UWMF Board of Directors

March 24, 2021, 4:00 - 6:00 PM

WebEx: https://uwhealth.webex.com/uwhealth/onstage/g.php?MTID=e0d92475df06fe4f640bd136701d01082
Meeting number: 120 691 6929 // Password: 032421

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UWMF Board of Directors - March 24, 2021 - Public Meeting Notice

Agenda

4:00 PM
I. Call to Order
Dr. Alan Kaplan

4:01 PM
II. Welcome New Member - Dr. Lynn M. Schnapp
Dr. Alan Kaplan

Attachment - Dr. Lynn M. Schnapp Biography
Page 4

4:05 PM
III. Consent Agenda
Dr. Alan Kaplan

Open Session Minutes from December 16, 2020

Attachment - UWMF Retirement Plan Committee Membership Change
Page 6

Attachment - Form 990 Tax Return Process
(Material to be added in advance of meeting)

4:06 PM
IV. UWMF Compensation Development Committee Annual Report
Dr. Cristopher Meyer

Presentation - UWMF Compensation Development Committee Annual Report
Page 8

4:26 PM
V. UW Health Business Integrity
Mr. Troy Lepien

Presentation - UW Health Business Integrity
Page 18

Attachment - UW Health Code of Conduct
Page 33

Attachment - UW Health Conflicts of Interest Policy Number 1.66
Page 44

4:45 PM
VI. UW Health Consolidated Financials - YTD February 28, 2021
Mr. Robert Flannery

Presentation - Financial Update - February 2021
Page 49

Attachment - UW Health Consolidated Financials - YTD February 28, 2021
Page 53

4:55 PM
VII. UW Medical Foundation Bylaws Revisions
Dr. John Frohna
(Material to be added in advance of meeting)

Attachment - UW Medical Foundation Bylaws Revisions

5:03 PM
VIII. Role of UWMF Board of Directors
Dr. Alan Kaplan, Ms. Kelsie Doty

Presentation - Role of UWMF Board of Directors
Page 61

5:23 PM
IX. COVID-19 Situational Update
Dr. Peter Newcomer

X. 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 meeting minutes, Department of Pathology Compensation Plan modification and East Campus Re-engagement update.

XI. Return to Open Session

XII. ACTION: Department of Pathology Compensation Plan Modification
Dr. Alan Kaplan
(Motion to approve Department of Pathology Compensation Plan modification as presented on Closed Session consent agenda)

XIII. Adjourn
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.
Attachment

UWMF Retirement Plan Committee
UWMF Employee Rep Nomination
Date: March 24, 2021
To: UWMF Board of Directors
Re: UWMF Retirement Plan Committee (RPC) Nomination

UWMF Board of Directors,

Ms. Kelsie Doty, Dr. John Frohna, and Mr. Anthony Dix, RPC Committee Administrator, partnered with operational leaders to bring forth nominee Ms. Margaret Benson, RN Program Director, Burn and Wound Healing Services, to complete the term of Ms. Carol Hollfelder, UWMF RPC Employee Rep, who retired March 2021. The UWMF Executive/Governance Committee endorsed Ms. Benson as the UWMF RPC Employee Rep at their March 10, 2021 meeting.

UWMF Retirement Plan Committee
Margaret Benson  04/01/21 – 12/31/22  UWMF Employee Rep  Completing 2 Year Term*

*Completing term of a UWMF Employee Rep that retired.

* * * * * * * *
Membership

- New Committee Chair and Vice-Chair effective July 2020:
  - Dr. Cris Meyer, Chair
  - Dr. Carter Ralphe, Vice-Chair
- Committee members:
  - 2020 – of the 4 terminating positions, 3 were renewed and 1 new member added
  - 2021 – of the 3 terminating positions, 1 was renewed and 2 new members being added and filled an open Public Board member position
- Department Administrator members remain the same for both 2020 and 2021
Attendance

• 2020 meetings scheduled monthly rather than bimonthly
• Only 6 meetings occurred due to focus on COVID response and CPG development
• Overall participation – 79%
  • Historical average between 78% and 87% (2017 – 2019)
Committee Activity

- Departmental plans reviewed and approved:
  - Department of Anesthesiology - Pain Management Program Addendum (new compensation plan)
Committee Activity (cont.)

- Compensation Plan Guidelines (CPG) Workgroups work continued
  - Develop standard and strategic guidelines for the clinical departments to incorporate into departmental faculty physician compensation plans
  - Five workgroups have been meeting monthly, except for 3-month hiatus due to COVID
    - Steering Team
    - Academic Workgroup
    - Clinical Workgroup
    - Foundational Workgroup
    - Strategic Workgroup
  - All workgroups have completed the first two phases of current state assessment and information gathering, and synthesize information and analysis
  - Currently in phase three – development of future state
  - Complete implementation and evaluation date modified from July to September 2021
Committee Activity (cont.)

- Special topics/guest speakers:
  - Primary Care Compensation Plan Development and Operational Process - Drs. Matt Anderson, Sandy Kamnetz and Elizabeth Trowbridge
  - Fair Market Review Process – Ms. Lisa Kurth
  - Value-based Care: HealthCare Financing, Health Policy and Population Health – Dr. Jonathan Jaffery and Mr. Mark Johnson
  - COVID-19 Impact on Compensation – Ms. Kelsie Doty
  - Mission-based FTE – Dr. Elizabeth Trowbridge
CDC – RVU Workgroup Report

• For services with no CMS assigned RVUs for codes
• Revised UWH gap-filling process for services billed as global (no modifier), professional only (modifier 26) or technical only (modifier TC).
• Improve process to gap-fill RVUs of services billed with “unlisted code”
CDC – Provider Benchmark Workgroup

• The workgroup is charged with reviewing and recommending to the CDC standard sources and processes associated with compensation and productivity benchmarks used by UW Health and SMPH for business analysis and decision making.
• Physician member and Kelsie Doty to serve as co-leads for this new workgroup
• Membership has been determined
• Kick-off meeting delayed to January 2021 due to COVID-related priorities
2021 Proposed Work Plan

• Review and endorse CPG Workgroup proposal(s)
• Review and modify compensation plan review process
• Review and modify compensation plan faculty survey
Questions
• OIG Guidance
  • Federal Sentencing Guidelines,
  • Office of Inspector General (OIG) Compliance Program Guidance
  • OIG HCCA Measuring Compliance Program Effectiveness
  • Caremark Case
  • Corporate Responsibility and Corporate Compliance – A Resource for Health Care Boards of Directors
  • Practical Guidance for Health Care Governing Boards on Compliance Oversight
Duties of the Board of Directors

- Fiduciary Duties
- Commitment to Transparency
Fiduciary Relationship: People or entities are given a power of any type, subject to a duty to exercise that power in the best interests of another

- Duty of Care
- Duty of Loyalty
Duty of Care: Obligation of Corporate Directors to Exercise the Proper Amount of Care in Their Decision-Making Process in the Best Interest of UWMF Health

- **Decision Making Function:** The application of duty of care principles to a specific decision or a particular board action; and
- **The Oversight Function:** The application of duty of care principles with respect to the general activity of the board in overseeing the day-to-day business operations of the corporation i.e. the exercise of reasonable care to assure that corporate executives carry out their management responsibilities and comply with the law.
Oversight Function (i.e., Caremark Case, Delaware Stone vs. Ritter)

✓ A Board must act in good faith in the exercise of its oversight responsibility for its organization, including making inquiries to ensure:

(1) a corporate information and reporting system exists and
(2) the reporting system is adequate to assure the Board that appropriate information relating to compliance with applicable laws will come to its attention timely and as a matter of course

✓ Opinion in Caremark case and now in Delaware Cases regarding compliance programs, “directors must make a good faith effort to implement an oversight system and then monitor it” themselves…”
Business Integrity - Board of Directors Education

➢ Duty of Loyalty: A Director must discharge his or her obligation to the organization in a manner designed to benefit UWMF and its mission, and not the interest of the Director or any other individual or entity.

