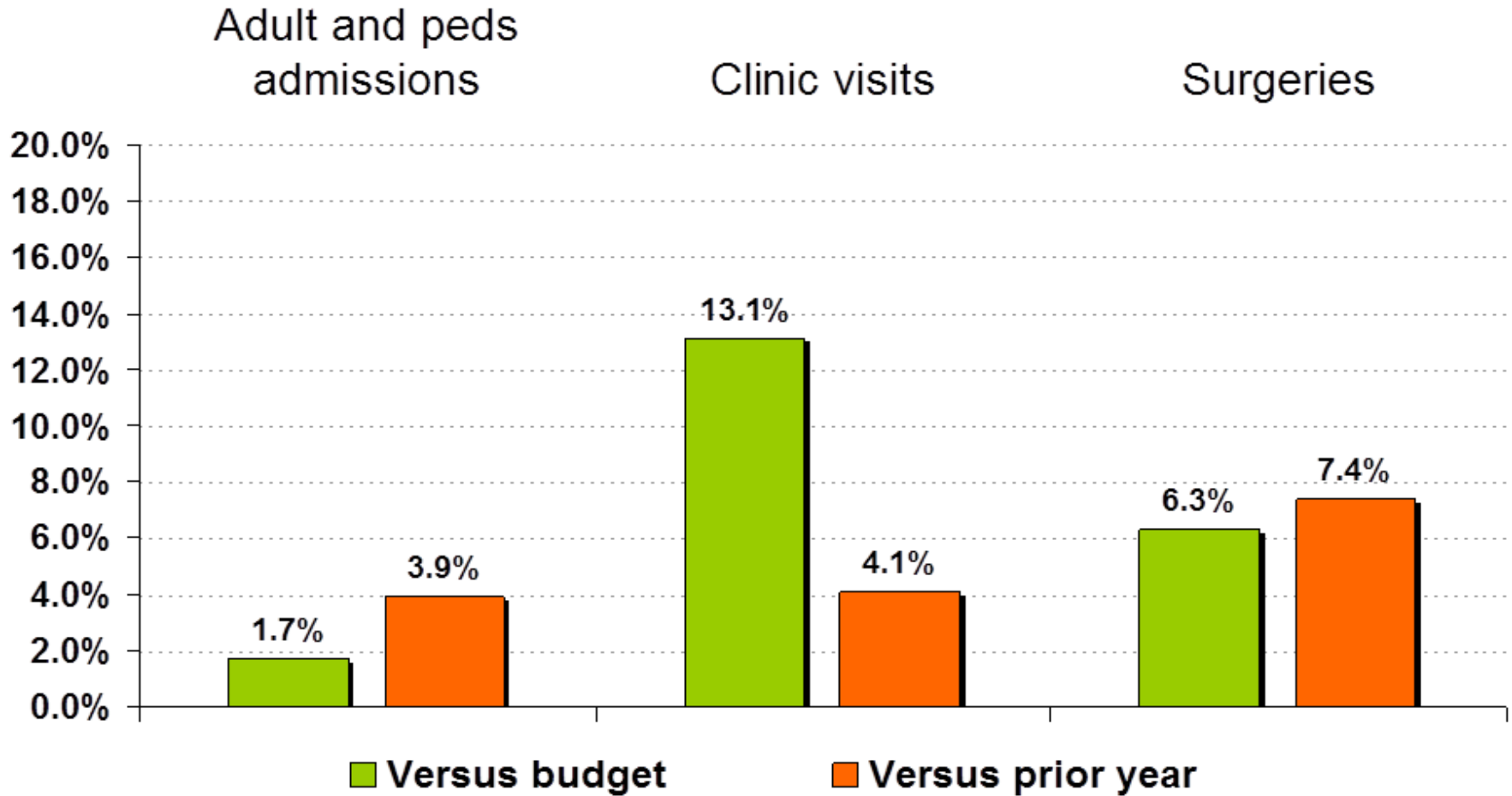


**SUMMARY OF
OPERATING RESULTS
October 2014**

**UWHC Finance Committee
and Authority Board**

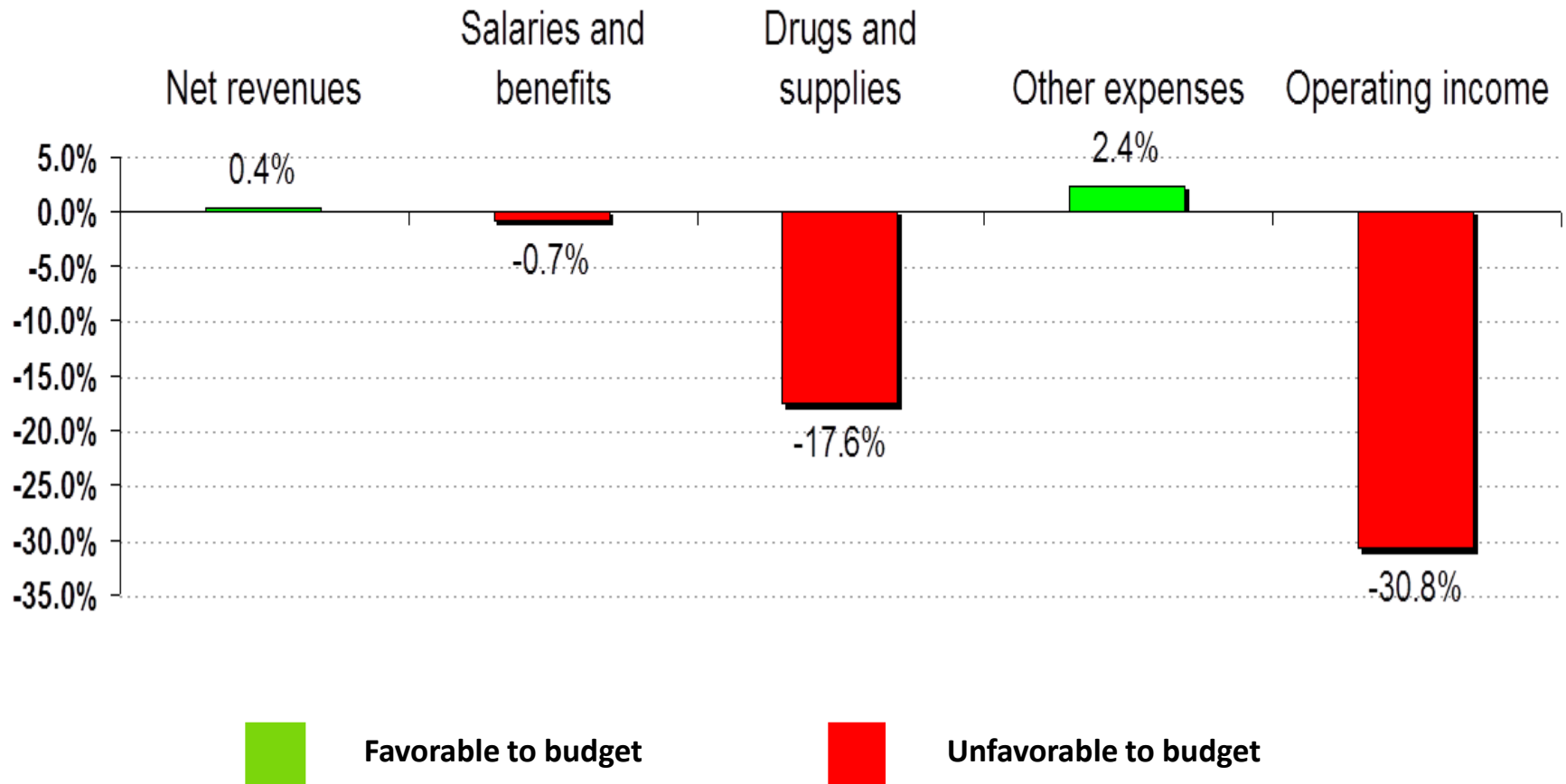
Selected Volume Statistics

October 2014



Monthly Variances from Budget

October 2014



Summary of Operating Results

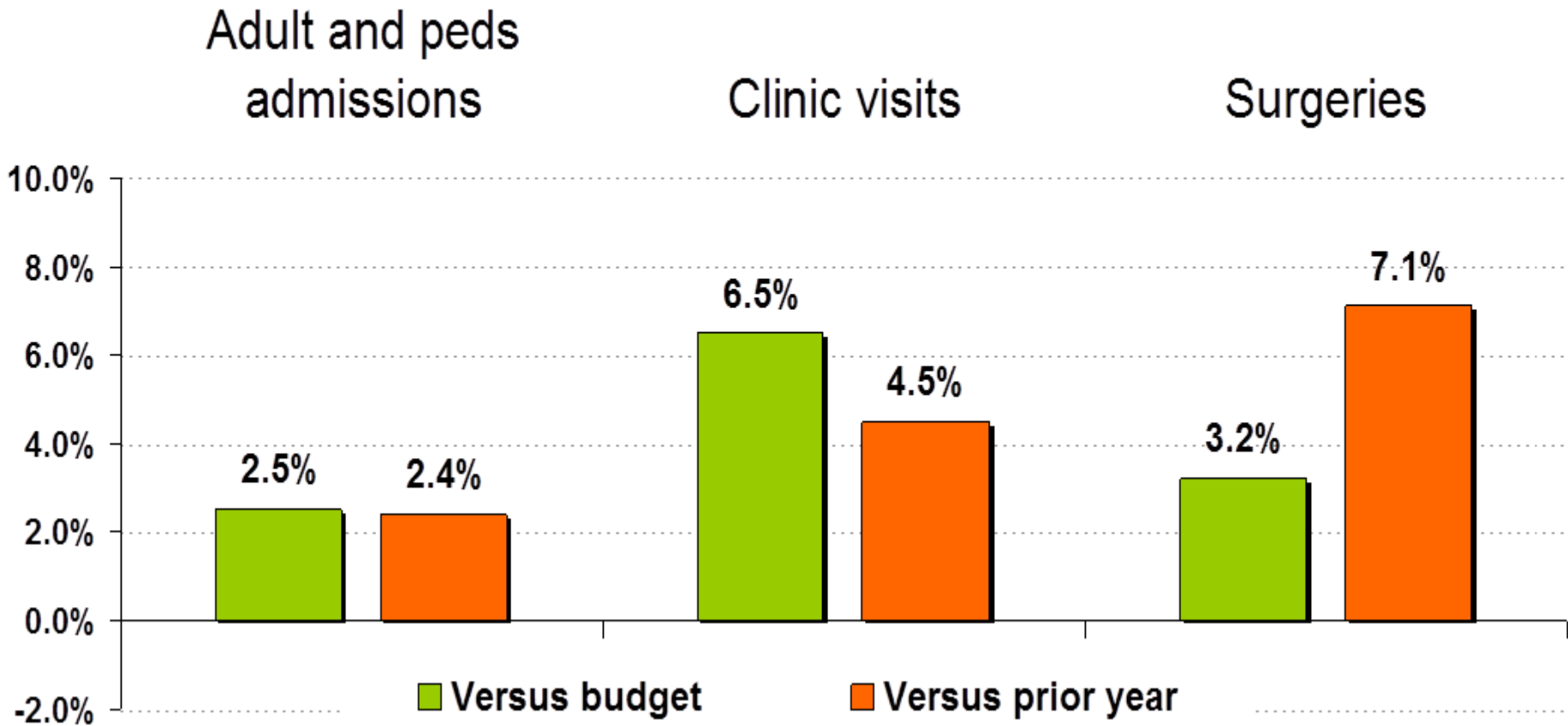
Month of October 2014

(Amounts in \$\$ Millions)

	Actual Oct 2014	Budget Oct 2014	Actual Oct 2013	2015 Variance Vs. Budget 2014	
Operating Revenue	\$ 124.2	\$ 123.7	\$ 113.7	0.4%	9.2%
Operating Expenses:					
Salaries and fringe benefits	56.9	56.5	54.2	-0.7%	-5.0%
Medical materials and supplies	30.1	25.6	23.0	-17.6%	-30.9%
Other expenses	28.9	29.6	27.6	2.4%	-4.7%
Total Operating Expenses	115.9	111.7	104.8	-3.8%	-10.6%
Income from Operations	8.3	12.0	8.9		
Nonoperating Income	0.4	1.5	5.7		
Net Income	\$ 8.7	\$ 13.5	\$ 14.6		

