



UWMF Finance Committee

June 22, 2021, 7:00 - 8:30 AM

WebEx: <https://uwhealth.webex.com/uwhealth/onstage/g.php?MTID=e747ae737ac63b370952628a452c5b051>

Meeting number: 120 994 2299 // Password: 062221

Telephone: 1-415-655-0003 US TOLL // Access code: 120 994 2299

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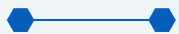
UWMF Finance Committee - June 22, 2021 - Public Meeting Notice

Agenda

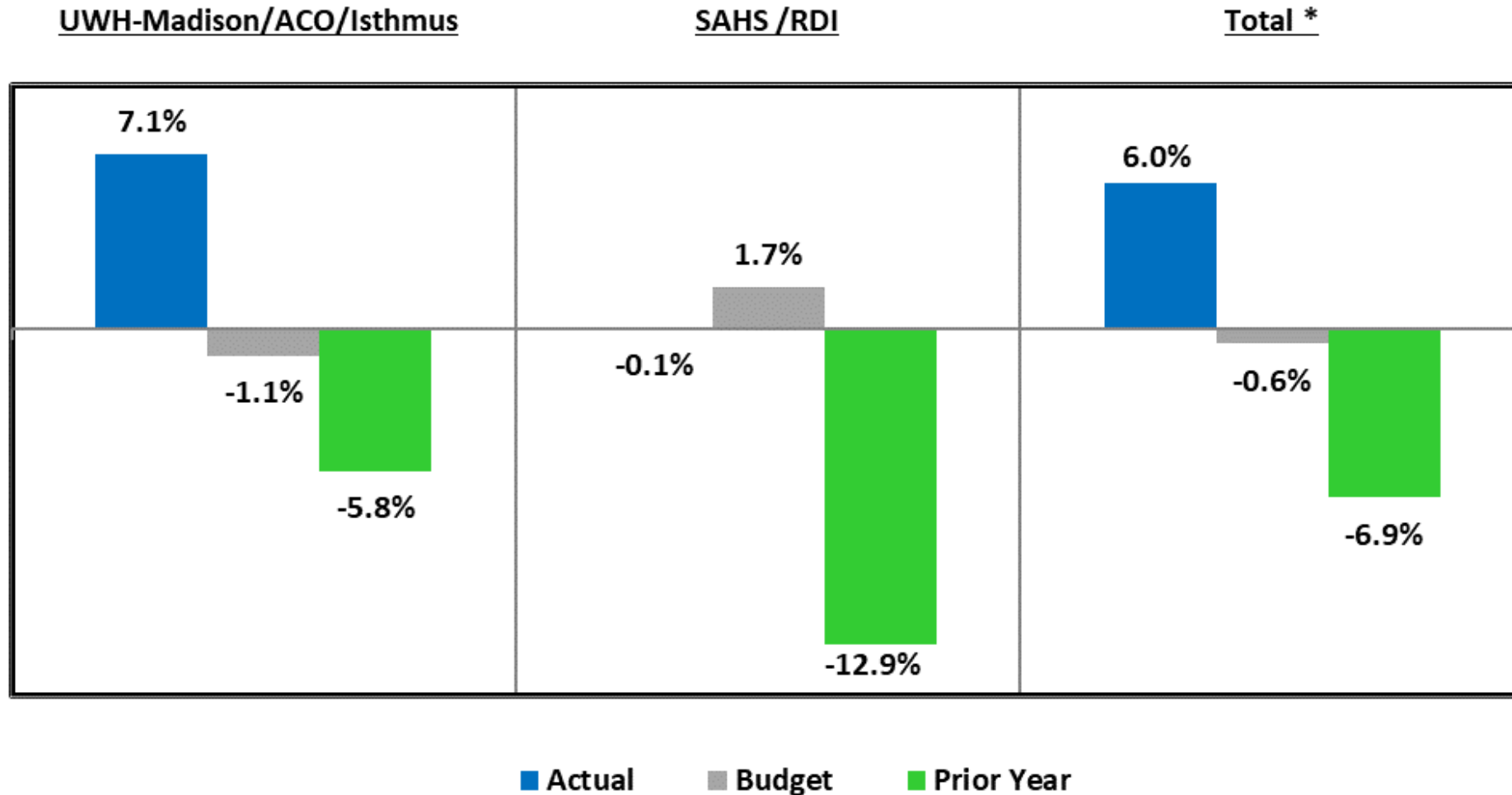
7:00 AM	<hr/> I. Call to Order Dr. Makeba Williams		
7:00 AM	<hr/> II. Meeting Minutes - Open Session Dr. Makeba Williams	Approval	
7:02 AM	<hr/> III. UW Health Financial Report Ms. Jodi Vitello	Informational/Discussion	
	Presentation - UW Health Consolidated Financial Report - YTD May 31, 2021		3
	Attachment - S&P Global Ratings for University of Wisconsin Hospitals & Clinics Authority (June 2021)		11
7:07 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 the discussion of the following confidential strategic matters, which for competitive reasons require a closed session: review and approval of closed session minutes, discussion of UWMF financial and budgetary matters, review and discuss FY22 UW Health Enterprise and Joint Operating Entities Capital and Operating Budgets, and review annual clinical department academic funds budget.		
8:28 AM	<hr/> V. Return to Open Session		
8:29 AM	<hr/> VI. ACTION: FY22 UWMF Budget of the FY22 UW Health Enterprise Capital and Operating Budget and the Joint Operating Agreement Entities Capital and Operating Budget Dr. Makeba Williams (Motion to endorse approval to UW Medical Foundation Board of Directors the FY22 UWMF Budget of the UW Health Enterprise Capital and Operating Budget and the Joint Operating Agreement Entities Capital and Operating Budget as discussed in Closed Session) Resolution - FY22 UWMF Budget of the FY22 UW Health Enterprise Capital and Operating Budget and the Joint Operating Agreement Entities Capital and Operating Budget	Endorsement	
8:30 AM	<hr/> VII. Adjourn		