✓ Avoid Conflicts of Interest.
• UWMF’s Board of Directors has members with duality of interests (i.e., to the UW, SMPH, and/or other constituencies)
• If the Directors remain focused on the mission and interests of UWMF and properly reports the potential conflict, duality of interest should not ordinarily bar their participation in UWMF’s corporate decision-making
• The key reason for establishing such interlocking directorships is to create a mechanism for the entities to participate in, and be informed of, the decisions of each other

✓ Maintain confidentiality of information provided
• UW Health Administrative Policy 1.66 Conflict of Interest
  • Required to (a) disclose any actual or potential conflicts of interest, and (b) refrain from participating in decision-making in any matter in which they have a conflict of interest
  • Disclosure shall be made in writing to the chair of the body tasked with making the decision in question
  • Annual Reporting - annually complete and file the UW Health Conflict of Interest Form
Seven Principles – Code of Conduct:

✓ Patient Rights & Responsibilities
✓ Business Ethics & Legal/Regulatory Compliance
  • Coding, Billing, and False Claims Act
  • Research
✓ Confidentiality
  • Patient Information
✓ Conflicts of Interest
  • Gifts
✓ Professional Conduct
✓ Resource Management
✓ Workplace Responsibility

Reviewed & Signed Annually
Seven Elements of Effective Compliance Program:

- Implementing written policies, procedures and standards of conduct
- Designating a compliance officer and compliance committee
- Conducting effective training and education
- Developing effective lines of communication
- Conducting internal monitoring and auditing
- Enforcing standards through well-publicized disciplinary guidelines
- Responding promptly to detected offenses and undertaking corrective action
Practical Guidance for Health Care Governing Boards on Compliance Oversight

✓ Identifying and Auditing Potential Risk Areas

“The Board should ensure that management and the Board have strong processes for identifying risk areas. Risk areas may be identified from internal or external information sources.”
External Audit Committee (EAC) Oversight at UW Health

Board of Directors

Compliance Committee

- Recovery Contractors RAC, DRAC, SMRC
- Federal & State OIG/CIA’s, MAC, CMS Medicaid
- Industry Experts & Trends
- Internal Experts & Hotline Reports

External Audit Committee

Identifies & Rates Risks
- Financial
- Reputational
- Operational
- Strategic
- Regulatory

Quality Assurance Reviews

Formal or Informal Audit
- 70 Open Items
- 49 Closed CY

Membership

- Business Integrity
- Internal Audit
- Professional Service
- Hospital Service
- Office of Corp Counsel
- Revenue Cycle
- Inpatient Services
- Outpatient/Clinic
- Utilization Management
Endomyocardial Biopsies and Right Heart Catheterizations that were Not Distinct Services

- OIG Audit Report – 3/2017
- CMS Med Learn Matters – Early 9/2017
- SMRC Issues List – Early 9/2017
- Business Integrity Revenue Cycle Audit – Early 9/2017
  - Professional Refund – Approximately $54,500
  - Facility Refund – Approximately $22,300
- RAC Request for claims – End 9/2017
  - Refunds Completed Before Request

Open Audits
Questions for Directors – Compliance Program

Structural Questions
- Key Employees – Compliance Officer
- Reporting Structure to Governance – Compliance & Audit Committees
- Frequency of Compliance Reporting Management and Governance

Operational Questions
- Policies and Procedures Including Code of Conduct
- Compliance Infrastructure and Resources
- Measures to Prevent Violation Including Education & Auditing and Monitoring
- Measures to Respond to Violations Including Corrective Action and Implementation of a Hotline
Attachment

UW Health Code of Conduct
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A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Friends & Colleagues:

UW Health has a long history as a leader in providing quality healthcare and service to its patients. As part of our vision to deliver remarkable care to our patients, UW Health is committed to maintaining a working environment that assures our medical staff, employees, and agents can perform their daily tasks with high ethical standards, honesty, integrity, and in compliance with applicable laws and regulations. We can continue this tradition and our commitment to remarkable care only through the efforts of our highly-skilled caregivers and dedicated support staff.

While the patient remains the focal point for all UW Health services, healthcare has evolved into a complex and highly regulated industry. In order to assist employees in maneuvering their way through this sometimes confusing environment, UW Health has adopted a formal Compliance Program (Program) to ensure compliance with all applicable state and federal laws and regulations. The day to day operations of the Program are administered by the Chief Compliance Officer and the Business Integrity Department staff. An important component of the Program is the Code of Conduct (Code), which sets a cultural compass of how to conduct ourselves every day as we go about our work. The Code provides the basic principles which all UW Health and its subsidiaries, directors, officers, medical staff, employees and agents must follow.

The Code of Conduct is a vital part of how we achieve our mission and vision. It provides guidance to ensure that our work is accomplished in an ethical and legal manner. It emphasizes our common culture of integrity and our responsibility to operate with the highest principles of ethical business standards as we care for our patients. All employees are responsible for ensuring that their behavior and activity is consistent with the Code of Conduct.

As we continue to be innovative and responsive to the needs of our patients, each of us must be fully knowledgeable of and adhere to the Code of Conduct. If we are successful in this endeavor, we will preserve and promote organization-wide integrity and achieve our vision of providing remarkable care to our patients.

Sincerely,

Alan Kaplan, MD
CEO UW Health
I. PURPOSE - PRINCIPLES AND STANDARDS

UW Health has a tradition of ethical standards in the provision of health care services as well as in the management of its business affairs. The Code of Conduct supplements the mission, vision and values of UW Health and applies to all who provide services under the auspices of UW Health and its affiliates.

Our Code of Conduct, which has been adopted by the highest level of leadership, provides guidance to all working for and with us in carrying out daily activities within appropriate ethical and legal standards. The Code of Conduct provides ideals (or Principles) and policies (or Standards) to which UW Health medical staff, employees, agents, joint ventures, wholly owned subsidiaries, and affiliates are expected to adhere. The purpose of the Code of Conduct is to articulate the ethical framework within which the organization operates and communicate expectations of the Principles and Standards. UW Health expects each medical staff, employee, and agent to abide by the Principles and Standards set forth herein and to conduct the business and affairs of UW Health in a manner consistent with the Code of Conduct. Failure to abide by the Principles and Standards or the guidelines for behavior which the Code of Conduct represents shall lead to appropriate employment action.