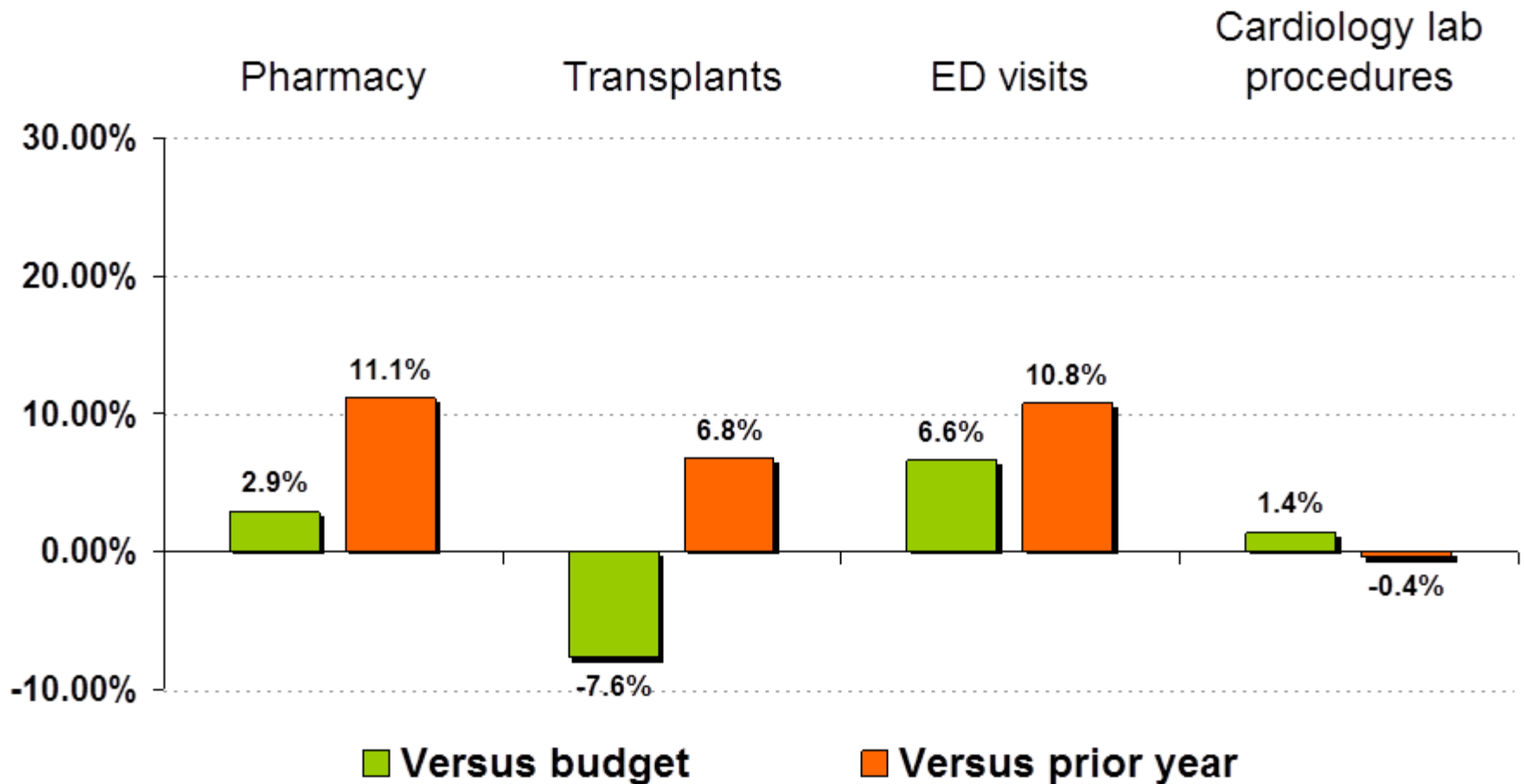
Selected Other Volume Statistics

Four Months Ended October 31, 2014



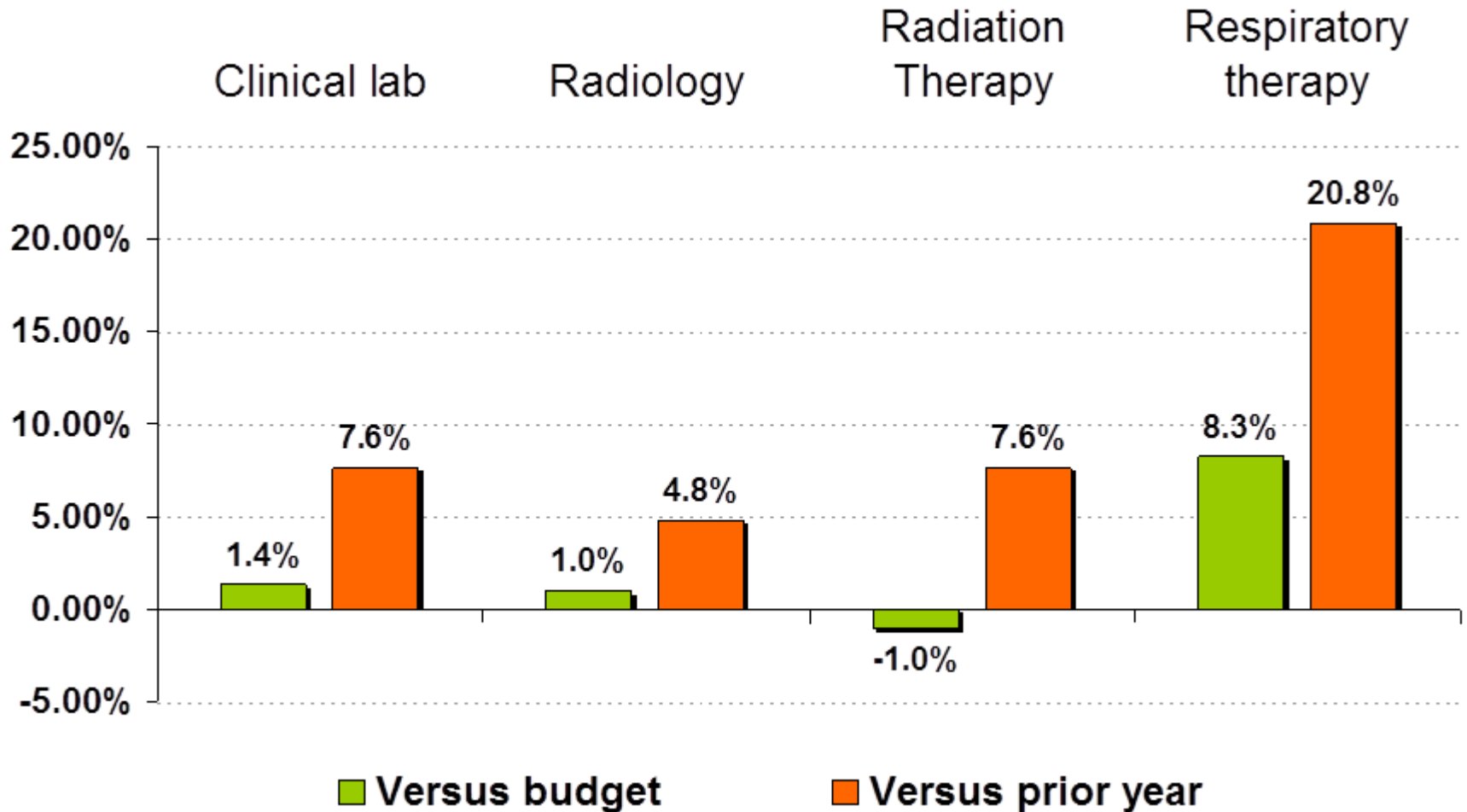
Selected Other Volume Statistics

