



## UWMF Finance Committee

February 22, 2022, 7:00 - 8:30 AM

<https://uwhealth.webex.com/uwhealth/j.php?MTID=mf60aec95c30a2d766a68bf4cf7c220c7>

Meeting number: 2621 042 1129 // Password: 022222

Telephone: 1-415-655-0003 US TOLL // Access code: 2621 042 1129

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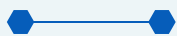
# UWMF Finance Committee - February 22, 2022 - Public Meeting Notice

## Agenda

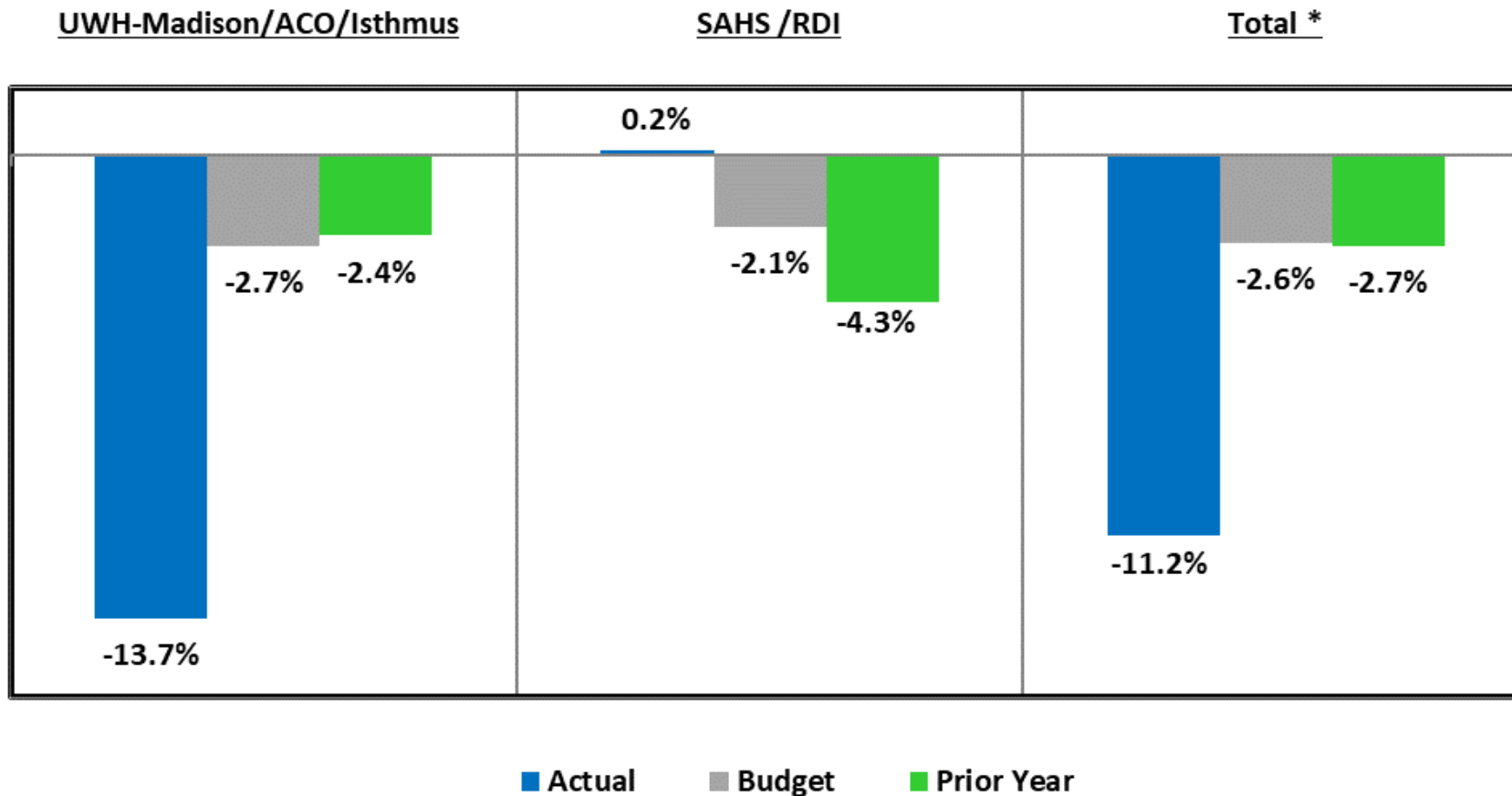
7:00 AM	<hr/> <b>I. Call to Order</b> Dr. Makeba Williams	
7:01 AM	<hr/> <b>II. Welcome and Introduction of New Committee Members</b> Dr. Makeba Williams	
7:09 AM	<hr/> <b>III. Meeting Minutes - Open Session</b> Dr. Makeba Williams	Approval
7:10 AM	<hr/> <b>IV. UW Health Financial Report</b> Ms. Jodi Vitello	Informational/Discussion
	<p style="padding-left: 40px;">Presentation - UW Health Consolidated Financial Report - YTD January 31, 2022</p>	3
7:20 AM	<hr/> <b>V. Closed Session</b>  (Materials Available To Members Only) Motion to enter into closed session pursuant to Wisconsin Statutes section 19.85(1)(e) for the discussion of the following confidential strategic matters, which for competitive reasons require a closed session: review and approval of closed session minutes; discussion of UW Health financial and budgetary matters for January 2022; review of Quartz financial arrangement; and review fiscal year 2022 financial scenario projections.	
8:30 AM	<hr/> <b>VI. Adjourn</b>	