UW Health’s Code of Conduct has been adopted to maintain corporate compliance and enhance its ability to achieve its vision of providing remarkable healthcare.

II. OUR DUTY TO REPORT & COOPERATE WITH INVESTIGATIONS

The Code of Conduct is to be used as a guide if you are confronted with situations that raise questions about ethical conduct. If you believe a law, policy or our Code of Conduct is not being followed, you must report it to your supervisor and/or the Business Integrity Department. If you do not feel comfortable talking to your supervisor about the issue, voice your concern to the next supervisory level up or again report it to the Business Integrity Department.

The Business Integrity Department can be contacted at:
- UW Health Administrative Office Building
  7974 UW Health Court, Middleton, Wisconsin, 53562.
- The UW Health Reporting Line
  (888) 225-8282 (toll-free)
  (608) 821-4130

UW Health is committed to providing an environment that allows reporting in good faith without fear of retaliation. Anyone making such a report is assured that it will be treated as confidential and will be shared with others only on a need-to-know basis. The findings of a compliance investigation are confidential to protect all involved in the investigation process. No adverse action will be taken against someone for making a report in good faith. UW Health has a policy that protects against retaliation or retribution for reporting a compliance concern in good faith or cooperating with a compliance investigation with good intentions. Although we have this policy it is important to understand that no policy can protect you from applicable consequences if you have broken the law or violated our policies. In addition, if someone purposely falsifies or misrepresents a report or makes false statements during an investigation, that person will not be protected under the non-retaliation policy. False accusation or statements made in a report or during an investigation may result in appropriate employment action.
III. SEVEN PRINCIPLES OF CONDUCT

The UW Health Code of Conduct can be categorized into Seven Principles of Conduct:

- Patient Rights & Responsibilities
- Business Ethics & Legal/Regulatory Compliance
- Confidentiality
- Conflicts of Interest
- Professional Conduct
- Resource Management
- Workplace Responsibility

Each of these principles is explained in greater detail below.

IV. PRINCIPLE OF PATIENT’S RIGHTS AND RESPONSIBILITIES

UW Health is committed to treating patients and their families with dignity and respect. We drafted the UW Health Patient Rights and Responsibilities to establish our expectation for our medical staff, employees, agents and patients. This guideline includes the patient’s right to:

- Treatment without discrimination
- Respect, confidentiality and personal dignity
- Information you can understand
- Participation in decisions about your care
- Care that supports you and your family
- Access to your billing and medical records
- A method to file a complaint

UW Health medical staff, employees, and agents are held to these standards and should refer to this document for additional detail and guidance if needed.

V. PRINCIPLE OF BUSINESS ETHICS & LEGAL/REGULATORY COMPLIANCE

UW Health is committed to the highest standards of business ethics and integrity, and requires honesty when representing UW Health. UW Health is committed to ensuring that its activities are completed in a manner that complies with applicable federal and state laws regulations, guidelines and policies.

A. Accounting/Financial Reporting:

UW Health maintains a high standard of accuracy and completeness in the documentation and reporting of all financial records and insures that these records are completed within generally accepted accounting principles and established corporate policy. This serves as the basis for managing the business and is important to meeting the obligations to patient, suppliers, and others that we do business. It is against UW Health policy, and possibly illegal, for any person to knowingly cause UW Health’s financial records to inaccurately describe the true nature of a business transaction. We cooperate fully with internal and external auditors and any regulatory agencies that examine our financial records.

B. Anti-Kickback/Bribes:

UW Health prohibits its medical staff, employees, and agents from offering, paying, asking for, or accepting any money or other benefits in exchange for patient referrals, purchases, leases, or orders. All contracts and other referral sources are to follow all applicable laws.
C. Antitrust:
   UW Health competes fairly and complies with Anti-Trust Laws. Our medical staff, employees, and agents do not engage in activities or negotiate agreements that restrain or obstruct competition or illegally share proprietary information with competitors. The illegal obtainment or use of proprietary information from competitors is also strictly prohibited.

D. Coding, Billing & False Claims Act:
   Coding is the way UW Health identifies and classifies health information, such as diseases and services, which are documented in the patient medical record. Billing is the way we submit charges for the services we have provided. UW Health takes great care to ensure that billings to the government, third-party payers and patients are accurate and conform to all applicable federal and state laws and regulations. We are committed to timely, complete and accurate coding and billing. We bill only for services that we provide and believe to be medically necessary.

   The Federal False Claims Acts and the Federal Deficit Reduction Act protect government programs such as Medicare, Medicaid and Tricare from fraud, waste and abuse. It is a violation of the Federal False Claims Act to knowingly submit a false claim for payment of government funds. UW Health prohibits its medical staff, employees or agents from knowingly presenting, or causing to be presented, claims for payment or approval, which are false, fictitious or fraudulent. Medical staff, employees, and agents can be prosecuted for filing inaccurate claims for reimbursement, and can be subject to civil fines, criminal penalties or both.

   UW Health expects employees to report known or suspected activity of this type to the Business Integrity Office. Employees who lawfully and in good faith report known or suspected activity of this type are protected from retaliation to the furthest extent possible under both federal and state law. UW Health performs routine auditing and monitoring, with internal controls, to prevent and detect fraud, waste, and abuse. We cooperate fully with internal and external auditors and any regulatory agencies that examine our financial records.

E. Contracts:
   UW Health negotiates and enters into fair and equitable contractual arrangements with reputable vendors and individuals that meet the needs of our organizations. We fairly and accurately bid and negotiate outside contracts at an arm’s length and at fair market value. All arrangements must comply with applicable federal and state laws. Prior to executing arrangement for items and services, we verify that all contracted parties are eligible to participate in federal and state-funded healthcare programs.

F. Marketing:
   UW Health utilizes marketing and advertising activities to educate the public, provide information to the community, to increase awareness of our services, and to recruit medical staff and employees. Marketing materials and media announcements are to be presented in a truthful, fully informative and non-deceptive manner.

G. Non-For Profit Status:
   UW Health is a tax-exempt entity because of its charitable mission. UW Health provides community benefits that include healthcare services, medical training, education, research and community outreach activities. UW Health must use its resources in a manner that furthers the public good rather than the private or personal interest of any individual or entity.

H. Research:
   UW Health is committed to following ethical standards in full compliance with federal and state laws and regulations in any research, investigations and clinical trials conducted. UW Health is
committed to integrity in disseminating appropriate, valid scientific results in accordance with applicable regulations and guidelines. It is UW Health’s priority to protect the rights of its subjects. As in all financial accounting and recordkeeping, UW Health’s policy is to submit accurate and complete costs related to research grants.

VI. PRINCIPLE OF CONFIDENTIALITY

Medical Staff, employees, and agents of UW Health are obligated to maintain the confidentiality of patients, personnel, and other proprietary information, as well as with those who enter into business or professional relationships with UW Health. We are trusted with a wide spectrum of confidential information. Sharing of confidential information with other employees or others outside the organization is strictly forbidden, unless the person requesting the information has a legitimate reason to know and has been properly approved by appropriate leadership.

