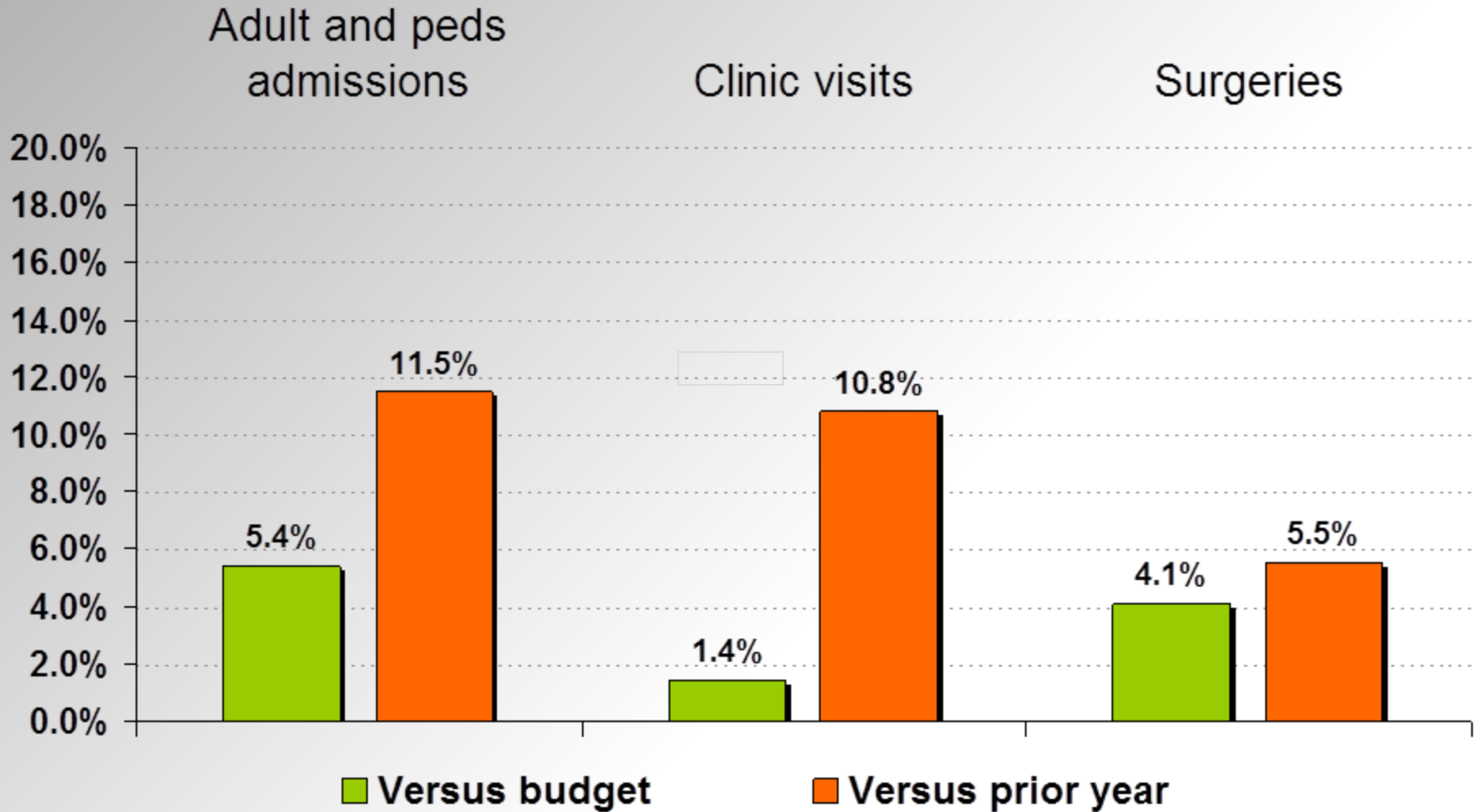


**SUMMARY OF
OPERATING RESULTS
December 2014**

**UW Hospitals & Clinics
Authority Board & Finance Committee
February 4, 2015**

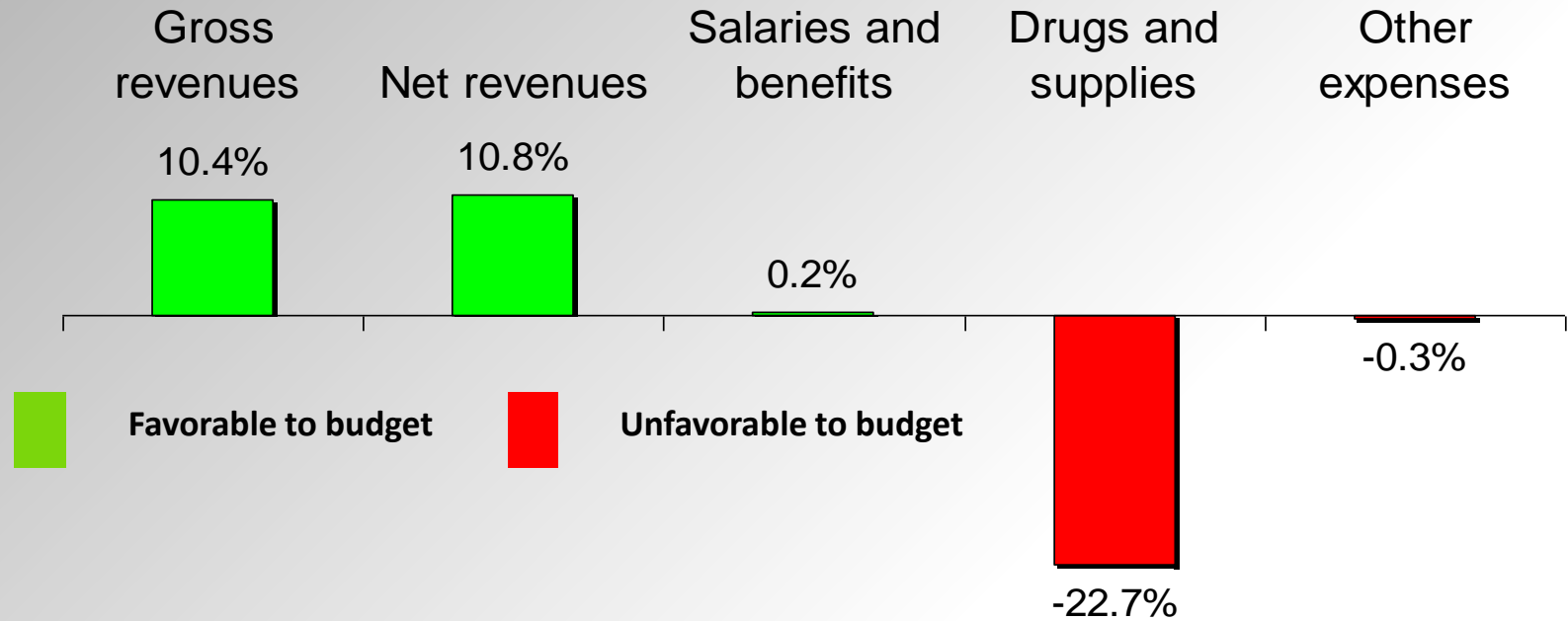
Selected Volume Statistics

December 2014



Monthly Variances from Budget

December 2014



Amounts in Millions

Actual	\$281.2	\$123.2	\$56.6	\$30.3	\$30.0
Budget	\$254.8	\$111.1	\$56.7	\$24.7	\$29.9

