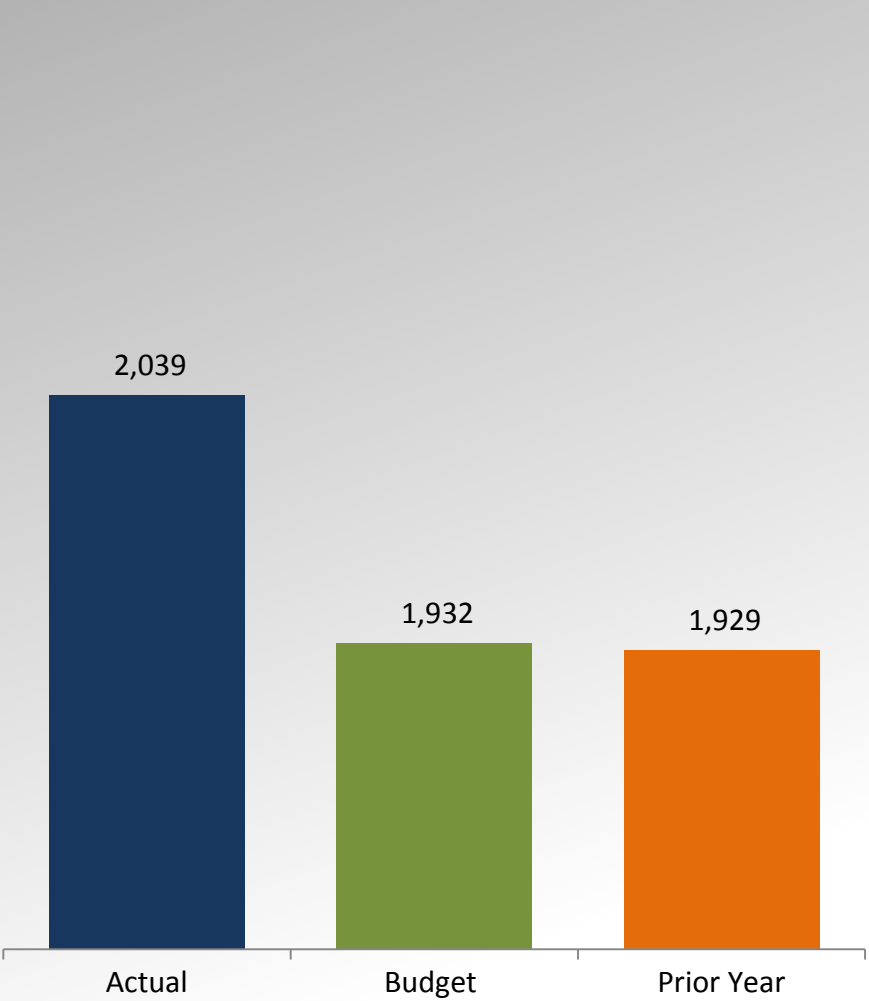


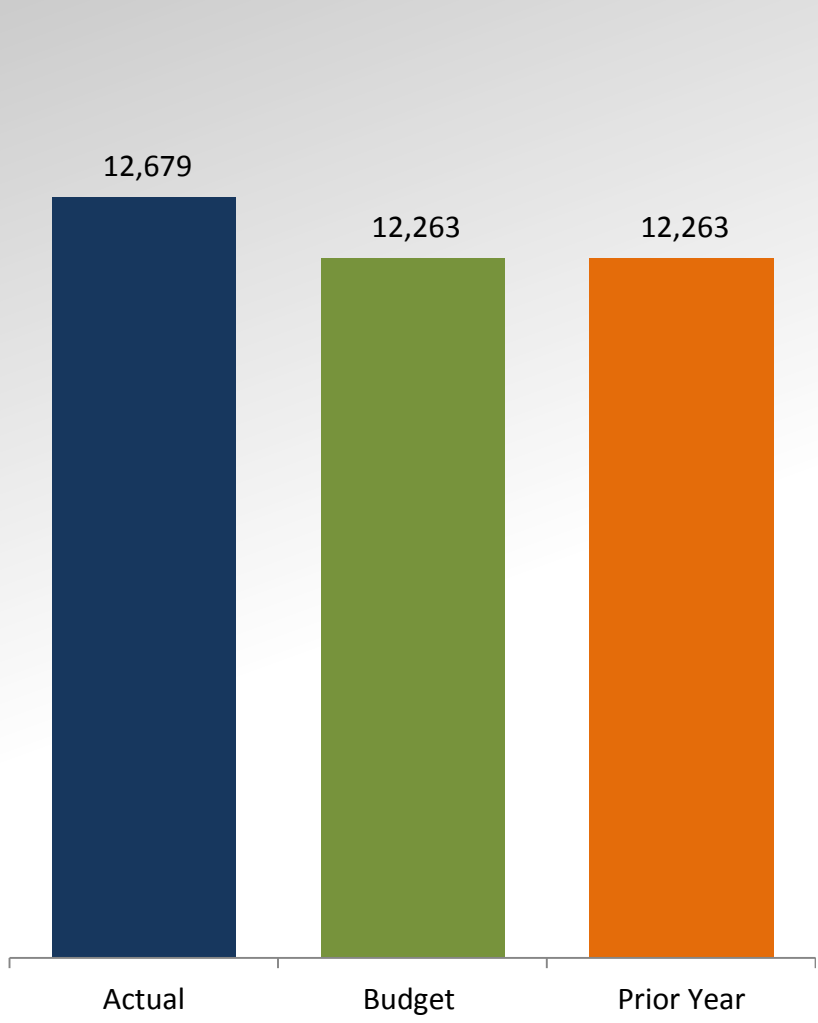
SUMMARY OF OPERATING RESULTS DECEMBER 2013

UWHC Finance Committee