Four Months Ended October 31, 2014

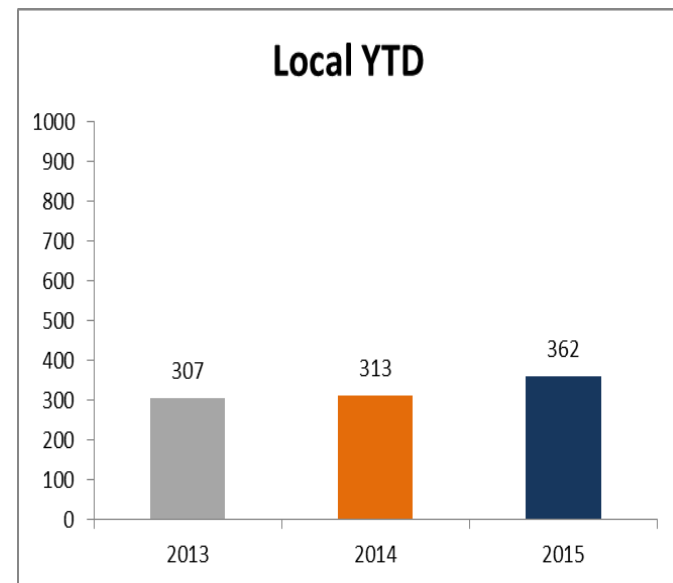
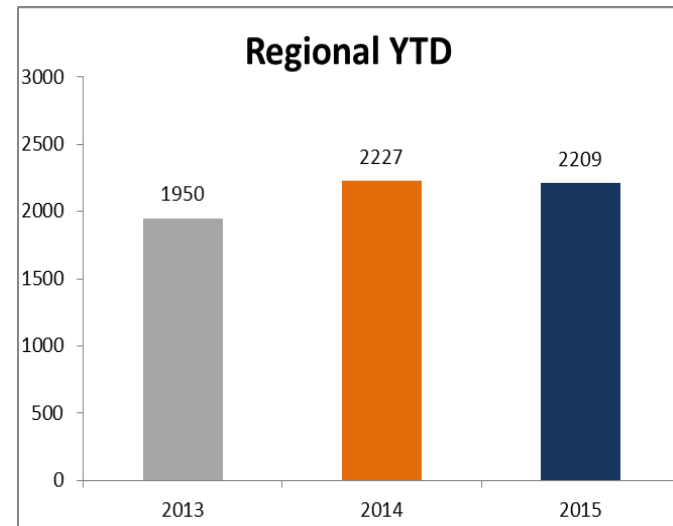
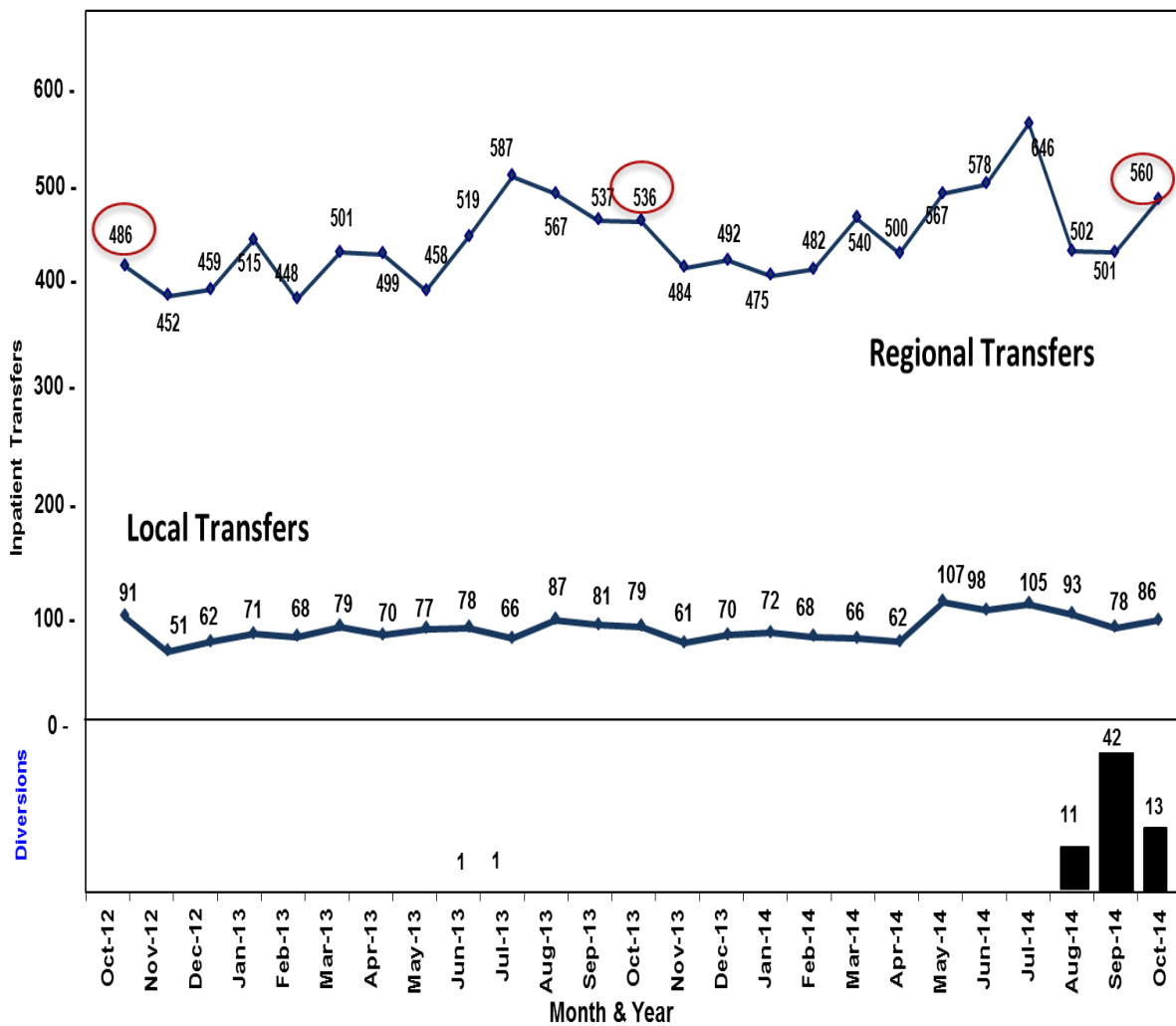