A. Patient Information

UW Health collects information about patients’ medical conditions, histories, medications, and family illnesses in order to provide quality care. We realize the sensitive nature of this information and are committed to protecting patient privacy. We do not access patient information internally use patient information, or disclose patient information outside the organization except as necessary to perform our jobs. We are committed to complying with state and federal privacy laws, and to assisting patients with exercising their patient privacy rights.

B. Proprietary Information

UW Health closely controls the dissemination of proprietary information. Except as specifically authorized by management pursuant to established policy and procedures, medical staff, employees, or agents should not disclose to any outside party any non-public business, whether financial, personnel, commercial or technological information, plans or data acquired during their time with UW Health.

C. Personnel Actions and Decisions

Salary, benefits, and other personal information relating to employees shall be treated as confidential. Personnel files, payroll information, disciplinary matters, and similar information shall be maintained in a manner designed to ensure confidentiality in accordance with applicable laws and regulations. Employees shall prevent the release or sharing of information beyond those persons who may need such information to fulfill their job function.

D. Media Relations

All requests from reporters or the general public for information should be referred to the Media Relations Office. Employee should never release information without the permission of Media Relations.

VII. PRINCIPLE OF CONFLICT OF INTERESTS

A conflict of interest involves any circumstances where your personal activities or interest are advanced at the expense of UW Health. These circumstances may be financial or involve some other type of personal interest that conflicts with your professional responsibilities. UW Health medical staff, employees, and agents avoid any situation in which our participation is or may appear to be, in conflict with the mission, vision, values, and interest of UW Health. We avoid any position or financial interest in any outside organization when such a relationship would improperly influence our professional objectivity or the performance of our duties. Should a conflict of interest arise, we will immediately disclose the situation to our immediate supervisor, the Business Integrity Department or the Legal Department.
A. Gifts

UW Health maintains high ethical standards regarding the offering and acceptance of gifts. Offering or accepting personal gifts may influence our decisions or the decisions of others and may constitute a conflict of interest. UW Health Policy prohibits medical staff, employees and agents from accepting any gifts from industry. UW Health recognizes that patients or other outside parties may wish to present employees with gifts or money. In order to avoid conflicts of interest, gratuities in any dollar amount and gifts of any value may not be accepted. However, if perishable goods are delivered to a unit or employee (e.g. cookies from a family member, fruit basket), it should be handled consistent with guidelines established by the Employee Gift Policy.

B. Outside Activities and Employment

UW Health medical staff, employees, and agents who hold positions of trust and stewardship should refrain from directly or indirectly performing duties, incurring obligations, or engaging in business or professional relationships where there would appear to be a conflict of interest. No outside activity may interfere with job performance.

C. Political Activities

UW Health encourages medical staff, employees, and agents to vote and participate in the political process. However, the use of UW Health property or funds to support a political cause, party or candidate for public office is prohibited. UW Health assets, such as telephones, copiers, and our work time should not be used to support political activity. All medical staff, employees, and agents clearly indicate that the political views they express as individuals are their own and not those of UW Health.

VIII. PRINCIPLE OF PROFESSIONAL CONDUCT

UW Health expects all medical staff, employees, and agents to work in a professional manner. Due to the high expectations of our health care providers UW Health has adopted Guidelines for Professional Conduct of Physician Faculty in the Clinical Setting. Please refer to this document for additional guidelines if necessary.

IX. PRINCIPLE OF RESOURCE MANAGEMENT

UW Health understands the community has entrusted us with assets to be used and protected for our patients’ health. Medical Staff, employees, and agents are expected to safeguard, invest and use these assets to achieve our mission. Proper use of UW Health property and equipment is everyone’s responsibility. Theft, carelessness, and waste have a direct impact on the organization’s success. We report any possible loss or theft to the appropriate supervisor. It is UW Health’s policy to manage and operate its business in the manner which respects our environment and conserves natural resources. We strive to utilize resources appropriately and efficiently, to recycle where possible, and otherwise dispose of all waste in accordance with applicable laws and regulations.

We handle any purchase, transfer or sale of assets in accordance with applicable policies and procedures. We do not use materials, equipment or other assets of UW Health for purposes not directly related to UW Health business. Medical staff, employees, and agents have no expectation of personal privacy in connection with personal or work use of UW Health electronic resources. We do not photocopy or distribute material from books periodicals, computer software or other sources if doing so would violate copyright laws.
**X. PRINCIPLE OF THE WORKPLACE**

UW Health works to ensure that all medical staff, employees, agents, and others have the best possible work environment. We follow all federal, state, and Equal Employment Opportunity Commission laws and regulations for recruiting and retaining qualified employees.

**A. Workplace Health & Safety**

In our continuing commitment to an environment of healing and good health, UW Health is smoke free. The use of illegal drugs and abuse of controlled substances in the workplace is prohibited. As a condition of employment, any involvement in the unlawful use, sale, manufacture, distribution or possession of controlled substances illicit drugs and/or unauthorized use of alcohol in the workplace or working under the influence of such substances is prohibited. UW Health has an extensive safety program for medical staff, employees, and agents to reduce the risk of injury for patients, staff and visitors.

**B. Workplace Discrimination:**

UW Health believes that the fair and equitable treatment of employees, patients, and other persons is critical to fulfilling its vision and goals. It is UW Health’s policy to treat patients without regard to race, color, religion, sex, national origin, age, disability, sexual orientation or any other classification prohibited by law. It is also UW Health’s policy to recruit, hire, train, and promote qualified persons in all job titles, and ensure that all other personnel actions are administered without regard to race, color, religion, sex, national origin, disability, sexual orientation or status as a special disabled veteran, Vietnam era veteran, or other covered veteran.

**C. Workplace Harassment:**

UW is committed to maintaining an environment that is free of unlawful harassment and intimidation. Harassment includes any behavior or conduct that is based on a protected characteristics and that unreasonably interferes with an individual’s work performance or creates an intimidating, hostile or offensive work environment.

**D. Workplace Violence**

UW Health has zero tolerance for threats or acts of violence in the workplace. Workplace violence includes physical assaults or action or statements that give UW Health reasonable cause to believe that the safety for our patients, visitors, medical staff, employees, or agents may be at risk. Medical staff, employees, or agents who engage in workplace violence shall be subject to disciplinary action up to and including removal from UW Health facilities, termination and/or referral to appropriate law enforcement agencies.

**E. Screening of Excluded Individuals**

UW Health will not knowingly employ or contract with individuals or entities that have been listed as debarred, excluded or otherwise ineligible for participation in Federal health care programs. As a condition of employment or eligibility to provide services, medical staff, employees, or agents are required to notify clinical leadership or Human Resources immediately if they are currently or know they will be in the future listed as a person excluded from participation in Federal health care programs.
CODE OF CONDUCT ACKNOWLEDGEMENT FORM

I acknowledge that:

- I have received the UW Health Code of Conduct and understand that it is my responsibility to read and comply with the legal and ethical practices contained in the Code of Conduct.
- I have responsibility to report potential compliance issues to a supervisor, contact the Business Integrity Office, or call the UW Health Reporting Line.
- I am aware that violations of the Code of Conduct and UW Health Policy and procedures may result in appropriate employment action.

