



UWHCA Finance Committee

May 27, 2021, 10:00 - 11:30 AM

WebEx: <https://uwhealth.webex.com/uwhealth/onstage/g.php?MTID=e929feb99b98295b1bde95f5fe4ed89b1>

Meeting number: 120 202 5764 // Password: 052721

Telephone: 1-415-655-0003 US TOLL // Access code: 120 202 5764

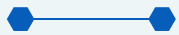
****ADVANCE MEETING MATERIALS ARE POSTED FOR REFERENCE. OCCASIONALLY, THE POSTED MATERIALS DO NOT REFLECT CHANGES MADE SHORTLY BEFORE OR DURING COMMITTEE MEETINGS. THE FULL COMMITTEE MINUTES ARE THE OFFICIAL RECORD OF FINAL COMMITTEE ACTION****

UWHCA Finance Committee - May 27, 2021 - Public Meeting Notice

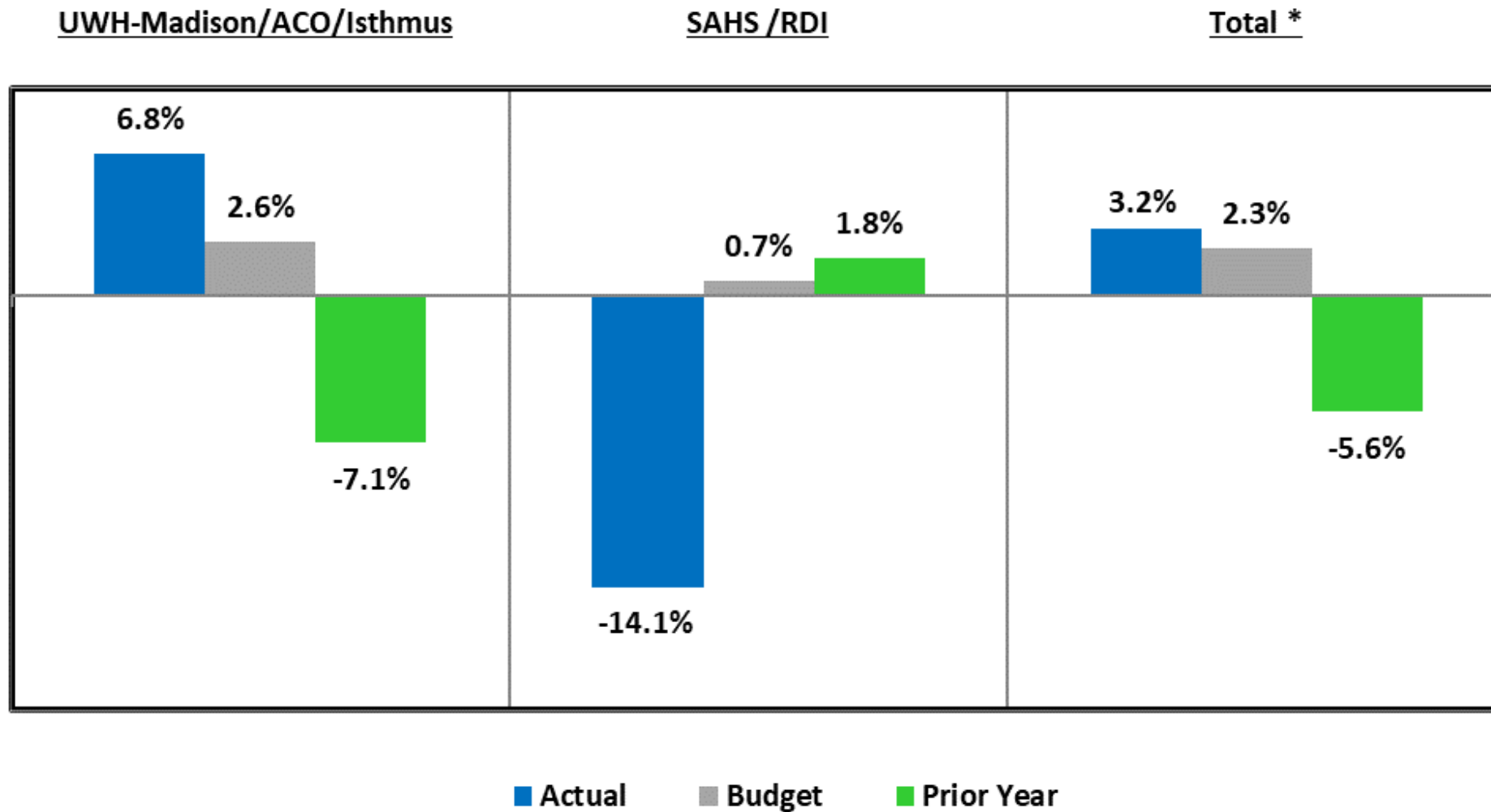
10:00 AM	<hr/> I. Call to Order Mr. Kenneth Mount	
10:00 AM	<hr/> II. Meeting Minutes - Open Session Mr. Kenneth Mount	Approval
10:02 AM	<hr/> III. UW Health Consolidated Financials - YTD April 30, 2021 Mr. Robert Flannery, Ms. Jodi Vitello, Ms. Patti DeWane	Report/Discussion
	Presentation - UW Health Consolidated Financials - YTD April 30, 2021	Page 3
10:12 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, discussion of East Campus funding, UW Health FY22 capital budget review, SwedishAmerican Health System budget and market update, UW Health Pharmacy financial update; and pursuant to Wisconsin Statutes section 19.85(1)(g) to confer with legal counsel regarding these and other matters.	
11:30 AM	<hr/> V. Adjourn	