& Authority Board

Adult Admissions

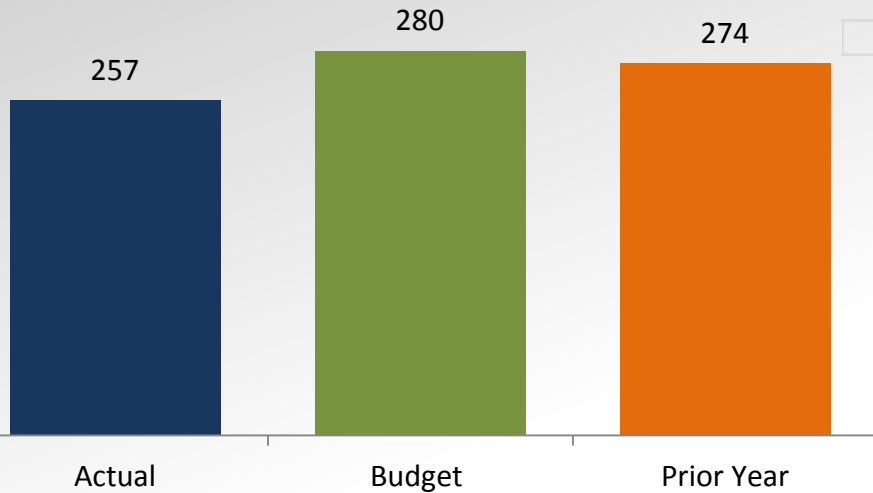


December 2013

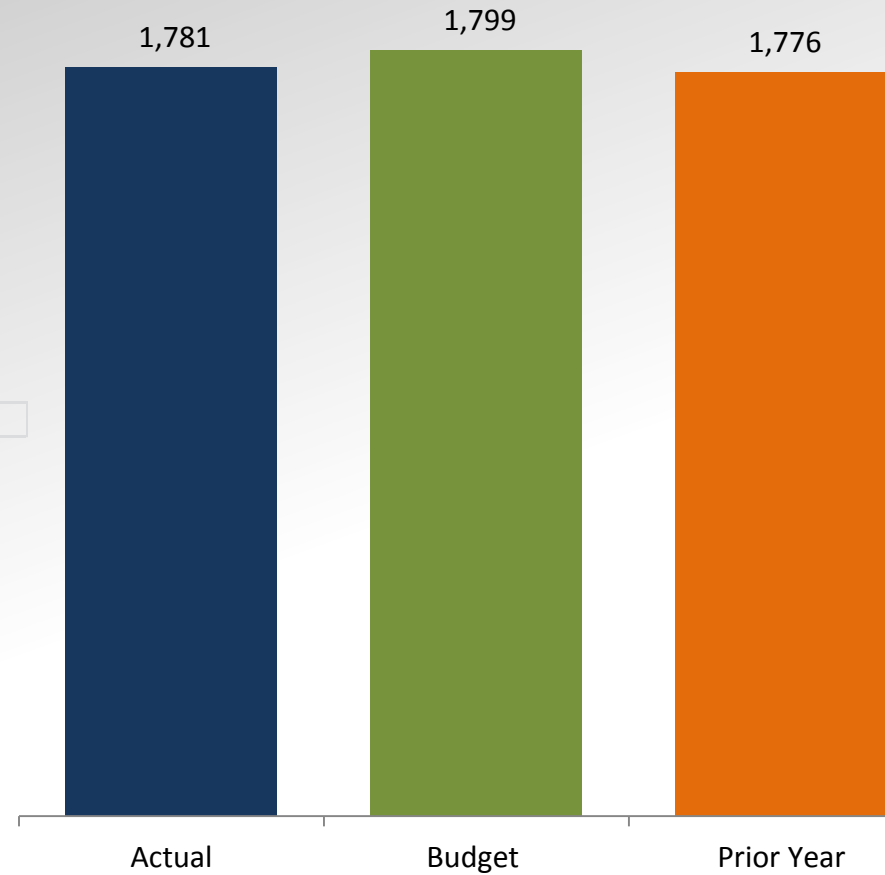


2014 YTD