Printed Name:____________________________________
Signature:_______________________________________
Date:______________________
Title or Position:_________________________________
Employee ID #:_________________________
Phone Number: _________________________
Department:____________________________
Direct Supervisor’s Name:____________________
Attachment

UW Health Conflicts of Interest Policy Number 1.66
Administrative (Non-Clinical) Policy

This administrative policy applies to the operations, Directors, and employees of the University of Wisconsin Hospitals and Clinics Authority (“UWHCA”), University of Wisconsin Medical Foundation (“UWMF”), and those subsidiaries and affiliates of UWHCA and UWMF that have adopted this administrative policy (each an “Adopting Affiliate”). UWHCA, UWMF and the Adopting Affiliates are referred to in this administrative policy as “UW Health”.

Policy Title: Conflicts of Interest
Policy Number: 1.66
Effective Date: September 10, 2019
Chapter: Administration
Version: Revision

I. PURPOSE

To prohibit those activities which will result in conflict between the personal interests of Directors or employees with substantial financial decisionmaking authority and such Director’s and employee’s responsibilities to UW Health. This policy also provides instruction for all other employees to disclose engagement in healthcare related activities.

II. DEFINITIONS

Family: An employee’s or Director’s spouse; domestic partner; children (whether natural or adopted); parent; grandparent; great-grandparent; and greater-grandparents if still alive; brothers and sisters (whether whole or half-blood); grandchildren; great-grandchildren; and spouses of brothers, sisters, children, grandchildren, and great-grandchildren.

Key Employees: An employee of UWHCA, UWMF, or any Adopting Affiliate who has the title Vice President or above, any employee in the procurement services (or similar) department with the responsibility, power, influence or authority over the purchase of goods, services, equipment, and/or the approval of invoices, any employee participating on institutional committees selecting pharmaceuticals, medical devices, and other goods and services for UW Health, and any employee identified by the UW Health Chief Executive Officer, Chief Operating Officer, or Compliance Officer and notified by the UW Health Compliance Officer that he/she is a “Key Employee” for purposes of this administrative policy by virtue of the employee’s job responsibilities. The Office of Business Integrity will maintain a list of such positions designated in this manner as “Key Employees.”

Directors: Any member of the Board of Directors, Board of Managers, Management Council, or similar governing body of UWHCA, UWMF, or any Adopting Affiliate and any elected corporate officer of any foregoing.

III. POLICY ELEMENTS
UW Health is committed to ensuring that decisions made on behalf of the organization are free of any conflict between the best interests of the organization and the personal interests of employees or Directors. Every Director and all Key Employees are required to (a) disclose any actual or potential conflicts of interest, and (b) refrain from participating in decision-making in any matter in which they have a conflict of interest. To ensure that potential conflicts of interest are reported; that persons with a conflict of interest recuse themselves from participating in any decision which poses a conflict of interest; that state statutory requirements for UWHCA regarding conflicts of interest are fully met; and that UW Health and those tax-exempt Adopting Affiliates within UW Health are in compliance with all requirements of the Internal Revenue Service (IRS) regarding conflicts of interest within tax-exempt organizations, UW Health will follow the principles and procedures set forth below.

These requirements are in addition to, and are intended to complement, the conflict of interest principles and requirements set forth in the UW Health Code of Conduct, UW Health Employee Gift Policy and UWMF Interactions with Industry Policy. Directors and all Key Employees that fail to comply with this policy will be referred to appropriate Chairman, CEO, Senior Vice President or Vice President for appropriate action as specified by organizational policy, appropriate bylaws, and state regulations.

IV. PROCEDURES

A. Annual Reporting

All members of the UWHCA Board of Directors shall annually complete and file the Wisconsin Ethics Board Statement of Economic Interest. All other Directors and all Key Employees will affirm annually their understanding of and compliance with the UW Health Code of Conduct and Conflicts of Interest Policy and will report annually the relevant financial information requested by the UW Health Office of Business Integrity on the then current Annual Conflict of Interest Questionnaire. For illustrative purposes, relevant financial information includes, at a minimum, ownership or compensation arrangements with those suppliers of goods or services to UW Health with the largest annual revenues from UW Health, or with any competitor of UW Health, on the part of the Key Employee or Director and/or his or her family, as defined above. The annual reporting period shall be from July 1 through June 30 and the report shall cover the immediate past fiscal year.

All submitted information will be reviewed by the Office of Business Integrity and, as appropriate, the Office of General Counsel. If necessary, this information may be presented to leadership for further review and determination if a conflict exists.

A list of organizations will be generated and shared with Procurement and Finance to avoid any contracting or financing conflicts.

B. Disclosure of Conflict in Decision-Making

A conflict of interest occurs when an individual tasked with making a decision or participating in decision-making on behalf of UW Health also has an interest (typically a financial interest) in an individual or entity which is a subject of the decision being made. Typically, but not exclusively, this means that the individual involved in decision-making on behalf of UW Health also has an interest in a person or entity which could benefit financially from the decision. Any individual faced with a decision on behalf of UW Health who has, or whose family member has, a financial interest in an entity that will be affected by that decision will disclose that conflict of interest and will recuse himself or herself from discussion and decision-making involving that individual or entity. This applies to Directors and Key Employees and to any other employees or volunteers in a decision-making role on behalf of UW Health or any of its entities. In some cases, an individual’s
interest in the other entity may be so small, or the connection between the entity and the decision so tenuous, that those in charge of the decision may conclude that any conflict of interest is immaterial and thus the individual is not required to recuse himself or herself from the decision-making process. This conclusion should only be reached after full disclosure of the potential conflict of interest and should be made at least by the full committee or board considering the matter or, if the decision is not made by a committee or board, by at least the Senior Vice President responsible for the subject matter in question.

Disclosure shall be made in writing to the chair of the body tasked with making the decision in question, or to the responsible Senior Vice President, if the matter is not before a decision-making body. In instances where an individual is not aware of a possible conflict until discussion begins within a decision-making body, the individual shall verbally disclose the existence of the conflict immediately to the chair of the decision-making body or the responsible Senior Vice President, as applicable, and recuse himself or herself from further discussion of the matter, and shall provide a written disclosure as soon as possible following the identification of the conflict.

C. Disclosure of Outside Activities

1. **Interactions with pharmaceutical manufacturers, medical device makers, and related entities, as further defined in the Policy on Interactions with Industry:** All physicians and other clinicians employed by the University of Wisconsin School of Medicine and Public Health (“UWSMPH”) and providing clinical services within UW Health (whether or not dually employed by UWSMPH and UWMF) are required to comply with the UWMF Policy on Interactions with Industry. Such policy further applies to all Advanced Practice Providers (“APPs”), regardless of whether employed by UWMF or by UWHCA. Residents and fellows employed by or practicing within the UW Health system shall comply with UW Health Graduate Medical Education (“UW Health GME”) guidelines and the Policy on Interactions with Industry. In the case of educational programs for residents and fellows funded by pharmaceutical or medical device manufacturers or related entities which would be prohibited by the Policy on Interactions with Industry, residents and fellows may attend such programs in accordance with the UW Health GME guidelines, provided that the residency or fellowship program director determines that the program offers a significant educational benefit and the risk of conflict of interest is low, and maintains documentation of such determination. Any funds for educational fees and/or support for travel expenses associated with such programs must be donated to the applicable division or clinical department to support training of residents and fellows, not to individual residents or fellows.

