



UWHCA Finance Committee

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

WebEx: <https://uwhealth.webex.com/uwhealth/onstage/g.php?MTID=e19add9c23a9b36d45497c43ae9628fc4>

Meeting number: 120 642 3645 // Password: 022521

Telephone: 1-415-655-0003 US TOLL // Access code: 120 642 3645

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

Agenda

10:00 AM	<hr/> I. Call to Order Mr. Kenneth Mount		
10:01 AM	<hr/> II. Welcome New Member - Dr. Lynn M. Schnapp Mr. Kenneth Mount		
	Attachment - Dr. Lynn M. Schnapp Biography		Page 3
10:04 AM	<hr/> III. Meeting Minutes - Open Session Mr. Kenneth Mount	Approval	
10:05 AM	<hr/> IV. UW Health Consolidated Financials - YTD January 31, 2021 Mr. Robert Flannery, Ms. Jodi Vitello, Ms. Patti DeWane	Report/Discussion	
	Presentation - UW Health Consolidated Financials - YTD January 31, 2021		Page 5
10:15 AM	<hr/> V. Closed Session Motion to enter into closed session pursuant to Wisconsin Statutes sections 146.38 and 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; review and discussion of financial matters including UW Health's investment portfolio, discussion of advance refunding of bonds, and peer organization financial metric comparison; discussion regarding COVID-19 impact and response including but not limited to operations; and pursuant to Wisconsin Statutes section 19.85(1)(g), to confer with legal counsel regarding these and other matters.		
11:28 AM	<hr/> VI. Return to Open Session		
11:29 AM	<hr/> VII. ACTION: Advance Refunding of Bonds Mr. Kenneth Mount (Motion to endorse approval of advance refunding of bonds to UWHCA Board of Directors as discussed in Closed Session)	Endorsement	
11:30 AM	<hr/> VIII. Adjourn		

The logo for UW Health, featuring the letters 'UW' in red and 'Health' in blue, set against a background of a light gray hexagonal grid pattern.

UW Health

Attachment

Dr. Lynn M. Schnapp Biography



Dr. Lynn M. Schnapp Biography

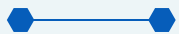
Dr. Lynn M. Schnapp is the George R. and Elaine Love Professor and chair of the Department of Medicine. She is a faculty member in the Division of Allergy, Pulmonary and Critical Care Medicine. Dr Schnapp received her BS from MIT and her MD from University of Pennsylvania, where she completed her medical residency. She completed a Pulmonary and Critical Care Fellowship at UCSF, where she remained on faculty for several years before moving to Mount Sinai School of Medicine, NY. She returned west to University of Washington in 2000 where she rose to the rank of Professor of Medicine in the Division of Pulmonary and Critical Care Medicine. In 2013, she relocated to Medical University of South Carolina to assume the position of Division Chief. Dr Schnapp is a graduate fellow of the Hedwig van Ameringen Executive Leadership in Academic Medicine Program for Women. She is also a fellow of the American Thoracic Society and a recipient of their Elizabeth Rich Award for outstanding scientific, leadership and mentorship contributions in pulmonary medicine.

Dr. Schnapp is recognized for her long-standing commitment to mentorship, career development and increasing the representation of women and underrepresented minorities in medicine. She has been an active mentor in programs that support the participation of underrepresented minority students, such as the National Institutes of Health (NIH) Minority Access for Research Careers (MARC) Program and the NIH/National Heart, Lung and Blood Institute (NHLBI) Stipends for Training Aspiring Researchers (STAR) Program. Her national leadership experience includes numerous leadership positions in the American Thoracic Society, where she currently serves as president-elect and a member of the Board of Directors.

