



UWMF Finance Committee

September 28, 2021, 7:00 - 8:30 AM

WebEx: <https://uwhealth.webex.com/uwhealth/j.php?MTID=m22682edb90b26635d05018fe1818165c>

Meeting number: 2622 737 7698 // Password: 092821

Telephone: +1-415-655-0003 US TOLL // Access code: 2622 737 7698

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UWMF Finance Committee - September 28, 2021 - Public Meeting Notice

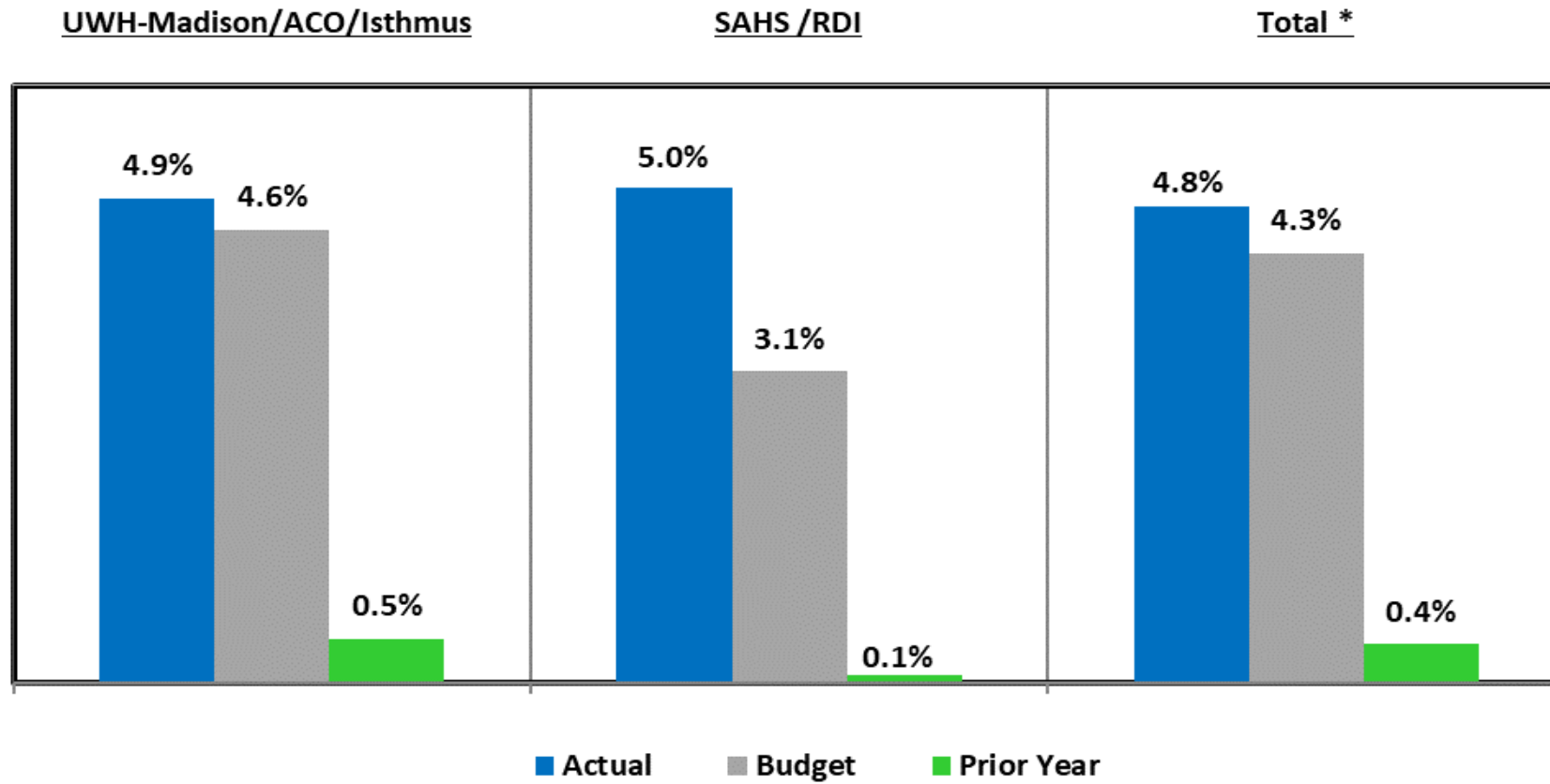
Agenda

7:00 AM	<hr/> I. Call to Order Dr. Makeba Williams	
7:01 AM	<hr/> II. Meeting Minutes - Open Session Dr. Makeba Williams	Approval
7:02 AM	<hr/> III. UW Health Consolidated Financials - YTD August 31, 2021 Ms. Jodi Vitello	Report/Discussion
	<p style="padding-left: 40px;">Presentation - UW Health Consolidated Financials - YTD August 31, 2021</p>	3
7:12 AM	<hr/> IV. Closed Session (Materials Available To Members Only) Motion to enter into closed session pursuant to Wisconsin Statutes section 19.85(1)(e) for discussion of the following confidential strategic matters, which for competitive reasons require a closed session: review and approval of closed session minutes, discussion of UW Health financial and budgetary matters, and update regarding UW Health's telehealth/digital health.	
8:30 AM	<hr/> V. Adjourn	