Selected Other Volume Statistics

Four Months Ended October 31, 2014



Interhospital Transfers & Diversions



* Both exclude Local and Regional Transfers to UWHC Emergency Department, not admitted.

Summary of Operating Results

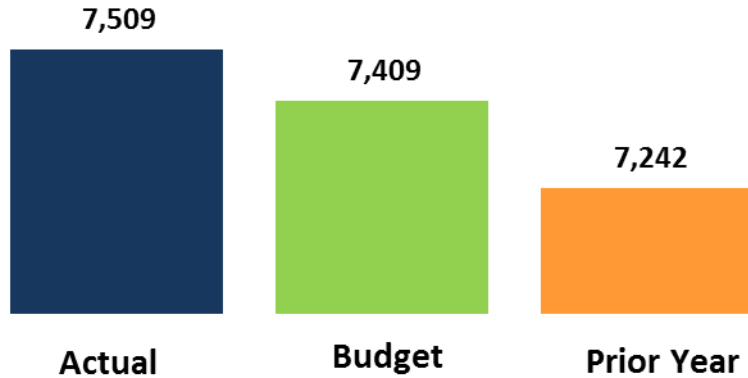
Four Months Ended October 31, 2014

(Amounts in \$\$ Millions)

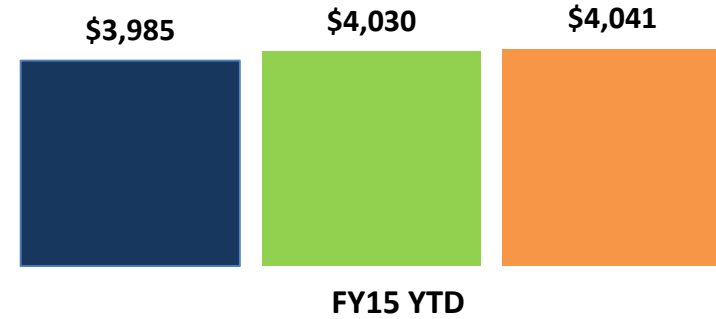
	Actual YTD October 2014	Budget YTD October 2014	Actual YTD October 2013	YTD 2015 Variance Vs. Budget 2014	
Operating Revenue	\$ 483.5	\$ 477.6	\$ 440.9	1.2%	9.7%
Operating Expenses:					
Salaries and fringe benefits	225.3	222.5	214.6	-1.3%	-5.0%
Medical materials and supplies	114.6	100.7	91.9	-13.8%	-24.7%
Other expenses	117.3	118.8	108.0	1.3%	-8.6%
Total Operating Expenses	457.2	442.0	414.5	-3.4%	-10.3%
Income from Operations	26.3	35.6	26.4		
Nonoperating Income	(0.7)	5.9	15.3		
Net Income	\$ 25.6	\$ 41.5	\$ 41.7		