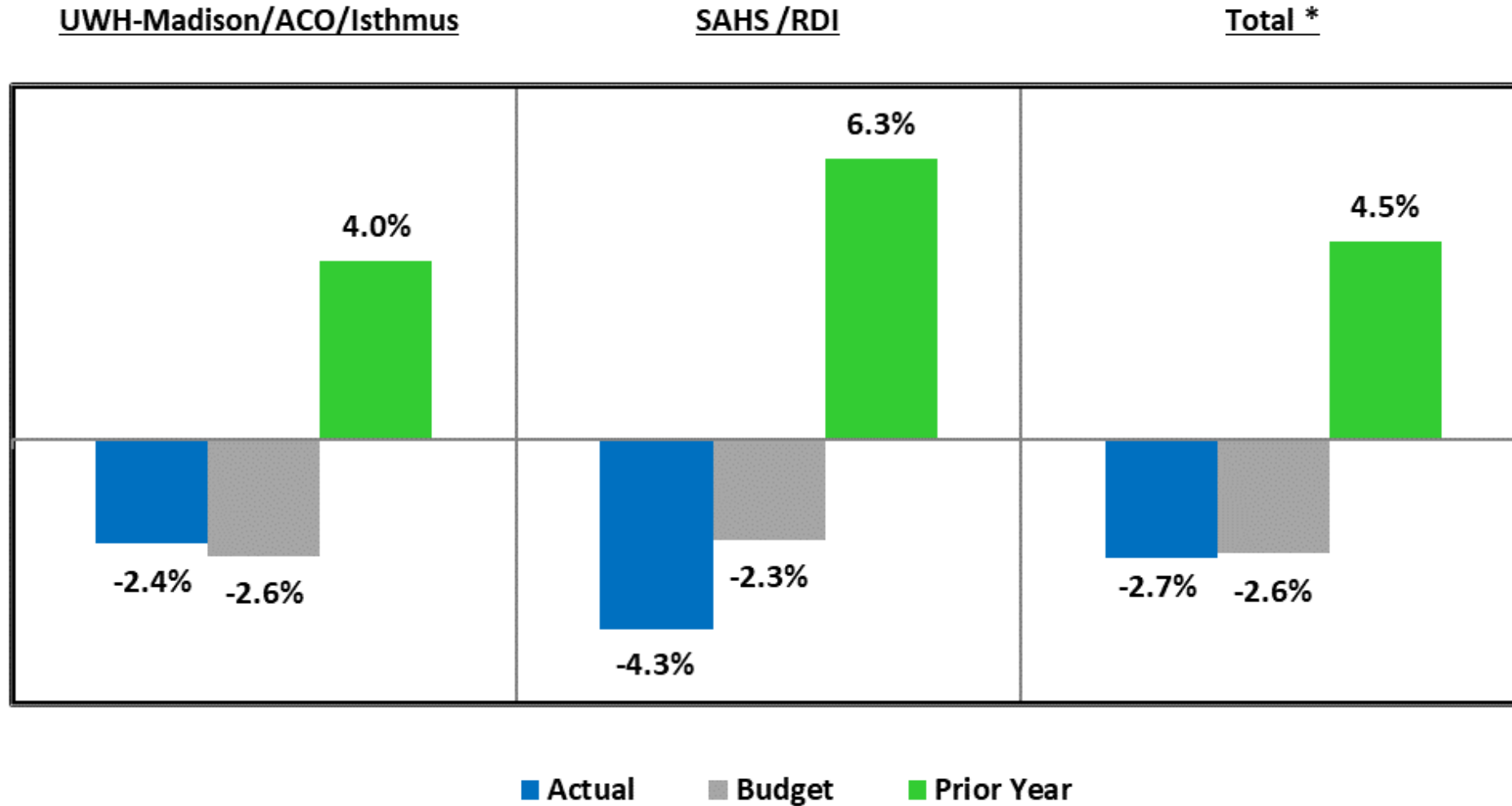
Dr. Schnapp is an established NIH-funded investigator in cell and molecular biology with clinical and research expertise in lung injury and repair. Her research began in the field of integrin biology and has evolved to examine matrix remodeling in the normal and injured lung. She continues to be active clinician and attends on the Medical Intensive Care Unit service.



