



UWMF Finance Committee

May 24, 2022, 7:00 AM - 8:30 AM

Via WebEx: <https://uwhealth.webex.com/uwhealth/j.php?MTID=m89b0d2a67ceebea804d80bb45ec0d872>

Meeting Number: 2623 745 0296 // Password: 052422

Telephone: +1-415-655-0003 US TOLL // Access code: 2623 745 0296

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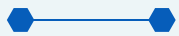
UWMF Finance Committee - May 24, 2022 - Public Meeting Notice

Agenda

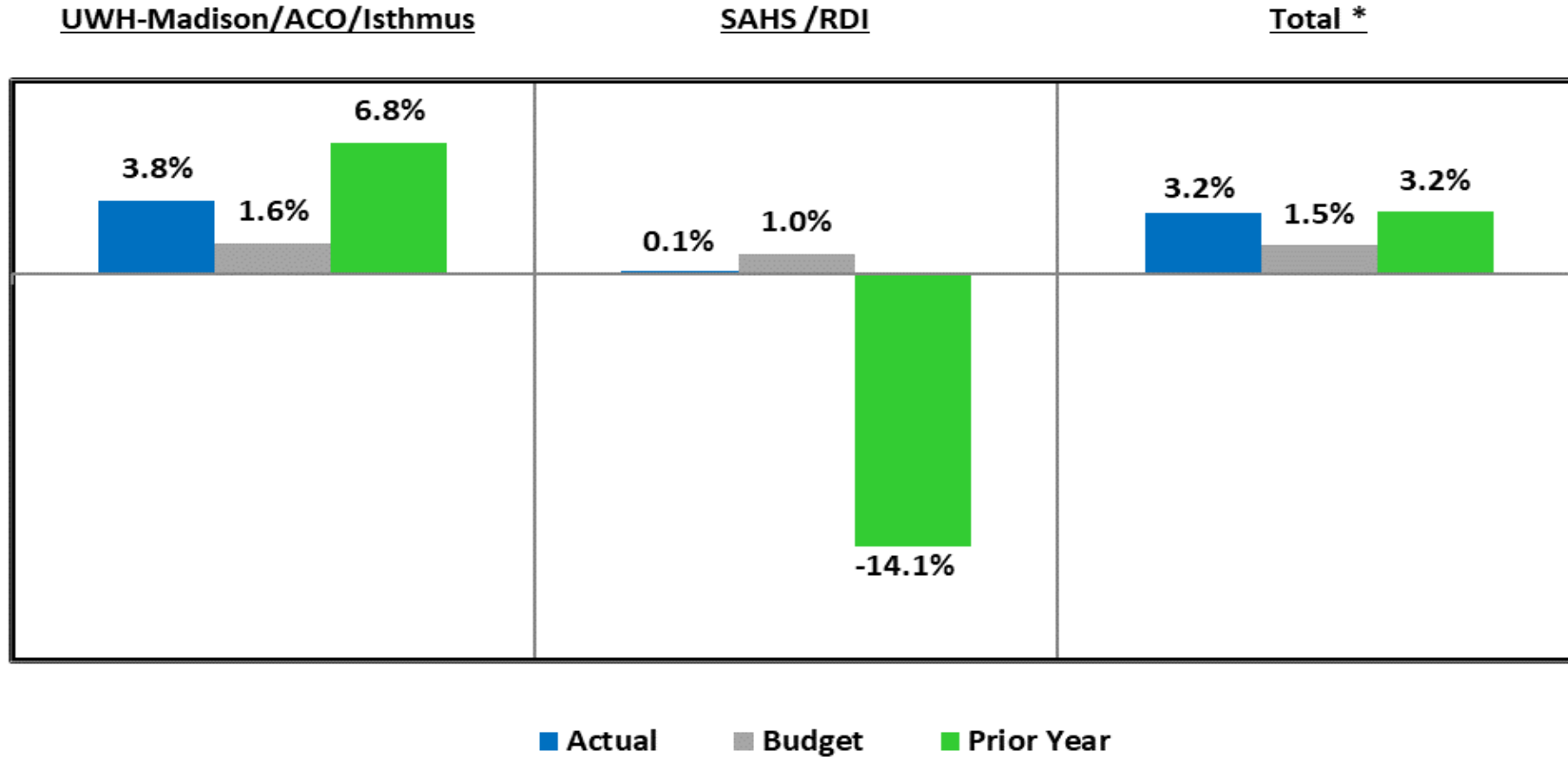
7:00 AM	<hr/> I. Call to Order/Chair Updates Dr. Makeba Williams	
7:00 AM	<hr/> II. Meeting Minutes - Open Session Dr. Makeba Williams	Approval
7:01 AM	<hr/> III. UW Health Consolidated Financial Report - YTD April 30, 2022 Ms. Jodi Vitello	Informational/Discussion
	<p style="padding-left: 40px;">Presentation - UW Health Consolidated Financial Report - YTD April 30, 2022</p>	3
7:06 AM	<hr/> IV. Closed Session (Materials Available To Members Only) Motion to enter into closed session pursuant to Wisconsin Statutes section 19.85(1)(e) for discussion of the following confidential strategic matters, which for competitive reasons require a closed session: review and approval of closed session minutes; discussion of UWMF Financial Indicators for Month Ending April 30, 2022; UW Health FY23 Capital Budget; UW Health Pharmacy Department Financial update, and UWMF Provider Workforce update.	
8:30 AM *	<hr/> V. Adjourn (*Time noted is approximate)	