Summary of Operating Results

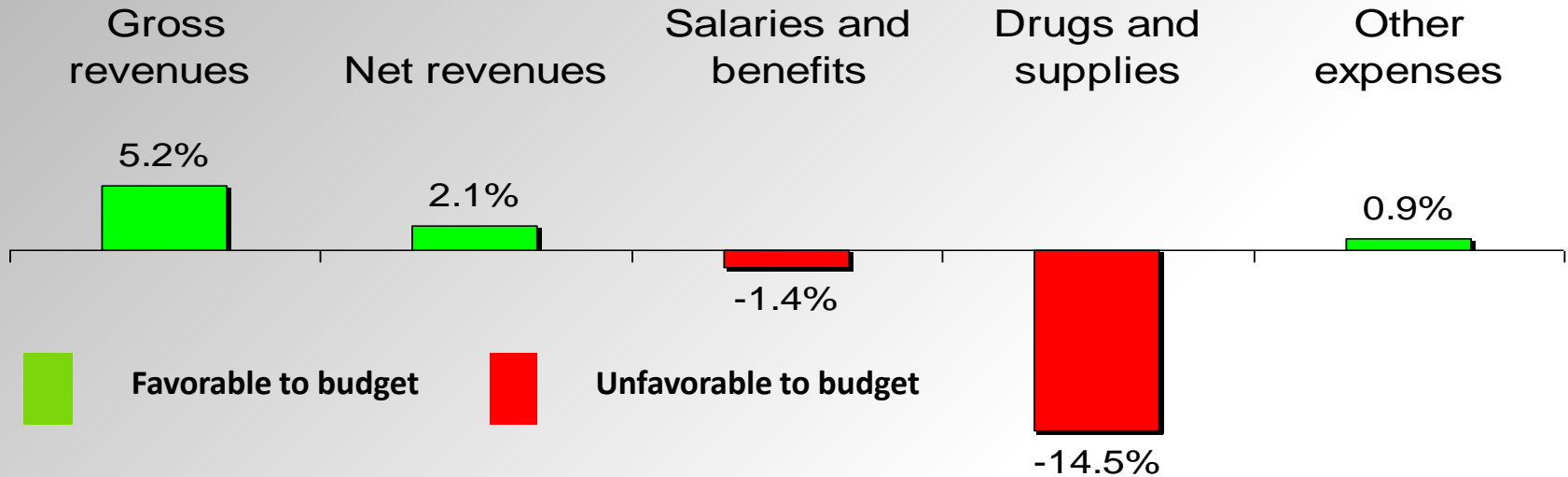
Month of December 2014

(Amounts in \$\$ Millions)

	Actual Dec 2014	Budget Dec 2014	Actual Dec 2013	2015 Variance Vs. Budget 2014	
Operating Revenue	\$ 125.7	\$ 113.4	\$ 113.1	10.8%	11.1%
Operating Expenses:					
Salaries and fringe benefits	56.6	56.7	54.3	0.2%	-4.2%
Medical materials and supplies	30.3	24.7	22.5	-22.7%	-34.7%
Other expenses	30.0	29.9	28.7	-0.3%	-4.5%
Total Operating Expenses	116.9	111.3	105.5	-5.0%	-10.8%
Income from Operations	8.8	2.1	7.6		
Nonoperating Income	(0.7)	1.5	0.2		
Net Income	\$ 8.1	\$ 3.6	\$ 7.8		

YTD Variances from Budget

Six Months Ended December 31, 2014



Amounts in Millions

Actual	\$1,687.5	\$708.6	\$337.8	\$171.8	\$177.0
Budget	\$1,604.5	\$694.4	\$333.3	\$150.0	\$178.6

