



UWMF Finance Committee

April 26, 2022, 7:00 - 8:30 AM

WebEx: <https://uwhealth.webex.com/uwhealth/j.php?MTID=m70f83b17d14bd727f108cdf53e966af6>

Meeting number: 2622 500 6717 // Password: 042622

Telephone: +1-415-655-0003 US TOLL // Access code: 2622 500 6717

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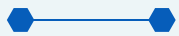
UWMF Finance Committee - April 26, 2022 - Public Meeting Notice

Agenda

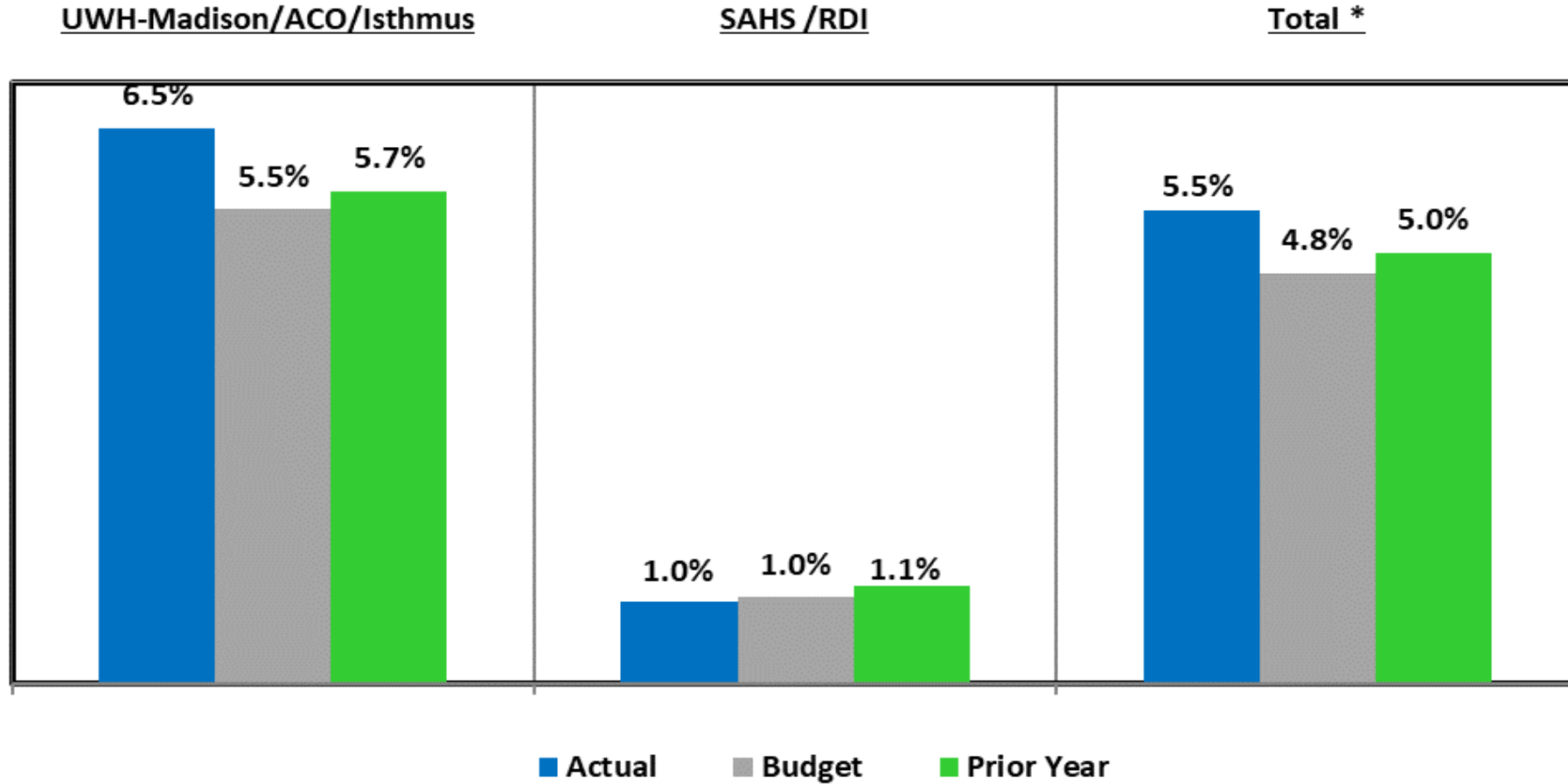
7:00 AM	<hr/> I. Call to Order Dr. Makeba Williams	
7:00 AM	<hr/> II. Meeting Minutes - Open Session Dr. Makeba Williams	Approval
7:00 AM	<hr/> III. UW Health Financial Report Ms. Jodi Vitello	Informational/Discussion
	<p style="padding-left: 40px;">Presentation - UW Health Consolidated Financial Report - YTD March 31, 2022</p>	3
7:05 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 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 budgetary matters for March 2022; FY22 March financial reconciliation details; UW Health Managed Care contracting update, discussion of FY23 UW Health Compensation Plan; and UW Health workforce update.	
8:30 AM	<hr/> V. Adjourn	



