



UWHCA Finance Committee

June 23, 2022, 9:00 - 10:30 AM

<https://uwhealth.webex.com/uwhealth/j.php?MTID=m3076adcc4bcc0295b1def6bde3c30882>

Meeting Number: 2622 839 4572 // Password: 062322

Telephone: 1-415-655-0003 US TOLL // Access Code: 2622 839 4572

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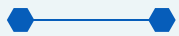
UWHCA Finance Committee - June 23, 2022 - Public Meeting Notice

Agenda

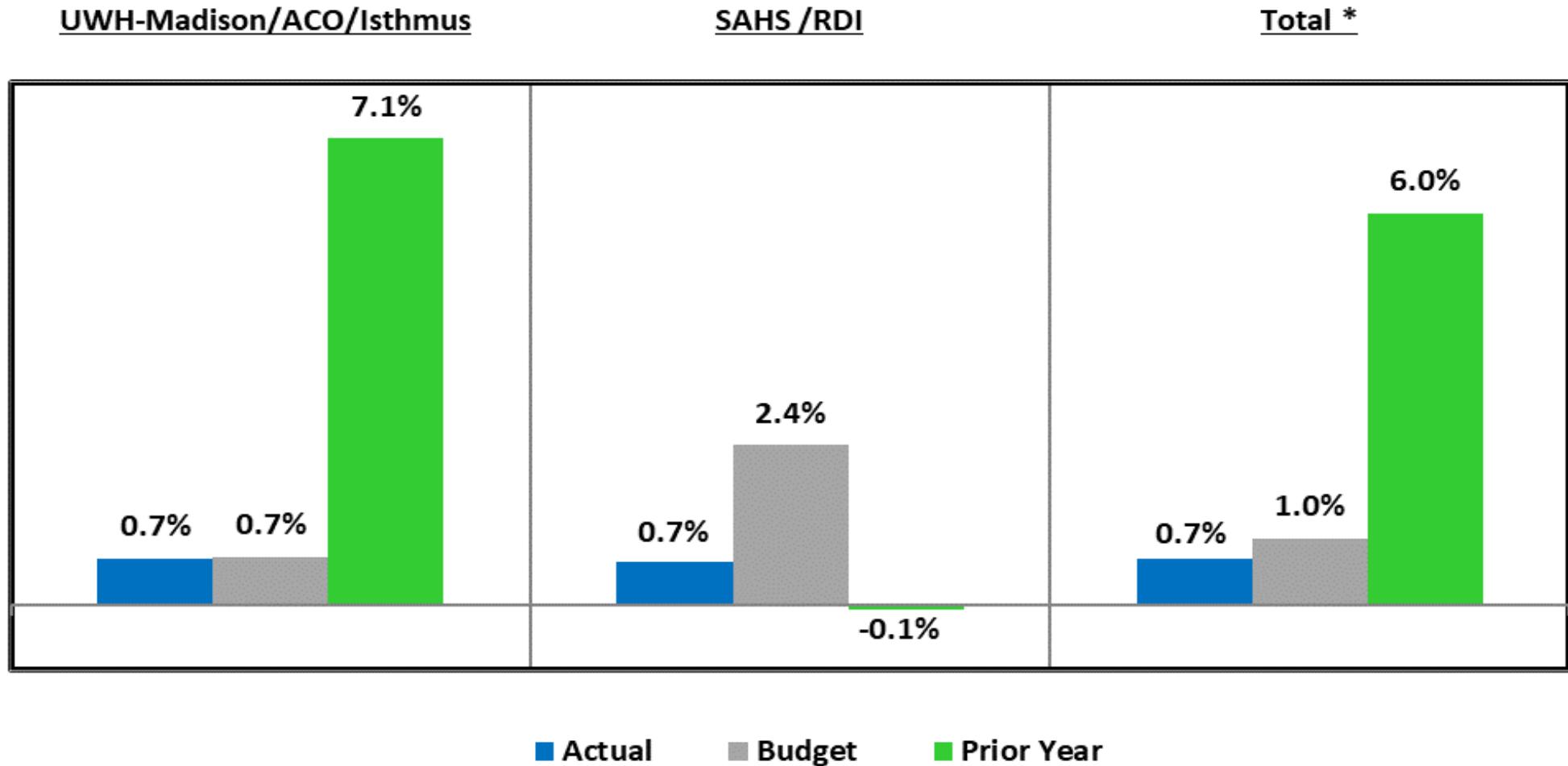
9:00 AM	<hr/> I. Call to Order Mr. Kenneth Mount	
9:00 AM	<hr/> II. Meeting Minutes - Open Session Mr. Kenneth Mount	Approval
9:02 AM	<hr/> III. UW Health Consolidated Financials - YTD May 31, 2022 Mr. Robert Flannery, Ms Jodi Vitello, Ms. Patti DeWane	Update
	<p style="text-align: center;">Presentation - UW Health Consolidated Financials - YTD May 31, 2022</p>	3
9:12 AM	<hr/> IV. Closed Session 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; review of FY23 UW Health Enterprise Capital and Operating Budget and the Joint Operating Agreement (JOA) Entities Capital and Operating Budget; and pursuant to Wisconsin Statutes section 19.85(1)(g) to confer with legal counsel regarding these and other matters.	
10:14 AM*	<hr/> V. Return To Open Session (*Time noted is approximate)	
10:14 AM	<hr/> VI. ACTION: Endorsement of the FY23 UW Health Enterprise Capital and Operating Budget and the Joint Operating Agreement (JOA) Entities Capital and Operating Budget Mr. Kenneth Mount (Motion to endorse approval of the FY23 UW Health Enterprise Capital and Operating Budget and the Joint Operating Agreement (JOA) Entities Capital and Operating Budget as discussed in Closed Session)	Endorsement
10:30 AM	<hr/> VII. Adjourn	