UW Health Consolidated Financials January 31, 2021



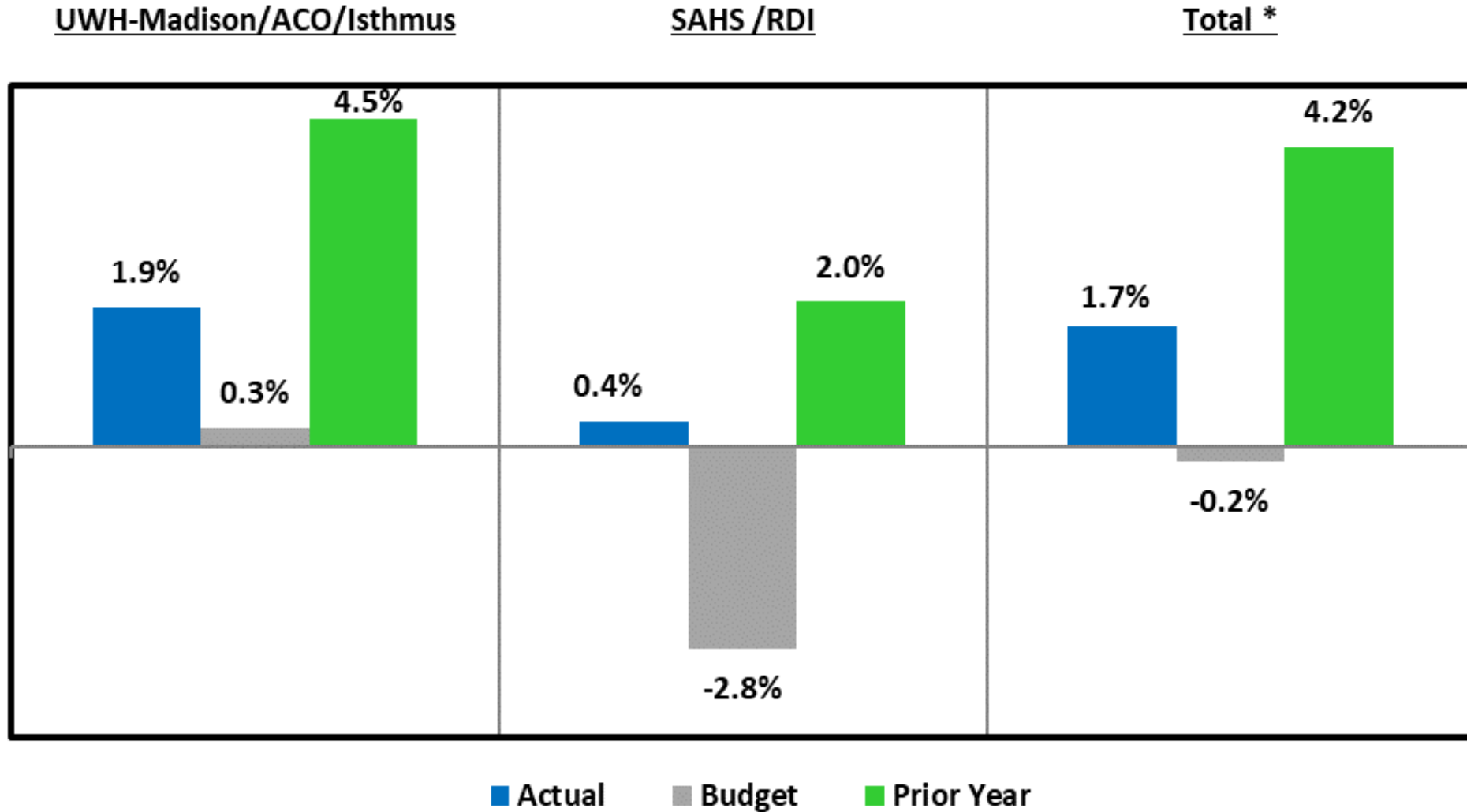
UW Health Current Month Operating Margin – January 31, 2021