UW Health Consolidated Preliminary Financial Indicators March 31, 2022





UW Health Current Month Operating Margin – March 31, 2022

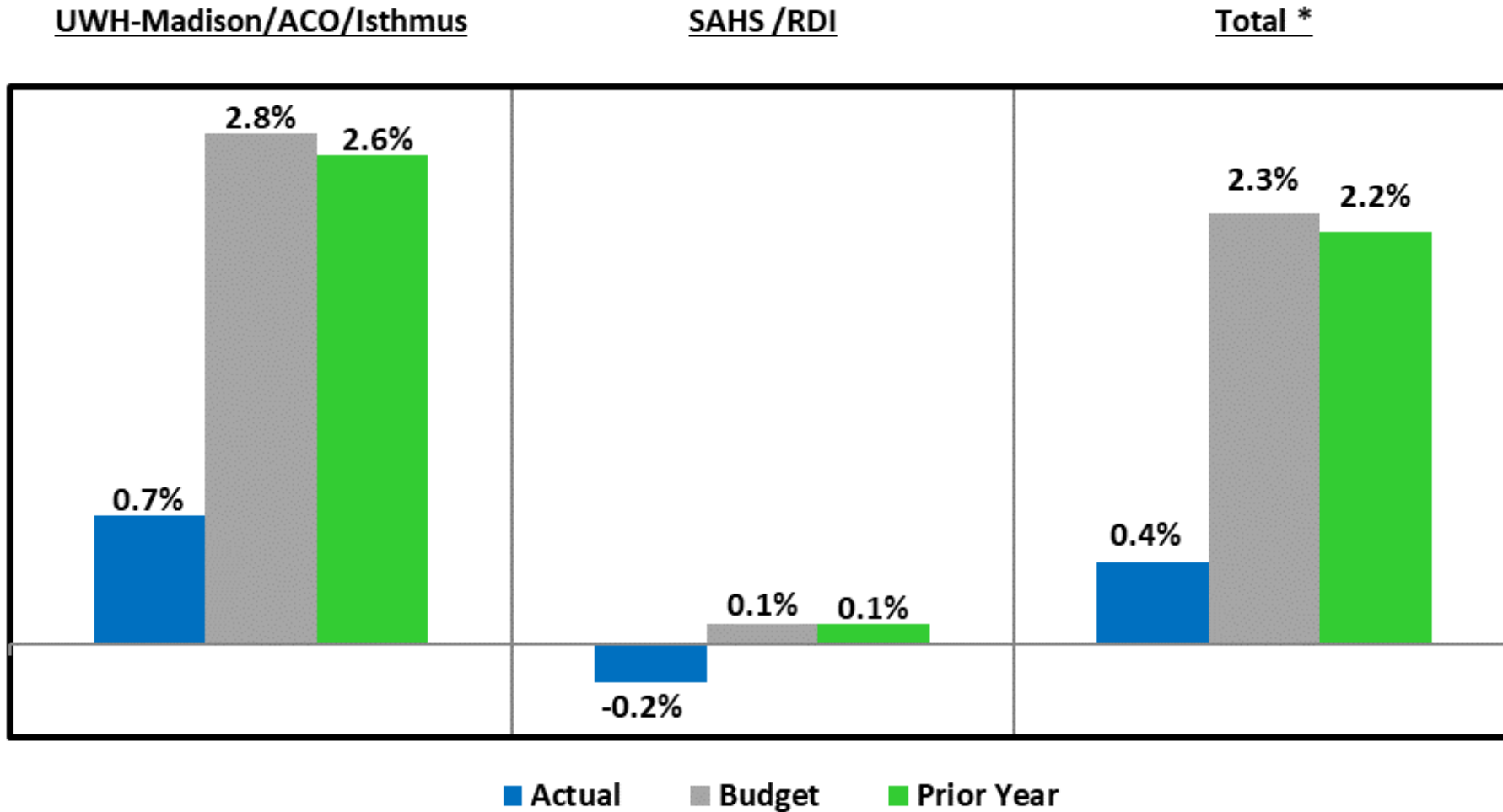


Summary of Enterprise-wide Month of March 31, 2022 Operating Results

	Actual Mar- FY22	Plan Mar- FY22	Variance vs. Plan	Var. % vs. Plan	Actual Mar- FY21	Variance vs. PY	Var. % vs. PY
<u>TOTAL OPERATING REVENUE</u>							
NET PATIENT SERVICE REVENUE	361,171,331	338,999,885	22,171,446	7%	333,142,497	28,028,834	8%
OTHER OPERATING REVENUES	5,769,922	6,517,322	(747,400)	-11%	5,047,544	722,378	14%
TOTAL OPERATING REVENUES, NET	366,941,253	345,517,207	21,424,046	6%	338,190,041	28,751,212	9%
<u>TOTAL OPERATING EXPENSES</u>							
SALARIES AND BENEFITS	190,578,422	184,833,171	5,745,251	3%	176,924,631	13,653,791	8%
PURCHASED SERVICES AND AGENCY COSTS	26,748,571	23,414,871	3,333,700	14%	20,389,081	6,359,490	31%
MEDICAL MATERIALS AND SUPPLIES	25,950,015	24,829,339	1,120,676	5%	25,598,736	351,279	1%
PHARMACEUTICALS	59,691,553	50,987,423	8,704,130	17%	56,508,266	3,183,287	6%
FACILITIES AND EQUIPMENT	14,608,419	19,364,187	(4,755,768)	-25%	17,207,076	(2,598,657)	-15%
DEPRECIATION AND AMORTIZATION	11,406,735	8,993,133	2,413,602	27%	9,289,754	2,116,981	23%