UW Health Consolidated Financials May 31, 2021



UW Health Current Month Operating Margin – May 31, 2021



Summary of Enterprise-wide May 31, 2021 Operating Results

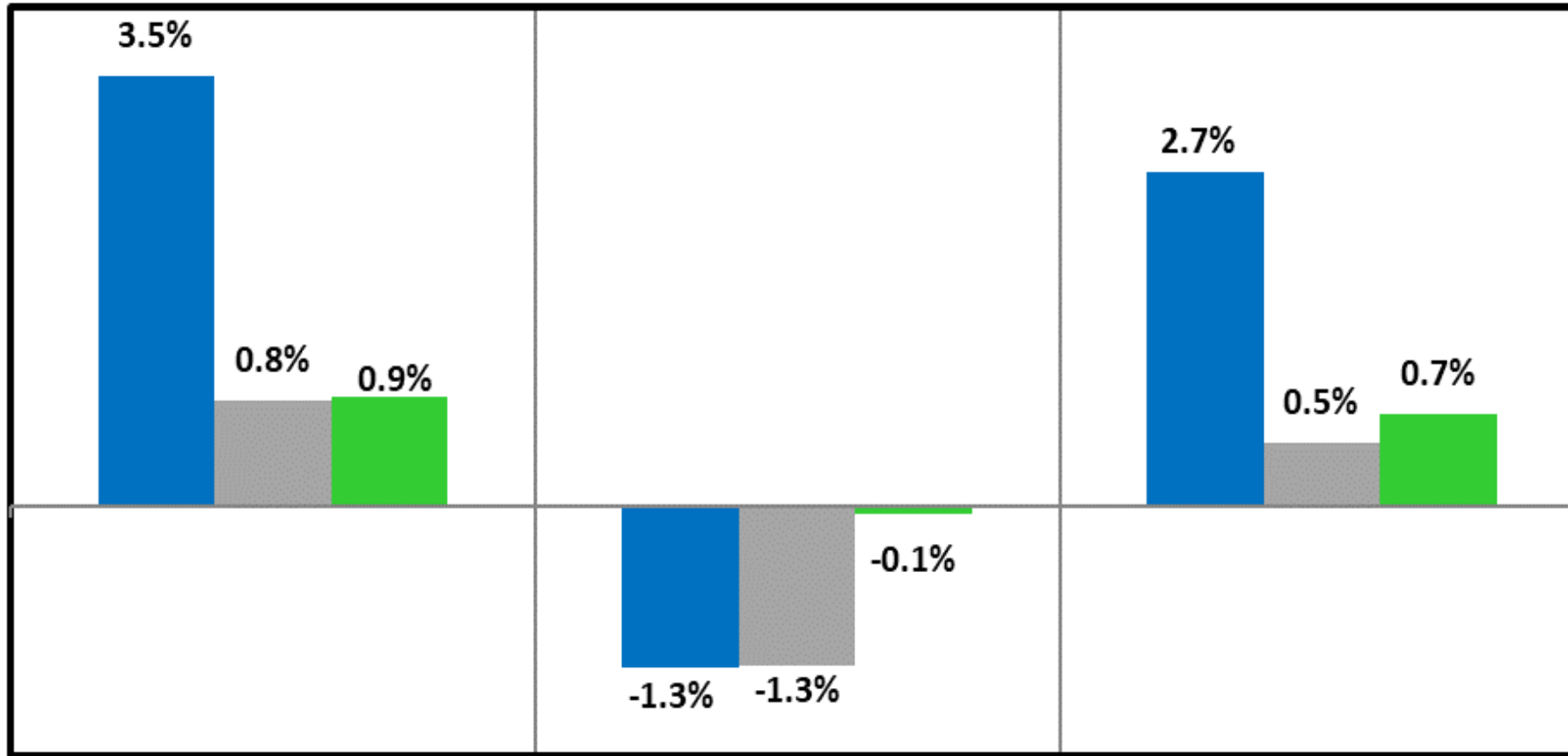
	Actual May- FY21	Budget May- FY21	Variance vs. Budget	Var. % vs. Budget	Actual May- FY20	Variance vs. PY	Var. % vs. PY
<u>TOTAL OPERATING REVENUE</u>							
Net patient service revenue	321,915,021	300,125,271	21,789,750	7%	234,025,458	87,889,563	38%
Other operating revenues	4,789,249	6,531,195	(1,741,946)	-27%	6,112,269	(1,323,020)	-22%
Total operating revenues, net	326,704,270	306,656,466	20,047,804	7%	240,137,727	86,566,543	36%
<u>TOTAL OPERATING EXPENSES</u>							
Salaries and benefits	171,414,453	173,645,141	(2,230,688)	-1%	140,201,357	31,213,096	22%
Non-cash pension and other OPEB expenses	0	0	-	0%	0	-	0%
Other expenses	2,685,904	3,421,586	(735,682)	-22%	1,587,512	1,098,392	69%
Purchased services and agency costs	18,739,171	21,460,643	(2,721,472)	-13%	19,053,711	(314,540)	-2%
Medical materials and supplies	23,073,041	21,687,763	1,385,278	6%	16,149,600	6,923,441	43%
Pharmaceuticals	52,075,348	47,184,725	4,890,623	10%	42,856,985	9,218,363	22%
Interest expense	2,124,202	2,087,370	36,832	2%	1,888,908	235,294	12%
