



## UWHCA Finance Committee

February 24, 2022, 10:00 - 11:30 AM

<https://uwhealth.webex.com/uwhealth/j.php?MTID=me8e07184ca6a3d64256ac0d430c40d07>

Meeting number: 2623 772 1430 // Password: 022422

Telephone: 1-415-655-0003 US TOLL // Access code: 2623 772 1430

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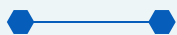
# UWHCA Finance Committee - February 24, 2022 - Public Meeting Notice

## Agenda

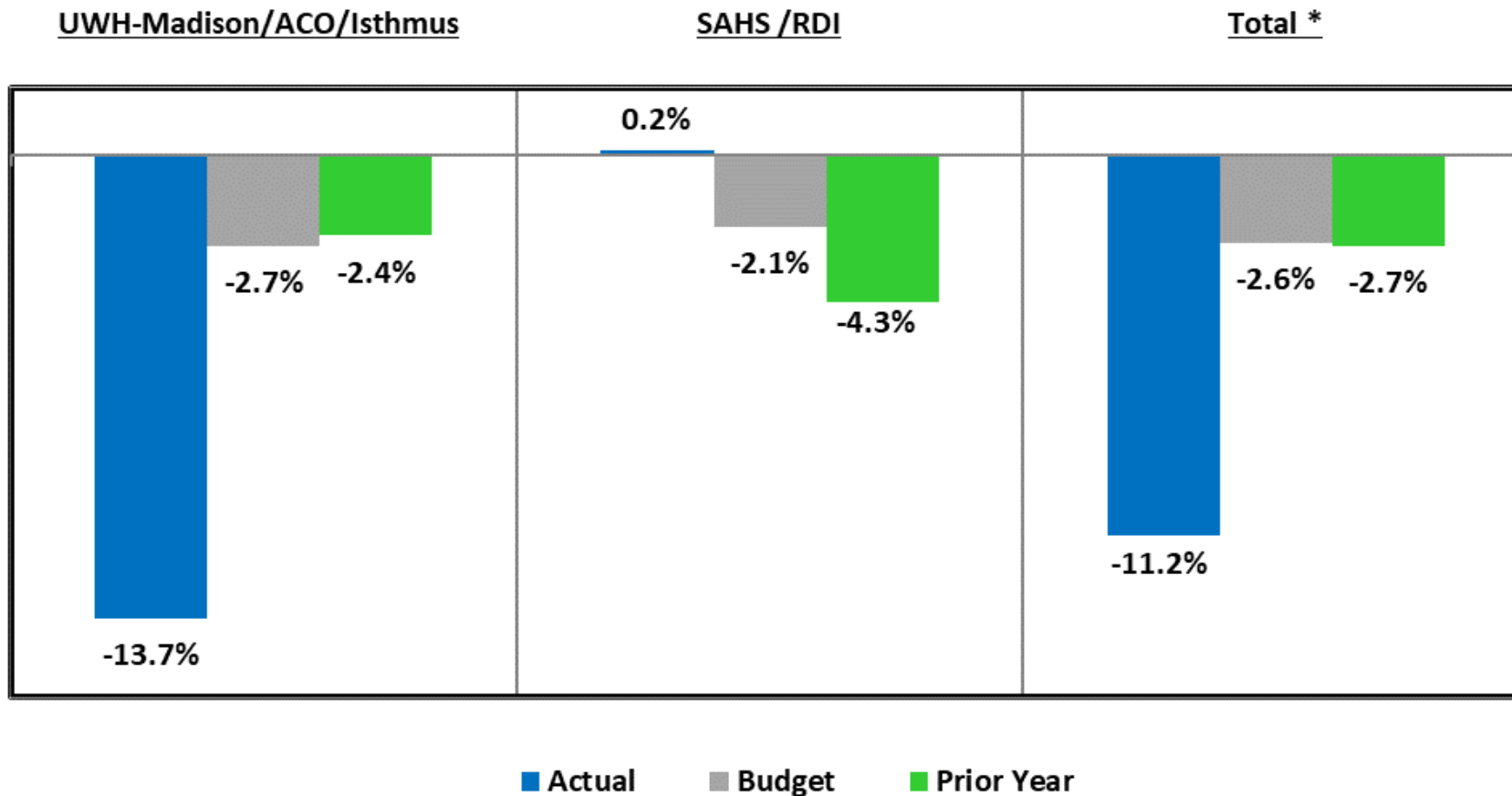
10:00 AM	<hr/> <b>I. Call to Order</b> Mr. Kenneth Mount	
10:01 AM	<hr/> <b>II. Meeting Minutes - Open Session</b> Mr. Kenneth Mount	Approval
10:02 AM	<hr/> <b>III. UW Health Consolidated Financials - YTD January 31, 2022</b> Mr. Robert Flannery, Ms. Jodi Vitello, Ms. Patti DeWane	Report/Discussion
	<p style="padding-left: 40px;">Presentation - UW Health Consolidated Financials - YTD January 31, 2022</p>	3
10:12 AM	<hr/> <b>IV. Closed Session</b>  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; Quartz update; review fiscal year 2022 financial scenario projections; discussion of UW Health's fiscal year 2023 system budget drivers; and pursuant to Wisconsin Statutes section 19.85(1)(g) for obtaining legal advice relating to such matters.	
11:30 AM	<hr/> <b>V. Adjourn</b>	