UW Health Consolidated Financial Results April 30, 2022



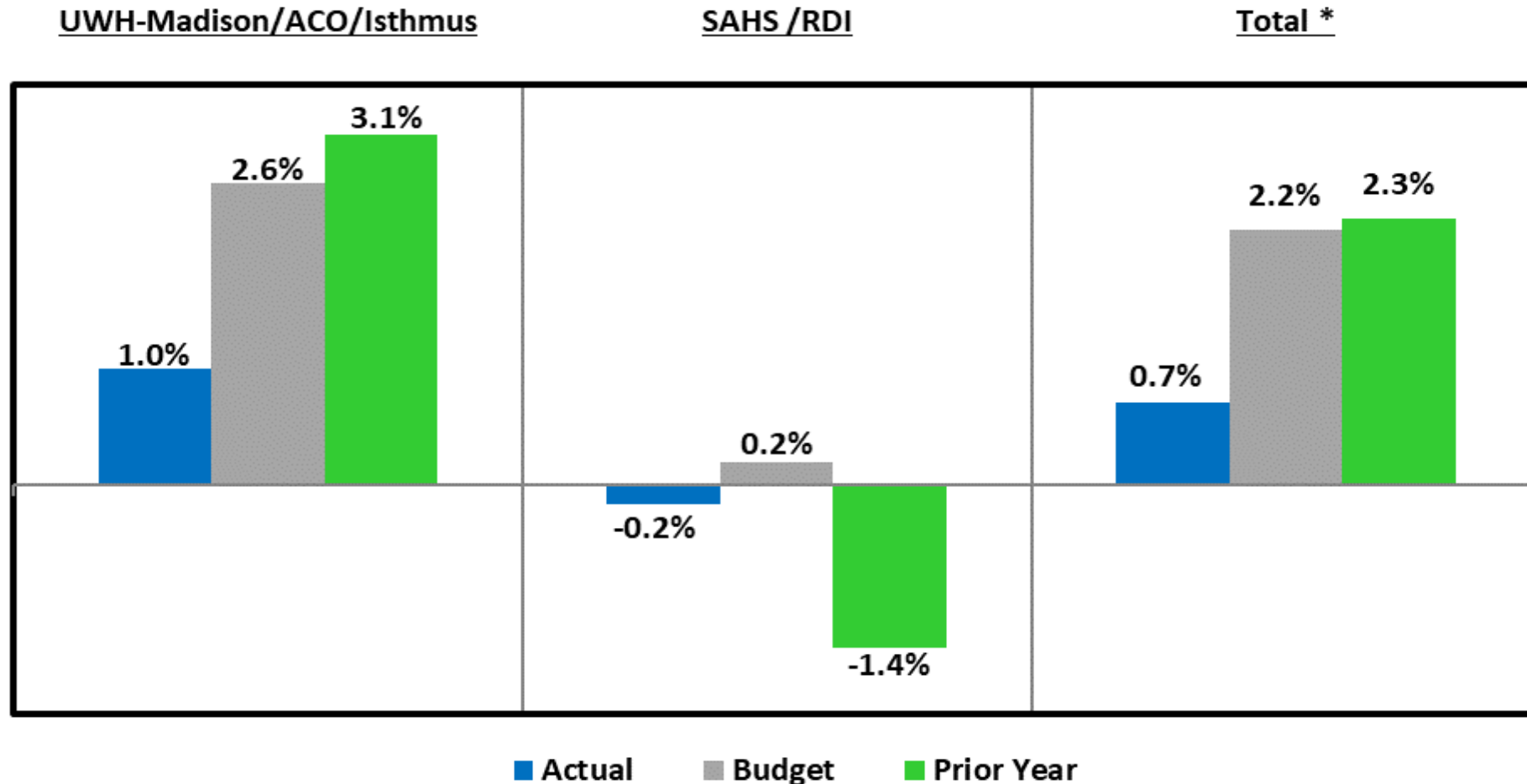
UW Health Current Month Operating Margin – April 30, 2022