Depreciation and amortization	10,099,934	9,938,130	161,804	2%	9,450,785	649,149	7%
Public aid assessment	5,100,346	5,160,502	(60,156)	-1%	4,799,627	300,719	6%
Facilities and equipment	15,614,186	17,980,538	(2,366,352)	-13%	14,411,996	1,202,190	8%
Nonoperating expenses - academic support	6,224,047	5,873,249	350,798	6%	6,259,229	(35,182)	-1%
Net Operating Expenses	307,150,632	308,439,647	(1,289,015)	0%	256,659,710	50,490,922	20%
Income from operations	19,553,638	(1,783,181)	21,336,819	-1197%	(16,521,983)	36,075,621	-218%
<u>NON-OPERATING REVENUE/EXPENSES</u>							
Net increase/decrease in fair value of investments	21,119,038	310,693	20,808,345	6697%	37,365,611	(16,246,573)	-43%
Investment income	481,841	2,286,058	(1,804,217)	-79%	2,016,096	(1,534,255)	-76%
Equity interest in income/loss of joint ventures	745,513	1,490,518	(745,005)	-50%	(2,078,639)	2,824,152	-136%
Net inc/dec in fair value of derivative instrument	(25,913)	0	(25,913)	0%	31,348	(57,261)	-183%
Other, net	587,595	415,645	171,950	41%	(152,456)	740,051	-485%
Net Non Operating Revenue/Expenses	22,908,074	4,502,914	18,405,160	409%	37,181,960	(14,273,886)	-38%
Net Profit	42,461,712	2,719,733	39,741,979	1461%	20,659,977	21,801,735	106%