**UW Health Consolidated
Financials
August 31, 2021 – Preliminary
Financials**

UW Health Current Month Operating Margin – August 31, 2021

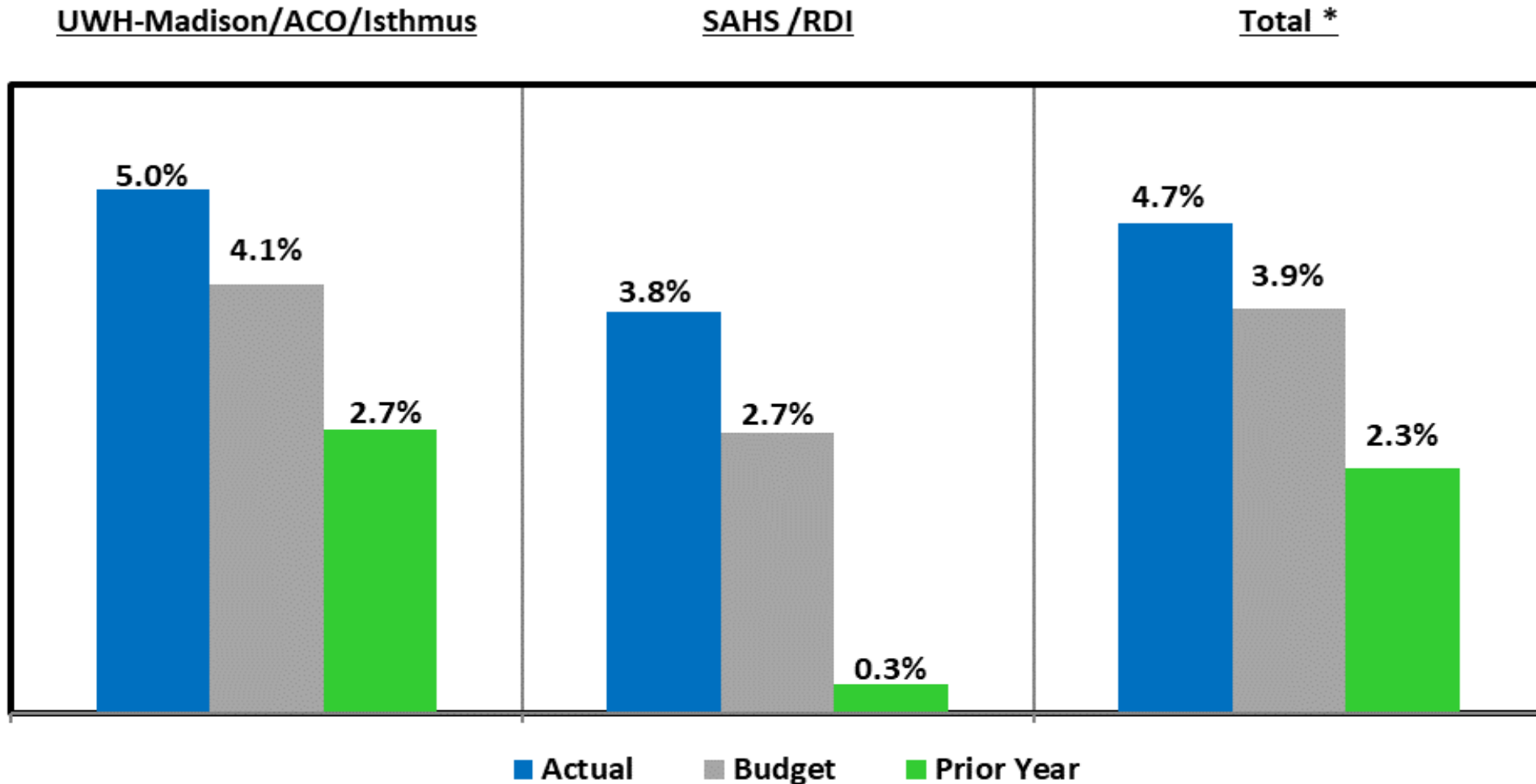


Summary of Enterprise-wide Preliminary Month of August 31, 2021 Operating Results