INTEREST EXPENSE	2,829,691	2,033,448	796,243	39%	1,935,682	894,009	46%
PUBLIC AID ASSESSMENT	5,363,597	5,356,667	6,930	0%	5,103,004	260,593	5%
OTHER EXPENSES	3,591,326	3,196,185	395,141	12%	1,841,467	1,749,859	95%
NONOPERATING EXPENSES - ACADEMIC SUPPORT	5,978,751	5,991,747	(12,996)	0%	6,431,928	(453,177)	-7%
TOTAL OPERATING EXPENSES	346,747,080	329,000,171	17,746,909	5%	321,229,625	25,517,455	8%
INCOME FROM OPERATIONS	20,194,173	16,517,036	3,677,137	22%	16,960,416	3,233,757	23%
<u>NON-OPERATING REVENUE/EXPENSES</u>							
NET INCREASE/DECREASE IN FAIR VALUE OF INVESTMENTS	(11,184,504)	411,325	(11,595,829)	-2819%	13,583,100	(24,767,604)	-182%
INVESTMENT INCOME	(2,043,743)	4,221,097	(6,264,840)	-148%	5,779,843	(7,823,586)	-135%
EQUITY INTEREST IN INCOME/LOSS OF JOINT VENTURES	(1,593,059)	1,423,014	(3,016,073)	-212%	515,053	(2,108,112)	-409%
NET INC/DEC IN FAIR VALUE OF DERIVATIVE INSTRUMENT	635,288	-	635,288	0%	289,130	346,158	120%
OTHER, NET	1,647,704	405,855	1,241,849	306%	(1,456,059)	3,103,763	-213%
TOTAL OTHER NON-OPERATING REVENUES (EXPENSES), NET	(12,538,314)	6,461,291	(18,999,605)	-294%	18,711,067	(31,249,381)	-167%
REVENUES OVER EXPENSES BEFORE CAPITAL GRANTS, GIFTS & DONATIONS	7,655,859	22,978,327	(15,322,468)	-67%	35,671,483	(28,015,624)	-79%