FTE's and Cost per CMI Adjusted Discharge YTD

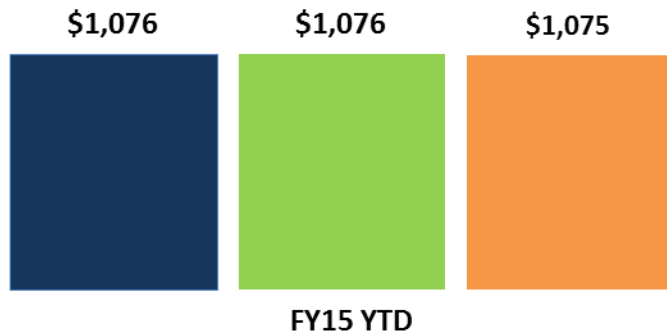
FTE's Including Agency & Overtime



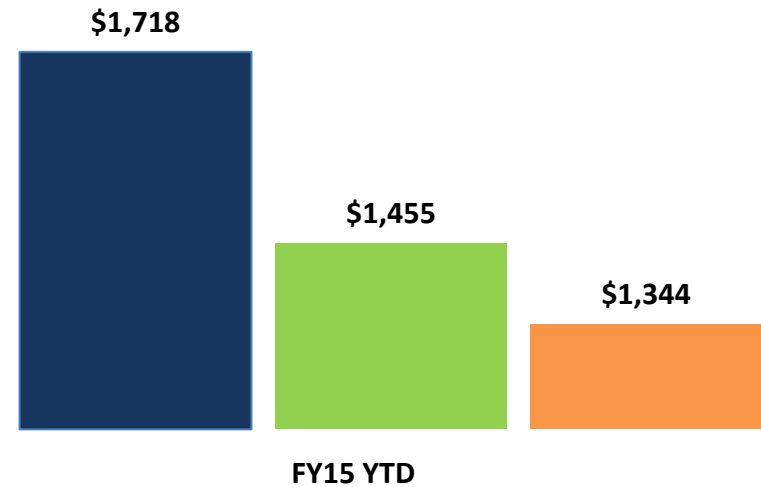
Salary & Agency



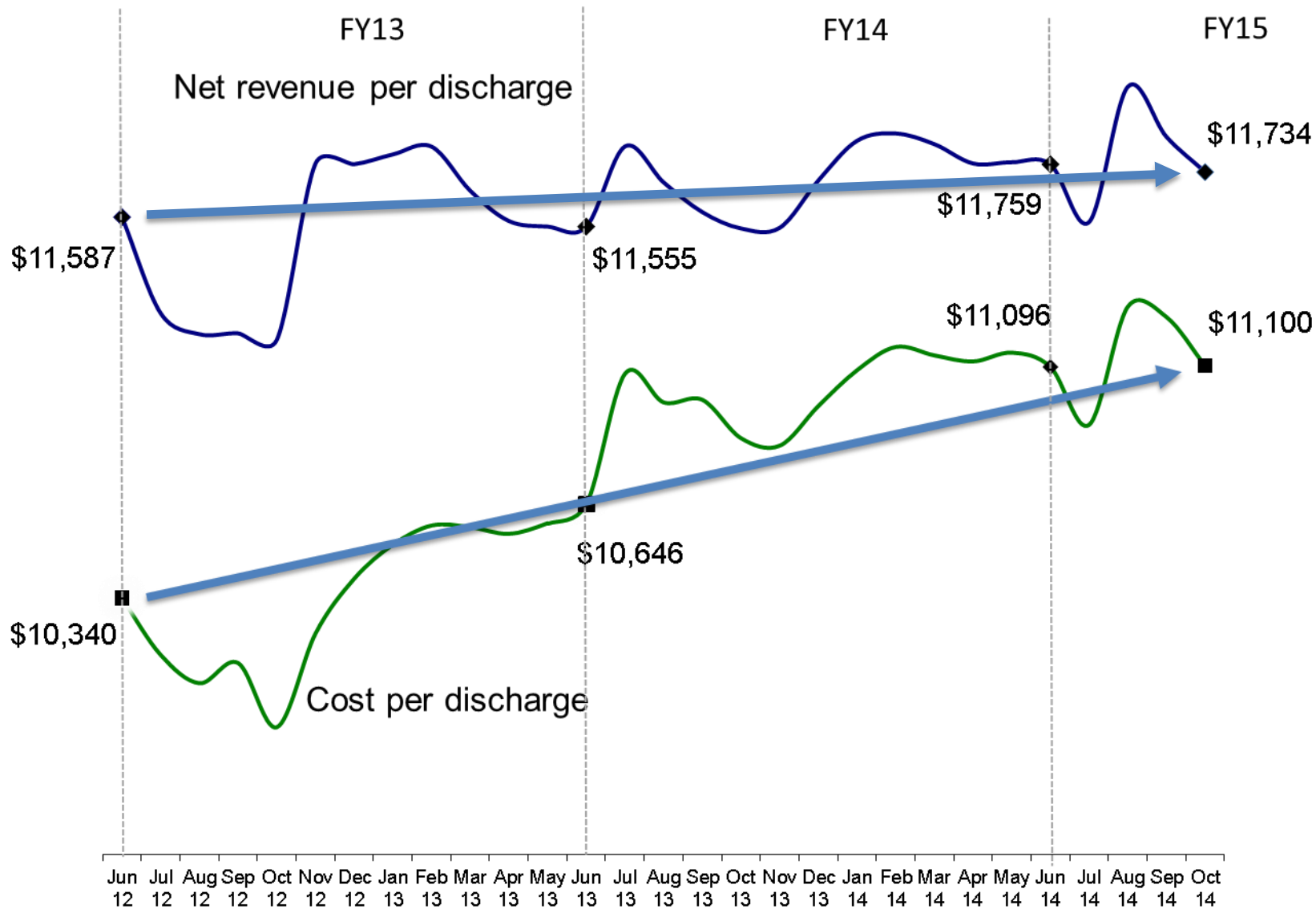
Medical & Surgical Supplies



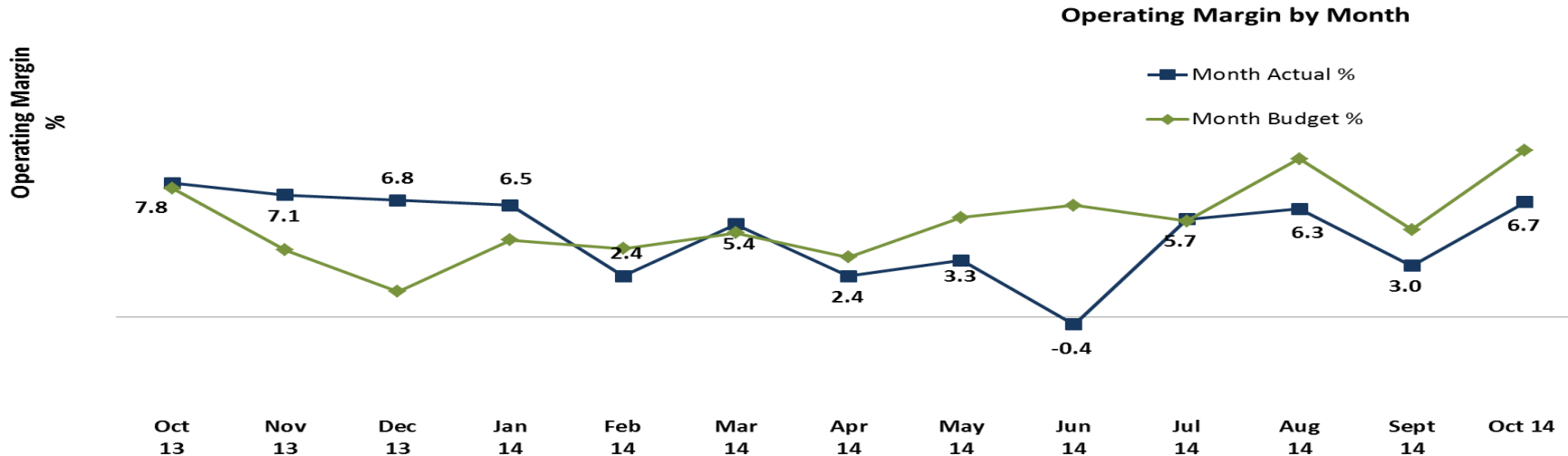
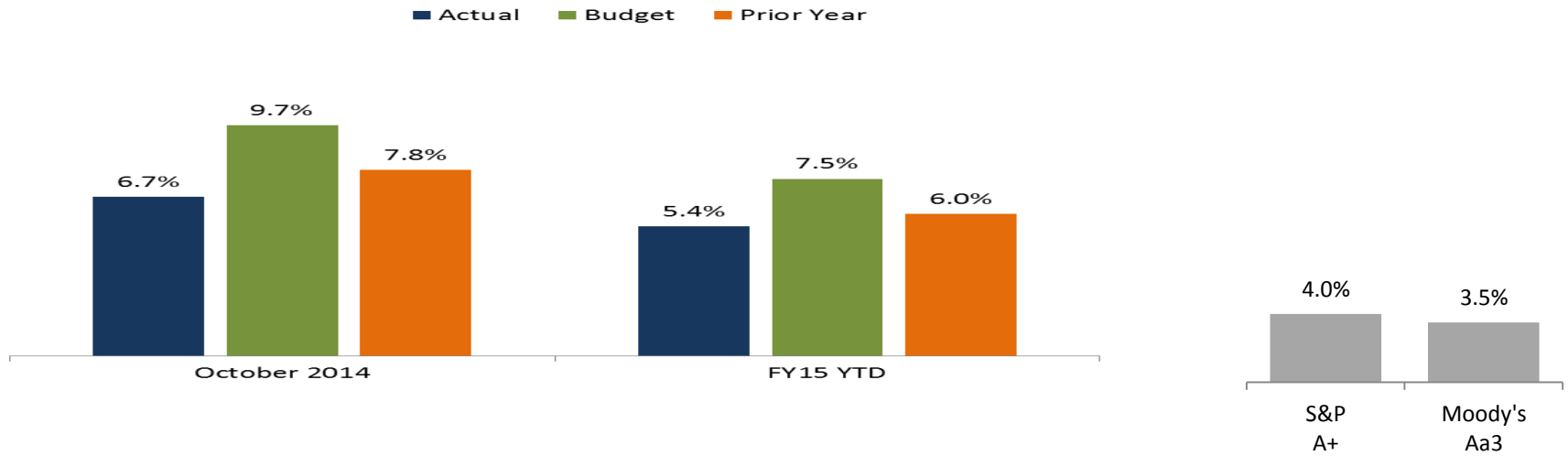
Pharmaceuticals



Revenue and Cost per CMI Adjusted Discharge YTD



Operating Margin %



Performance Ratios

Performance Ratios

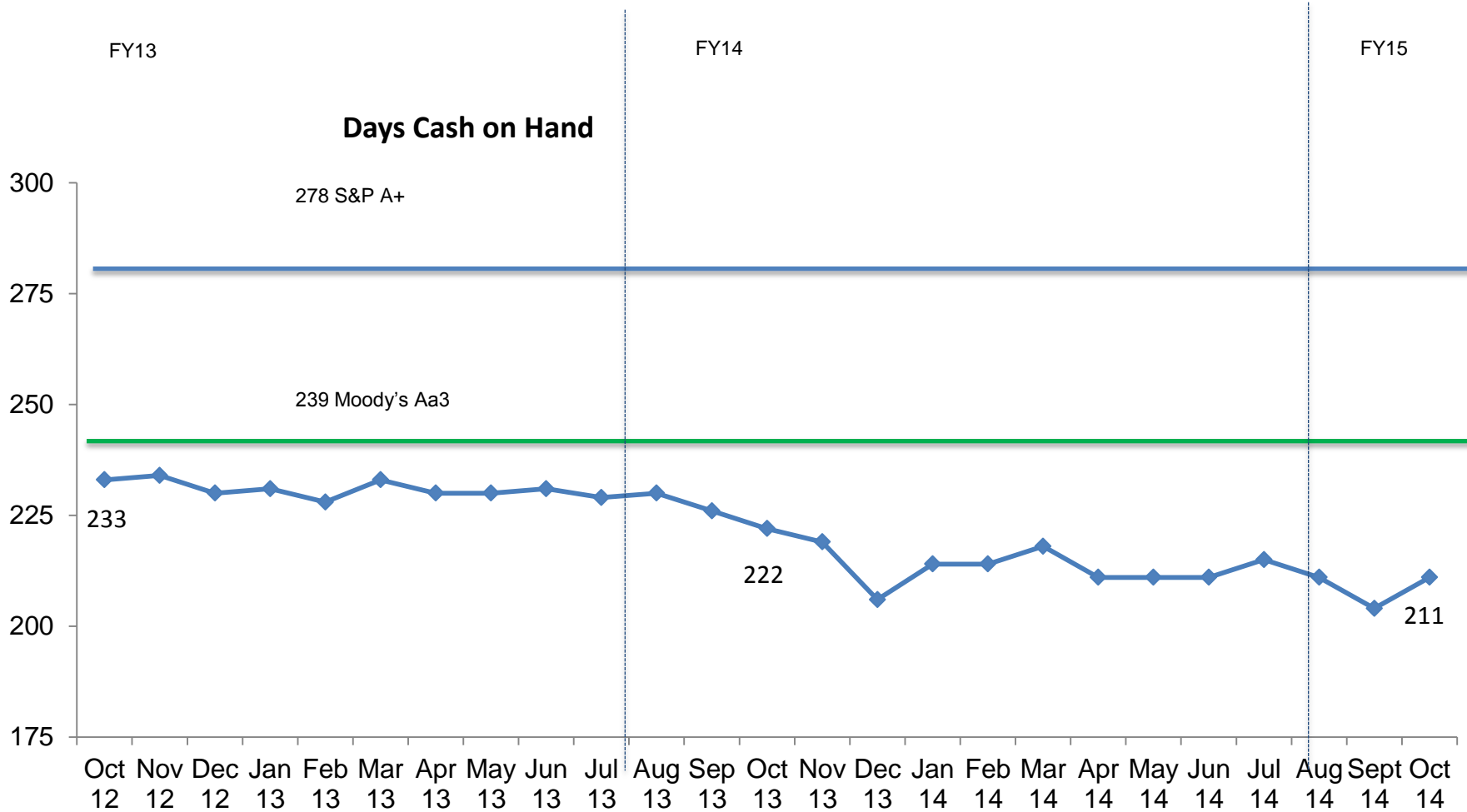
	Favorable Direction	FY 15	Budget or Target	Industry Comparisons		
				S&P "A+" Rated	Moody's "Aa3" Rated	UWHCA Bond Covenant
Operating Margin	↑	5.4%	7.5%	4.0%	3.5%	
Total Margin	↑	5.3%	8.6%	6.6%	7.2%	
Days Cash on Hand *	↑	211	220	291	239	90
Days in Accounts Receivable	↓	41	45	49	52	
Debt Service Coverage Ratio	↑	4.6	5.7	4.9	6.0	1.25
Long Term Debt to Capitalization	↓	32.0%	31.0%	26.7%	31.8%	65%
Operating Cash Flow	↑	10.1%	12.0%	10.9%	10.4%	
Cash-to-Debt	↑	162.1%	172.0%	185.8%	177.4%	