UW Health Consolidated Financials April 30, 2021



UW Health Current Month Operating Margin – April 30, 2021



Summary of Enterprise-wide April 30, 2021 Operating Results

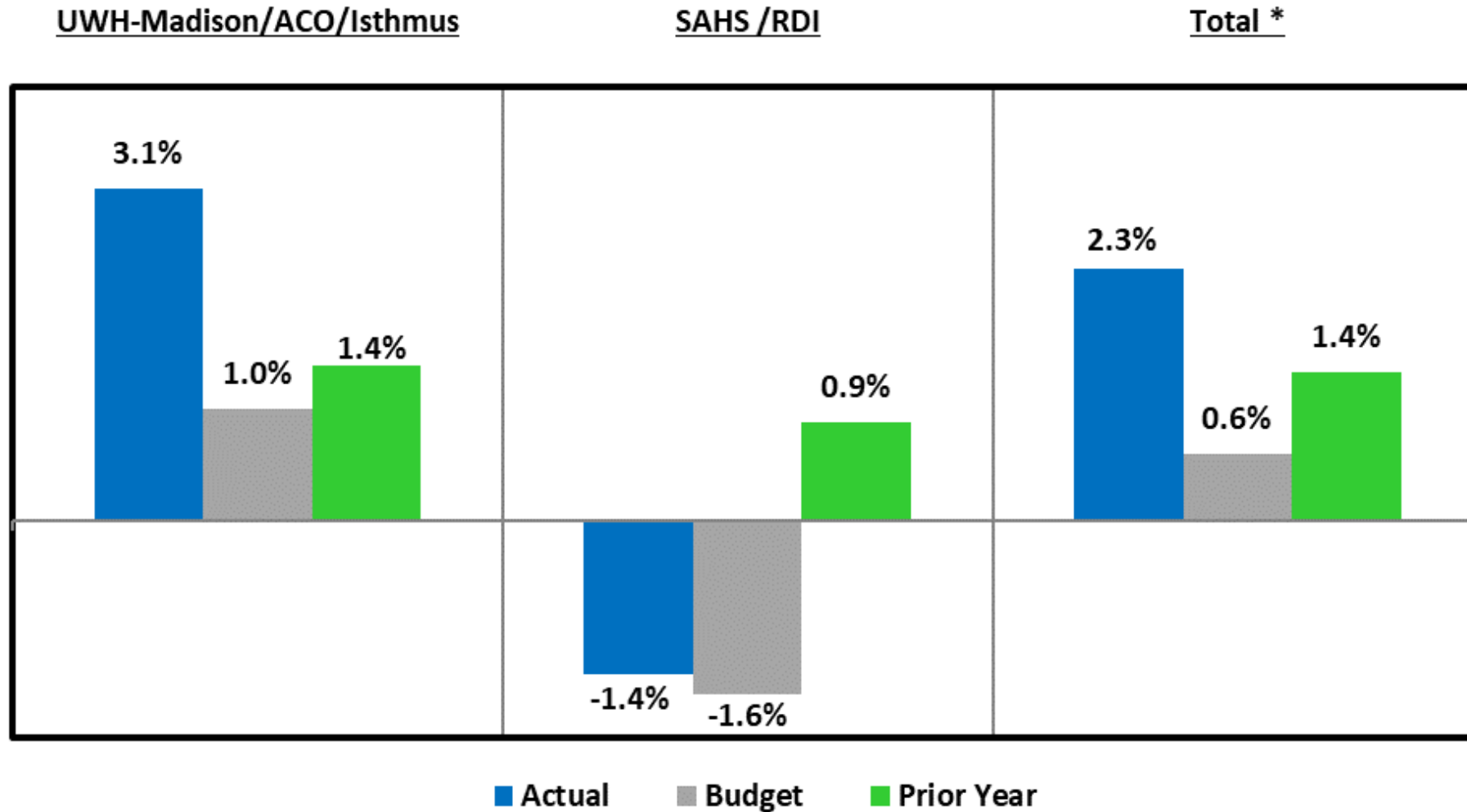
	Actual April- FY21	Budget April- FY21	Variance vs. Budget	Var. % vs. Budget	Actual April- FY20	Variance vs. PY	Var. % vs. PY
<u>TOTAL OPERATING REVENUE</u>							
Net patient service revenue	322,048,745	304,956,152	17,092,593	6%	197,975,722	124,073,023	63%
Other operating revenues	5,285,572	6,312,127	(1,026,555)	-16%	52,084,072	(46,798,500)	-90%
Total operating revenues, net	327,334,317	311,268,279	16,066,038	5%	250,059,794	77,274,523	31%
<u>TOTAL OPERATING EXPENSES</u>							
Non-physician salaries and benefits	119,954,119	124,808,380	(4,854,261)	-4%	107,913,808	12,040,311	11%
Physician salaries and benefits	44,919,585	44,285,063	634,522	1%	38,803,613	6,115,972	16%
Salaries and benefits	164,873,704	169,093,443	(4,219,739)	-2%	146,717,421	18,156,283	12%
Other expenses	1,536,716	3,604,091	(2,067,375)	-57%	3,434,313	(1,897,597)	-55%
Purchased services and agency costs	34,233,539	21,634,887	12,598,652	58%	21,581,948	12,651,591	59%
Medical materials and supplies	24,817,706	21,804,994	3,012,712	14%	10,993,338	13,824,368	126%
Pharmaceuticals	56,267,474	46,919,825	9,347,649	20%	41,561,110	14,706,364	35%