UW Health YTD Operating Margin – May 31, 2021

UWH-Madison/ACO/Isthmus



SAHS /RDI

Total *



■ Actual ■ Budget ■ Prior Year

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

 Favorable Variance
 Unfavorable Variance

	Actual		Budget		Variance		Var. %	
	May_YTD- FY21	May_YTD- FY21	May_YTD- FY21	May_YTD- FY21	vs. Budget	vs. Budget	May_YTD- FY20	vs. PY vs. PY
TOTAL OPERATING REVENUE								
Net patient service revenue	3,370,488,661	3,292,929,164	77,559,497	2%	3,018,078,633	352,410,028	12%	
Other operating revenues	83,047,079	87,903,583	(4,856,504)	-6%	125,775,937	(42,728,858)	-34%	
Total operating revenues, net	3,453,535,740	3,380,832,747	72,702,993	2%	3,143,854,570	309,681,170	10%	
TOTAL OPERATING EXPENSES								
Non-physician salaries and benefits	1,367,439,940	1,374,976,918	(7,536,978)	-1%	1,262,406,054	105,033,886	8%	
Physician salaries and benefits	499,969,118	498,617,440	1,351,678	0%	459,663,155	40,305,963	9%	
Salaries and benefits	1,867,409,058	1,873,594,358	(6,185,300)	0%	1,722,069,209	145,339,849	8%	
Non-cash pension and other OPEB expenses	-	-	-	0%	-	-	0%	
Other expenses	24,778,547	35,219,237	(10,440,690)	-30%	54,510,374	(29,731,827)	-55%	
Purchased services and agency costs	224,729,370	245,331,023	(20,601,653)	-8%	219,976,114	4,753,256	2%	
Medical materials and supplies	249,595,800	249,036,819	558,981	0%	211,024,071	38,571,729	18%	
Pharmaceuticals	571,528,269	514,181,991	57,346,278	11%	484,592,174	86,936,095	18%	
Interest expense	20,804,039	23,134,027	(2,329,988)	-10%	23,176,567	(2,372,528)	-10%	
Depreciation and amortization	103,245,170	105,485,780	(2,240,610)	-2%	106,703,948	(3,458,778)	-3%	
Public aid assessment	55,744,055	56,765,522	(1,021,467)	-2%	52,795,897	2,948,158	6%	
Facilities and equipment	177,542,450	197,405,774	(19,863,324)	-10%	179,038,070	(1,495,620)	-1%	
Provision For Bad Debt	0	-	0	0%	-	0	0%	
Nonoperating expenses - academic support	65,741,626	63,638,168	2,103,458	3%	66,712,794	(971,168)	-1%	
Net Operating Expenses	3,361,118,384	3,363,792,699	(2,674,315)	0%	3,120,599,218	240,519,166	8%	
Income from operations	92,417,356	17,040,048	75,377,308	442%	23,255,352	69,162,004	297%	
NON-OPERATING REVENUE/EXPENSES								
Net increase/decrease in fair value of investments	247,079,204	3,417,623	243,661,581	7130%	(35,338,460)	282,417,664	-799%	
Investment income	49,134,121	28,746,637	20,387,484	71%	49,448,296	(314,175)	-1%	
Equity interest in income/loss of joint ventures	12,712,068	14,820,038	(2,107,970)	-14%	21,378,446	(8,666,378)	-41%	
Net inc/dec in fair value of derivative instrument	1,512,930	-	1,512,930	100%	(1,456,715)	2,969,645	-204%	
Other, net	22,955,013	(2,174,421)	25,129,434	-1156%	8,293,668	14,661,345	177%	
Net Non Operating Revenue/Expenses	333,393,336	44,809,877	288,583,459	644%	42,325,235	291,068,101	688%	
Net Profit	425,810,692	61,849,925	363,960,767	588%	65,580,587	360,230,105	549%	

Enterprise-wide May 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*	↑	2.7%	3.0%	3.6%
Total Margin	↑	11.2%	5.5%	6.6%
Days Cash on Hand*	↑	295 [^]	259	264
Days in Accounts Receivable **	↓	48	46	47
Long Term Debt to Capitalization	↓	19.1%	27.4%	24.9%
Operating Cash Flow	↑	6.3%	7.2%	9.4%
Cash-to-Debt	↑	386.2%	224.7%	237.3%