Summary of Operating Results

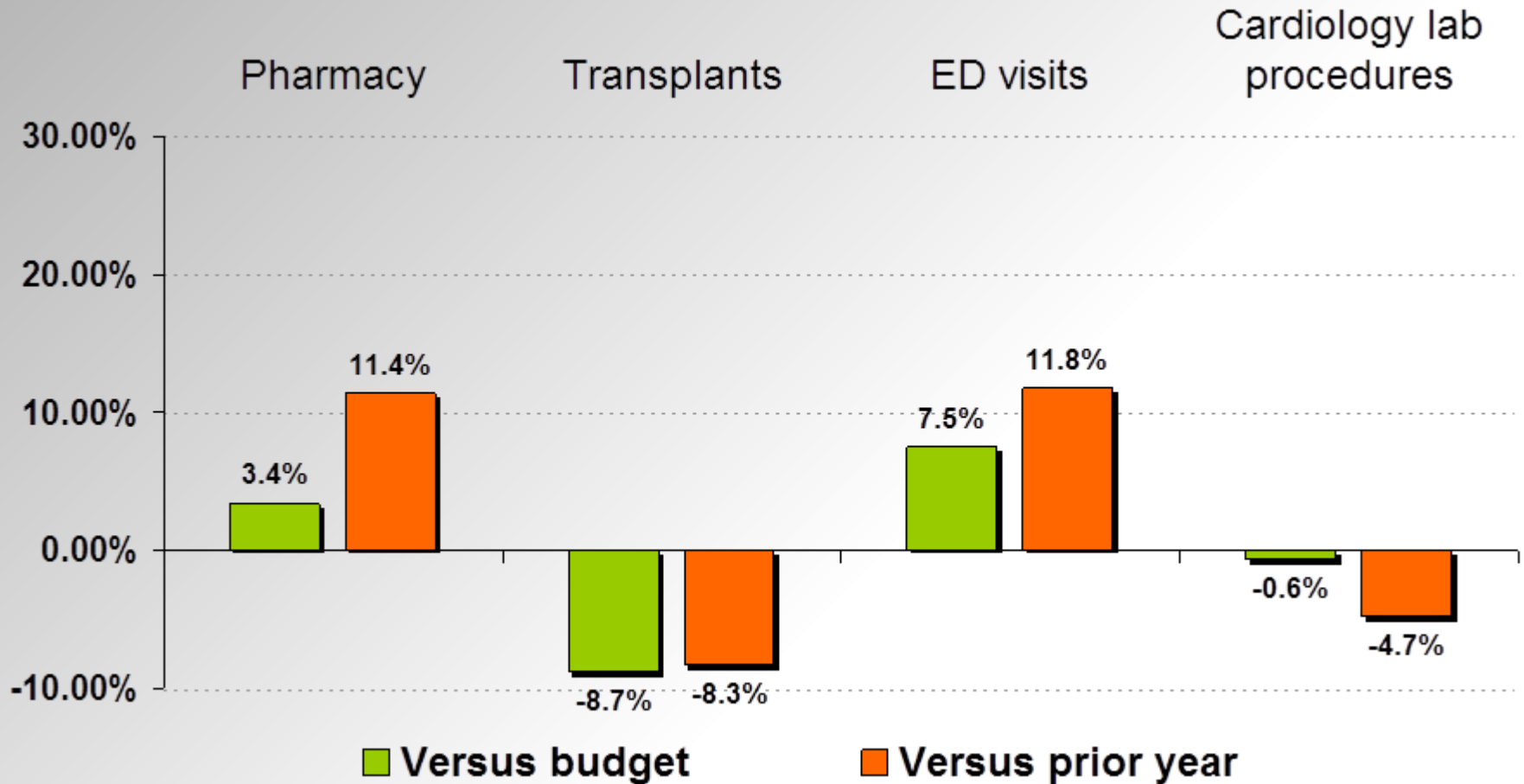
Six Months Ended December 31, 2014

(Amounts in \$\$ Millions)

	Actual YTD December 2014	Budget YTD December 2014	Actual YTD December 2013	YTD 2015 Variance Vs. Budget 2014	
Operating Revenue	\$ 721.5	\$ 706.7	\$ 664.4	2.1%	8.6%
Operating Expenses:					
Salaries and fringe benefits	337.8	333.3	321.3	-1.4%	-5.1%
Medical materials and supplies	171.8	150.0	137.5	-14.5%	-24.9%
Other expenses	177.0	178.6	163.8	0.9%	-8.1%
Total Operating Expenses	686.6	661.9	622.6	-3.7%	-10.3%
Income from Operations	34.9	44.8	41.8		
Nonoperating Income	4.2	8.8	16.6		
Net Income	\$ 39.1	\$ 53.6	\$ 58.4		