Interest expense	1,443,166	2,073,681	(630,515)	-30%	1,932,714	(489,548)	-25%
Depreciation and amortization	9,368,460	9,938,111	(569,651)	-6%	9,648,202	(279,742)	-3%
Public aid assessment	5,100,346	5,160,502	(60,156)	-1%	4,799,627	300,719	6%
Facilities and equipment	13,283,357	18,100,401	(4,817,044)	-27%	17,365,139	(4,081,782)	-24%
Nonoperating expenses - academic support	5,805,255	5,873,249	(67,994)	-1%	5,987,053	(181,798)	-3%
Net Operating Expenses	316,729,723	304,203,184	12,526,539	4%	264,020,865	52,708,858	20%
Income from operations	10,604,594	7,065,095	3,539,499	50%	(13,961,071)	24,565,665	-176%
<u>NON-OPERATING REVENUE/EXPENSES</u>							
Net increase/decrease in fair value of investments	35,347,648	310,693	35,036,955	11277%	58,249,382	(22,901,734)	-39%
Investment income	5,297,790	2,286,058	3,011,732	132%	15,193,458	(9,895,668)	-65%
Equity interest in income/loss of joint ventures	611,669	1,490,518	(878,849)	-59%	1,496,104	(884,435)	-59%
Net inc/dec in fair value of derivative instrument	(96,080)	0	(96,080)	-100%	(94,937)	(1,143)	1%
Other, net	14,011,254	401,758	13,609,496	3387%	1,036,819	12,974,435	1251%
Net Non Operating Revenue/Expenses	55,172,281	4,489,027	50,683,254	1129%	75,880,826	(20,708,545)	-27%
Net Profit	65,776,875	11,554,122	54,222,753	469%	61,919,755	3,857,120	6%