Pediatrics Admissions

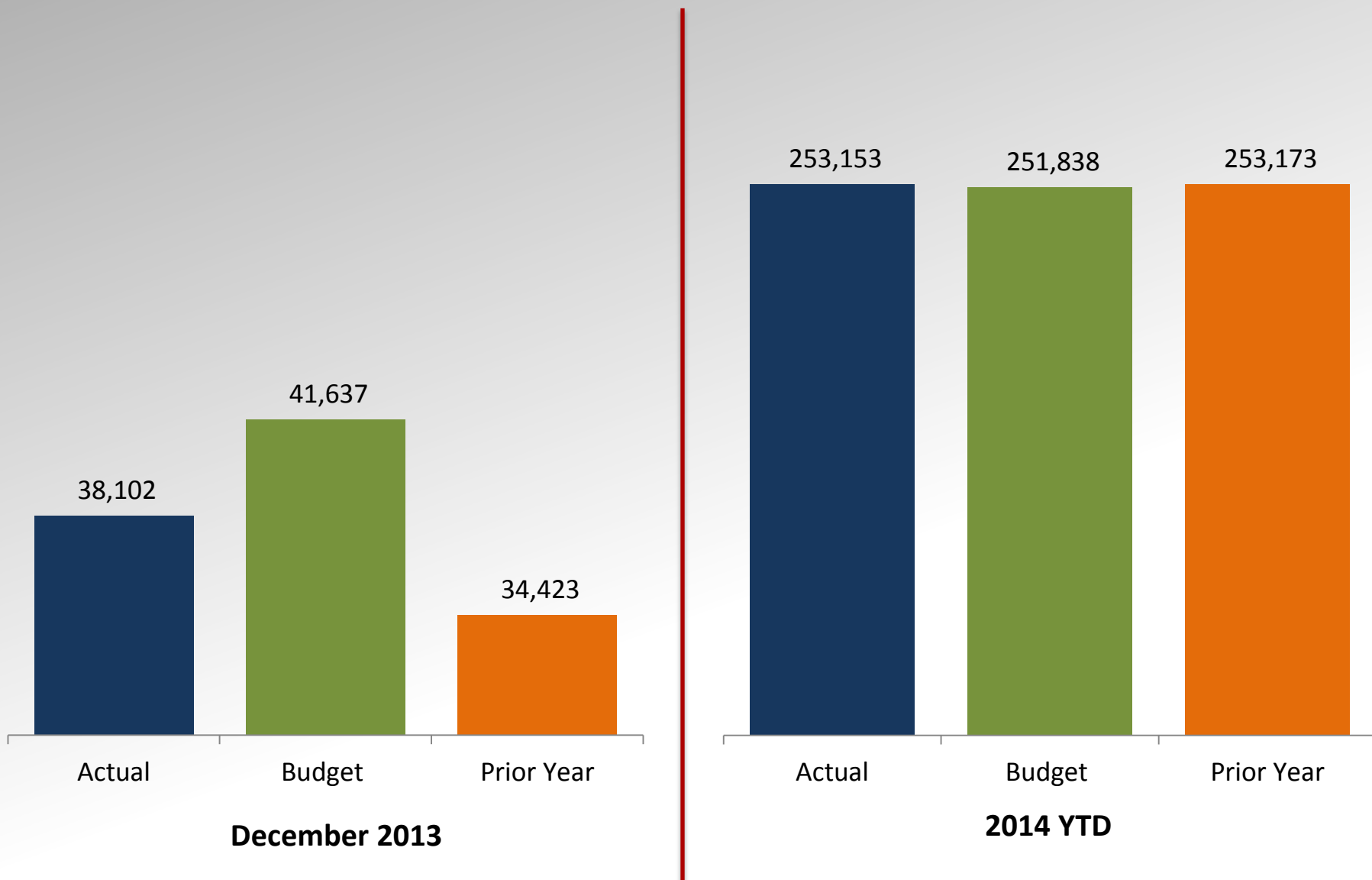


December 2013

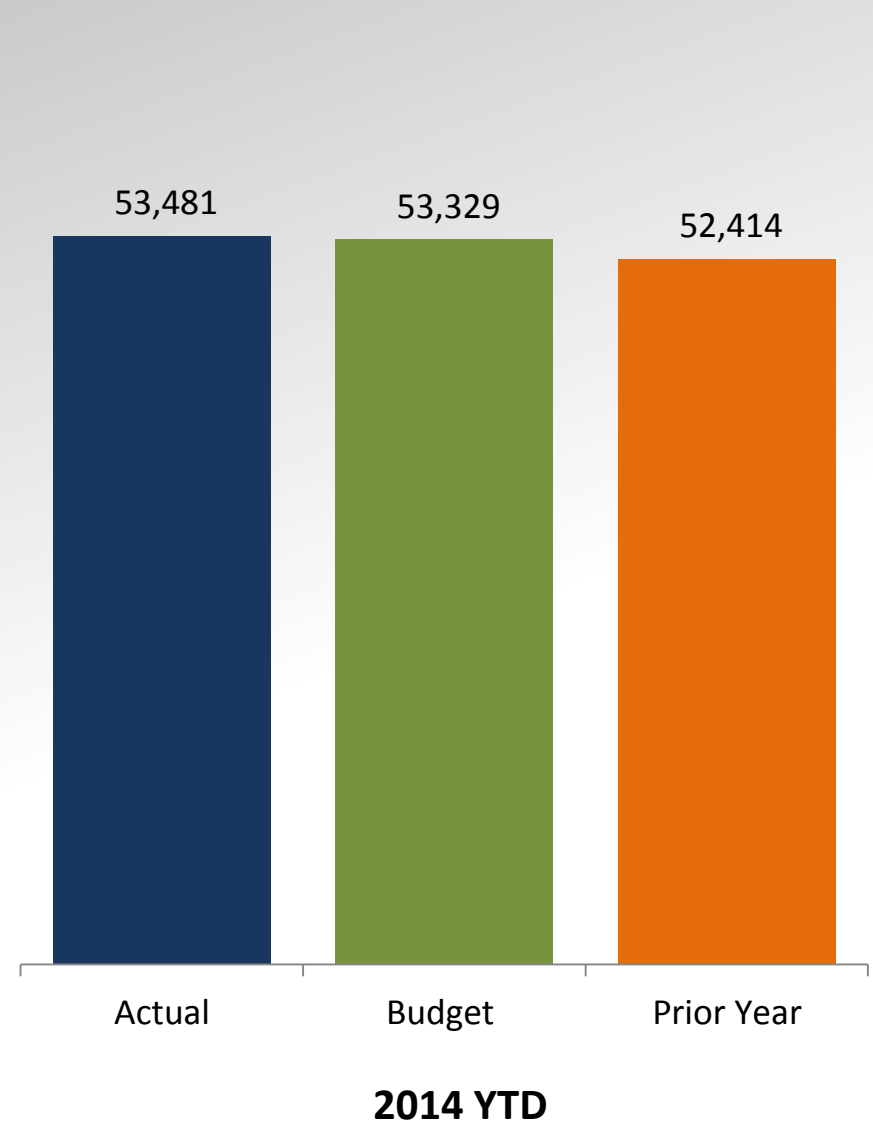
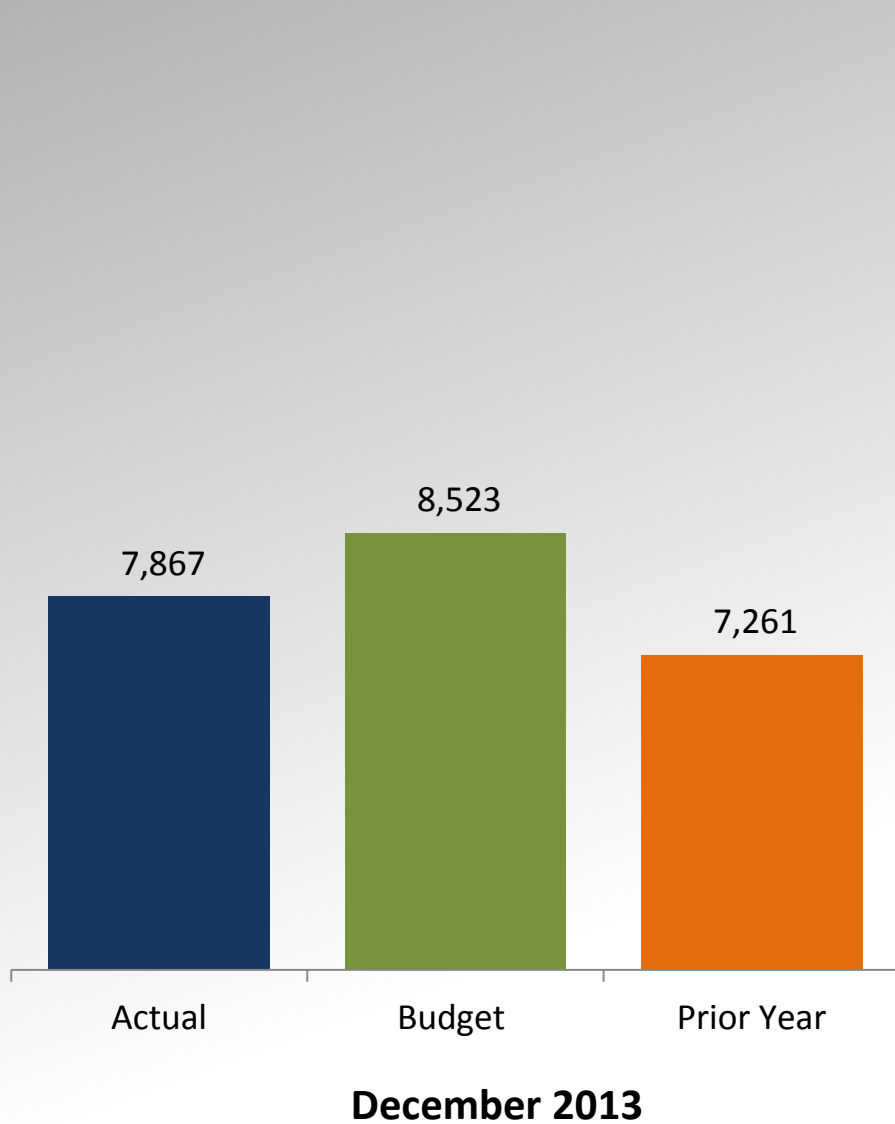