Summary of Enterprise-wide January 31, 2021 Operating Results

	Actual January- FY21	Budget January- FY21	Variance vs. Budget	Var. % vs. Budget	Actual January- FY20	Variance vs. PY	Var. % vs. PY
<u>TOTAL OPERATING REVENUE</u>							
Net patient service revenue	286,175,927	293,232,450	(7,056,523)	-2%	294,759,793	(8,583,866)	-3%
Other operating revenues	6,355,734	7,521,970	(1,166,236)	-16%	6,882,975	(527,241)	-8%
Total operating revenues, net	292,531,661	300,754,420	(8,222,759)	-3%	301,642,768	(9,111,107)	-3%
<u>TOTAL OPERATING EXPENSES</u>							
Salaries and benefits	173,406,181	173,973,119	(566,938)	0%	164,743,151	8,663,030	5%
Other expenses	2,153,011	3,668,221	(1,515,210)	-41%	5,882,706	(3,729,695)	-63%
Purchased services and agency costs	17,847,344	21,686,399	(3,839,055)	-18%	15,296,536	2,550,808	17%
Medical materials and supplies	20,270,016	20,795,904	(525,888)	-3%	16,551,694	3,718,322	22%
Pharmaceuticals	48,496,797	46,967,366	1,529,431	3%	47,319,850	1,176,947	2%
Interest expense	1,653,693	2,082,412	(428,719)	-21%	2,041,875	(388,182)	-19%
Depreciation and amortization	9,412,215	9,936,487	(524,272)	-5%	9,714,559	(302,344)	-3%
Public aid assessment	5,047,815	5,160,502	(112,687)	-2%	4,799,627	248,188	5%
Facilities and equipment	16,312,690	18,384,306	(2,071,616)	-11%	15,729,777	582,913	4%
Nonoperating expenses - academic support	5,731,208	5,873,249	(142,041)	-2%	6,041,706	(310,498)	-5%
Net Operating Expenses	300,330,970	308,527,965	(8,196,995)	-3%	288,121,481	12,209,489	4%
Income from operations	(7,799,309)	(7,773,545)	(25,764)	0%	13,521,287	(21,320,596)	-158%
<u>NON-OPERATING REVENUE/EXPENSES</u>							
Net increase/decrease in fair value of investments	(5,063,609)	310,693	(5,374,302)	-1730%	(10,873,786)	5,810,177	-53%
Investment income	2,409,635	2,286,058	123,577	5%	2,369,742	39,893	2%
Equity interest in income/loss of joint ventures	4,481,357	1,490,518	2,990,839	201%	295,193	4,186,164	1418%
Net inc/dec in fair value of derivative instrument	240,332	0	240,332	100%	(511,920)	752,252	-147%
Other, net	632,798	(6,122,359)	6,755,157	-110%	1,863,931	(1,231,133)	-66%
Net Non Operating Revenue/Expenses	2,700,513	(2,035,090)	4,735,603	-233%	(6,856,840)	9,557,353	-139%
Net Profit	(5,098,796)	(9,808,635)	4,709,839	-48%	6,664,447	(11,763,243)	-177%