 Favorable Variance
 Unfavorable Variance

UW Health YTD Operating Margin – March 31, 2022



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

	Actual Mar- FY22	Plan Mar- FY22	Variance vs. Plan	Var. % vs. Plan	Actual Mar- FY21	Variance vs. PY	Var. % vs. PY
TOTAL OPERATING REVENUE							
NET PATIENT SERVICE REVENUE	2,905,154,743	2,913,017,524	(7,862,781)	0%	2,743,749,584	161,405,159	6%
OTHER OPERATING REVENUES	56,525,536	66,378,613	(9,853,077)	-15%	55,264,496	1,261,040	2%
TOTAL OPERATING REVENUES, NET	2,961,680,279	2,979,396,137	(17,715,858)	-1%	2,799,014,080	162,666,199	6%
TOTAL OPERATING EXPENSES							
SALARIES AND BENEFITS	1,646,045,729	1,621,911,231	24,134,498	1%	1,531,120,899	114,924,830	8%
PURCHASED SERVICES AND AGENCY COSTS	219,675,181	211,851,971	7,823,210	4%	171,629,283	48,045,898	28%
MEDICAL MATERIALS AND SUPPLIES	219,140,983	216,319,800	2,821,183	1%	201,590,978	17,550,005	9%
PHARMACEUTICALS	481,455,410	459,497,469	21,957,941	5%	463,185,446	18,269,964	4%
FACILITIES AND EQUIPMENT	128,895,872	173,047,385	(44,151,513)	-26%	148,651,903	(19,756,031)	-13%
DEPRECIATION AND AMORTIZATION	100,892,793	80,931,968	19,960,825	25%	83,776,776	17,116,017	20%
INTEREST EXPENSE	27,758,970	17,242,420	10,516,550	61%	17,236,671	10,522,299	61%
PUBLIC AID ASSESSMENT	47,165,355	47,130,000	35,355	0%	45,543,363	1,621,992	4%
OTHER EXPENSES	23,860,639	28,554,214	(4,693,575)	-16%	20,307,309	3,553,330	17%
NONOPERATING EXPENSES - ACADEMIC SUPPORT	53,834,442	53,925,718	(91,276)	0%	53,712,324	122,118	0%
TOTAL OPERATING EXPENSES	2,948,725,374	2,910,412,176	38,313,198	1%	2,736,754,952	211,970,422	8%
INCOME FROM OPERATIONS	12,954,905	68,983,961	(56,029,056)	-81%	62,259,128	(49,304,223)	-79%
NON-OPERATING REVENUE/EXPENSES							
NET INCREASE/DECREASE IN FAIR VALUE OF INVESTMENTS	(125,279,304)	3,701,925	(128,981,229)	-3484%	190,585,431	(315,864,735)	-166%
INVESTMENT INCOME	54,423,060	37,989,874	16,433,186	43%	43,351,305	11,071,755	26%
EQUITY INTEREST IN INCOME/LOSS OF JOINT VENTURES	18,176,646	12,807,127	5,369,519	42%	11,354,883	6,821,763	60%
NET INC/DEC IN FAIR VALUE OF DERIVATIVE INSTRUMENT	1,808,780	-	1,808,780	0%	1,634,923	173,857	11%
OTHER, NET	21,103,138	3,646,781	17,456,357	479%	8,386,436	12,716,702	152%
TOTAL OTHER NON-OPERATING REVENUES (EXPENSES), NET	(29,767,680)	58,145,707	(87,913,387)	-151%	255,312,978	(285,080,658)	-112%
REVENUES OVER EXPENSES BEFORE CAPITAL GRANTS, GIFTS & DONATIONS	(16,812,775)	127,129,668	(143,942,443)	-113%	317,572,106	(334,384,881)	-105%