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

** average for 12 months

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

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

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

Balance Sheet – May 31, 2021

	UWHCA	UWMF	ACO/Isthmus	Total UWHCA and UWMF	Discrete Components	UW Health Consolidated
Cash & Investments						
Unrestricted	1,652,039,420	588,571,349	4,337,660	2,244,948,429	553,579,129	2,798,527,558
Restricted by Trustee & Donors	21,444,131	-	-	21,444,131	23,705,838	45,149,969
Accounts Receivable	330,951,328	104,221,835	-	435,173,163	80,402,983	515,576,146
Property, Plant & Equipment, Net	766,904,407	64,210,388	8,517	831,123,312	422,111,367	1,240,538,087
Other Assets & Deferred Outflows of Resources	1,727,252,602	650,463,567	376,018	951,146,193	71,241,534	772,411,374
Total Assets & Deferred Outflows of Resources	\$ 4,498,591,888	\$ 1,407,467,139	\$ 4,722,195	\$ 4,483,835,228	\$ 1,151,040,851	\$ 5,372,203,133
Current Liabilities	1,078,247,119	1,009,717,848	1,327,236	665,741,169	238,725,866	659,003,092
Long-term Debt & Deferred Inflows of Resources	1,260,414,553	40,520,000	-	1,300,934,553	296,874,657	1,597,809,210
Net Position						
Unrestricted	2,118,224,709	357,229,291	3,394,959	2,475,454,000	605,646,907	3,063,891,903
Restricted	41,705,507	-	-	41,705,507	9,793,421	51,498,928
Total Liabilities, Deferred Inflows of Resources & Net Position	\$ 4,498,591,888	\$ 1,407,467,139	\$ 4,722,195	\$ 4,483,835,228	\$ 1,151,040,851	\$ 5,372,203,133

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

Key Takeaways

-We performed very strong to budget in the month of May. We had a positive variance by more than \$21.3M. Also, strong compared to prior year, which was a loss of \$16.5M.

-In May, we continued to see strong volumes, including ED visits which again exceeded budget, which contributed to the positive variance.

-In addition to the strong volumes, we also saw expenses come in slightly underbudget, which contributed to the strong performance.

-On the non-operating side, saw the investment portfolio's unrecognized gains grow \$21.1M for the month.

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

**University of Wisconsin
Hospitals & Clinics Authority**

**S&P Global Ratings
June 2021**

RatingsDirect®

University of Wisconsin Hospitals & Clinics Authority; Joint Criteria; System

Primary Credit Analyst:

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Enterprise Profile: Very Strong

Financial Profile: Very Strong

Credit Snapshot

Related Research

University of Wisconsin Hospitals & Clinics Authority; Joint Criteria; System

Credit Profile

University of Wisconsin Hosp & Clinics Auth (University of Wisconsin Hosp & Clinics Auth) JOINTCRIT		
<i>Long Term Rating</i>	AAA/A-1+	Current
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Current

Rationale

S&P Global Ratings' long-term rating on the University of Wisconsin Hospitals and Clinics Authority's (UWHCA) bonds outstanding is 'AA-'.

S&P Global Ratings' rating on UWHCA's series 2009B bonds is 'AAA/A-1+'. The rating is based on the application of our joint criteria with a low correlation between U.S. Bank N.A., the letter-of-credit (LOC) provider, and the UWHCA debt rating. The short-term component of the rating is based solely on the LOC provider. The LOC expires on July 1, 2025.

S&P Global Ratings' rating on UWHCA's series 2018B and 2018C variable-rate demand revenue refunding bonds is 'AA-/A-1'. The series 2018B and 2018C bonds receive liquidity support in the form of standby bond purchase agreements (SBPAs) from JPMorgan Chase Bank N.A. for series 2018B and BMO Harris for series 2018C. The long-term component of the rating reflects our view of UWHCA's credit characteristics. The short-term component of the rating reflects our assessment of the SBPAs provided by JPMorgan Chase Bank N.A. for series 2018B and BMO Harris for series 2018C. The SBPAs are scheduled to expire on Nov. 14, 2024, for JPMorgan and Nov. 14, 2023, for BMO Harris.

The outlook on all ratings, where applicable, is stable.

Credit overview

The ratings reflect our view of UW Health's strong business position as the state's only academic medical center, with an integrated medical staff at its flagship facility in Madison. Also supporting the enterprise profile is a joint operating agreement (JOA) with UnityPoint-Meriter, which has bolstered the business position in Madison, and the system's partial ownership of Quartz Health, which is the second-largest health insurance plan in the state. We believe this experience with risk-based contracting prepares UW Health well for changing reimbursement models.