# **UW Health Consolidated Financials January 31, 2022**



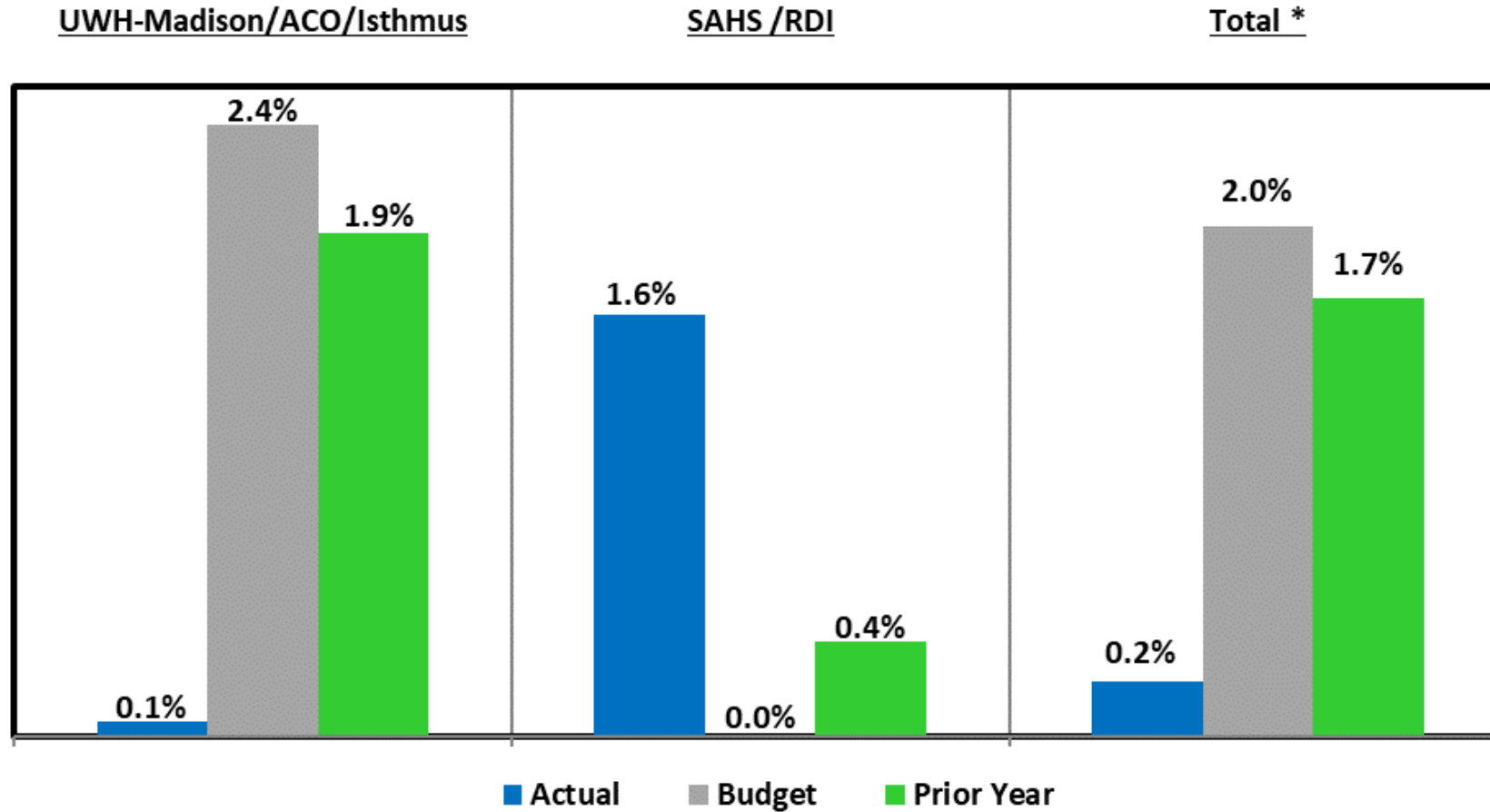
# UW Health Current Month Operating Margin – January 31, 2022



