WSNA WASHINGTON STATE NURSES ASSOCIATION

Seattle Children's has wealth and profitability to navigate healthcare uncertainty

Seattle Children's Hospital (Hospital) has rejected WSNA's wage proposals on the grounds that the Hospital will face financial hardship in the coming years. Recently, the Hospital cited a concerning 'financial outlook' in an email to its staff announcing layoffs and the elimination of open positions. It has raised similar specters to its nursing staff, implying that it would be irresponsible for the Hospital to pay market rates for West Coast children's hospitals in such circumstances.

The numbers tell a much different story. Seattle Children's great wealth and consistently high profitability shield it from genuine financial hardship. The federal government's cuts to Medicaid—enacted via House Resolution 1—present real challenges to healthcare organizations, but Seattle Children's is currently in an extremely strong financial position to weather the coming uncertainty. Due to its strong financial position, concerns over Medicaid cuts' impact on the Hospital are overstated.

Seattle Children's Profitability

Seattle Children's is the most consistently profitable large health system in Washington. From fiscal year (FY) 2019 to FY24[1] the Hospital realized a profit in five out of six years, and a double-digit profit margin in three of those years. Through June 30, 2025, the Hospital was on pace to reach a profit margin of 13% for FY25.

Seattle Children's Historical Profit [2]

	FY19	FY20	FY21	FY22	FY23	FY24	FY25 (through 3Q)
Profit ($)	$202M	$108M	$359M	($245M)	$175M	$386M	$291M
Profit Margin	11%	6%	16%	-13%	7%	14%	13%

These margins are far better than what a non-profit hospital system needs to thrive in its patient care mission. The outlier—FY22, when Seattle Children's bottom line was negative—can be explained mostly by the loss in value of the Hospital's financial investments (more below) which diminished

[1] *Seattle Children's fiscal year runs from October 1 to September 30.*

[2] Seattle Children's Healthcare System Audited Financial Statements FY19, FY20, FY21, FY22, FY23, FY24. Seattle Children's Unaudited Financial Statements for the quarter ended 6/30/35.

with the downturn in the market; its healthcare operations were still profitable.

The best illustration of Seattle Children's profitability is a comparison with other large health systems in Washington. Seattle Children's has outperformed the four other major private non-profit hospital organizations—MultiCare, PeaceHealth, Providence, and CommonSpirit—nearly every single year since 2019. In FY24, for example, Seattle Children's profit margin was 14% while the other four health systems averaged a 3% profit margin. Previous years tell a similar story of Seattle Children's far outpacing its Washington counterparts in profitability.

Seattle Children's Wealth

Many years of high levels of profitability have allowed Seattle Children's to build up a great quantity of wealth, positioning it well to weather any industry headwinds or uncertainty facing healthcare systems. Since the Hospital is a non-profit, the 'profits' it generates must remain in the system; in other words, the Hospital is required to reinvest the money rather than externalize profits to shareholders. This reinvestment can take many forms: executive salary/bonuses, facility upgrades, expansion, and investments in staff, to name a few.

A common investment type for wealthy hospital systems is not directly related to patient care: investments in financial markets. Seattle Children's Hospital has devoted a large portion of its profits to increasing its financial portfolio over the years. The ostensible purpose for this kind of investment is to accumulate enough wealth to protect the Hospital from downcycles in the hospital industry. Because Seattle Children's has been so deliberate and successful in this way, they can afford to provide their employees with wage increases –market-competitive ones – even though the industry is facing uncertainty.

Seattle Children's had accumulated $2.3 billion in 'unrestricted cash and investments' as of its most recent financial filing (6/30/25). The $2.3 billion is equivalent to 335 'days cash on hand,' a commonly used metric to assess hospital liquidity. The metric describes how many days the hospital system could operate at current levels without taking in any money at all.

None of the other large hospital systems in Washington come close to this level of financial cushion. The four other large private non-profits hospital systems in Washington have an average of 147 days cash on hand.[3] With more than twice that, Seattle Children's could operate for nearly a year with no income. Thus, Seattle Children's is uniquely equipped to persevere through nearly any imagined worst-case scenario within the hospital industry. The Hospital could lose money for many years—a slim possibility given its strong foundation of profitability—before it would be in real financial distress.

A Question of Priorities

Seattle Children's has an extremely strong financial foundation, both in terms of profitability and

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[3] Providence St. Joseph Health FY25 Q2 unaudited financial statements. PeaceHealth FY25 Q3 unaudited financial statements. CommonSpirit FY25 Q3 unaudited financial statements. MultiCare FY25 Q2 unaudited financial statements.

accumulated wealth. Federal cuts to Medicaid may financially challenge certain hospitals, especially poor rural ones, but Seattle Children's is highly unlikely to experience financial distress due to its privileged financial position within the hospital industry.

Unfortunately, the Hospital has decided to react to uncertainty in federal healthcare policy by laying off staff and eliminating positions. It has pointed to layoffs at other Hospitals to signal that, instead of providing robust and market-competitive wage increases, investments in break relief nurses, increased sick leave accruals, and resources that would reduce incidents of workplace violence, Seattle Children's could be facing financial hardships that could affect the scope of its operations. Its recent layoff decision warrants further scrutiny. Non-profit hospitals are not immune from chasing profit objectives, and these targets are often much higher than what the hospital needs to succeed in its patient care mission. Seattle Children's decision to cut labor expenses at a time when it is thriving financially makes more sense if viewed through the prism of financial targets rather than financial need. This apparent prioritization of financial objectives is concerning given the life-or-death stakes of its core mission: providing world-class healthcare to the children of Washington.

Investing in staff is the most direct way a hospital system can sustain and improve levels of patient care. Financial stewardship, while important, can go too far. A narrow focus on improving profits and increasing wealth often comes at the expense of investments in patient care. Seattle Children's should not react to uncertainty in the healthcare industry by rejecting commonsense investments in resources that would retain experienced nurses in hard-to-fill roles, allow nurses to stay home when they are sick, ensure nurses get all the breaks they are legally entitled to, keep nurses safe from workplace violence, and avoid losing skilled, experienced nurses to other pediatric hospitals that pay far more. Such choices have real consequences for patients and for children across the State.