, will not be subject to security breaches and other cybersecurity **incidents** ~~threats, including those related to the use of ransomware and other malicious software or other attempts by third parties to access, acquire, use, disclose, misappropriate or manipulate our information or disrupt our operations~~ . In ~~spite~~ **this regard, we are frequently the target** of ~~our security~~ **cybersecurity** ~~measures, our information technology and infrastructure have been subject to cyber-~~ attacks ~~and security breaches from time to time, including the security breach disclosed by us on February 13, 2023, as further discussed below. Moreover, advanced new attacks against information systems and devices against us or our third- party vendors create risk of cybersecurity incidents, including ransomware, malware and phishing incidents. For example, recently, remote code execution vulnerabilities in certain applications have presented a new attack vector for potential malicious attackers, including nation- state actors and known ransomware attackers. In addition, the volume and intensity of cyber- attacks on hospitals and health systems continues to increase. We are regularly the target of attempted cybersecurity~~ and other threats that could have a security impact, and we **have** ~~expect to continue to experience~~ **experienced** ~~an increase in~~ cybersecurity ~~threats in the future. The preventive actions we take to reduce the risk of such~~ incidents **from** ~~and protect our systems and data may not be sufficient in the future. Furthermore, because the techniques used in cyber- attacks change frequently and may not be immediately recognized, we may experience security or data breaches that remain undetected for an extended~~ time ~~. Cybersecurity and the continued development and enhancement of our controls, process and practices designed~~ to **time** ~~protect our information systems from attack, damage or unauthorized access, acquisition, use or disclosure remain a priority for us~~ . **In particular** ~~Our ability to recover from a ransomware or other cyber- attack is dependent on these practices~~ , ~~including~~ successful backup ~~systems and other recovery procedures. As cybersecurity threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities, but we still might not be able to anticipate or prevent certain attack methods. As previously disclosed in a Current Report on Form 8- K filed by us~~ on February 13, 2023, **we disclosed a security incident in which** a third- party vendor who provides a secure file transfer software platform utilized by our subsidiaries experienced a security breach whereby PHI and personal information ~~, or PI,~~ of certain patients of our healthcare facilities were exposed to ~~the attacker. We have incurred, and~~ **an** ~~may incur~~ **unauthorized third party. The current cyber threat environment presents increased risk for all companies, particularly companies in the healthcare industry, as the volume and intensity of cyber- attacks on hospitals and health systems has continued to increase, and we expect to experience an increase in cybersecurity threats** in the future **. Moreover** , ~~expenses~~ **advanced new attacks against our information systems** and ~~losses~~ **devices or those of our third- party vendors** ~~related~~ -- **create** ~~to this~~ **risk of cybersecurity** ~~incident~~ **incidents** , ~~some~~ **including ransomware, malware and phishing incidents. The preventive actions we take to reduce the risk** of ~~which~~ **such incidents and protect our systems and data** may not be ~~covered~~ **sufficient in the future. In addition, cybersecurity threats continue to evolve. For example, remote code execution vulnerabilities in certain applications have presented a new attack vector for potential malicious attackers. Additionally, the rapid evaluation and increased adoption of artificial intelligence technologies may heighten our cybersecurity risks** by ~~our~~ **making** cyber **- attacks more difficult** ~~/ privacy liability insurance policies. While we are continuing~~ to ~~measure~~ **detect, contain and mitigate. Because** the ~~impact of this~~ **techniques used in cyber- attacks change frequently and may not be immediately recognized, we may experience** security **or data** ~~breach~~ **breaches that remain undetected for an extended time. Cybersecurity and the continued development and enhancement of our controls, process and practices designed to protect our information systems from attack, damage or unauthorized access, acquisition, use or disclosure remain a priority for us. Our ability to recover from a ransomware or other cyber- attack is dependent on these practices** , including **successful backup systems and other recovery procedures. We may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities, and we still might not be able to anticipate or prevent** certain **attack methods** ~~remediation expenses and other potential liabilities, we do not currently believe this incident will have a material adverse effect on our business, operations, or financial results; however, we remain subject to risks and uncertainties as a result of this security breach, including legal, reputational, and financial risks, the results of our ongoing investigation of this security breach, any potential regulatory inquiries and / or litigation to which we may become subject in connection with this security breach, and the extent of remediation and other additional costs that may be incurred by us in connection with this security breach~~ . Further, cybersecurity threats, including those that result in a data or security breach, could impact the integrity, availability or security of PHI and other data subject to privacy laws and regulations, disrupt our information technology systems, equipment, medical devices or business, and threaten the access and utilization of critical information technology and data. Our ability to provide various healthcare services could be affected, particularly with respect to telehealth services. ~~For example~~ **In addition** , medical devices that connect to hospital networks or the internet may be vulnerable to cybersecurity incidents, which may impact patient safety. We may be at increased risk because we outsource certain services or functions to, or have systems that interface with, third parties. Some of these third parties' information systems are also subject to the risks outlined above and may store or have access to our data and may not have effective controls, processes, or practices to protect our information from attack, damage, or unauthorized access, acquisition, use or disclosure. A breach or attack affecting any of these third parties could harm our business. In addition, the definitive agreements we enter into in connection with the divestiture of hospitals routinely obligate us to provide transition services to the buyer, including access to our legacy information systems, for a defined transition period. By providing access to our information systems to non- employees, we may be exposed to cyber- attacks, ransomware or security or data breaches that originate outside of our internal processes and practices designed to prevent such threats from occurring. Further, consumer confidence in the integrity, availability and confidentiality of information systems and information, including patient information and operations data, in the healthcare