# Summary of Enterprise-wide Month of January 31, 2022 Operating Results

	Actual Jan- FY22	Plan Jan- FY22	Variance vs. Plan	Var. % vs. Plan	Actual Jan- FY21	Variance vs. PY	Var. % vs. PY
<b>TOTAL OPERATING REVENUE</b>							
NET PATIENT SERVICE REVENUE	304,171,489	311,487,110	(7,315,621)	-2%	287,727,317	16,444,172	6%
OTHER OPERATING REVENUES	4,652,929	6,442,145	(1,789,216)	-28%	4,804,920	(151,991)	-3%
<b>TOTAL OPERATING REVENUES, NET</b>	<b>308,824,418</b>	<b>317,929,255</b>	<b>(9,104,837)</b>	<b>-3%</b>	<b>292,532,237</b>	<b>16,292,181</b>	<b>6%</b>
<b>TOTAL OPERATING EXPENSES</b>							
SALARIES AND BENEFITS	198,323,987	183,362,091	14,961,896	8%	173,406,181	24,917,806	14%
PURCHASED SERVICES AND AGENCY COSTS	26,169,144	23,543,171	2,625,973	11%	17,847,344	8,321,800	47%
MEDICAL MATERIALS AND SUPPLIES	21,934,651	23,838,764	(1,904,113)	-8%	20,270,016	1,664,635	8%
PHARMACEUTICALS	52,475,903	50,597,044	1,878,859	4%	48,496,797	3,979,106	8%
FACILITIES AND EQUIPMENT	15,093,530	19,359,850	(4,266,320)	-22%	16,312,690	(1,219,160)	-7%
DEPRECIATION AND AMORTIZATION	10,983,317	8,992,061	1,991,256	22%	9,412,215	1,571,102	17%
INTEREST EXPENSE	3,387,459	1,929,191	1,458,268	76%	1,653,693	1,733,766	105%
PUBLIC AID ASSESSMENT	5,362,799	5,356,667	6,132	0%	5,047,815	314,984	6%
OTHER EXPENSES	3,873,661	3,165,690	707,971	22%	2,153,011	1,720,650	80%
NONOPERATING EXPENSES - ACADEMIC SUPPORT	5,978,751	5,991,747	(12,996)	0%	5,731,208	247,543	4%
<b>TOTAL OPERATING EXPENSES</b>	<b>343,583,202</b>	<b>326,136,276</b>	<b>17,446,926</b>	<b>5%</b>	<b>300,331,545</b>	<b>43,251,657</b>	<b>14%</b>
<b>INCOME FROM OPERATIONS</b>	<b>(34,758,784)</b>	<b>(8,207,021)</b>	<b>(26,551,763)</b>	<b>324%</b>	<b>(7,799,308)</b>	<b>(26,959,476)</b>	<b>346%</b>
<b>NON-OPERATING REVENUE/EXPENSES</b>							
NET INCREASE/DECREASE IN FAIR VALUE OF INVESTMENTS	(64,716,566)	411,325	(65,127,891)	-15834%	(5,063,609)	(59,652,957)	1178%
INVESTMENT INCOME	5,978,402	4,221,097	1,757,305	42%	2,409,635	3,568,767	148%
EQUITY INTEREST IN INCOME/LOSS OF JOINT VENTURES	3,083,881	1,423,014	1,660,867	117%	4,481,356	(1,397,475)	-31%
NET INC/DEC IN FAIR VALUE OF DERIVATIVE INSTRUMENT	391,883	-	391,883	0%	240,332	151,551	63%
OTHER, NET	(744,133)	381,734	(1,125,867)	-295%	632,798	(1,376,931)	-218%
<b>TOTAL OTHER NON-OPERATING REVENUES (EXPENSES), NET</b>	<b>(56,006,533)</b>	<b>6,437,170</b>	<b>(62,443,703)</b>	<b>-970%</b>	<b>2,700,512</b>	<b>(58,707,045)</b>	<b>-2174%</b>
<b>REVENUES OVER EXPENSES BEFORE CAPITAL GRANTS, GIFTS &amp; DONATIONS</b>	<b>(90,765,317)</b>	<b>(1,769,851)</b>	<b>(88,995,466)</b>	<b>5028%</b>	<b>(5,098,796)</b>	<b>(85,666,521)</b>	<b>1680%</b>