2014 YTD

Adult Clinic Visits



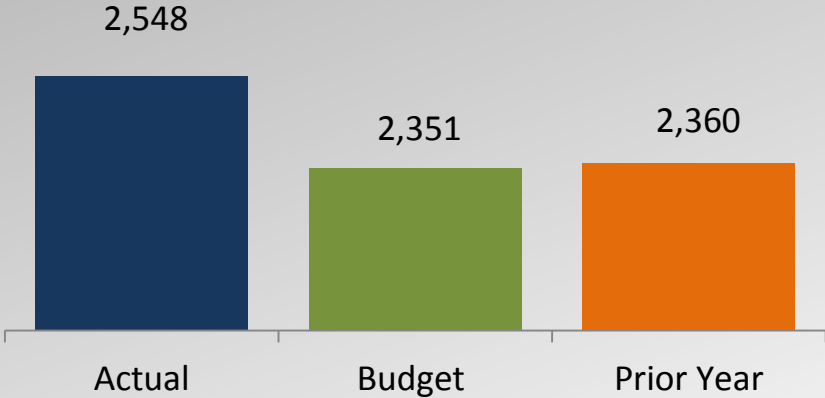
Pediatric Clinic Visits



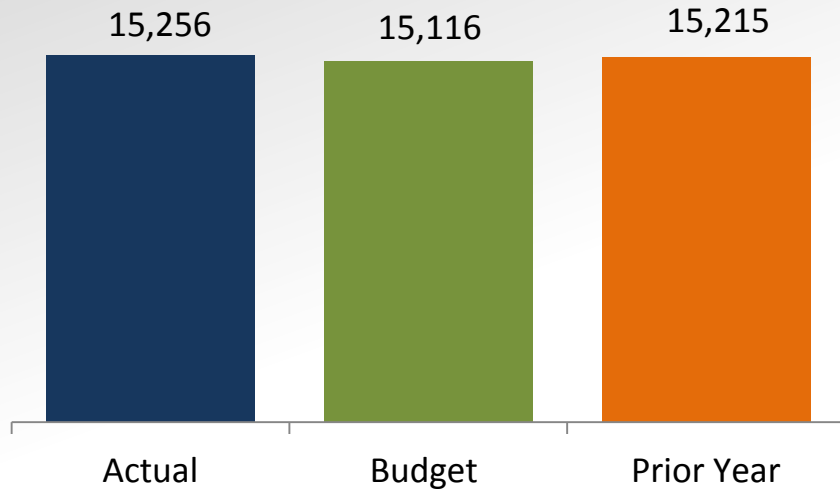
Other Key Service Activity Indicators

Surgical Procedures

December

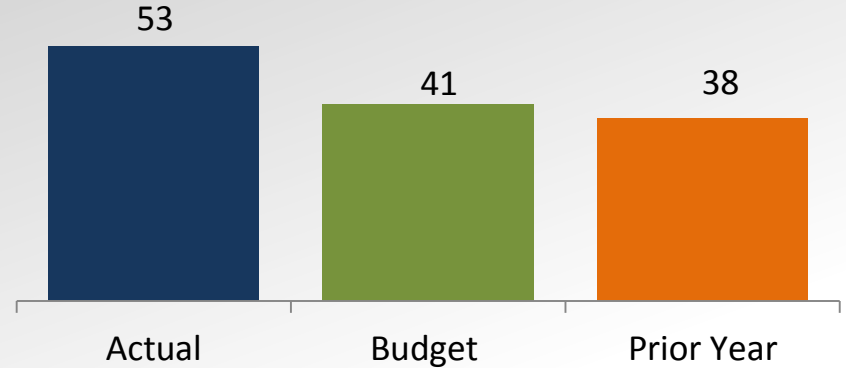


YTD

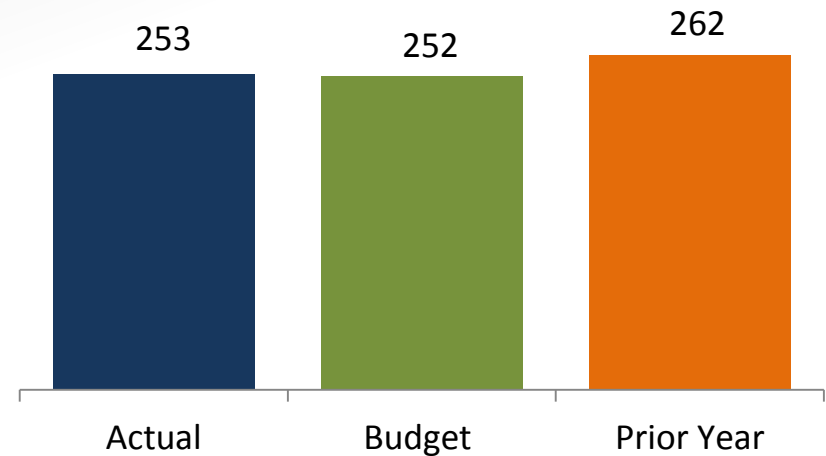


Transplant Procedures

December



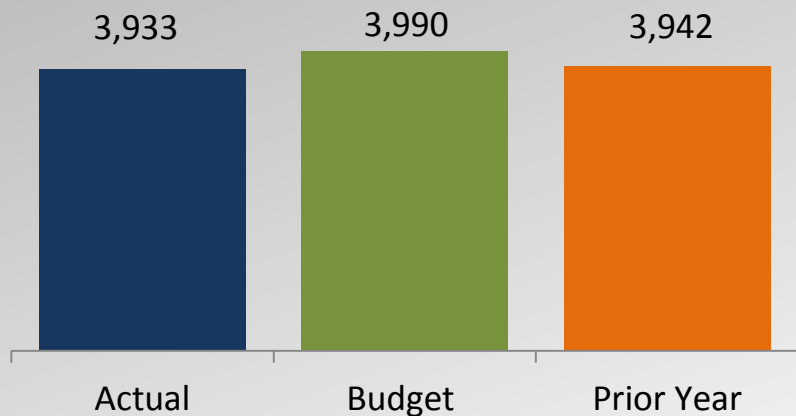
YTD



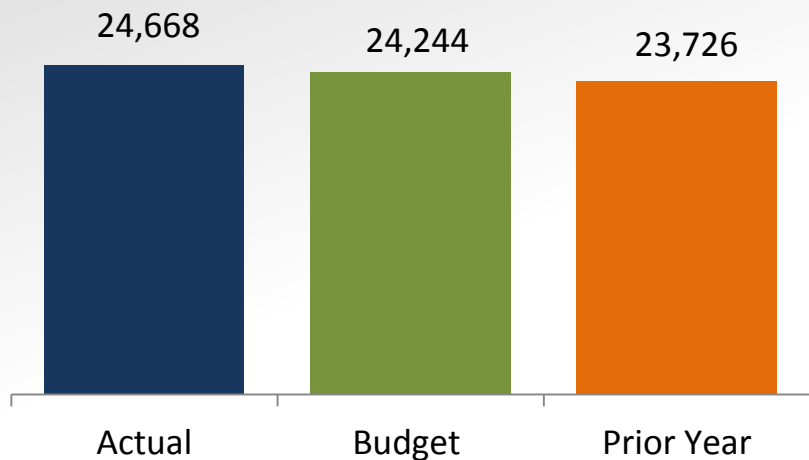
Other Key Service Activity Indicators