UW Health YTD Operating Margin – January 31, 2021



Summary of Enterprise-wide YTD January 31, 2021 Operating Results

	Actual Jan_YTD- FY21	Budget Jan_YTD- FY21	Variance vs. Budget	Var. % vs. Budget	Actual Jan_YTD- FY20	Variance vs. PY	Var. % vs. PY
<u>TOTAL OPERATING REVENUE</u>							
Net patient service revenue	2,101,418,899	2,083,908,176	17,510,723	1%	2,057,272,762	44,146,137	2%
Other operating revenues	57,713,771	59,591,826	(1,878,055)	-3%	54,582,613	3,131,158	6%
Total operating revenues, net	2,159,132,670	2,143,500,002	15,632,668	1%	2,111,855,375	47,277,295	2%
<u>TOTAL OPERATING EXPENSES</u>							
Salaries and benefits	1,188,988,321	1,197,743,463	(8,755,142)	-1%	1,109,729,591	79,258,730	7%
Other expenses	20,297,419	21,015,756	(718,337)	-3%	41,330,898	(21,033,479)	-51%
Purchased services and agency costs	129,586,081	159,079,101	(29,493,020)	-19%	144,170,484	(14,584,403)	-10%
Medical materials and supplies	154,466,234	161,607,138	(7,140,904)	-4%	144,649,526	9,816,708	7%
Pharmaceuticals	358,295,886	326,362,008	31,933,878	10%	311,862,640	46,433,246	15%
Interest expense	13,506,043	14,819,868	(1,313,825)	-9%	14,884,298	(1,378,255)	-9%
Depreciation and amortization	65,075,948	65,733,296	(657,348)	-1%	68,119,241	(3,043,293)	-4%
Public aid assessment	35,340,013	36,123,514	(783,501)	-2%	33,597,389	1,742,624	5%
Facilities and equipment	115,675,946	125,279,328	(9,603,382)	-8%	113,201,003	2,474,943	2%
Nonoperating expenses - academic support	41,549,188	40,145,175	1,404,013	3%	42,492,413	(943,225)	-2%
Net Operating Expenses	2,122,781,079	2,147,908,647	(25,127,568)	-1%	2,024,037,483	98,743,596	5%
Income from operations	36,351,591	(4,408,645)	40,760,236	-925%	87,817,892	(51,466,301)	-59%
<u>NON-OPERATING REVENUE/EXPENSES</u>							
Net increase/decrease in fair value of investments	170,609,311	2,174,851	168,434,460	7745%	50,981,624	119,627,687	235%
Investment income	19,636,389	19,602,405	33,984	0%	21,471,520	(1,835,131)	-9%
Equity interest in income/loss of joint ventures	12,169,516	8,857,970	3,311,546	37%	17,605,518	(5,436,002)	-31%
Net inc/dec in fair value of derivative instrument	854,466	0	854,466	100%	(380,044)	1,234,510	-325%
Other, net	9,316,700	(3,834,655)	13,151,355	-343%	5,259,919	4,056,781	77%
Net Non Operating Revenue/Expenses	212,586,382	26,800,571	185,785,811	693%	94,938,537	117,647,845	124%
Net Profit	248,937,973	22,391,926	226,546,047	1012%	182,756,429	66,181,544	36%



Favorable Variance

Unfavorable Variance

Enterprise-wide January 31, 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)	↑	1.7%	3.0%	3.6%
Total Margin	↑	10.5%	5.5%	6.6%
Days Cash on Hand * (including Academic Support)	↑	281 ^	259	264
Days in Accounts Receivable **	↓	44	46	47
Long Term Debt to Capitalization	↓	20.1%	27.4%	24.9%
Operating Cash Flow	↑	5.3%	7.2%	9.4%
Cash-to-Debt	↑	362.1%	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 – January 31, 2021

	UWHCA	UWMF	ACO/Isthmus	Total UWHCA and UWMF	Discrete Components	UW Health Consolidated
Cash & Investments						
Unrestricted	1,563,153,146	550,694,642	4,699,987	2,118,547,775	504,988,683	2,623,536,458
Restricted by Trustee & Donors	21,341,913	-	-	21,341,913	37,971,410	59,313,323
Accounts Receivable	291,586,436	100,596,046	-	392,182,482	76,350,387	468,532,869
Property, Plant & Equipment, Net	765,130,903	65,457,793	9,220	830,597,916	415,374,409	1,234,939,041
Other Assets & Deferred Outflows of Resources	1,645,385,978	576,813,203	400,634	976,188,473	74,797,730	807,349,668
Total Assets & Deferred Outflows of Resources	\$ 4,286,598,376	\$ 1,293,561,684	\$ 5,109,841	\$ 4,338,858,559	\$ 1,109,482,619	\$ 5,193,671,359
Current Liabilities	1,018,093,000	896,203,406	1,335,600	672,994,905	231,650,775	665,439,196
Long-term Debt & Deferred Inflows of Resources	1,260,439,692	40,520,000	-	1,300,959,692	289,156,796	1,590,116,488
Net Position						
Unrestricted	1,968,699,470	356,838,278	3,774,241	2,325,537,748	579,140,183	2,889,214,596
Restricted	39,366,214	-	-	39,366,214	9,534,865	48,901,079
Total Liabilities, Deferred Inflows of Resources & Net Position	\$ 4,286,598,376	\$ 1,293,561,684	\$ 5,109,841	\$ 4,338,858,559	\$ 1,109,482,619	\$ 5,193,671,359

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