Strong operations at Quartz Health have also helped offset operating challenges associated with the COVID-19 pandemic, which have pressured UW Health's financial results in fiscal 2020 and through the first nine months of fiscal 2021 (ended March 31, 2021). The system's operating margins through these periods have thinned, although maximum annual debt service (MADS) coverage remains healthy, supported by solid nonoperating cash flow, largely as a result of good investment returns. UW Health's operating margins have also been bolstered by grant support from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. We understand that UW Health's volumes have largely

rebounded following COVID-19-related pressures, and we expect gradual operational improvement over the outlook period. UW Health's balance sheet has also offered cushion through this period of operating stress, and the system's unrestricted reserves have improved with growth in its investment portfolio and a reduction in capital spending over the last nine months.

We understand that UW Health expects to increase its capital spending over the next two years, and its capital strategy may include new debt. We believe the system can sustain a moderately sized debt issuance at the current rating level. However, the ultimate determination would be made at the time of issuance, and would depend on the size and nature of the capital plans, along with the system's operating results and overall credit profile at the time of issuance.

The rating continues to reflect our assessment of UW Health's:

- Role as one of the premier health care providers in Wisconsin, attracting patients from across the state and the broader region;
- Strong and long-standing relationship with the University of Wisconsin; and
- Solid management team that continues to execute on growth and access strategies even as the system navigates through the COVID-19 pandemic.

Partly offsetting the above strengths, in our view, are UW Health's:

- Historically competitive landscape in Wisconsin that continues to evolve through consolidation and growth strategies;
- Midsize primary service area, which may limit revenue and volume growth; and
- Somewhat weaker operating performance in fiscal 2020 and through the nine-month interim period, reflecting pressures associated with the COVID-19 pandemic.

The stable outlook reflects our view that UW Health will maintain or improve its financial performance over the next two years as it recovers from the COVID-19 pandemic. The outlook further reflects our view that UW Health will maintain or improve its market position, and that the system's balance sheet offers sufficient financial flexibility to execute on its capital strategy.

Environmental, social, and governance (ESG) factors

We also analyzed UW Health's ESG risks relative to its economic fundamentals, market position, and management and governance, and the corresponding effects on its financial profile, and determined that all are in line with the industry as a whole. However, COVID-19 has exposed UW Health to additional social risk, similar to other health systems, resulting in some financial pressure stemming from increased costs and governmental directives aimed at protecting the health and safety of the population.

Stable Outlook

Downside scenario

We could consider a negative outlook or rating action if UW Health experiences material and sustained weakening in its operating performance or unrestricted reserves. We could also consider a negative rating action if UW Health experiences a significant disruption to its market position. Finally, we would view negatively any debt plans beyond what is expected with UW Health's current capital strategy, or any issuance that put pressure on debt-related metrics such that they were no longer appropriate for the rating.

Upside scenario

We could consider a positive outlook or higher rating over time if UW Health is able to generate operating margins and MADS coverage in line with a higher rating, supporting gradual improvement in the balance sheet. A positive rating action would also be predicated on maintenance or improvement of UW Health's market position and overall enterprise profile.

Credit Opinion

Enterprise Profile: Very Strong

UW Health continues to bolster its strong market position as the premier referral center for the state as well as parts of Illinois, Iowa, and Minnesota. The flagship academic medical center is consistently ranked among the country's best hospitals, and has been Magnet-designated since 2009. The system also has a robust regional partnership strategy, which supports its growing market presence.

Effective July 1, 2017, UW Health executed its JOA with UnityPoint-Meriter, which also operates hospitals in the Madison market. The JOA has alleviated many of UW Health's capacity issues at its flagship hospital, as lower-acuity patients can now be served at the legacy UnityPoint-Meriter facility. The agreement has also allowed the two organizations to look at eliminating services in the market that had been duplicated for a number of years. We view this JOA positively, as it has enabled UW Health to provide better care in the right setting. We further note that this agreement has been financially beneficial to UW Health, as it is able to keep more patients in the system for care.

UW Health also has a 62% ownership interest in Quartz Health Plans, which it operates along with Gunderson Health and UnityPoint, and Advocate-Aurora Health, which acquired a minority stake in the tax-exempt portion of the plan in 2020. Quartz has a revenue base of \$1.8 billion, and is the second-largest health insurer in the state. The combination of the plans helps extend the system's reach, as plans under the Quartz umbrella are offered in 35 counties in Wisconsin as well as in Illinois, Minnesota, and Iowa. In total, the plan has more than 368,000 members. Quartz has been profitable in each of the last three years, and has strong quality rankings, including a five-star rating for its Medicare Advantage plan.