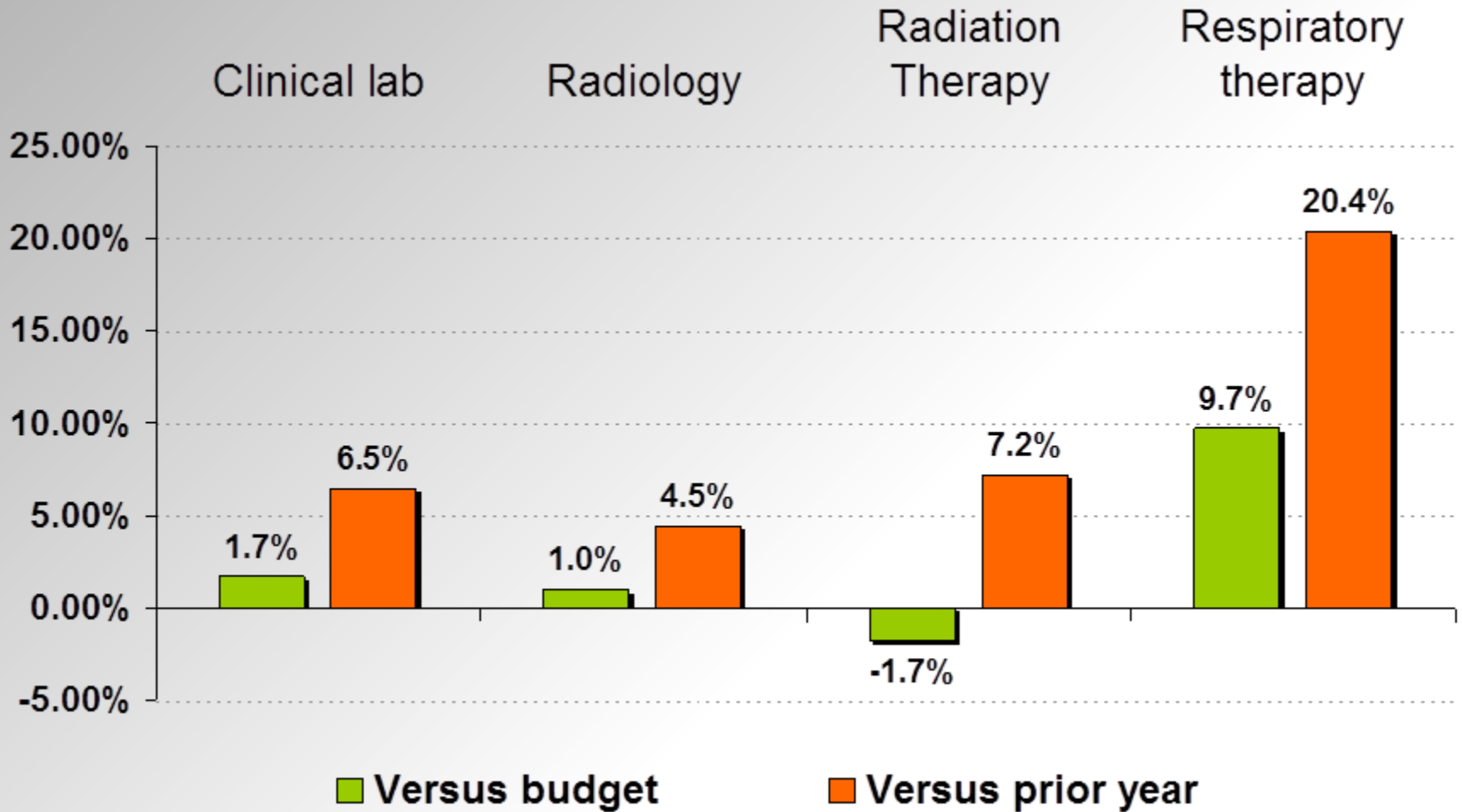
Selected Other Volume Statistics

Six Months Ended December 31, 2014