UW Health Consolidated Financial Results May 31, 2022



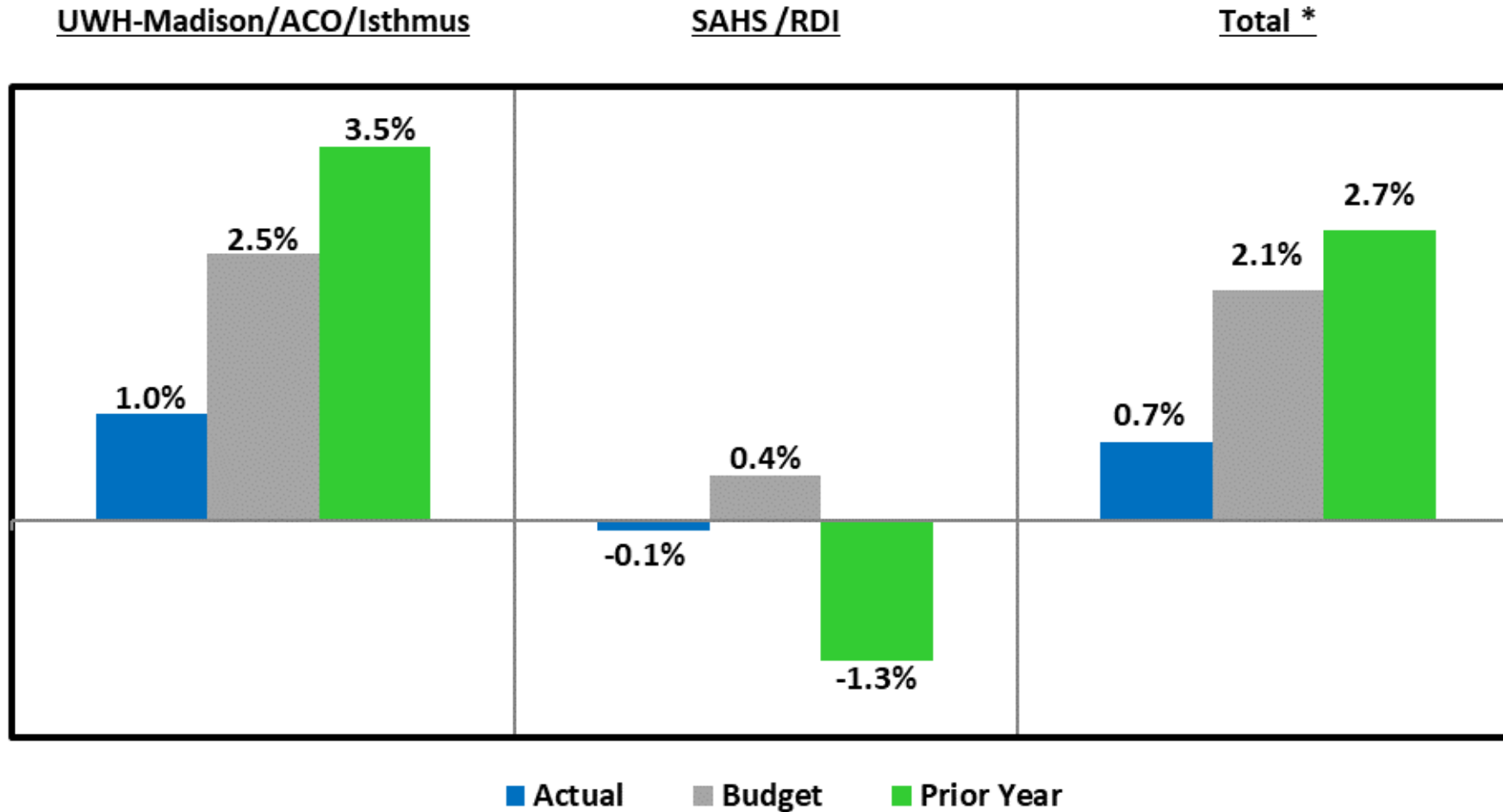
UW Health Current Month Operating Margin – May 31, 2022



