



UWHCA Finance Committee

March 25, 2021, 10:00 - 11:30 AM

WebEx: <https://uwhealth.webex.com/uwhealth/onstage/g.php?MTID=ead2b3fa03cb9d31bc856fd0118ee4f54>

Meeting number: 120 970 2613 // Password: 032521

Telephone: 1-415-655-0003 US TOLL // Access code: 120 970 2613

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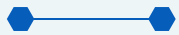
UWHCA Finance Committee - March 25, 2021 - Public Meeting Notice

Agenda

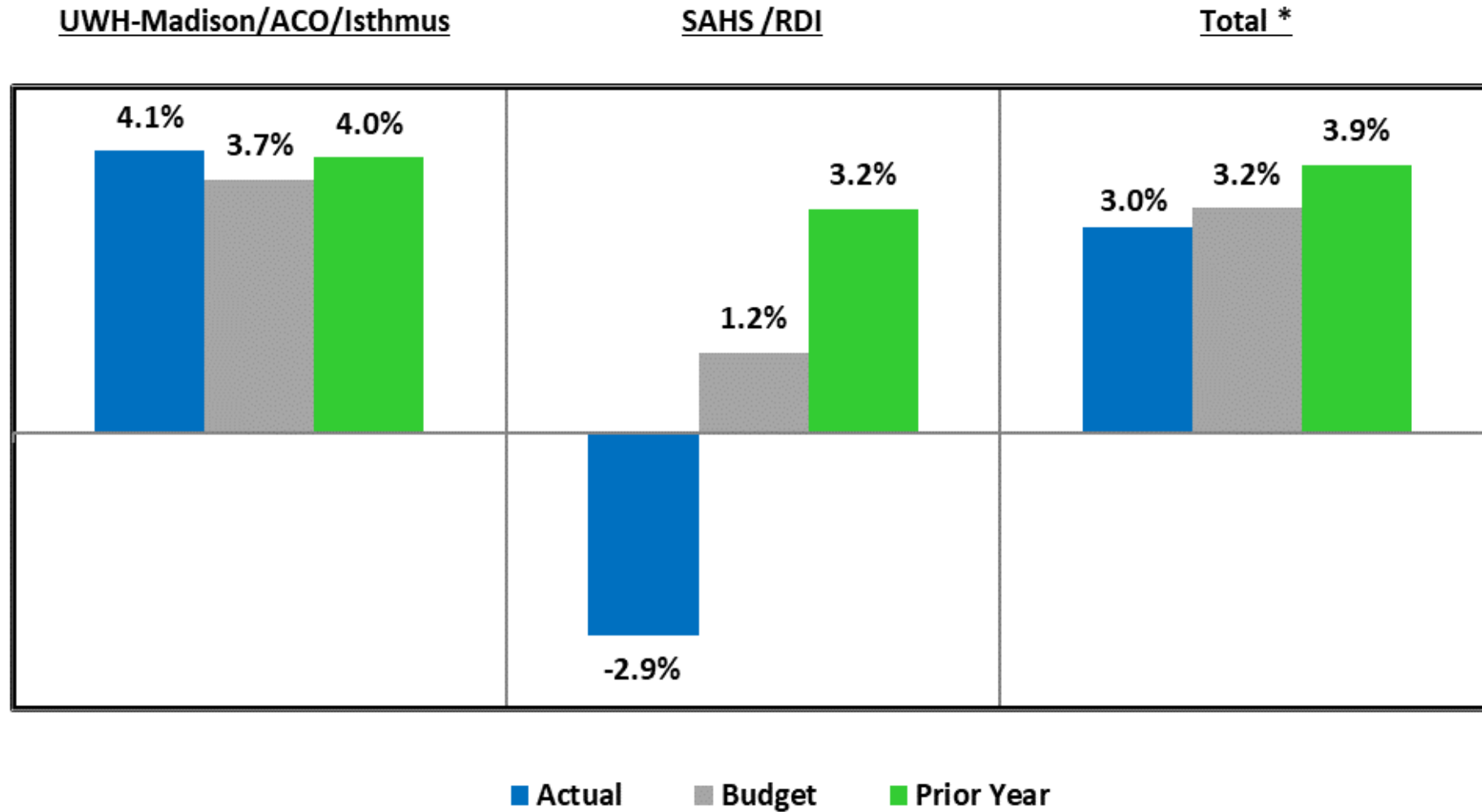
10:00 AM	<hr/> I. Call to Order Mr. Kenneth Mount	
10:00 AM	<hr/> II. Meeting Minutes - Open Session Mr. Kenneth Mount	Approval
10:02 AM	<hr/> III. UW Health Consolidated Financials - YTD February 28, 2021 Mr. Robert Flannery, Ms. Jodi Vitello, Ms. Patti DeWane	Report/Discussion
	<p style="padding-left: 40px;">Presentation - UW Health Consolidated Financials - YTD February 28, 2021</p>	
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; UW Health Managed Care contracting update, review and discussion of UW Health's North Central Illinois charge trends, discussion of opportunity to invest in a company providing a marketplace for digital health solutions; and pursuant to Wisconsin Statutes section 19.85(1)(g), to confer with legal counsel regarding these and other matters.	
11:28 AM	<hr/> V. Return To Open Session	
11:29 AM	<hr/> VI. ACTION: UW Health's Company Investment Mr. Kenneth Mount (Motion to approve endorsement of \$1M UW Health's investment in a company providing a marketplace for digital health solutions to the UWHCA Board of Directors as discussed in Closed Session)	Approval
11:30 AM	<hr/> VII. Adjourn	