2. **All other outside activities:**
   
a. **Directors and Key Employees** will annually report any compensable activities in which they are engaged outside of their UW Health roles. In the event that a Director or Key Employee wishes to engage in a compensable outside activity not already reported, either through the annual disclosure or pursuant to the Policy on Interactions with Industry, the individual shall submit information on the proposed activity to his or her supervisor and obtain approval before engaging in such activity. No activity which would conflict with the individual’s duties to UW Health may be approved, nor may an activity be approved if it involves any use of UW Health resources. Supervisors may approve an outside activity subject to specific conditions defined by the supervisor. The supervisor shall forward any approval, together with all relevant information, to the Office of Business Integrity within five business days of approval.

b. **All other personnel** who wish to engage in an outside activity outside of their UW Health roles must comply with all applicable policies, including the Policy on Interactions with Industry; the UWMF/UWSMPH limits on concurrent employment
in the provision of health care services for dually-employed faculty members as set forth in the UWMF Bylaws; and any limits on concurrent employment (“moonlighting”) established by UW Health for APPs and other clinical providers. Persons wishing to engage in any health care related activity, including the provision of health services and related services (e.g., massage therapy, rehab coaching, nutrition advice, etc.), and persons wishing to engage in any activity related to supplying goods or services to health care facilities, should submit a request for approval of the activity to their supervisor. If the supervisor is unsure as to whether the activity should be approved, or be approved subject to conditions, the supervisor shall refer the request to the appropriate Vice President or above. The supervisor shall forward any approval, together with all relevant information, to the Office of Business Integrity within five business days of approval.

V. FORMS

Annual Conflict of Interest Questionnaire and Statement of Understanding and Agreement Regarding Conflict of Interest Standards and Requirements for Board of Directors and Key Employees

VI. REFERENCES

UW Health Administrative Policy 1.64- Employee Gift Policy
UWMF Policy 100.002 Interactions with Industry
UW Health Code of Conduct

VII. COORDINATION

Sr. Management Sponsor: SVP, Chief Operating Officer
Author: Corporate Counsel
Reviewer: VP, Business Integrity/Compliance Officer, Office of General Counsel

Approval Committee: UW Health Administrative Policy and Procedure Committee

SIGNED BY

Elizabeth Bolt
UW Health Chief Operating Officer
<table>
<thead>
<tr>
<th>Category</th>
<th>Actual February- FY21</th>
<th>Budget February- FY21</th>
<th>Variance vs. Budget</th>
<th>Var.%</th>
<th>Actual February- FY20</th>
<th>Variance vs. PY</th>
<th>Var.%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total operating revenues, net</td>
<td>301,691,369</td>
<td>303,094,578</td>
<td>(1,403,209)</td>
<td>0%</td>
<td>286,295,535</td>
<td>15,395,834</td>
<td>5%</td>
</tr>
<tr>
<td>Net Operating Expenses</td>
<td>292,744,250</td>
<td>293,272,306</td>
<td>(528,056)</td>
<td>0%</td>
<td>275,218,424</td>
<td>17,525,826</td>
<td>6%</td>
</tr>
<tr>
<td>Income from operations</td>
<td>8,947,119</td>
<td>9,822,272</td>
<td>(875,153)</td>
<td>-9%</td>
<td>11,077,111</td>
<td>(2,129,992)</td>
<td>-19%</td>
</tr>
<tr>
<td>Net Non Operating Revenue/Expenses</td>
<td>24,015,532</td>
<td>4,509,998</td>
<td>19,505,534</td>
<td>432%</td>
<td>(45,304,127)</td>
<td>69,319,659</td>
<td>-153%</td>
</tr>
<tr>
<td>Net Profit</td>
<td>32,962,651</td>
<td>14,332,270</td>
<td>18,630,381</td>
<td>130%</td>
<td>(34,227,016)</td>
<td>67,189,667</td>
<td>-196%</td>
</tr>
<tr>
<td>Operating Margin (including Academic Support)</td>
<td>3.0%</td>
<td>3.2%</td>
<td>3.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Actual Feb_YTD- FY21</td>
<td>Budget Feb_YTD- FY21</td>
<td>Variance vs. Budget</td>
<td>Var. %</td>
<td>Actual Feb_YTD- FY20</td>
<td>Variance vs. PY</td>
<td>Var. %</td>
</tr>
<tr>
<td>--------------------------------</td>
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</tr>
<tr>
<td>TOTAL OPERATING REVENUE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total operating revenues, net</td>
<td>2,460,824,039</td>
<td>2,446,594,580</td>
<td>14,229,459</td>
<td>1%</td>
<td>2,398,150,911</td>
<td>62,673,128</td>
<td>3%</td>
</tr>
<tr>
<td>Net Operating Expenses</td>
<td>2,415,525,328</td>
<td>2,441,180,956</td>
<td>(25,655,628)</td>
<td>-1%</td>
<td>2,299,255,899</td>
<td>116,269,429</td>
<td>5%</td>
</tr>
<tr>
<td>Income from operations</td>
<td>45,298,711</td>
<td>5,413,624</td>
<td>39,885,087</td>
<td>737%</td>
<td>98,895,012</td>
<td>(53,596,301)</td>
<td>-54%</td>
</tr>
<tr>
<td>NON-OPERATING REVENUE/EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Non Operating Revenue/Expenses</td>
<td>236,601,914</td>
<td>31,310,566</td>
<td>205,291,348</td>
<td>656%</td>
<td>49,634,402</td>
<td>186,967,512</td>
<td>377%</td>
</tr>
<tr>
<td>Net Profit</td>
<td>281,900,625</td>
<td>36,724,190</td>
<td>245,176,435</td>
<td>668%</td>
<td>148,529,414</td>
<td>133,371,211</td>
<td>90%</td>
</tr>
<tr>
<td>Operating Margin (including Academic Support)</td>
<td>1.8%</td>
<td>0.2%</td>
<td>4.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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.
<table>
<thead>
<tr>
<th></th>
<th>UWH-Madison/ACO/Isthmus</th>
<th>SAHS /RDI</th>
<th>Total *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>4.1%</td>
<td>3.2%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Budget</td>
<td>3.7%</td>
<td>1.2%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Prior Year</td>
<td>4.0%</td>
<td>3.2%</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