Summary of Enterprise-wide Month of May 31, 2022 Operating Results



	Actual May- FY22	Plan May- FY22	Variance vs. Plan	Var. % vs. Plan	Actual May- FY21	Variance vs. PY	Var. % vs. PY
<u>TOTAL OPERATING REVENUE</u>							
GROSS PATIENT REVENUE	1,151,565,771	1,099,930,631	51,635,140	5%	1,049,476,099	102,089,672	10%
DEDUCTIONS AND ALLOWANCES	(807,669,018)	(776,023,985)	(31,645,033)	4%	(727,561,078)	(80,107,940)	11%
NET PATIENT SERVICE REVENUE	343,896,753	323,906,646	19,990,107	6%	321,915,021	21,981,732	7%
OTHER OPERATING REVENUES	3,803,246	6,249,696	(2,446,450)	-39%	4,789,249	(986,003)	-21%
TOTAL OPERATING REVENUES, NET	347,699,999	330,156,342	17,543,657	5%	326,704,270	20,995,729	6%
<u>TOTAL OPERATING EXPENSES</u>							
Revenues include \$10.1M of 2019 Quartz Audit Settlement for UWH							
SALARIES AND BENEFITS	195,965,056	184,719,307	11,245,749	6%	171,414,453	24,550,603	14%
NON-CASH PENSION AND OTHER OPEB EXPENSES	0	0	0	0%	0	0	0%
PURCHASED SERVICES AND AGENCY COSTS	25,614,040	23,320,405	2,293,635	10%	18,739,171	6,874,869	37%
MEDICAL MATERIALS AND SUPPLIES	23,930,182	23,071,220	858,962	4%	23,073,041	857,141	4%
PHARMACEUTICALS	55,927,553	50,993,902	4,933,651	10%	52,075,348	3,852,205	7%
FACILITIES AND EQUIPMENT	16,409,946	19,441,481	(3,031,535)	-16%	15,614,186	795,760	5%
DEPRECIATION AND AMORTIZATION	12,168,059	8,994,934	3,173,125	35%	10,099,934	2,068,125	20%
INTEREST EXPENSE	3,260,886	1,853,396	1,407,490	76%	2,124,202	1,136,684	54%
PUBLIC AID ASSESSMENT	3,700,100	5,356,667	(1,656,567)	-31%	5,100,346	(1,400,246)	-27%
OTHER EXPENSES	2,410,443	3,025,698	(615,255)	-20%	2,685,904	(275,461)	-10%
PROVISION FOR BAD DEBT	0	0	0	0%	0	0	0%
NONOPERATING EXPENSES - ACADEMIC SUPPORT	5,847,556	5,991,747	(144,191)	-2%	6,224,047	(376,491)	-6%
TOTAL OPERATING EXPENSES	345,233,821	326,768,757	18,465,064	6%	307,150,632	38,083,189	12%
INCOME FROM OPERATIONS	2,466,178	3,387,585	(921,407)	-27%	19,553,638	(15,910,571)	-81%
<u>NON-OPERATING REVENUE/EXPENSES</u>							
NET INCREASE/DECREASE IN FAIR VALUE OF INVESTMENTS	3,850,977	411,325	3,439,652	836%	21,119,038	(17,268,061)	-82%
INVESTMENT INCOME	2,900,405	4,221,097	(1,320,692)	-31%	481,841	2,418,564	502%
EQUITY INTEREST IN INCOME/LOSS OF JOINT VENTURES	(587,596)	1,423,014	(2,010,610)	-141%	745,513	(1,333,109)	-179%
NET INC/DEC IN FAIR VALUE OF DERIVATIVE INSTRUMENT	(106,077)	0	(106,077)	0%	(25,913)	(80,164)	309%
OTHER, NET	1,951,018	422,216	1,528,802	362%	587,595	1,363,423	232%
TOTAL OTHER NON-OPERATING REVENUES (EXPENSES), NET	8,008,727	6,477,652	1,531,075	24%	22,908,074	(14,899,347)	-65%
REVENUES OVER EXPENSES BEFORE CAPITAL GRANTS, GIFTS & DONATIONS	10,474,905	9,865,237	609,668	6%	42,461,712	(30,809,918)	-73%