	Actual August- FY22	Budget August- FY22	Variance vs. Budget	Var. % vs. Budget	Actual August- FY21	Variance vs. PY	Var. % vs. PY
<u>TOTAL OPERATING REVENUE</u>							
Net patient service revenue	320,985,999	331,021,524	(10,035,525)	-3%	296,785,752	24,200,247	8%
Other operating revenues	5,825,401	6,461,193	(635,792)	-10%	4,827,298	998,103	21%
Total operating revenues, net	326,811,400	337,482,717	(10,671,317)	-3%	301,613,050	25,198,350	8%
<u>TOTAL OPERATING EXPENSES</u>							
Salaries and benefits	173,290,150	180,079,101	(6,788,951)	-4%	167,281,444	6,008,706	4%
Other expenses	2,882,791	3,176,629	(293,838)	-9%	3,037,366	(154,575)	-5%
Purchased services and agency costs	20,688,216	23,619,668	(2,931,452)	-12%	18,686,533	2,001,683	11%
Medical materials and supplies	24,394,739	23,780,723	614,016	3%	22,328,523	2,066,216	9%
Pharmaceuticals	50,365,470	51,055,749	(690,279)	-1%	49,860,400	505,070	1%
Interest expense	2,093,599	1,888,824	204,775	11%	1,894,804	198,795	10%
Depreciation and amortization	9,232,152	8,989,673	242,479	3%	9,577,223	(345,071)	-4%
Public aid assessment	5,179,094	5,176,667	2,427	0%	5,206,420	(27,326)	-1%
Facilities and equipment	17,024,387	19,155,462	(2,131,075)	-11%	16,815,175	209,212	1%
Nonoperating expenses - academic support	6,007,275	5,991,747	15,528	0%	5,734,806	272,469	5%
Net Operating Expenses	311,157,873	322,914,243	(11,756,370)	-4%	300,422,694	10,735,179	4%
Income from operations	15,653,527	14,568,474	1,085,053	7%	1,190,356	14,463,171	1215%
<u>NON-OPERATING REVENUE/EXPENSES</u>							
Net increase/decrease in fair value of investments	18,381,398	411,325	17,970,073	4369%	36,774,529	(18,393,131)	-50%
Investment income	4,944,663	4,221,098	723,565	17%	2,163,050	2,781,613	129%
Equity interest in income/loss of joint ventures	1,184,398	1,423,014	(238,616)	-17%	2,077,534	(893,136)	-43%
Net inc/dec in fair value of derivative instrument	104,130	0	104,130	0%	213,364	(109,234)	-51%
Other, net	501,964	422,043	79,921	19%	316,277	185,687	59%
Net Non Operating Revenue/Expenses	25,116,553	6,477,480	18,639,073	288%	41,544,754	(16,428,201)	-40%
Net Profit	40,770,080	21,045,954	19,724,126	94%	42,735,110	(1,965,030)	-5%



 Favorable Variance
 Unfavorable Variance

UW Health YTD Operating Margin – August 31, 2021



Summary of Enterprise-wide Preliminary YTD August 31, 2021 Operating Results

	Actual Aug_YTD- FY22	Budget Aug_YTD- FY22	Variance vs. Budget	Var. % vs. Budget	Actual Aug_YTD- FY21	Variance vs. PY	Var. % vs. PY
<u>TOTAL OPERATING REVENUE</u>							
Net patient service revenue	645,453,654	662,277,723	(16,824,069)	-3%	605,897,847	39,555,807	7%
Other operating revenues	11,048,152	12,886,809	(1,838,657)	-14%	9,962,071	1,086,081	11%
Total operating revenues, net	656,501,806	675,164,532	(18,662,726)	-3%	615,859,918	40,641,888	7%
<u>TOTAL OPERATING EXPENSES</u>							
Salaries and benefits	350,737,805	361,462,083	(10,724,278)	-3%	336,218,493	14,519,312	4%
Other expenses	3,940,242	6,272,881	(2,332,639)	-37%	6,003,735	(2,063,493)	-34%
Purchased services and agency costs	39,489,103	47,701,680	(8,212,577)	-17%	38,324,247	1,164,856	3%
Medical materials and supplies	47,821,809	48,758,035	(936,226)	-2%	44,440,381	3,381,428	8%
Pharmaceuticals	104,372,397	102,414,014	1,958,383	2%	98,218,711	6,153,686	6%
Interest expense	4,226,496	3,782,119	444,377	12%	3,836,291	390,205	10%
Depreciation and amortization	18,537,029	17,979,096	557,933	3%	19,512,105	(975,076)	-5%
Public aid assessment	10,279,465	10,353,333	(73,868)	-1%	10,412,832	(133,367)	-1%
Facilities and equipment	34,353,216	38,420,413	(4,067,197)	-11%	32,784,748	1,568,468	5%
Nonoperating expenses - academic support	12,036,721	11,983,493	53,228	0%	11,767,754	268,967	2%
Net Operating Expenses	625,794,283	649,127,147	(23,332,864)	-4%	601,519,297	24,274,986	4%
Income from operations	30,707,523	26,037,385	4,670,138	18%	14,340,621	16,366,902	114%
<u>NON-OPERATING REVENUE/EXPENSES</u>							
Net increase/decrease in fair value of investments	24,206,058	822,650	23,383,408	2842%	78,224,243	(54,018,185)	-69%
Investment income	7,656,794	8,442,195	(785,401)	-9%	5,770,023	1,886,771	33%
Equity interest in income/loss of joint ventures	5,566,694	2,846,028	2,720,666	96%	9,149,493	(3,582,799)	-39%
Net inc/dec in fair value of derivative instrument	(8,743)	0	(8,743)	0%	156,455	(165,198)	-106%
Other, net	777,601	779,107	(1,506)	0%	10,792,030	(10,014,429)	-93%
Net Non Operating Revenue/Expenses	38,198,404	12,889,980	25,308,424	196%	104,092,244	(65,893,840)	-63%
Net Profit	68,905,927	38,927,365	29,978,562	77%	118,432,865	(49,526,938)	-42%