-2.9%
### Summary of Enterprise-wide February 28, 2021 Operating Results

<table>
<thead>
<tr>
<th></th>
<th>Actual February- FY21</th>
<th>Budget February- FY21</th>
<th>Variance vs. Budget</th>
<th>Var. %</th>
<th>Actual February- FY20</th>
<th>Variance vs. PY</th>
<th>Var. %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL OPERATING REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net patient service revenue</td>
<td>294,068,166</td>
<td>295,467,427</td>
<td>(1,399,261)</td>
<td>0%</td>
<td>279,645,294</td>
<td>14,422,872</td>
<td>5%</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>7,623,203</td>
<td>7,627,151</td>
<td>(3,948)</td>
<td>0%</td>
<td>6,650,241</td>
<td>972,962</td>
<td>15%</td>
</tr>
<tr>
<td>Total operating revenues, net</td>
<td>301,691,369</td>
<td>303,094,576</td>
<td>(1,403,209)</td>
<td>0%</td>
<td>286,295,535</td>
<td>15,395,834</td>
<td>5%</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>165,207,947</td>
<td>159,099,023</td>
<td>6,108,924</td>
<td>4%</td>
<td>158,860,518</td>
<td>6,347,429</td>
<td>4%</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(526,074)</td>
<td>3,523,377</td>
<td>(4,049,451)</td>
<td>-115%</td>
<td>1,172,880</td>
<td>(1,699,054)</td>
<td>-145%</td>
</tr>
<tr>
<td>Purchased services and agency</td>
<td>20,241,540</td>
<td>21,495,875</td>
<td>(1,254,335)</td>
<td>-6%</td>
<td>15,757,918</td>
<td>4,483,622</td>
<td>28%</td>
</tr>
<tr>
<td>Medical materials and supplies</td>
<td>21,640,083</td>
<td>21,347,570</td>
<td>292,513</td>
<td>1%</td>
<td>17,327,711</td>
<td>4,312,372</td>
<td>25%</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>48,381,294</td>
<td>46,807,493</td>
<td>1,573,801</td>
<td>3%</td>
<td>42,585,608</td>
<td>5,795,686</td>
<td>14%</td>
</tr>
<tr>
<td>Interest expense</td>
<td>1,794,946</td>
<td>2,070,695</td>
<td>(275,749)</td>
<td>-13%</td>
<td>2,080,548</td>
<td>(285,602)</td>
<td>-14%</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>9,411,077</td>
<td>9,938,024</td>
<td>(526,947)</td>
<td>-5%</td>
<td>9,788,807</td>
<td>(377,730)</td>
<td>-4%</td>
</tr>
<tr>
<td>Public aid assessment</td>
<td>5,100,346</td>
<td>5,160,502</td>
<td>(60,156)</td>
<td>-1%</td>
<td>4,799,627</td>
<td>300,719</td>
<td>6%</td>
</tr>
<tr>
<td>Facilities and equipment</td>
<td>15,761,883</td>
<td>17,956,498</td>
<td>(2,194,615)</td>
<td>-12%</td>
<td>16,857,658</td>
<td>(1,095,775)</td>
<td>-7%</td>
</tr>
<tr>
<td>Nonoperating expenses - academic support</td>
<td>5,731,208</td>
<td>5,873,249</td>
<td>(142,041)</td>
<td>-2%</td>
<td>5,987,049</td>
<td>(255,841)</td>
<td>-4%</td>
</tr>
<tr>
<td><strong>Net Operating Expenses</strong></td>
<td>292,744,250</td>
<td>293,272,306</td>
<td>(528,056)</td>
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<tr>
<td><strong>NON-OPERATING REVENUE/EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase/decrease in fair</td>
<td>6,420,106</td>
<td>310,693</td>
<td>6,109,413</td>
<td>196%</td>
<td>(57,408,888)</td>
<td>63,828,994</td>
<td>-111%</td>
</tr>
<tr>
<td>value of investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>17,938,261</td>
<td>2,286,058</td>
<td>15,652,203</td>
<td>685%</td>
<td>7,815,550</td>
<td>10,122,711</td>
<td>130%</td>
</tr>
<tr>
<td>Equity interest in income/loss</td>
<td>(1,329,683)</td>
<td>1,490,518</td>
<td>(2,820,201)</td>
<td>-189%</td>
<td>3,728,264</td>
<td>(5,057,947)</td>
<td>-136%</td>
</tr>
<tr>
<td>of joint ventures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net inc/inc in fair value of</td>
<td>491,327</td>
<td>0</td>
<td>491,327</td>
<td>100%</td>
<td>(467,217)</td>
<td>958,544</td>
<td>-205%</td>
</tr>
<tr>
<td>derivative instrument</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other, net</td>
<td>495,521</td>
<td>422,729</td>
<td>72,792</td>
<td>17%</td>
<td>1,028,164</td>
<td>(532,643)</td>
<td>-52%</td>
</tr>
<tr>
<td><strong>Net Non Operating Revenue/Expenses</strong></td>
<td>24,015,532</td>
<td>4,509,999</td>
<td>19,505,534</td>
<td>432%</td>
<td>(45,304,127)</td>
<td>69,319,659</td>
<td>-153%</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>32,962,651</td>
<td>14,332,270</td>
<td>18,630,381</td>
<td>130%</td>
<td>(34,227,016)</td>
<td>67,189,667</td>
<td>-196%</td>
</tr>
</tbody>
</table>
UW Health YTD Operating Margin – February 28, 2021

<table>
<thead>
<tr>
<th>Category</th>
<th>Actual</th>
<th>Budget</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>UWH-Madison/ACO/Isthmus</td>
<td>2.2%</td>
<td>0.7%</td>
<td>4.5%</td>
</tr>
<tr>
<td>SAHS/RDI</td>
<td>2.2%</td>
<td>-2.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total *</td>
<td>1.8%</td>
<td>0.2%</td>
<td>4.1%</td>
</tr>
<tr>
<td></td>
<td>Actual Feb_YTD- FY21</td>
<td>Budget Feb_YTD- FY21</td>
<td>Variance vs. Budget</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----------------------</td>
<td>----------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net patient service revenue</td>
<td>2,395,487,063</td>
<td>2,379,375,603</td>
<td>16,111,460</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>65,336,976</td>
<td>67,218,977</td>
<td>(1,882,001)</td>
</tr>
<tr>
<td>Total operating revenues, net</td>
<td>2,460,824,039</td>
<td>2,446,594,580</td>
<td>14,229,459</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>1,354,196,268</td>
<td>1,356,842,487</td>
<td>(2,646,219)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>18,714,460</td>
<td>24,539,134</td>
<td>(5,824,674)</td>
</tr>
<tr>
<td>Purchased services and agency costs</td>
<td>150,884,507</td>
<td>180,574,980</td>
<td>(29,690,473)</td>
</tr>
<tr>
<td>Medical materials and supplies</td>
<td>176,106,317</td>
<td>182,954,708</td>
<td>(6,848,391)</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>406,677,179</td>
<td>373,169,501</td>
<td>33,507,678</td>
</tr>
<tr>
<td>Interest expense</td>
<td>15,300,988</td>
<td>16,890,563</td>
<td>(1,589,575)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>74,487,024</td>
<td>75,671,318</td>
<td>(1,184,294)</td>
</tr>
<tr>
<td>Public aid assessment</td>
<td>40,440,359</td>
<td>41,284,016</td>
<td>(843,657)</td>
</tr>
<tr>
<td>Facilities and equipment</td>
<td>131,437,830</td>
<td>143,235,826</td>
<td>(11,797,996)</td>
</tr>
<tr>
<td>Nonoperating expenses - academic support</td>
<td>47,280,396</td>
<td>46,018,423</td>
<td>1,261,973</td>
</tr>
<tr>
<td>Net Operating Expenses</td>
<td>2,415,525,328</td>
<td>2,441,180,956</td>
<td>(25,655,628)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from operations</td>
<td>45,298,711</td>
<td>5,413,624</td>
<td>39,885,087</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NON-OPERATING REVENUE/EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase/decrease in fair value of investments</td>
<td>177,029,418</td>
<td>2,485,544</td>
<td>174,543,874</td>
</tr>
<tr>
<td>Investment income</td>
<td>37,574,649</td>
<td>21,888,463</td>
<td>15,686,186</td>
</tr>
<tr>
<td>Equity interest in income/loss of joint ventures</td>
<td>10,839,832</td>
<td>10,348,486</td>
<td>491,346</td>
</tr>
<tr>
<td>Net inc/dec in fair value of derivative instrument</td>
<td>1,345,793</td>
<td>0</td>
<td>1,345,793</td>
</tr>
<tr>
<td>Other, net</td>
<td>9,812,222</td>
<td>(3,411,927)</td>
<td>13,224,149</td>
</tr>
<tr>
<td>Net Non Operating Revenue/Expenses</td>
<td>236,601,914</td>
<td>31,310,566</td>
<td>205,291,348</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Profit</td>
<td>281,900,625</td>
<td>36,724,190</td>
<td>245,176,435</td>
</tr>
</tbody>
</table>
## Enterprise-wide February 28, 2021 YTD Performance Ratios