UW Health Consolidated Financials February 28, 2021



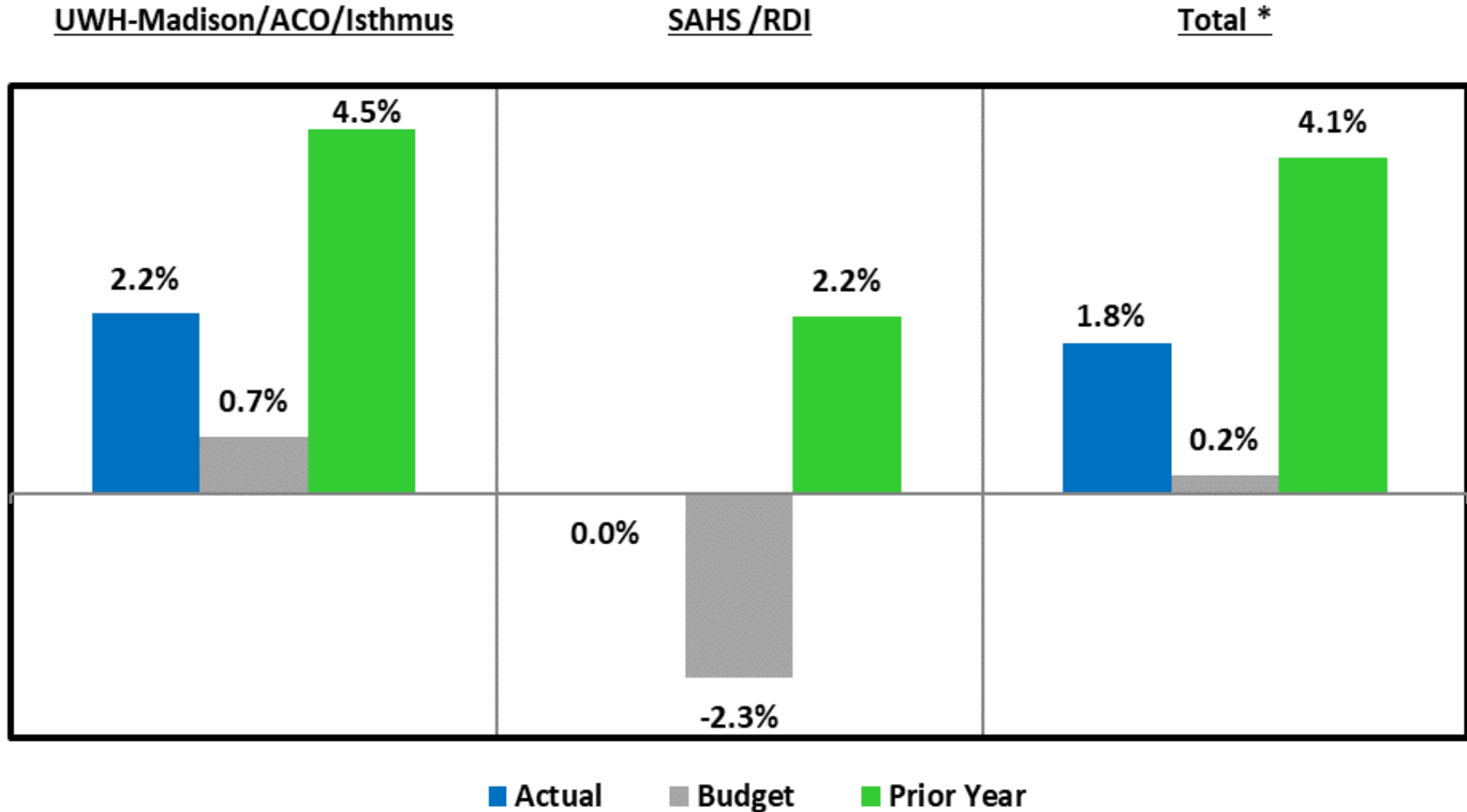
UW Health Current Month Operating Margin – February 28, 2021