# UW Health YTD Operating Margin – January 31, 2022



# Summary of Enterprise-wide YTD January 31, 2022 Operating Results

	Actual Jan- FY22	Plan Jan- FY22	Variance vs. Plan	Var. % vs. Plan	Actual Jan- FY21	Variance vs. PY	Var. % vs. PY
<b><u>TOTAL OPERATING REVENUE</u></b>							
NET PATIENT SERVICE REVENUE	2,243,847,930	2,263,155,507	(19,307,577)	-1%	2,114,553,258	129,294,672	6%
OTHER OPERATING REVENUES	45,488,750	53,433,215	(7,944,465)	-15%	44,579,412	909,338	2%
<b>TOTAL OPERATING REVENUES, NET</b>	<b>2,289,336,680</b>	<b>2,316,588,722</b>	<b>(27,252,042)</b>	<b>-1%</b>	<b>2,159,132,670</b>	<b>130,204,010</b>	<b>6%</b>
<b><u>TOTAL OPERATING EXPENSES</u></b>							
SALARIES AND BENEFITS	1,276,633,138	1,267,492,224	9,140,914	1%	1,188,988,321	87,644,817	7%
PURCHASED SERVICES AND AGENCY COSTS	167,715,097	165,218,447	2,496,650	2%	130,998,663	36,716,434	28%
MEDICAL MATERIALS AND SUPPLIES	171,892,471	169,236,925	2,655,546	2%	154,352,160	17,540,311	11%
PHARMACEUTICALS	372,489,480	357,963,883	14,525,597	4%	358,295,886	14,193,594	4%
FACILITIES AND EQUIPMENT	99,860,355	134,510,839	(34,650,484)	-26%	115,682,943	(15,822,588)	-14%
DEPRECIATION AND AMORTIZATION	77,713,657	62,946,492	14,767,165	23%	65,075,948	12,637,709	19%
INTEREST EXPENSE	21,782,363	13,278,327	8,504,036	64%	13,506,043	8,276,320	61%
PUBLIC AID ASSESSMENT	36,438,959	36,416,667	22,292	0%	35,340,013	1,098,946	3%
OTHER EXPENSES	18,089,371	22,140,742	(4,051,371)	-18%	18,991,914	(902,543)	-5%
NONOPERATING EXPENSES - ACADEMIC SUPPORT	41,876,940	41,942,225	(65,285)	0%	41,549,188	327,752	1%
<b>TOTAL OPERATING EXPENSES</b>	<b>2,284,491,831</b>	<b>2,271,146,771</b>	<b>13,345,060</b>	<b>1%</b>	<b>2,122,781,079</b>	<b>161,710,752</b>	<b>8%</b>
<b>INCOME FROM OPERATIONS</b>	<b>4,844,849</b>	<b>45,441,951</b>	<b>(40,597,102)</b>	<b>-89%</b>	<b>36,351,591</b>	<b>(31,506,742)</b>	<b>-87%</b>
<b><u>NON-OPERATING REVENUE/EXPENSES</u></b>							
NET INCREASE/DECREASE IN FAIR VALUE OF INVESTMENTS	(54,697,772)	2,879,275	(57,577,047)	-2000%	170,582,225	(225,279,997)	-132%
INVESTMENT INCOME	53,040,469	29,547,680	23,492,789	80%	19,633,202	33,407,267	170%
EQUITY INTEREST IN INCOME/LOSS OF JOINT VENTURES	17,698,690	9,961,098	7,737,592	78%	12,169,515	5,529,176	45%
NET INC/DEC IN FAIR VALUE OF DERIVATIVE INSTRUMENT	1,019,406	-	1,019,406	0%	854,466	164,940	19%
OTHER, NET	18,664,598	2,861,300	15,803,298	552%	9,346,974	9,317,624	100%
<b>TOTAL OTHER NON-OPERATING REVENUES (EXPENSES), NET</b>	<b>35,725,391</b>	<b>45,249,353</b>	<b>(9,523,962)</b>	<b>-21%</b>	<b>212,586,382</b>	<b>(176,860,991)</b>	<b>-83%</b>
<b>REVENUES OVER EXPENSES BEFORE CAPITAL GRANTS, GIFTS &amp; DONATIONS</b>	<b>40,570,240</b>	<b>90,691,304</b>	<b>(50,121,064)</b>	<b>-55%</b>	<b>248,937,973</b>	<b>(208,367,733)</b>	<b>-84%</b>