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



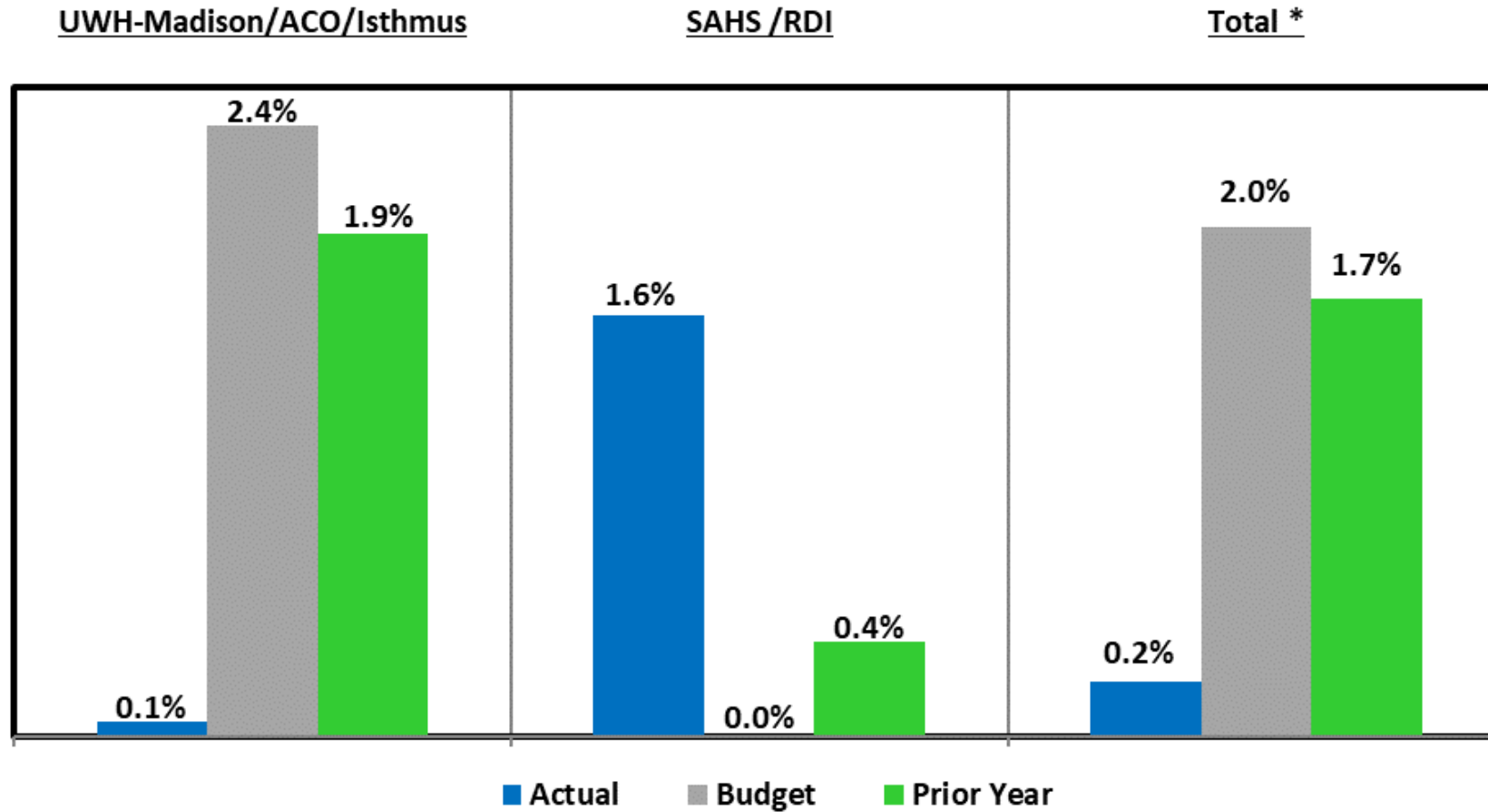
# UW Health Current Month Operating Margin – January 31, 2022



# 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