UW Health YTD Operating Margin – May 31, 2022



Summary of Enterprise-wide YTD May 31, 2022 Operating Results

	Actual May- FY22	Plan May- FY22	Variance vs. Plan	Var. % vs. Plan	Actual May- FY21	Variance vs. PY	Var. % vs. PY
<u>TOTAL OPERATING REVENUE</u>							
GROSS PATIENT REVENUE	12,663,886,570	11,968,173,085	695,713,485	6%	11,020,445,869	1,643,440,701	15%
DEDUCTIONS AND ALLOWANCES	(9,076,438,583)	(8,409,818,455)	(666,620,128)	8%	(7,649,957,208)	(1,426,481,375)	19%
NET PATIENT SERVICE REVENUE	3,587,447,987	3,558,354,630	29,093,357	1%	3,370,488,661	216,959,326	6%
OTHER OPERATING REVENUES	66,125,565	78,913,001	(12,787,436)	-16%	83,047,078	(16,921,513)	-20%
TOTAL OPERATING REVENUES, NET	3,653,573,552	3,637,267,631	16,305,921	0%	3,453,535,739	200,037,813	6%
<u>TOTAL OPERATING EXPENSES</u>							
SALARIES AND BENEFITS	2,027,406,645	1,986,345,846	41,060,799	2%	1,867,409,058	159,997,587	9%
NON-CASH PENSION AND OTHER OPEB EXPENSES	0	0	0	0%	0	0	0%
PURCHASED SERVICES AND AGENCY COSTS	272,353,890	258,474,579	13,879,311	5%	225,085,066	47,268,824	21%
MEDICAL MATERIALS AND SUPPLIES	267,109,116	263,703,642	3,405,474	1%	249,481,726	17,627,390	7%
PHARMACEUTICALS	589,645,460	561,049,701	28,595,759	5%	571,528,269	18,117,191	3%
FACILITIES AND EQUIPMENT	160,765,661	211,827,142	(51,061,481)	-24%	177,549,447	(16,783,786)	-9%
DEPRECIATION AND AMORTIZATION	124,496,599	98,920,751	25,575,848	26%	103,245,170	21,251,429	21%
INTEREST EXPENSE	34,203,989	20,952,882	13,251,107	63%	20,804,039	13,399,950	64%
PUBLIC AID ASSESSMENT	56,228,254	57,843,333	(1,615,079)	-3%	55,744,055	484,199	1%
OTHER EXPENSES	29,424,637	35,063,315	(5,638,678)	-16%	24,529,928	4,894,709	20%
PROVISION FOR BAD DEBT	0	0	0	0%	0	0	0%
NONOPERATING EXPENSES - ACADEMIC SUPPORT	65,660,749	65,909,210	(248,461)	0%	65,741,626	(80,877)	0%
TOTAL OPERATING EXPENSES	3,627,295,000	3,560,090,401	67,204,599	2%	3,361,118,384	(3,361,118,384)	-100%
INCOME FROM OPERATIONS	26,278,552	77,177,230	(50,898,678)	-66%	92,417,355	(92,417,355)	(1)
<u>NON-OPERATING REVENUE/EXPENSES</u>							
NET INCREASE/DECREASE IN FAIR VALUE OF INVESTMENTS	(207,248,030)	4,524,575	(211,772,605)	-4680%	247,082,391	(454,330,421)	-184%
INVESTMENT INCOME	59,674,038	46,432,069	13,241,969	29%	49,130,935	10,543,103	21%
EQUITY INTEREST IN INCOME/LOSS OF JOINT VENTURES	12,812,614	15,653,155	(2,840,541)	-18%	12,712,068	100,546	1%
NET INC/DEC IN FAIR VALUE OF DERIVATIVE INSTRUMENT	2,246,050	0	2,246,050	0%	1,512,930	733,120	48%
OTHER, NET	24,204,348	4,481,299	19,723,049	440%	22,955,013	1,249,335	5%
TOTAL OTHER NON-OPERATING REVENUES (EXPENSES), NET	(108,310,980)	71,091,098	(179,402,078)	-252%	333,393,337	(333,393,337)	-100%
REVENUES OVER EXPENSES BEFORE CAPITAL GRANTS, GIFTS & DONATIONS	(82,032,428)	148,268,328	(230,300,756)	-155%	425,810,692	(425,810,692)	-100%