industry generally could be impacted to the extent there are successful cyber- attacks at other healthcare services companies, which could have a material adverse effect on our business, operations, or financial results. If we or ~~any of our third- party service providers or~~ **our information, systems** ~~certain other third- parties~~ are subject to cyber- attacks or security or data breaches in the future **, or the information systems of third parties with whom we conduct business are subject to cyber-attacks or security or data breaches in the future in a manner which impacts us or our information systems** , this could result in harm to patients; business and operational interruptions and delays; the loss, misappropriation, corruption or unauthorized access, acquisition, use or disclosure of data or inability to access data; litigation and potential liability under privacy, security, breach notification and consumer protection laws or other applicable laws, including HIPAA; reputational damage, federal and state governmental inquiries, civil monetary penalties, settlement agreements, corrective action plans and monitoring requirements, any of which could have an adverse effect on our business, financial condition or results of operations. **Moreover, any significant cybersecurity event may require us to devote significant management time and resources to address and respond to any such event, interfere with the pursuit of other important business strategies and initiatives, and cause us to incur additional expenditures, which could be material, including to investigate such events, remedy cybersecurity problems, recover lost data, prevent future compromises and adapt systems and practices in response to such events. Moreover, there is no assurance that any remedial actions will meaningfully limit the success of future attempts to breach our information systems, particularly because malicious actors are increasingly sophisticated and utilize tools and techniques specifically designed to circumvent security measures, avoid detection and obfuscate forensic evidence, which means we may be unable to identify, investigate or remediate effectively or in a timely manner.** Additionally, while we have insurance coverage **in place** designed to address certain aspects of cybersecurity risks ~~in place~~ , such insurance coverage may be insufficient to cover all losses or all types of claims that may arise. If we fail to comply with our obligations under license or technology agreements with third parties, we may be required to pay damages and we could lose license rights that are critical to our business. We license certain intellectual property, including technologies and software from third parties, that is important to our business, and in the future we may enter into additional agreements that provide us with licenses to valuable intellectual property or technology. If we fail to comply with any of the obligations under our license agreements, we may be required to pay damages and the licensor may have the right to terminate the license. Termination by the licensor would cause us to lose valuable rights, and could prevent us from selling our solutions and services, or adversely impact our ability to commercialize future solutions and services. Our business would suffer if any current or future licenses terminate, if the licensors fail to abide by the terms of the license agreement, if the licensors fail to enforce licensed intellectual property against infringing third parties, if the licensed intellectual property are found to be invalid or unenforceable, or if we are unable to enter into necessary license agreements on acceptable terms or at all. Any of the foregoing could have an adverse effect on our business, financial condition or results of operations. ~~44~~ **If the redesign and consolidation of key business functions, including through the implementation of a core enterprise resource planning system, or ERP, does not proceed as expected or is not completed successfully, our business and financial results may be adversely impacted. We have undertaken a transformative process of redesigning numerous workflows that is intended to modernize and consolidate our technology platforms and associated processes across our organization. As part of this process, we have created and continue to expand shared business operations to carry out certain financial and operational functions, and are implementing a new ERP. Implementation of individual modules of the ERP and other aspects of this process, which began in the fourth quarter of 2023, are expected to occur over a multi- year period. The redesign of various business processes and implementation of this ERP and other aspects of this transformative process requires an investment of significant personnel and financial resources, including substantial expenditures for third- party consultants and system hardware and software. This implementation process could disrupt our operations or otherwise adversely affect us, including as the result of delays, disruptions to business continuity, higher than anticipated expenditures, potential design defects, data migration issues, diversion of management' s attention from other key priorities, increased cybersecurity risks and adverse impacts on the effectiveness of our internal controls over financial reporting. If we are unable to complete this redesign and consolidation of key business functions, including the implementation of the ERP, effectively, on a timely basis, or at all, our financial position, results of operations and cash flows may be adversely affected. Moreover, there is no assurance that this new ERP and other aspects of this process, once implemented, will meet our current or future business needs or will operate as intended.**