Emergency Department Visits

December

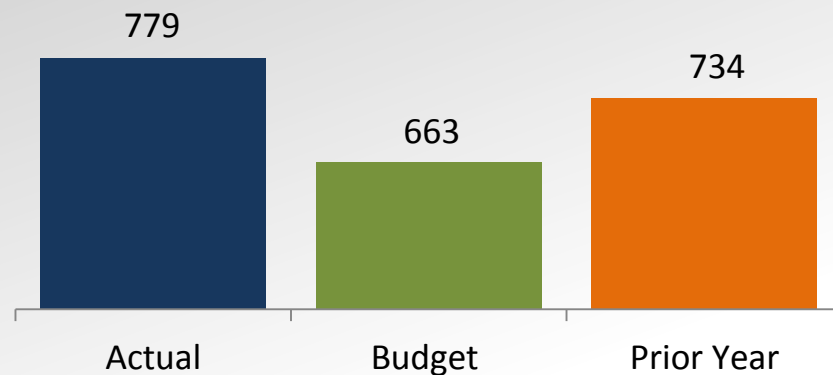


YTD

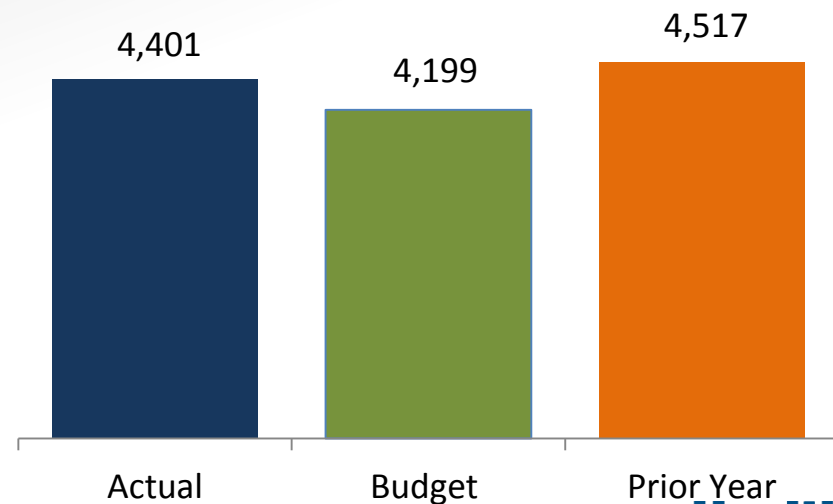


Cardiology Lab Procedures

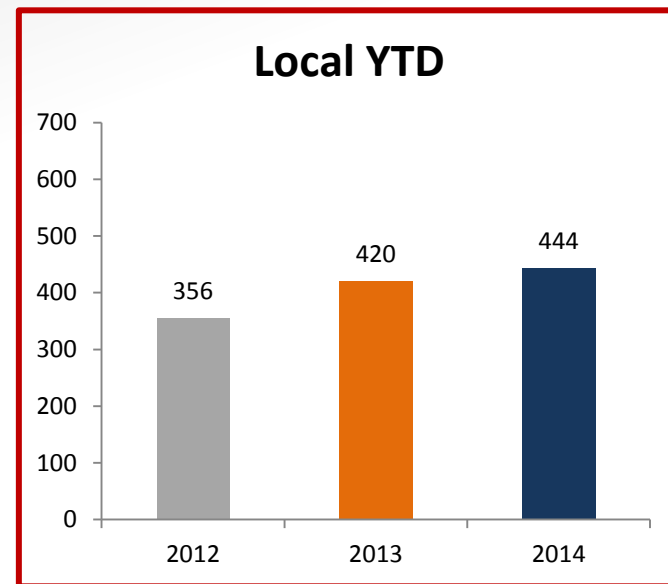
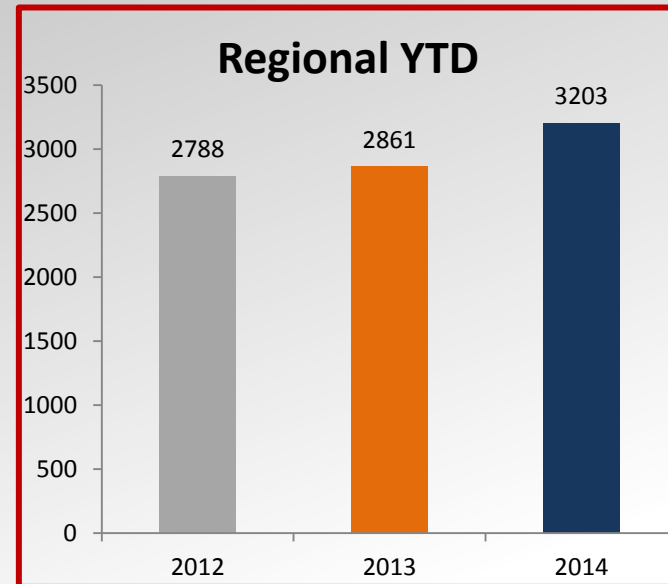
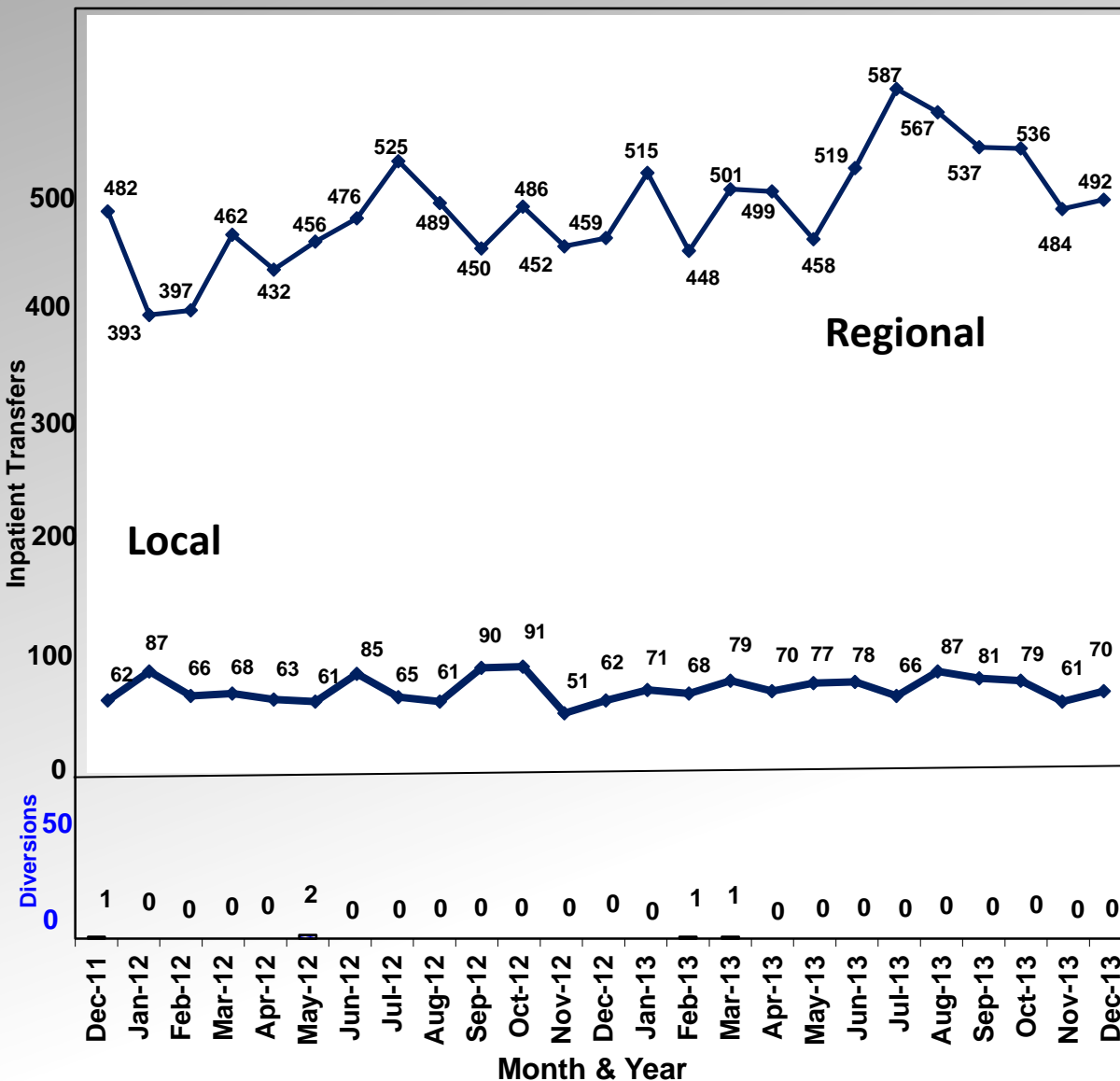
December



YTD



Interhospital Transfers & Diversions



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

Summary of Operating Results

Month of December 2013

(Amounts in \$\$ Millions)

	Actual Dec 2013	Budget Dec 2013	Actual Dec 2012	2013 Variance Vs. Budget 2012	
Operating Revenue	\$ 113.1	\$ 104.1	\$ 99.1	8.6%	14.1%
Operating Expenses:					
Salaries and fringe benefits	54.3	53.6	49.7	1.3%	9.3%
Medical materials and supplies	22.5	21.3	20.1	5.6%	11.9%
Other expenses	28.7	27.7	26.2	3.6%	9.5%
Total Operating Expenses	105.5	102.6	96.0	2.8%	9.9%
Income from Operations	7.6	1.5	3.1		
Nonoperating Income	0.2	1.3	3.2		
Net Income	\$ 7.8	\$ 2.8	\$ 6.3		

Non Operating Income (Loss)