Enterprise-wide March 31, 2022 Performance Ratios

	Favorable Direction	FY 22	Healthcare System Industry Comparisons	
			S&P "AA-" Rated (1)	Moody's "Aa3" Rated (2)
Operating Margin*	↑	0.4%	1.9%	2.0%
Total Margin	↑	-0.6%	4.1%	5.7%
Days Cash on Hand*	↑	269 ^	287	299
Days in Accounts Receivable **	↓	43	47	47
Long Term Debt to Capitalization	↓	27.5%	26.9%	26.2%
Operating Cash Flow	↑	4.8%	7.1%	7.0%
Cash-to-Debt	↑	234.6%	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.

^ 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 – March 31, 2022

	UWHCA	UWMF	ACO/Isthmus	Total UWHCA and UWMF	Discrete Components	UW Health Consolidated
Cash & Investments						
Unrestricted	1,771,205,040	435,080,872	7,180,400	2,213,466,312	530,664,557	2,744,130,869
Restricted by Trustee & Donors	372,428,419	-	-	372,428,419	-	372,428,419
Accounts Receivable	365,486,028	80,628,817	-	446,114,845	62,716,152	508,830,997
Property, Plant & Equipment, Net	841,350,919	112,538,329	6,761	953,896,009	422,263,849	1,364,713,069
Other Assets & Deferred Outflows of Resources	1,258,628,424	102,569,392	269,216	1,236,409,662	73,761,074	1,071,899,877
Total Assets & Deferred Outflows of Resources	\$ 4,609,098,831	\$ 730,817,410	\$ 7,456,377	\$ 5,222,315,247	\$ 1,089,405,632	\$ 6,062,003,232
Current Liabilities	498,507,816	272,787,117	698,547	653,693,939	189,308,793	836,254,924
Long-term Debt & Deferred Inflows of Resources	1,872,449,955	75,084,267	-	1,947,534,222	293,030,956	2,013,061,463
Net Position						
Unrestricted	2,125,412,810	382,946,026	6,757,830	2,508,358,836	598,463,553	3,091,356,265
Restricted	112,728,250	-	-	112,728,250	8,602,330	121,330,580
Total Liabilities, Deferred Inflows of Resources & Net Position	\$ 4,609,098,831	\$ 730,817,410	\$ 7,456,377	\$ 5,222,315,247	\$ 1,089,405,632	\$ 6,062,003,232

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

Key Takeaways for March

- Volumes in the Madison UW Health region were favorable to budget in most categories, except patient days, where they were unfavorable to budget. N.IL exceed budget in all volume categories for the month.
- We saw net revenues coming in \$21.4M favorable to budget, including factoring in the negative risk share true-up with Quartz, through March. Madison region was favorable to budget by \$13.4M and N. IL was favorable \$9.0M.
- Expense were unfavorable to budget by \$17.7M. There were several factors contributing to this for March. The main contributing factors were salary & benefits unfavorable to budget by \$5.7M, temporary help roughly \$5M unfavorable to budget, and pharmaceuticals were \$8.7M unfavorable.
- On the non-operating side, we saw unfavorable results compared to budget, with an unrealized loss on investments of \$11.1M.