Summary of Enterprise-wide February 28, 2021 Operating Results

	Actual February- FY21	Budget February- FY21	Variance vs. Budget	Var. % vs. Budget	Actual February- FY20	Variance vs. PY	Var. % vs. PY
<u>TOTAL OPERATING REVENUE</u>							
Net patient service revenue	294,068,166	295,467,427	(1,399,261)	0%	279,645,294	14,422,872	5%
Other operating revenues	7,623,203	7,627,151	(3,948)	0%	6,650,241	972,962	15%
Total operating revenues, net	301,691,369	303,094,578	(1,403,209)	0%	286,295,535	15,395,834	5%
<u>TOTAL OPERATING EXPENSES</u>							
Salaries and benefits	165,207,947	159,099,023	6,108,924	4%	158,860,518	6,347,429	4%
Other expenses	(526,074)	3,523,377	(4,049,451)	-115%	1,172,980	(1,699,054)	-145%
Purchased services and agency costs	20,241,540	21,495,875	(1,254,335)	-6%	15,757,918	4,483,622	28%
Medical materials and supplies	21,640,083	21,347,570	292,513	1%	17,327,711	4,312,372	25%
Pharmaceuticals	48,381,294	46,807,493	1,573,801	3%	42,585,608	5,795,686	14%
Interest expense	1,794,946	2,070,695	(275,749)	-13%	2,080,548	(285,602)	-14%
Depreciation and amortization	9,411,077	9,938,024	(526,947)	-5%	9,788,807	(377,730)	-4%
Public aid assessment	5,100,346	5,160,502	(60,156)	-1%	4,799,627	300,719	6%
Facilities and equipment	15,761,883	17,956,498	(2,194,615)	-12%	16,857,658	(1,095,775)	-7%
Nonoperating expenses - academic support	5,731,208	5,873,249	(142,041)	-2%	5,987,049	(255,841)	-4%
Net Operating Expenses	292,744,250	293,272,306	(528,056)	0%	275,218,424	17,525,826	6%
Income from operations	8,947,119	9,822,272	(875,153)	-9%	11,077,111	(2,129,992)	-19%
<u>NON-OPERATING REVENUE/EXPENSES</u>							
Net increase/decrease in fair value of investments	6,420,106	310,693	6,109,413	1966%	(57,408,888)	63,828,994	-111%
Investment income	17,938,261	2,286,058	15,652,203	685%	7,815,550	10,122,711	130%
Equity interest in income/loss of joint ventures	(1,329,683)	1,490,518	(2,820,201)	-189%	3,728,264	(5,057,947)	-136%
Net inc/dec in fair value of derivative instrument	491,327	0	491,327	100%	(467,217)	958,544	-205%
Other, net	495,521	422,729	72,792	17%	1,028,164	(532,643)	-52%
Net Non Operating Revenue/Expenses	24,015,532	4,509,998	19,505,534	432%	(45,304,127)	69,319,659	-153%
Net Profit	32,962,651	14,332,270	18,630,381	130%	(34,227,016)	67,189,667	-196%