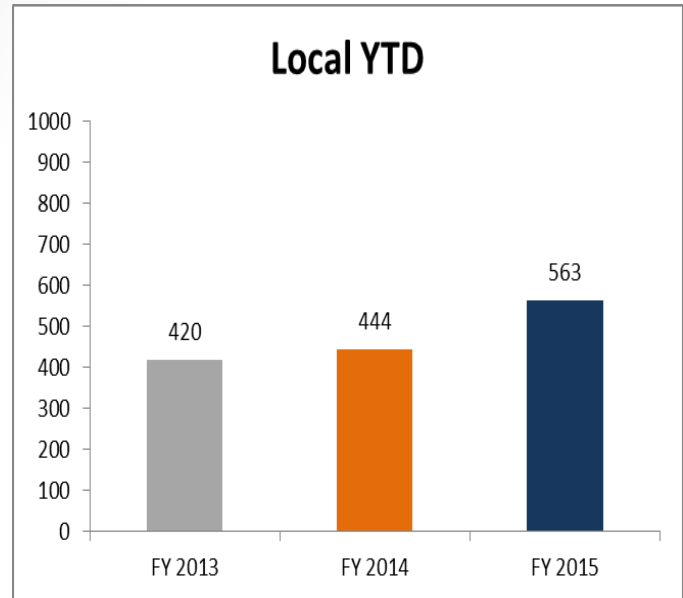
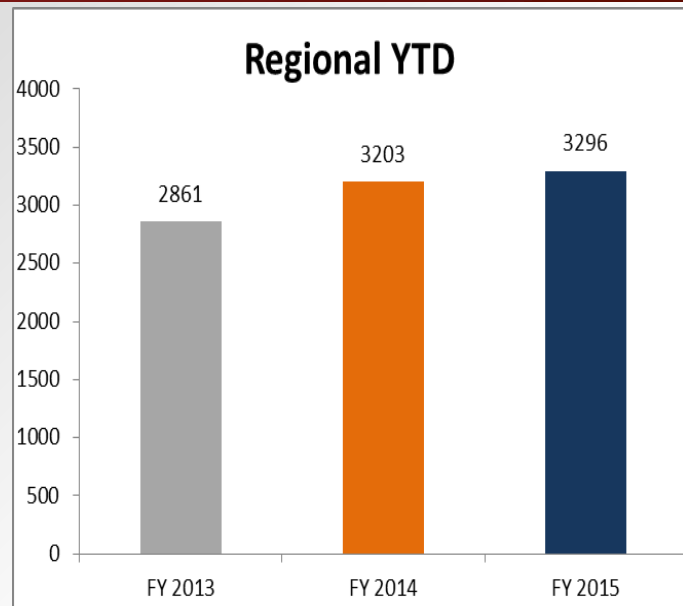
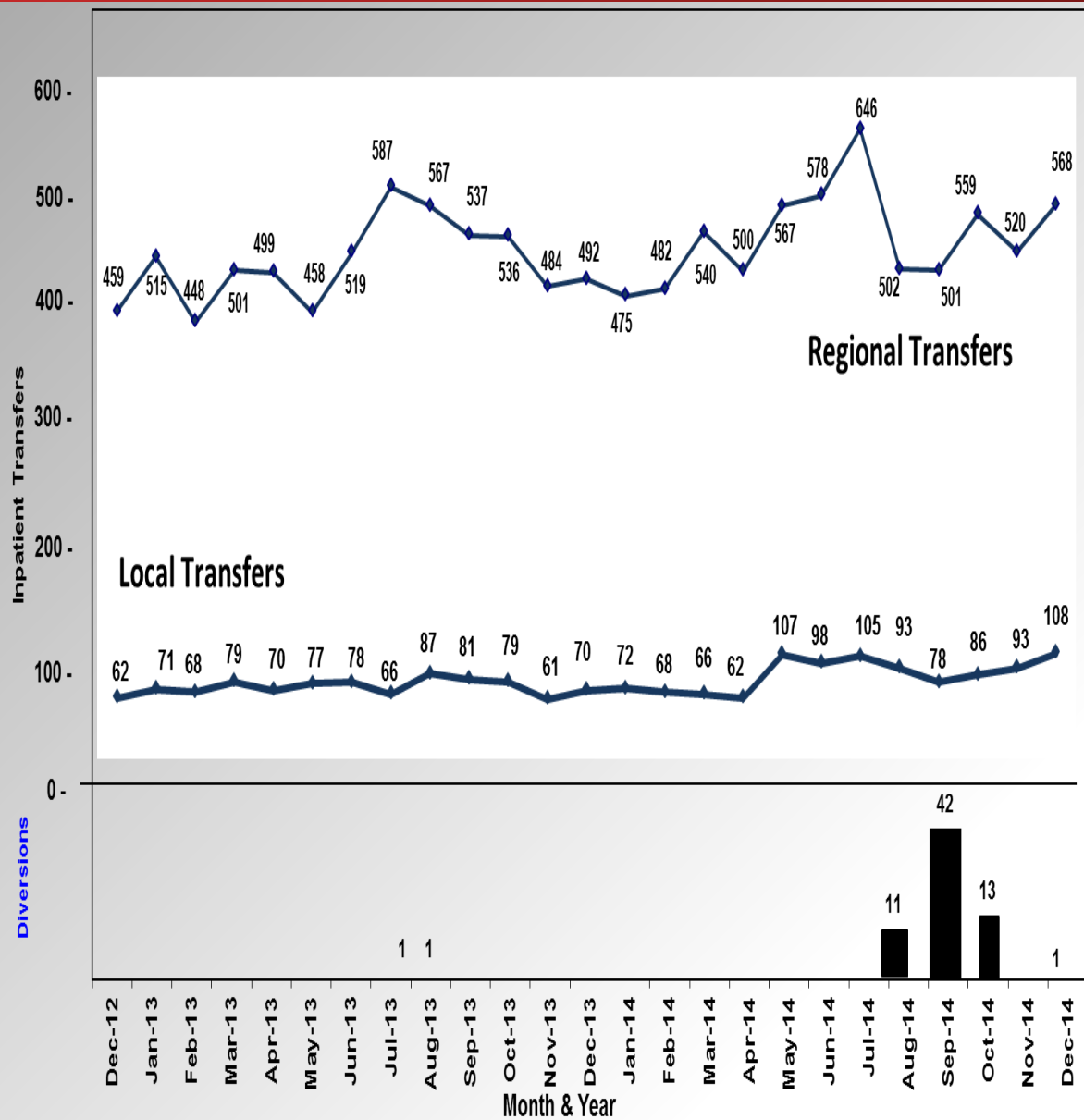