Favorable Variance

Unfavorable Variance

UW Health YTD Operating Margin – April 30, 2021



Summary of Enterprise-wide YTD April 30, 2021 Operating Results

	Actual Apr_YTD- FY21	Budget Apr_YTD- FY21	Variance vs. Budget	Var. % vs. Budget	Actual Apr_YTD- FY20	Variance vs. PY	Var. % vs. PY
<u>TOTAL OPERATING REVENUE</u>							
Net patient service revenue	3,048,573,642	2,992,803,892	55,769,750	2%	2,784,053,175	264,520,467	10%
Other operating revenues	77,774,760	81,372,388	(3,597,628)	-4%	119,663,665	(41,888,905)	-35%
Total operating revenues, net	3,126,348,402	3,074,176,280	52,172,122	2%	2,903,716,840	222,631,562	8%
<u>TOTAL OPERATING EXPENSES</u>							
Salaries and benefits	1,695,994,605	1,699,949,216	(3,954,611)	0%	1,581,867,849	114,126,756	7%
Other expenses	22,092,644	31,797,650	(9,705,006)	-31%	52,922,864	(30,830,220)	-58%
Purchased services and agency costs	205,507,128	223,870,376	(18,363,248)	-8%	200,922,401	4,584,727	2%
Medical materials and supplies	226,522,760	227,349,056	(826,296)	0%	194,874,471	31,648,289	16%
Pharmaceuticals	519,452,922	466,997,266	52,455,656	11%	441,735,189	77,717,733	18%
Interest expense	18,679,837	21,046,657	(2,366,820)	-11%	21,287,659	(2,607,822)	-12%
Depreciation and amortization	93,145,237	95,547,649	(2,402,412)	-3%	97,253,164	(4,107,927)	-4%
Public aid assessment	50,643,709	51,605,020	(961,311)	-2%	47,996,270	2,647,439	6%
Facilities and equipment	161,928,263	179,425,237	(17,496,974)	-10%	164,626,074	(2,697,811)	-2%
Nonoperating expenses - academic support	59,517,579	57,764,921	1,752,658	3%	60,453,565	(935,986)	-2%
Net Operating Expenses	3,053,484,684	3,055,353,048	(1,868,364)	0%	2,863,939,506	189,545,178	7%
Income from operations	72,863,718	18,823,232	54,040,486	287%	39,777,334	33,086,384	83%
<u>NON-OPERATING REVENUE/EXPENSES</u>							
Net increase/decrease in fair value of investments	225,960,167	3,106,930	222,853,237	7173%	(72,704,072)	298,664,239	-411%
Investment income	48,652,282	26,460,578	22,191,704	84%	47,432,199	1,220,083	3%
Equity interest in income/loss of joint ventures	11,966,550	13,329,521	(1,362,971)	-10%	23,457,089	(11,490,539)	-49%
Net inc/dec in fair value of derivative instrument	1,538,843	0	1,538,843	100%	(1,488,063)	3,026,906	-203%
Other, net	22,367,419	(2,590,064)	24,957,483	-964%	8,446,125	13,921,294	165%
Net Non Operating Revenue/Expenses	310,485,261	40,306,965	270,178,296	670%	5,143,278	305,341,983	5937%
Net Profit	383,348,979	59,130,197	324,218,782	548%	44,920,612	338,428,367	753%