 Favorable Variance
 Unfavorable Variance

Enterprise-wide May 31, 2022 Balance Sheet

	UWHCA	UWMF	ACO/Isthmus	Total UWHCA and UWMF	Discrete Components	UW Health Consolidated
Cash & Investments						
Unrestricted	1,681,800,223	455,635,442	6,921,395	2,144,357,060	513,495,760	2,657,852,820
Restricted by Trustee & Donors	383,235,185	-	-	383,235,185	-	383,235,185
Accounts Receivable	364,974,420	84,791,507	-	449,765,927	73,771,119	523,537,046
Property, Plant & Equipment, Net	842,023,346	110,540,574	6,410	952,570,330	419,927,824	1,361,051,365
Other Assets & Deferred Outflows of Resources	1,638,784,674	486,741,490	261,465	1,236,994,381	74,894,746	1,069,794,751
Total Assets & Deferred Outflows of Resources	\$ 4,910,817,848	\$ 1,137,709,013	\$ 7,189,270	\$ 5,166,922,883	\$ 1,082,089,449	\$ 5,995,471,167
Current Liabilities	846,763,717	692,597,888	562,711	657,757,627	199,418,777	846,303,731
Long-term Debt & Deferred Inflows of Resources	1,857,430,610	70,816,170	-	1,928,246,780	288,985,809	1,989,790,615
Net Position						
Unrestricted	2,081,954,537	374,294,955	6,626,559	2,456,249,492	585,113,648	3,026,136,623
Restricted	124,668,984	-	-	124,668,984	8,571,215	133,240,199
Total Liabilities, Deferred Inflows of Resources & Net Position	\$ 4,910,817,848	\$ 1,137,709,013	\$ 7,189,270	\$ 5,166,922,883	\$ 1,082,089,449	\$ 5,995,471,167

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

Enterprise-wide May 31, 2022 Performance Ratios

	Healthcare System Industry Comparisons			
	Favorable Direction	FY 22	S&P "AA-" Rated (1)	Moody's "Aa3" Rated (2)
Operating Margin*	↑	0.7%	1.9%	2.0%
Net Margin	↑	-2.3%	4.1%	5.7%
Cash on Hand*	↑	259	287	299
Days in Accounts Receivable **	↓	44	47	47
Long Term Debt to Capitalization	↓	27.5%	26.9%	26.2%
Operating Cash Flow	↑	5.1%	7.1%	7.0%
Equity-to-Debt	↑	231.0%	237.3%	280.2%

*Includes provision for bad debt and retiree health insurance, includes academic support
 †Average for 12 months

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

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

Key Takeaways for May

- Volumes in the Madison UW Health region were favorable to budget in most categories, except admissions, where they were unfavorable to budget. N.IL exceed budget in all volume categories for the month, except surgeries, where they were 3% unfavorable to budget.
- We saw net revenues coming in \$17.5M favorable to budget, including factoring in the risk share true-up with Quartz, through May. Madison region was favorable to budget by \$15.1M and N. IL was favorable \$3.5M.
- Expense were unfavorable to budget by \$18.5M. There were several factors contributing to this for May. The main contributing factors were salary & benefits unfavorable to budget by \$11.2M, temporary help roughly \$4.8M unfavorable to budget, and pharmaceuticals were \$4.9M unfavorable.
- On the non-operating side, we saw favorable results compared to budget, with an unrealized gain on investments of \$3.4M.