Month of December 2013
(000) Omitted

	Actual Dec-13	Budget Dec 2013	Variance Favorable (Unfavorable)	% Variance	Actual Dec-12
Investment Income & Other Non-Operating Income	\$ 1,160,631	\$ 1,280,450	\$ (119,819)	-9.4%	\$ 1,426,415
Payment to University of WI School of Medicine and Public Health for capital expenditure support	(520,000)	(162,984)	(357,016)	>-100%	-
Change in Fair Value Gain/Loss on Investments	(1,180,835)	-	(1,180,835)	-100.0%	1,562,195
Change in Fair Value Gain/Loss on Swap Agreements	489,330	-	489,330	100.0%	599,839
Joint Venture Income/Losses:					
Wisconsin Therapies/Chartwell	123,921	82,129	41,792	50.9%	20,302
Wisconsin Dialysis	45,275	19,110	26,165	>100%	23,019
UHC/Unity	(83,496)	(32,274)	(51,222)	>-100%	(518,230)
UHC/e-Care	(35,551)	(47,562)	12,011	25.3%	(34,945)
Madison Surgery Center	142,486	202,307	(59,821)	-29.6%	209,158
Madison United Healthcare Linen	19,965	-	19,965	100.0%	(12,805)
Madison Environmental Resourcing	6,319	3,482	2,837	81.5%	3,172
Generations Fertility Care	(15,401)	(35,416)	20,015	56.5%	(45,670)
Total	<u>\$ 152,644</u>	<u>\$ 1,309,242</u>	<u>\$ (1,156,598)</u>	-88.3%	<u>\$ 3,232,450</u>

Summary of Operating Results

Six Months Ended December 31, 2013

(Amounts in \$\$ Millions)

	Actual YTD Dec 2013	Budget YTD Dec 2013	Actual YTD Dec 2012	YTD 2014 Variance Vs. Budget 2013	
Operating Revenue	\$ 664.5	\$ 640.6	\$ 640.4	3.7%	3.8%
Operating Expenses:					
Salaries and fringe benefits	321.3	315.2	292.0	1.9%	10.0%
Medical materials and supplies	137.5	131.0	126.7	5.0%	8.5%
Other expenses	163.8	161.5	147.8	1.4%	10.8%
Total Operating Expenses	622.6	607.7	566.5	2.5%	9.9%
Income from Operations	41.9	32.8	73.9		
Nonoperating Income	16.6	7.8	17.6		
Net Income	\$ 58.5	\$ 40.6	\$ 91.5		

Non-Operating Income (Loss)

Six Months Ended December 31, 2013

(000) Omitted

	Actual FY '14	Budget FY '14	Actual FY '13	% Variances Actual to Budget	FY 14 to FY 13
Investment Income & Other Non-Operating Income	\$ 7,436	\$ 7,600	\$ 12,108	-2.2%	-38.6%
Payment to University of WI School of Medicine and Public Health for capital expenditure support	(1,550)	(967)	(3,514)	-60.3%	55.9%
Change in Fair Value Gain (Loss) on Investments	8,130	-	7,565	100.0%	7.5%
Change in Fair Value Gain (Loss) on Swap agreements	909	-	613	100.0%	48.3%
UWHC portion of Joint Venture Income/Losses:					
Wisconsin Therapies/Chartwell	609	487	415	25.1%	46.7%
Wisconsin Dialysis	442	113	308	>100%	43.5%
UHC/Unity	479	(192)	(1,054)	>100%	>100%
UHC/e-Care	(275)	(282)	(196)	2.5%	-40.3%
Madison Surgery Center	552	1,201	1,628	-54.0%	-66.1%
Madison United Healthcare Linen	60	-	63	100.0%	-4.8%
Madison Environmental Resourcing	24	21	11	14.3%	>100%
Generations Fertility Care	(219)	(210)	(323)	-4.3%	32.2%
Total	\$ 16,597	\$ 7,771	\$ 17,624	>100%	-5.8%

Performance Ratios

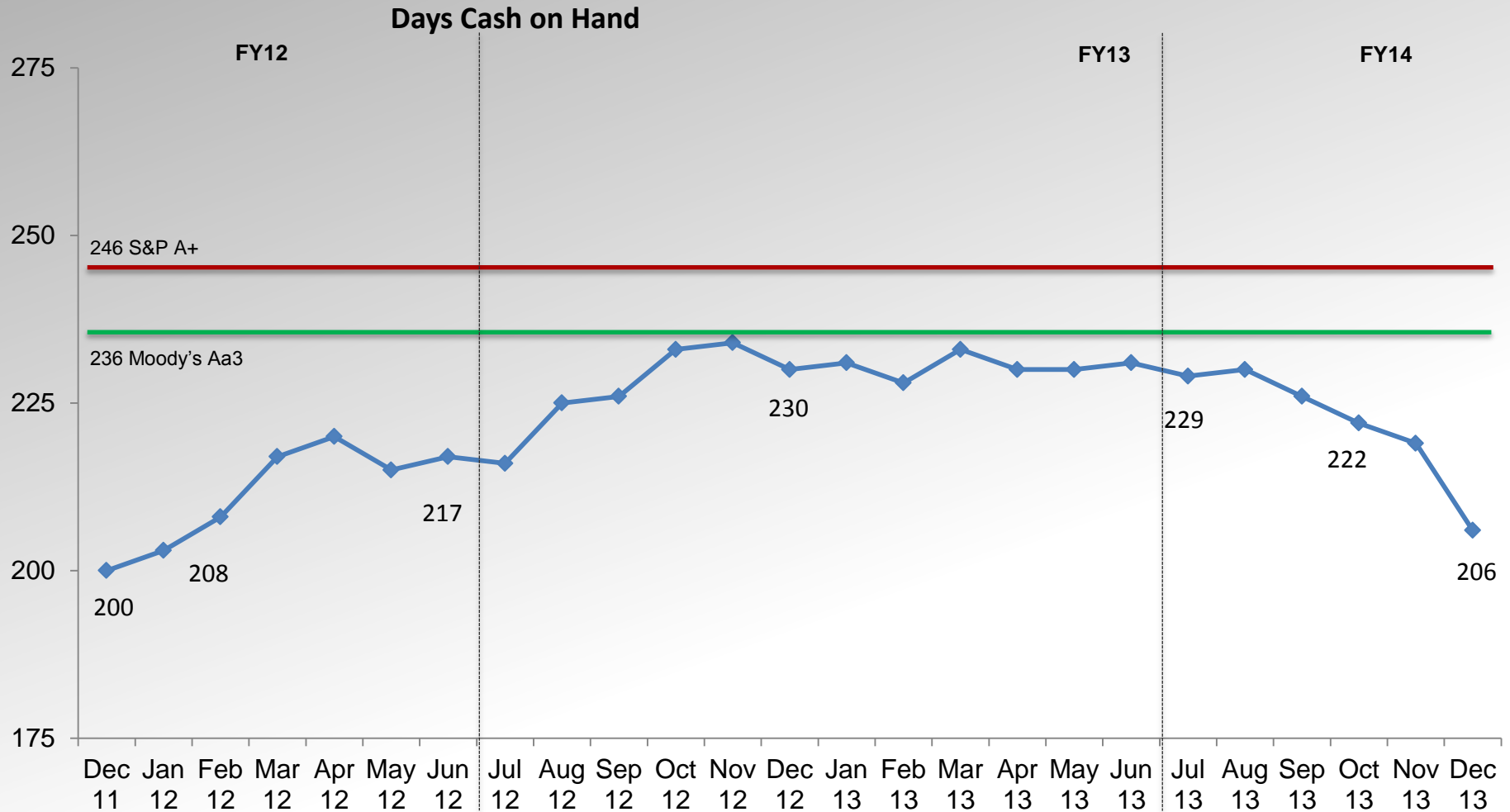
	Favorable Direction	FY 14	Budget or Target	Industry Comparisons		
				S&P 500 "A+" Rated	Moody's "Aa3" Rated	UWHCA Bond Covenant
Operating Margin	↑	6.3%	5.1%	3.7%	3.5%	
Total Margin	↑	8.6%	6.3%	6.3%	6.4%	
Days Cash on Hand *	↑	206	229	246	239	90
Days in Accounts Receivable	↓	43	45	44	45	
Debt Service Coverage Ratio **	↑	4.8	4.2	4.9	5.1	1.25
Long Term Debt to Capitalization	↓	35.0%	34.0%	29.4%	33.7%	65%
Operating Cash Flow	↑	10.9%	9.7%	10.5%	10.7%	
Cash-to-Debt	↑	140.9%	161.0%	183.7%	146.9%	