Favorable Variance



Unfavorable Variance

Enterprise-wide April 30, 2021 YTD Performance Ratios

	Healthcare System Industry Comparisons			
	Favorable Direction	FY 21	S&P "AA-" Rated (1)	Moody's "Aa3" Rated (2)
Operating Margin*	↑	2.3%	3.0%	3.6%
Total Margin	↑	11.2%	5.5%	6.6%
Days Cash on Hand*	↑	290 [^]	259	264
Days in Accounts Receivable **	↓	46	46	47
Long Term Debt to Capitalization	↓	19.3%	27.4%	24.9%
Operating Cash Flow	↑	5.9%	7.2%	9.4%
Cash-to-Debt	↑	382.1%	224.7%	237.3%

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

** average for 12 months

(1) S&P's 2019 financial ratios based on 36 obligators rated "AA-" by S&P. Based on 2018 audited financials.

(2) Moody's 2019 financial ratios based on 32 "Aa3" rated hospitals. Based on 2018 audited financials.

[^] The significant increase to DCOH is related to the advanced received from Medicare, which is over 25 days and some rebounds in the investment portfolio

Balance Sheet – April 30, 2021

	UWHCA	UWMF	ACO/Isthmus	Total UWHCA and UWMF	Discrete Components	UW Health Consolidated
Cash & Investments						
Unrestricted	1,637,762,987	578,852,317	4,242,301	2,220,857,605	535,638,585	2,756,496,190
Restricted by Trustee & Donors	22,365,967	-	-	22,365,967	25,945,539	48,311,506
Accounts Receivable	313,620,981	102,734,593	-	416,355,574	83,698,645	500,054,219
Property, Plant & Equipment, Net	768,349,164	64,563,271	8,693	832,921,128	421,196,485	1,241,836,848
Other Assets & Deferred Outflows of Resources	1,709,665,127	629,653,446	370,874	957,011,797	73,741,093	781,484,455
Total Assets & Deferred Outflows of Resources	\$ 4,451,764,226	\$ 1,375,803,627	\$ 4,621,868	\$ 4,449,512,071	\$ 1,140,220,347	\$ 5,328,183,218
Current Liabilities	1,071,612,234	979,607,945	1,221,699	673,164,397	231,651,514	660,036,703
Long-term Debt & Deferred Inflows of Resources	1,257,106,312	40,520,000	-	1,297,626,312	297,366,074	1,594,992,386
Net Position						
Unrestricted	2,083,350,228	355,675,682	3,400,169	2,439,025,910	601,405,292	3,023,661,211
Restricted	39,695,452	-	-	39,695,452	9,797,466	49,492,918
Total Liabilities, Deferred Inflows of Resources & Net Position	\$ 4,451,764,226	\$ 1,375,803,627	\$ 4,621,868	\$ 4,449,512,071	\$ 1,140,220,347	\$ 5,328,183,218

Key Takeaways

-We performed very strong to budget in the month of April. We had a positive variance by more than \$3.5M. Also, strong compared to prior year, which was early on in the pandemic and included the impact of cancelling procedures, etc.

-Volumes continue to lag in some areas to budget and prior year, but we continue to see higher acuity patients. In April, the JOA exceed budget on ED volume, the first time since the start of the pandemic that we saw volumes at that level.

-On the non-operating side, saw the investment portfolio's unrecognized gains grow \$35.3M for the month. SAHS also recognized over \$13M of CARES funds.