* Days Cash on Hand calculated as a rolling 12 month average

Accounts Receivable Monitoring Program

	Net Accounts Receivable	Net Days Revenue Outstanding
October 13	148,359,360	42
November 13	154,020,099	44
December 13	154,712,001	43
January 14	158,585,434	44
February 14	162,436,680	45
March 14	162,761,040	45
April 14	160,729,322	44
May 14	164,286,696	43
June 14	163,776,176	43
July 14	166,934,574	44
August 14	173,533,316	44
September 14	175,808,323	46
October 14	159,867,620	41

Days Cash on Hand



Comparison of Charity Care & Bad Debt Expense

	FY 15		FY 15		FY 14		FY 14	
	Actual	Budget	Variance	% Variance	Actual	Variance	% Variance	
Charity	\$ 16,567,610	\$ 22,268,758	\$ (5,701,148)	-25.6%	\$ 18,921,991	\$ (2,354,381)	-12.4%	
% of Revenue	1.45%	2.05%			1.90%			
Bad Debt	18,784,257	12,933,442	5,850,815	45.2%	14,652,194	\$4,132,063	28.2%	
% of Revenue	1.64%	1.20%			1.47%			
Total	<u>\$ 35,351,867</u>	<u>\$ 35,202,200</u>	<u>\$ 149,667</u>	0.4%	<u>\$ 33,574,185</u>	<u>\$ 1,777,682</u>	5.3%	
Gross Revenue	\$ 1,143,505,047	\$ 1,086,280,882	\$ 57,224,165	5.3%	\$ 995,304,520	\$ 148,200,527	14.9%	
Total Bad Debt & Charity as % of Revenue	3.1%	3.2%			3.4%			

Summary of Changes in Net Assets

Four Months Ended October 31, 2014

Net assets at beginning of period	<u>\$969,871,151</u>
Net income, excluding change in fair value gains/losses and payments to UWMSPH for capital expenditure support	32,750,859
Change in Fair value of investments	(3,560,501)
Change in Fair value of swap agreements	(387,285)
Payments to UW School of Medicine and Public Health for capital expenditure support	<u>(3,171,000)</u>
Capital grants, gifts and donations	<u>351,831</u>
Additions to permanent gift endowments	<u>7,125</u>
Increase in net assets	<u>\$25,991,029</u>
Net assets at end of period	<u><u>\$995,862,180</u></u>

Comparison to Local Competitors

September 30, 2014 vs. 2013

	<u>UWHC</u>	<u>Meriter</u>	<u>St. Mary's</u>	<u>Total</u>
% Change in Admissions				
Current Month	2.6%	(5.5)%	9.1%	2.5%
3 Month Rolling Average	1.9%	(5.8)%	1.8%	(0.1)%
12 Month Rolling Average	1.4%	(5.3)%	(2.8)%	(1.6)%
% Change in Average Daily Census				
Current Month	10.9%	(2.3)%	10.7%	7.6%
3 Month Rolling Average	9.0%	0.7%	4.5%	5.8%
12 Month Rolling Average	4.3%	(0.4)%	0.9%	2.2%

UWHC Investment Balances & Returns

<u>Account</u>	<u>October Market Value Balances</u>	<u>Investment Allocation</u>	<u>October YTD Investment Return</u>	<u>Benchmark</u>
Operating Account and Commercial Paper				
US Bank	\$ 78,682,015	10.5%	0.07%	0.03% (A)
Short Term Bond Fund				
USBank/Nuveen	\$ 152,439,925	20.4%	-0.23%	-0.49% (B)
Intermediate Bond Fund				
USBank/Baird	\$ 233,510,600	31.2%	0.58%	0.11% (C)
Capital Replacement Fund				
Account - UW Foundation	\$ 157,418,282	21.1%	0.16%	0.16% (D)
Endowment Fund				
Securities				
UW Foundation	\$125,687,561	16.8%	-0.28%	-1.98% (E)
Total Unrestricted Funds	\$ 747,738,383	100.0%	0.1%	-0.4%

(A) 90-day Treasury Bills

(B) Barclays 1-3 year Gov/ Credit less fees

(C) Barclays Capital Intermediate Gov/ Credit less fees

(D) Average 1 Month LIBOR

(E) 75% of Russell Global plus 25% of Barclays Global Aggregate Bond less fees