Table 1

University of Wisconsin Hospitals & Clinics Authority, Wisconsin Enterprise Statistics			
	--Nine months ended March 31--	--Fiscal year ended June 30--	
	2021	2020	2019
PSA population	N.A.	654,230	586,000
PSA market share (%)	N.A.	44.0	44.0
Inpatient admissions	34,549	45,158	48,362
Equivalent inpatient admissions	87,546	111,620	121,331
Emergency visits	104,152	149,330	154,959
Inpatient surgeries	19,491	25,179	25,873
Outpatient surgeries	19,112	21,459	22,942
Medicare case mix index	2.0500	2.0537	1.9229
FTE employees	16,877	16,281	16,272
Active physicians	N.A.	1,878	1,846
Based on net/gross revenues	Gross	Gross	Gross
Medicare (%)	37.7	37.7	37.6
Medicaid (%)	16.3	13.1	13.0
Commercial/Blues (%)	41.7	40.4	41.9

N.A.--Not available. Inpatient admissions exclude normal newborn, psychiatric, rehabilitation, and long-term care facility admissions.

Financial Profile: Very Strong

Financial performance

While UW Health's operations were strong through the first eight months of fiscal 2020, the system incurred a material decline in revenues beginning in March 2020 with the state-mandated cessation in elective procedures. At the same time, UW Health incurred some expense growth as it stockpiled supplies and prepared for a possible surge in COVID-19 patients. Still, the system generated a positive operating margin in fiscal 2020, supported in part by \$68.5 million in realized CARES Act grants. We note that UW Health was proactive in controlling expenses through this period, including pay reductions for senior leadership, flexing staffing where possible, and reviewing all open positions.

Through the first nine months of fiscal 2021, UW Health's operating margin is somewhat weaker, although still adequate for the rating. Management continues to control expenses, and we understand that volumes have largely rebounded. We expect operating improvement at fiscal year-end, with further growth in fiscal 2022. UW Health's nonoperating income has also been excellent over the last two years, and has helped support robust MADS coverage even through this period of somewhat strained operations.

Liquidity and capital plans

UW Health's balance sheet remains quite solid, with healthy unrestricted reserves that have grown over the last three years, supported by good cash flows and strong investment portfolio performance. Capital spending slowed with the onset of COVID-19, as management worked to preserve capital. We note the system is currently developing plans to construct a large multispecialty ambulatory facility in east Madison. The planned facility would be approximately 350,000 square feet, and would include clinic space, diagnostic and treatment facilities, and support services, along

with patient parking. The facility is designed to decant outpatient and ambulatory business from the flagship campus in downtown Madison, to improve patient access and experience. The budget and final plans for this facility are still under development, but we understand it could be partly funded with debt. We believe this project and possible debt issuance is sustainable at the current rating level, although the ultimate determination would be made at the time of issuance.

Our calculation of UW Health's unrestricted reserves excludes approximately \$213 million in Medicare advanced payments. UW Health also had access to three lines of credit totaling \$350 million, although we understand it did not draw on these lines over the last year. We view UW Health's access to liquidity positively, as it offers the system additional financial flexibility in the event of prolonged operating challenges.

Debt and contingent liabilities

UW Health is party to three floating- to fixed-rate swaps that have a total notional amount outstanding of \$38.2 million, with JPMorgan and the Goldman Sachs Group Inc. as the counterparties. Mark-to-market value was negative \$6.1 million as of June 30, 2020, and no collateral postings were required.

UW Health participates in the Wisconsin Retirement System (WRS), the state's cost-sharing, multiple-employer retirement system. WRS reported what we consider a very strong 103% funded ratio as of June 30, 2020. The state continues to pay its full annual required contribution to the WRS. The system is funded through employer and employee contributions that are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution (ADC), and employers are required to contribute the remainder of ADC. The employer may not pay the employee required contribution unless an existing collective bargaining agreement provides for this.

This report does not constitute a rating action.