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

* 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

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

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.
• Non-profit, non-stock corporation exempt from federal income tax under Section 501(c)(3) of the Code, owns and operates the clinical practice organization for the faculty physicians of the Medical School.

• The Authority, the Foundation, and the Medical School together comprise the academic health system of the University of Wisconsin-Madison, the Authority and the Foundation, in cooperation with the Medical School, share a mutual commitment to the mission of clinical care, teaching, research, and public service.

• The Authority is the sole corporate member of the Foundation.

• The Authority has the exclusive power and authority to govern, direct, and oversee the property, funds, enumerated business, and affairs of the Foundation, except for those powers specifically to the Foundation Board in the Articles of Incorporation, Bylaws and Integration Agreement.

• Operational management is delegated to UW Health.
At UWMF, there are 5 groups of stakeholders involved in governance and management matters:

- Authority
- UWMF Board
- UW Health Executive and Management Teams
- Faculty (matters requiring faculty vote)
- Council of Chairs and Council of Faculty (input and advisory on matters relating to shared mission and other issues of mutual concern)
Role of the UWMF Board

- The UWMF Board of Directors has the powers enumerated to it by the Articles of Incorporation, Bylaws, Integration Agreement and the Authority Board.

- The Board’s powers generally fall into 2 categories: oversight of the practice plan and governance functions.
<table>
<thead>
<tr>
<th>Oversight of physician compensation matters</th>
<th>Participation in management of funds flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management of the faculty and employee retirement plans (UWHCA can act on the retirement plan for non-faculty)</td>
<td>Oversight of professional standards (quality)</td>
</tr>
<tr>
<td>Exercise of powers required by applicable law or accreditation standards as determined by the Authority Board</td>
<td>Exercise of other powers assigned by resolution of the Authority Board</td>
</tr>
<tr>
<td>Changes to Corporation’s Statements of Policy, subject approval of Authority Board (all) and to faculty vote (Comp. Principles &amp; Funds Flow)</td>
<td>Approval of amendments relating to core functions of Board, Board nomination process (non ex-officio directors), function/composition of Comp. Dev., Comp. Rev. and Retirement Plan Committees, material changes to compensation plans and funds flow, changes to provisions governing amendments, changes to Bylaws or Articles of Incorporation in conflict with these provisions</td>
</tr>
<tr>
<td><strong>UWMF Board</strong></td>
<td><strong>Governance Functions</strong></td>
</tr>
<tr>
<td>----------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>Election of Public Directors</td>
<td>Removal of Directors (as provided in the Bylaws, i.e. for cause)</td>
</tr>
<tr>
<td>Establishing and managing Board committees</td>
<td>Appointment and removal of Officers</td>
</tr>
<tr>
<td>Nomination of non-voting members of the Authority Executive Committee</td>
<td>Participate in CEO hiring and evaluation</td>
</tr>
<tr>
<td>Change of Corporation’s principal office or registered agent</td>
<td>Call special meetings of Corporation Board or faculty</td>
</tr>
<tr>
<td>Consult on general Bylaws amendments</td>
<td>Preparation of annual report on operations for Dean of UWSMPH and faculty</td>
</tr>
<tr>
<td>Advise on personnel matters pertaining to Corporation President and Chief Administrative Officer</td>
<td>UWMF Committee Reports (Annual)</td>
</tr>
<tr>
<td>UW Health Strategic Matters (provide input to UWHCA Board)</td>
<td></td>
</tr>
</tbody>
</table>
Faculty Approval Matters

The following matters within the purview of the Board’s duties are also subject to approval by faculty vote:

- Changes to Compensation Principles & Procedure Policy
- Changes to Funds Flow Model
- Change in composition or function of Comp. Rev., Comp. Dev. or Retirement Plan Committee
- Approval of amendments relating to core functions of Board, Board nomination process, (non ex-officio directors), changes to provisions governing amendments, and changes to Bylaws or Articles of Incorporation in conflict with these provisions
## UWMF Board Approval Items

<table>
<thead>
<tr>
<th>Category</th>
<th>Approval Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation Principles and Procedure Policy</td>
<td>Approval</td>
</tr>
<tr>
<td>Funds Flow Model Changes</td>
<td>Approval</td>
</tr>
<tr>
<td>UWMF Compliance</td>
<td>Approval</td>
</tr>
<tr>
<td>- Compliance Workplan</td>
<td>Approval</td>
</tr>
<tr>
<td>- Code of Conduct</td>
<td>Approval</td>
</tr>
<tr>
<td>UWMF Finance</td>
<td>Approval (delegated)</td>
</tr>
<tr>
<td>- UWMF Annual Budget/Capital</td>
<td>Approval</td>
</tr>
<tr>
<td>- UWMF Fee Schedule</td>
<td>Approval</td>
</tr>
<tr>
<td>- Billing and Collection Policy</td>
<td>Approval</td>
</tr>
<tr>
<td>- Guidelines for Dept. Op Expenses, Direct expenses, Faculty Business Expenses</td>
<td>Approval</td>
</tr>
<tr>
<td>UWMF Physician Compensation Matters</td>
<td>Approval</td>
</tr>
<tr>
<td>- Physician Compensation above the 90\textsuperscript{th} %</td>
<td>Approval</td>
</tr>
<tr>
<td>- Faculty Compensation Matters</td>
<td>Approval</td>
</tr>
<tr>
<td>- Department Compensation Plans</td>
<td>Approval</td>
</tr>
<tr>
<td>Retirement Plan Committee</td>
<td>N/A*</td>
</tr>
<tr>
<td>- Duties delegated to Committee (requires three board members)*</td>
<td>N/A*</td>
</tr>
</tbody>
</table>

* Above chart does not include routine board functions (i.e. acceptance of Committee Reports, UWMF Committee/Board Appointments, etc.)