# Enterprise-wide Preliminary January 31, 2022 Performance Ratios

	Healthcare System Industry Comparisons			
	Favorable Direction	FY 22	S&P "AA-" Rated (1)	Moody's "Aa3" Rated (2)
<b>Operating Margin*</b>	↑	<b>0.2%</b>	<b>1.9%</b>	<b>2.0%</b>
<b>Total Margin</b>	↑	<b>1.7%</b>	<b>4.1%</b>	<b>5.7%</b>
<b>Days Cash on Hand*</b>	↑	<b>280</b> ^	<b>287</b>	<b>299</b>
<b>Days in Accounts Receivable **</b>	↓	<b>44</b>	<b>47</b>	<b>47</b>
<b>Long Term Debt to Capitalization</b>	↓	<b>27.1%</b>	<b>26.9%</b>	<b>26.2%</b>
<b>Operating Cash Flow</b>	↑	<b>4.6%</b>	<b>7.1%</b>	<b>7.0%</b>
<b>Cash-to-Debt</b>	↑	<b>241.2%</b>	<b>237.3%</b>	<b>280.2%</b>

\* excludes provision for bad debt and retiree health insurance, includes academic support

\*\* average for 12 months

(1) S&P's 2020 financial ratios based on 38 obligators rated "AA-" by S&P. Based on 2020 audited financials.

(2) Moody's 2020 financial ratios based on 32 "Aa3" rated hospitals. Based on 2020 audited financials.

^ The significant increase to DCOH is related to the advanced received from Medicare, which is over 20 days and some rebounds in the investment portfolio



# Balance Sheet – January 31, 2022

	UWHCA	UWMF	ACO/Isthmus	Total UWHCA and UWMF	Discrete Components	UW Health Consolidated
Cash & Investments						
Unrestricted	1,833,483,368	445,778,480	6,917,952	2,286,179,800	541,299,199	<b>2,827,478,999</b>
Restricted by Trustee & Donors	372,988,657	-	-	372,988,657	-	<b>372,988,657</b>
Accounts Receivable	366,705,215	84,503,611	-	451,208,826	57,410,814	<b>508,619,640</b>
Property, Plant & Equipment, Net	838,457,073	113,858,767	-	952,315,840	423,386,608	<b>1,364,255,659</b>
Other Assets & Deferred Outflows of Resources	1,266,586,270	110,408,655	274,784	1,244,366,368	75,471,272	<b>1,081,116,139</b>
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 4,678,220,583</b>	<b>\$ 754,549,513</b>	<b>\$ 7,192,736</b>	<b>\$ 5,307,059,491</b>	<b>\$ 1,097,567,893</b>	<b>\$ 6,154,459,095</b>
Current Liabilities	538,822,865	284,637,105	260,707	697,749,365	176,561,922	<b>867,701,515</b>
Long-term Debt & Deferred Inflows of Resources	1,874,765,092	76,569,352	-	1,951,334,444	294,015,142	<b>2,017,784,130</b>
Net Position						
Unrestricted	2,151,713,159	393,343,056	6,932,029	2,545,056,215	617,938,160	<b>3,147,001,314</b>
Restricted	112,919,467	-	-	112,919,467	9,052,669	<b>121,972,136</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Net Position</b>	<b>\$ 4,678,220,583</b>	<b>\$ 754,549,513</b>	<b>\$ 7,192,736</b>	<b>\$ 5,307,059,491</b>	<b>\$ 1,097,567,893</b>	<b>\$ 6,154,459,095</b>

Elimination Entries are not displayed but are part of the Consolidated Numbers

## Key Takeaways for January

- Volumes in the Madison region were unfavorable to budget in all categories. N.IL exceed budget in most categories except for surgeries and ED visits.
- We saw net revenues coming in \$9.1M unfavorable to budget, including factoring in the negative risk share true-up with Quartz, through December year-end. Madison region was unfavorable to budget by \$13.9M and N. IL was favorable \$5.8M.
- Expense were unfavorable to budget by \$17.4M. There were several factors contributing to this for January. The main contributing factors were Purchased services, unfavorable to budget by \$2.6M, Salaries & Benefits were almost \$15M unfavorable. \$10.8M unfavorable in Madison and \$4.2M unfavorable in N. IL.
- On the non-operating side, we saw unfavorable results compared to budget, with an unrealized loss on investments of \$64.7M