Table 2

University of Wisconsin Hospitals & Clinics Authority, Wisconsin Financial Statistics				
	--Nine months ended March 31--	--Fiscal year ended June 30--		Medians for 'AA-' rated health care system
	2021	2020	2019	2019
Financial performance				
Net patient revenue (\$000s)	2,726,525	3,297,586	3,305,412	3,213,282
Total operating revenue (\$000s)	2,799,014	3,455,436	3,405,131	3,320,191
Total operating expenses (\$000s)	2,736,754	3,348,440	3,255,013	MNR
Operating income (\$000s)	62,260	106,996	150,118	MNR
Operating margin (%)	2.22	3.10	4.41	3.00
Net nonoperating income (\$000s)	51,737	74,025	48,694	MNR
Excess income (\$000s)	113,997	181,021	198,812	MNR
Excess margin (%)	4.00	5.13	5.76	5.50
Operating EBIDA margin (%)	5.83	7.27	8.68	9.20
EBIDA margin (%)	7.54	9.21	9.97	10.90

Table 2

University of Wisconsin Hospitals & Clinics Authority, Wisconsin Financial Statistics (cont.)				
	--Nine months ended March 31--	--Fiscal year ended June 30--		Medians for 'AA-' rated health care system
	2021	2020	2019	2019
Net available for debt service (\$000s)	215,011	325,065	344,218	404,081
Maximum annual debt service (\$000s)	45,296	45,296	45,296	MNR
Maximum annual debt service coverage (x)	6.33	7.18	7.60	5.00
Operating lease-adjusted coverage (x)	3.46	3.80	4.03	3.80
Liquidity and financial flexibility				
Unrestricted reserves (\$000s)	2,452,206	1,994,406	1,811,878	2,257,133
Unrestricted days' cash on hand	253.0	225.4	211.1	258.80
Unrestricted reserves/total long-term debt (%)	336.2	279.0	249.0	224.70
Unrestricted reserves/contingent liabilities (%)	1,083.1	880.9	790.4	642.40
Average age of plant (years)	11.0	9.6	8.4	10.40
Capital expenditures/depreciation and amortization (%)	80.8	110.9	134.1	132.60
Debt and liabilities				
Total long-term debt (\$000s)	729,418	714,920	727,708	MNR
Long-term debt/capitalization (%)	19.8	21.3	24.1	27.40
Contingent liabilities (\$000s)	226,405	226,405	229,250	MNR
Contingent liabilities/total long-term debt (%)	31.0	31.7	31.5	31.50
Debt burden (%)	1.19	1.28	1.31	2.20
Defined-benefit plan funded status (%)	N/A	N/A	N/A	83.80
Miscellaneous				
Medicare advance payments (\$000s)*	213,046	213,046	N/A	MNR
Short-term borrowings (\$000s)*	N/A	N/A	N/A	MNR
CARES Act grants recognized (\$000s)	10,400	68,529	N/A	MNR

*Excluded from unrestricted reserves, long-term debt, and contingent liabilities. N/A--Not applicable. MNR--Median not reported. Inpatient admissions exclude normal newborn, psychiatric, rehabilitation, and long-term care facility admissions.

Credit Snapshot

- Security: Revenue of the obligated group of UW Health secures the bonds.
- Organizational description: UWHCA operates acute care facilities in Madison, Wisconsin and northern Illinois. In Wisconsin, this includes University Hospital, which consists of a 505-bed regional referral center that is also a Level 1 adult and pediatric trauma center that provides quaternary care, an 87-bed pediatric facility on the UW-Madison campus, and a 56-bed community-based health and wellness facility on the east side of Madison known as the America Center. In Illinois, this includes SwedishAmerican Hospital-Rockford, a 339 bed community based hospital and SwedishAmerican-Belvidere, a 34-bed community based hospital. It has an affiliation agreement with University of Wisconsin School of Medicine and Public Health and thus serves as its primary teaching hospital. UWHCA develops its strategies along with other components of UW Health.
- Group rating methodology: Core.

Related Research

Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020

Ratings Detail (As Of June 15, 2021)		
University of Wisconsin Hosp & Clinics Auth hosp rev & rfdg bnds		
<i>Long Term Rating</i>	AA-/Stable	Current
University of Wisconsin Hosp & Clinics Auth var rate dem rev rfdg bnds		
<i>Long Term Rating</i>	AA-/A-1/Stable	Current
University of Wisconsin Hosp & Clinics Auth var rate dem rev rfdg bnds		
<i>Long Term Rating</i>	AA-/A-1/Stable	Current

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