Summary of Enterprise-wide Month of April 30, 2022 Operating Results

	Actual Apr- FY22	Plan Apr- FY22	Variance vs. Plan	Var. % vs. Plan	Actual Apr- FY21	Variance vs. PY	Var. % vs. PY
<u>TOTAL OPERATING REVENUE</u>							
NET PATIENT SERVICE REVENUE	337,772,024	321,430,461	16,341,563	5%	321,535,456	16,236,568	5%
OTHER OPERATING REVENUES	6,421,250	6,284,692	136,558	2%	5,798,862	622,388	11%
TOTAL OPERATING REVENUES, NET	344,193,274	327,715,153	16,478,121	5%	327,334,318	16,858,956	5%
<u>TOTAL OPERATING EXPENSES</u>							
SALARIES AND BENEFITS	185,395,859	179,715,310	5,680,549	3%	164,873,704	20,522,155	12%
NON-CASH PENSION AND OTHER OPEB EXPENSES	-	-	-	0%	-	-	0%
PURCHASED SERVICES AND AGENCY COSTS	27,064,671	23,302,205	3,762,466	16%	34,233,539	(7,168,868)	-21%
MEDICAL MATERIALS AND SUPPLIES	24,037,951	24,312,621	(274,670)	-1%	24,817,706	(779,755)	-3%
PHARMACEUTICALS	52,262,499	50,558,329	1,704,170	3%	56,267,474	(4,004,975)	-7%
FACILITIES AND EQUIPMENT	15,459,843	19,338,279	(3,878,436)	-20%	13,283,357	2,176,486	16%
DEPRECIATION AND AMORTIZATION	11,435,748	8,993,848	2,441,900	27%	9,368,460	2,067,288	22%
INTEREST EXPENSE	3,184,134	1,857,066	1,327,068	71%	1,443,166	1,740,968	121%
PUBLIC AID ASSESSMENT	5,362,799	5,356,667	6,132	0%	5,100,346	262,453	5%
OTHER EXPENSES	3,153,555	3,483,403	(329,848)	-9%	1,712,999	1,440,556	84%
NONOPERATING EXPENSES - ACADEMIC SUPPORT	5,978,751	5,991,747	(12,996)	0%	5,805,255	173,496	3%
TOTAL OPERATING EXPENSES	333,335,810	322,909,475	10,426,335	3%	316,906,006	16,429,804	5%
INCOME FROM OPERATIONS	10,857,464	4,805,678	6,051,786	126%	10,428,312	429,152	4%
<u>NON-OPERATING REVENUE/EXPENSES</u>							
NET INCREASE/DECREASE IN FAIR VALUE OF INVESTMENTS	(85,819,704)	411,325	(86,231,029)	-20964%	35,347,648	(121,167,352)	-343%
INVESTMENT INCOME	2,350,573	4,221,097	(1,870,524)	-44%	5,297,790	(2,947,217)	-56%
EQUITY INTEREST IN INCOME/LOSS OF JOINT VENTURES	(4,776,431)	1,423,014	(6,199,445)	-436%	611,668	(5,388,099)	-881%
NET INC/DEC IN FAIR VALUE OF DERIVATIVE INSTRUMENT	543,347	-	543,347	0%	(96,080)	639,427	-666%
OTHER, NET	1,150,191	412,304	737,887	179%	14,187,537	(13,037,346)	-92%
TOTAL OTHER NON-OPERATING REVENUES (EXPENSES), NET	(86,552,024)	6,467,740	(93,019,764)	-1438%	55,348,563	(141,900,587)	-256%
REVENUES OVER EXPENSES BEFORE CAPITAL GRANTS, GIFTS & DONATIONS	(75,694,560)	11,273,418	(86,967,978)	-771%	65,776,875	(141,471,435)	-215%