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

Accounts Receivable Monitoring Program

	Net Accounts Receivable	Net Days Revenue Outstanding
January 13	156,947,749	45
February 13	156,973,659	49
March 13	157,122,579	47
April 13	151,039,643	45
May 13	139,691,893	43
June 13	142,670,990	43
July 13	146,327,298	43
August 13	149,852,744	43
September 13	150,400,506	43
October 13	148,359,360	42
November 13	154,020,099	44
December 13	154,712,001	43

Days Cash on Hand



Comparison of Charity Care & Bad Debt Expense

	FY 14 Actual	FY 14 Budget	Variance	% Variance	FY 13 Actual	Variance	% Variance
Charity	\$ 30,379,352	\$ 33,473,618	\$ (3,094,266)	-9.2%	\$ 23,469,591	\$ 6,909,761	29.4%
% of Revenue	2.05%	2.30%			1.72%		
Bad Debt	19,612,735	17,464,497	2,148,238	12.3%	15,722,814	\$3,889,921	24.7%
% of Revenue	1.32%	1.20%			1.15%		
Total	\$ 49,992,087	\$ 50,938,115	\$ (946,028)	-1.9%	\$ 39,192,405	\$ 10,799,682	27.6%
Gross Revenue	\$ 1,482,308,394	\$ 1,455,374,708	\$ 26,933,686	1.9%	\$ 1,364,620,677	\$ 117,687,717	8.6%
Total Bad Debt & Charity as % of Revenue	3.4%	3.5%			2.9%		

EBITDA vs. Debt Service & Capital Expenditures

(000) Omitted

	<u>Actual</u>	<u>Budget</u>
<u>Cash Provided:</u>		
Net Income, excluding change in fair value gains/losses & payment to UWSMPH for capital expenditure support	\$50,950	\$41,576
Depreciation	24,635	23,775
Interest Expense	5,737	5,602
EBITDA	<u>\$ 81,322</u>	<u>\$ 70,953</u>
<u>Cash (Used) for Capital Expenditures, Debt Service and Working Capital:</u>		
Capital Expenditures	(78,430)	(100,050)
Est Annual Debt Service	(12,346) [▼]	(15,974) [▼]
Capital Contribution to UW for Capital Expenditures	(500)	(500)
Capital Contribution in Joint Ventures	(4,550)	(1,219)
Decrease (increase) in Working Capital	(49,730)	6,136
Total (Used) Provided	<u>(\$145,556)</u>	<u>(\$111,607)</u>
Cash Available for Temporary Investment and Future Capital Expenditures	<u>\$ (64,234)</u>	<u>\$ (40,654)</u>

Summary of Changes in Net Assets

Six Months Ended December 31, 2013

Net assets at beginning of period	<u>\$861,819,653</u>
Net income, excluding change in fair value gains/losses and payments to UWMSPH for capital expenditure support	50,950,022
Change in Fair value of investments	8,129,517
Change in Fair value of swap agreements	909,477
Payments to UW School of Medicine and Public Health for capital expenditure support	(1,550,000)
Capital grants, gifts and donations	567,966
Additions to permanent gift endowments	13,130
Increase in net assets	<u>\$59,020,112</u>
Net assets at end of period	<u><u>\$920,839,765</u></u>

Comparison to Local Competitors

*November 30, 2013 vs. 2012

	<u>UWHC</u>	<u>Meriter</u>	<u>St. Mary's</u>	<u>Total</u>
% Change in Admissions				
Current Month	0.8%	(3.8)%	(15.9)%	(6.0)%
3 Month Rolling Average	3.3%	(0.7)%	(5.8)%	(0.7)%
12 Month Rolling Average	2.3%	(3.1)%	(1.6)%	(0.3)%
% Change in Average Daily Census				
Current Month	2.0%	3.5%	(2.7)%	0.9%
3 Month Rolling Average	1.0%	5.5%	(5.2)%	0.2%
12 Month Rolling Average	2.9%	2.5%	(1.4)%	1.5%

* December data unavailable.

UWHC Investment Balances & Returns

<u>Account</u>	<u>December Market Value Balances</u>	<u>Investment Allocation</u>	<u>December YTD Investment Return</u>	<u>Benchmark</u>
Operating Account and Commercial Paper				
US Bank	\$ 17,652,734	2.6%	0.26%	0.06%
Short Term Bond Fund				
USBank/Nuveen	\$ 150,773,187	22.5%	1.44%	-0.63%
Intermediate Bond Fund				
USBank/Baird	\$ 225,997,323	33.7%	1.12%	-0.23%
Capital Replacement Fund				
Account - UW Foundation	\$ 157,216,086	23.4%	0.18%	0.18%
Endowment Fund				
Securities				
UW Foundation	\$118,948,388	17.7%	8.61%	11.81%
Total Unrestricted Funds	\$ 670,587,718	100.0%	2.3%	1.9%

(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