 Favorable Variance
 Unfavorable Variance

Enterprise-wide Preliminary August 31, 2021 Performance Ratios

	UWHCA	UWMF	ACO/Isthmus	Total UWHCA and UWMF	Discrete Components	UW Health Consolidated
Cash & Investments						
Unrestricted	1,805,638,181	525,802,668	4,055,373	2,335,496,222	544,601,648	2,880,097,870
Restricted by Trustee & Donors	21,906,887	-	-	21,906,887	10,373,824	32,280,711
Accounts Receivable	328,815,085	61,648,759	-	390,463,844	80,071,024	470,534,868
Property, Plant & Equipment, Net	763,321,431	63,200,123	7,991	826,529,545	425,246,679	1,242,408,560
Other Assets & Deferred Outflows of Resources	1,373,972,653	128,219,362	173,592	1,274,750,995	77,157,058	1,104,364,813
Total Assets & Deferred Outflows of Resources	\$ 4,293,654,237	\$ 778,870,912	\$ 4,236,956	\$ 4,849,147,493	\$ 1,137,450,233	\$ 5,729,686,822
Current Liabilities	545,823,860	342,236,943	289,140	664,683,147	206,073,647	628,143,240
Long-term Debt & Deferred Inflows of Resources	1,468,115,647	34,735,000	-	1,502,850,647	301,072,605	1,803,923,252
Net Position						
Unrestricted	2,174,130,946	401,898,969	3,947,816	2,576,029,915	621,494,398	3,192,594,627
Restricted	105,583,784	-	-	105,583,784	8,809,583	105,025,703
Total Liabilities, Deferred Inflows of Resources & Net Position	\$ 4,293,654,237	\$ 778,870,912	\$ 4,236,956	\$ 4,849,147,493	\$ 1,137,450,233	\$ 5,729,686,822

Enterprise-wide Preliminary August 31, Balance Sheet

	Favorable Direction	FY 22	Healthcare System Industry Comparisons	
			S&P "AA-" Rated (1)	Moody's "Aa3" Rated (2)
Operating Margin*	↑	4.7%	1.9%	2.0%
Total Margin	↑	10.0%	4.1%	5.7%
Days Cash on Hand*	↑	304 ^	287	299
Days in Accounts Receivable **	↓	49	47	47
Long Term Debt to Capitalization	↓	18.4%	26.9%	26.2%
Operating Cash Flow	↑	8.2%	7.1%	7.0%
Cash-to-Debt	↑	400.6%	237.3%	280.2%

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

** average for 12 months

(1) S&P's 2020 financial ratios based on 38 obligators rated "AA-" by S&P. Based on 2019 audited financials.

(2) Moody's 2020 financial ratios based on 32 "Aa3" rated hospitals. Based on 2019 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

Key Takeaways for August

-We continue to see strong volumes across the JOA. For the month of August, ED visits exceeded budget by 18.7%, Admissions were 4.6% favorable to budget and patient days came in 5.6% favorable.

-Even with the strong volumes, revenues are lagging compared to budget. Some of the factors there includes a weaker payor mix than budget and higher capitation impact.

-Expense were favorable to budget by \$11.8M, leading to positive operating income by \$1.1M. The biggest variance was in salaries and benefits, which is consistent with the amount of vacant positions we have in recruitment. We are seeing higher traveler and agency usage.

-On the non-operating side, we saw positive results compared to budget, with the unrealized gain coming in roughly \$18M favorable.