UW Health YTD Operating Margin – April 30, 2022



Summary of Enterprise-wide YTD April 30, 2022 Operating Results

	Actual Apr- FY22	Plan Apr- FY22	Variance vs. Plan	Var. % vs. Plan	Actual Apr- FY21	Variance vs. PY	Var. % vs. PY
<u>TOTAL OPERATING REVENUE</u>							
NET PATIENT SERVICE REVENUE	3,243,551,233	3,234,447,984	9,103,249	0%	3,065,798,331	177,752,902	6%
OTHER OPERATING REVENUES	62,322,320	72,663,306	(10,340,986)	-14%	60,550,071	1,772,249	3%
TOTAL OPERATING REVENUES, NET	3,305,873,553	3,307,111,290	(1,237,737)	0%	3,126,348,402	179,525,151	6%
<u>TOTAL OPERATING EXPENSES</u>							
SALARIES AND BENEFITS	1,831,441,589	1,801,626,540	29,815,049	2%	1,695,994,605	135,446,984	8%
NON-CASH PENSION AND OTHER OPEB EXPENSES	-	-	-	0%	-	-	0%
PURCHASED SERVICES AND AGENCY COSTS	246,739,850	235,154,175	11,585,675	5%	205,862,824	40,877,026	20%
MEDICAL MATERIALS AND SUPPLIES	243,178,935	240,632,421	2,546,514	1%	226,408,686	16,770,249	7%
PHARMACEUTICALS	533,717,908	510,055,798	23,662,110	5%	519,452,922	14,264,986	3%
FACILITIES AND EQUIPMENT	144,355,714	192,385,663	(48,029,949)	-25%	161,935,260	(17,579,546)	-11%
DEPRECIATION AND AMORTIZATION	112,328,540	89,925,816	22,402,724	25%	93,145,237	19,183,303	21%
INTEREST EXPENSE	30,943,104	19,099,486	11,843,618	62%	18,679,837	12,263,267	66%
PUBLIC AID ASSESSMENT	52,528,154	52,486,667	41,487	0%	50,643,709	1,884,445	4%
OTHER EXPENSES	27,014,193	32,037,617	(5,023,424)	-16%	21,844,025	5,170,168	24%
NONOPERATING EXPENSES - ACADEMIC SUPPORT	59,813,193	59,917,465	(104,272)	0%	59,517,579	295,614	0%
TOTAL OPERATING EXPENSES	3,282,061,180	3,233,321,648	48,739,532	2%	3,053,484,684	228,576,496	7%
INCOME FROM OPERATIONS	23,812,373	73,789,642	(49,977,269)	-68%	72,863,718	(49,051,345)	-67%
<u>NON-OPERATING REVENUE/EXPENSES</u>							
NET INCREASE/DECREASE IN FAIR VALUE OF INVESTMENTS	(211,099,008)	4,113,250	(215,212,258)	-5232%	225,933,080	(437,032,088)	-193%
INVESTMENT INCOME	56,773,634	42,210,972	14,562,662	34%	48,649,096	8,124,538	17%
EQUITY INTEREST IN INCOME/LOSS OF JOINT VENTURES	13,400,213	14,230,140	(829,927)	-6%	12,238,206	1,162,007	9%
NET INC/DEC IN FAIR VALUE OF DERIVATIVE INSTRUMENT	2,352,127	-	2,352,127	0%	1,267,187	1,084,940	86%
OTHER, NET	22,253,330	4,059,084	18,194,246	448%	22,397,692	(144,362)	-1%
TOTAL OTHER NON-OPERATING REVENUES (EXPENSES), NET	(116,319,704)	64,613,446	(180,933,150)	-280%	310,485,261	(426,804,965)	-137%
REVENUES OVER EXPENSES BEFORE CAPITAL GRANTS, GIFTS & DONATIONS	(92,507,331)	138,403,088	(230,910,419)	-167%	383,348,979	(475,856,310)	-124%