UW Health YTD Operating Margin – February 28, 2021



Summary of Enterprise-wide YTD February 28, 2021 Operating Results

	Actual Feb_YTD- FY21	Budget Feb_YTD- FY21	Variance vs. Budget	Var. % vs. Budget	Actual Feb_YTD- FY20	Variance vs. PY	Var. % vs. PY
<u>TOTAL OPERATING REVENUE</u>							
Net patient service revenue	2,395,487,063	2,379,375,603	16,111,460	1%	2,336,918,055	58,569,008	3%
Other operating revenues	65,336,976	67,218,977	(1,882,001)	-3%	61,232,856	4,104,120	7%
Total operating revenues, net	2,460,824,039	2,446,594,580	14,229,459	1%	2,398,150,911	62,673,128	3%
<u>TOTAL OPERATING EXPENSES</u>							
Salaries and benefits	1,354,196,268	1,356,842,487	(2,646,219)	0%	1,268,590,107	85,606,161	7%
Other expenses	18,714,460	24,539,134	(5,824,674)	-24%	42,503,878	(23,789,418)	-56%
Purchased services and agency costs	150,884,507	180,574,980	(29,690,473)	-16%	159,928,401	(9,043,894)	-6%
Medical materials and supplies	176,106,317	182,954,708	(6,848,391)	-4%	161,977,236	14,129,081	9%
Pharmaceuticals	406,677,179	373,169,501	33,507,678	9%	354,448,247	52,228,932	15%
Interest expense	15,300,988	16,890,563	(1,589,575)	-9%	16,964,845	(1,663,857)	-10%
Depreciation and amortization	74,487,024	75,671,318	(1,184,294)	-2%	77,908,047	(3,421,023)	-4%
Public aid assessment	40,440,359	41,284,016	(843,657)	-2%	38,397,016	2,043,343	5%
Facilities and equipment	131,437,830	143,235,826	(11,797,996)	-8%	130,058,660	1,379,170	1%
Nonoperating expenses - academic support	47,280,396	46,018,423	1,261,973	3%	48,479,462	(1,199,066)	-2%
Net Operating Expenses	2,415,525,328	2,441,180,956	(25,655,628)	-1%	2,299,255,899	116,269,429	5%
Income from operations	45,298,711	5,413,624	39,885,087	737%	98,895,012	(53,596,301)	-54%
<u>NON-OPERATING REVENUE/EXPENSES</u>							
Net increase/decrease in fair value of investments	177,029,418	2,485,544	174,543,874	7022%	(6,427,264)	183,456,682	-2854%
Investment income	37,574,649	21,888,463	15,686,186	72%	31,038,202	6,536,447	21%
Equity interest in income/loss of joint ventures	10,839,832	10,348,486	491,346	5%	19,582,641	(8,742,809)	-45%
Net inc/dec in fair value of derivative instrument	1,345,793	0	1,345,793	100%	(847,261)	2,193,054	-259%
Other, net	9,812,222	(3,411,927)	13,224,149	-388%	6,288,084	3,524,138	56%
Net Non Operating Revenue/Expenses	236,601,914	31,310,566	205,291,348	656%	49,634,402	186,967,512	377%
Net Profit	281,900,625	36,724,190	245,176,435	668%	148,529,414	133,371,211	90%



Favorable Variance

Unfavorable Variance

Enterprise-wide February 28, 2021 YTD Performance Ratios

	Favorable Direction	FY 21	Healthcare System Industry Comparisons	
			S&P "AA-" Rated (1)	Moody's "Aa3" Rated (2)
Operating Margin (including Academic Support)	↑	1.8%	3.0%	3.6%
Total Margin	↑	10.5%	5.5%	6.6%
Days Cash on Hand * (including Academic Support)	↑	285 ^	259	264
Days in Accounts Receivable **	↓	47	46	47
Long Term Debt to Capitalization	↓	20.0%	27.4%	24.9%
Operating Cash Flow	↑	5.5%	7.2%	9.4%
Cash-to-Debt	↑	366.2%	224.7%	237.3%

* excludes provision for bad debt and retiree health insurance

** 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 – February 28, 2021

	UWHCA	UWMF	ACO/Isthmus	Total UWHCA and UWMF	Discrete Components	UW Health Consolidated
Cash & Investments						
Unrestricted	1,580,206,246	569,634,290	4,377,761	2,154,218,297	521,470,629	2,675,688,926
Restricted by Trustee & Donors	22,437,852	-	-	22,437,852	32,985,702	55,423,554
Accounts Receivable	309,758,910	106,960,113	-	416,719,023	76,911,748	493,630,771
Property, Plant & Equipment, Net	769,564,129	65,268,394	9,044	834,841,567	416,617,960	1,240,010,416
Other Assets & Deferred Outflows of Resources	1,678,277,417	588,076,046	374,769	963,844,805	75,092,336	794,229,583
Total Assets & Deferred Outflows of Resources	\$ 4,360,244,553	\$ 1,329,938,843	\$ 4,761,574	\$ 4,392,061,543	\$ 1,123,078,375	\$ 5,258,983,249
Current Liabilities	1,048,193,502	940,711,987	1,111,654	690,783,636	242,070,600	692,584,100
Long-term Debt & Deferred Inflows of Resources	1,265,916,375	40,520,000	-	1,306,436,375	288,840,027	1,595,276,402
Net Position						
Unrestricted	2,006,706,688	348,706,856	3,649,920	2,355,413,544	582,650,246	2,922,177,256
Restricted	39,427,989	-	-	39,427,989	9,517,502	48,945,491
Total Liabilities, Deferred Inflows of Resources & Net Position	\$ 4,360,244,553	\$ 1,329,938,843	\$ 4,761,574	\$ 4,392,061,543	\$ 1,123,078,375	\$ 5,258,983,249

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

Key Takeaways

- In February we performed slightly worse than we had budgeted, but was a positive operating margin, unlike January, where we had a loss.
- Volumes continue to lag in some areas, to budget and prior year, but we continue to see higher acuity patients. We also had a strong surgical volume in February.
- On a YTD basis, we continue to exceed budget, but are lagging compared to prior year.