Enterprise-wide April 30, 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%
Total Margin	↑	-2.9%	4.1%	5.7%
Days Cash on Hand*	↑	257	287	299
Days in Accounts Receivable **	↓	45	47	47
Long Term Debt to Capitalization	↓	27.8%	26.9%	26.2%
Operating Cash Flow	↑	5.1%	7.1%	7.0%
Cash-to-Debt	↑	227.3%	237.3%	280.2%

* 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.

Enterprise-wide April 30, 2022 Balance Sheet

	UWHCA	UWMF	ACO/Isthmus	Total UWHCA and UWMF	Discrete Components	UW Health Consolidated
Cash & Investments						
Unrestricted	1,681,010,349	446,794,371	7,040,357	2,134,845,077	500,715,505	2,635,560,582
Restricted by Trustee & Donors	381,393,501	-	-	381,393,501	-	381,393,501
Accounts Receivable	368,867,954	85,198,889	-	454,066,843	75,058,355	529,125,198
Property, Plant & Equipment, Net	843,276,589	111,691,258	6,586	954,974,433	421,089,128	1,364,616,772
Other Assets & Deferred Outflows of Resources	1,259,708,033	100,905,677	176,322	1,240,359,395	76,999,111	1,070,897,084
Total Assets & Deferred Outflows of Resources	\$ 4,534,256,426	\$ 744,590,195	\$ 7,223,265	\$ 5,165,639,249	\$ 1,073,862,099	\$ 5,981,593,137
Current Liabilities	473,959,539	296,397,135	566,515	657,149,302	195,396,765	837,238,924
Long-term Debt & Deferred Inflows of Resources	1,863,030,596	74,338,017	-	1,937,368,613	287,639,704	1,997,535,472
Net Position						
Unrestricted	2,074,674,692	373,855,043	6,656,750	2,448,529,735	582,260,193	3,015,661,704
Restricted	122,591,599	-	-	122,591,599	8,565,437	131,157,036
Total Liabilities, Deferred Inflows of Resources & Net Position	\$ 4,534,256,426	\$ 744,590,195	\$ 7,223,265	\$ 5,165,639,249	\$ 1,073,862,099	\$ 5,981,593,137

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

Key Takeaways for April

- 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.
- We saw net revenues coming in \$16.5M favorable to budget, including factoring in the risk share true-up with Quartz, through April. Madison region was favorable to budget by \$13.2M and N. IL was favorable \$4.6M.
- Expense were unfavorable to budget by \$10.4M. There were several factors contributing to this for April. The main contributing factors were salary & benefits unfavorable to budget by \$5.7M, temporary help roughly \$5.2M unfavorable to budget, and pharmaceuticals were \$1.7M unfavorable.
- On the non-operating side, we saw unfavorable results compared to budget, with an unrealized loss on investments of \$85.8M.