Selected Other Volume Statistics

Six Months Ended December 31, 2014



Interhospital Transfers & Diversions

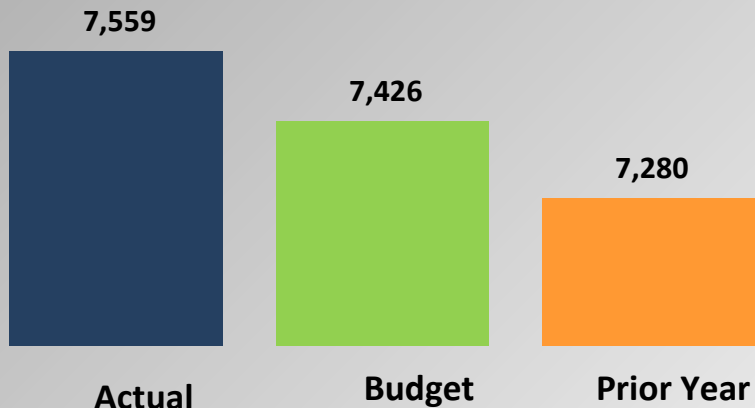


* Both exclude Local and Regional Transfers to UWHC Emergency Department, not admitted.

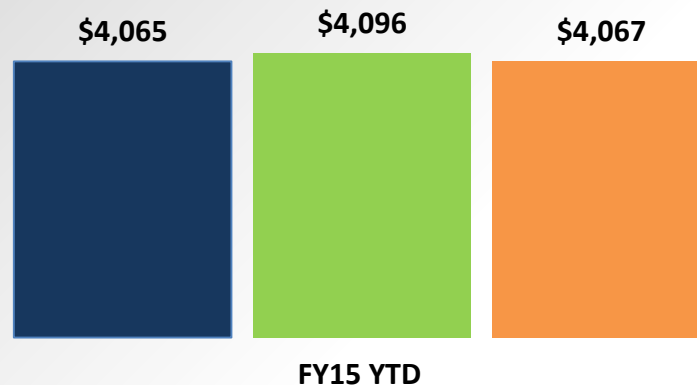


FTE's and Cost per CMI Adjusted Discharge YTD

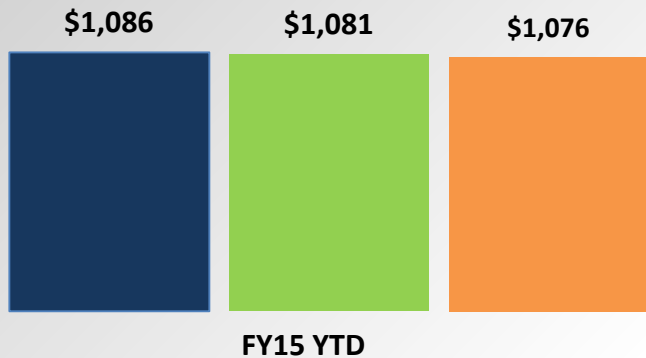
FTE's Including Agency & Overtime



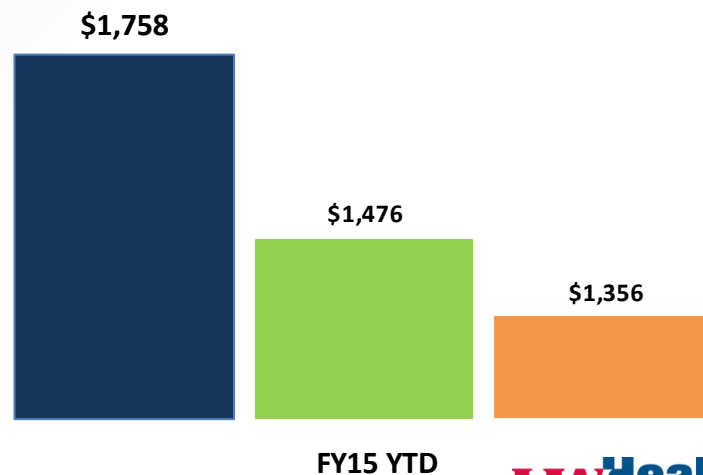
Salary & Agency



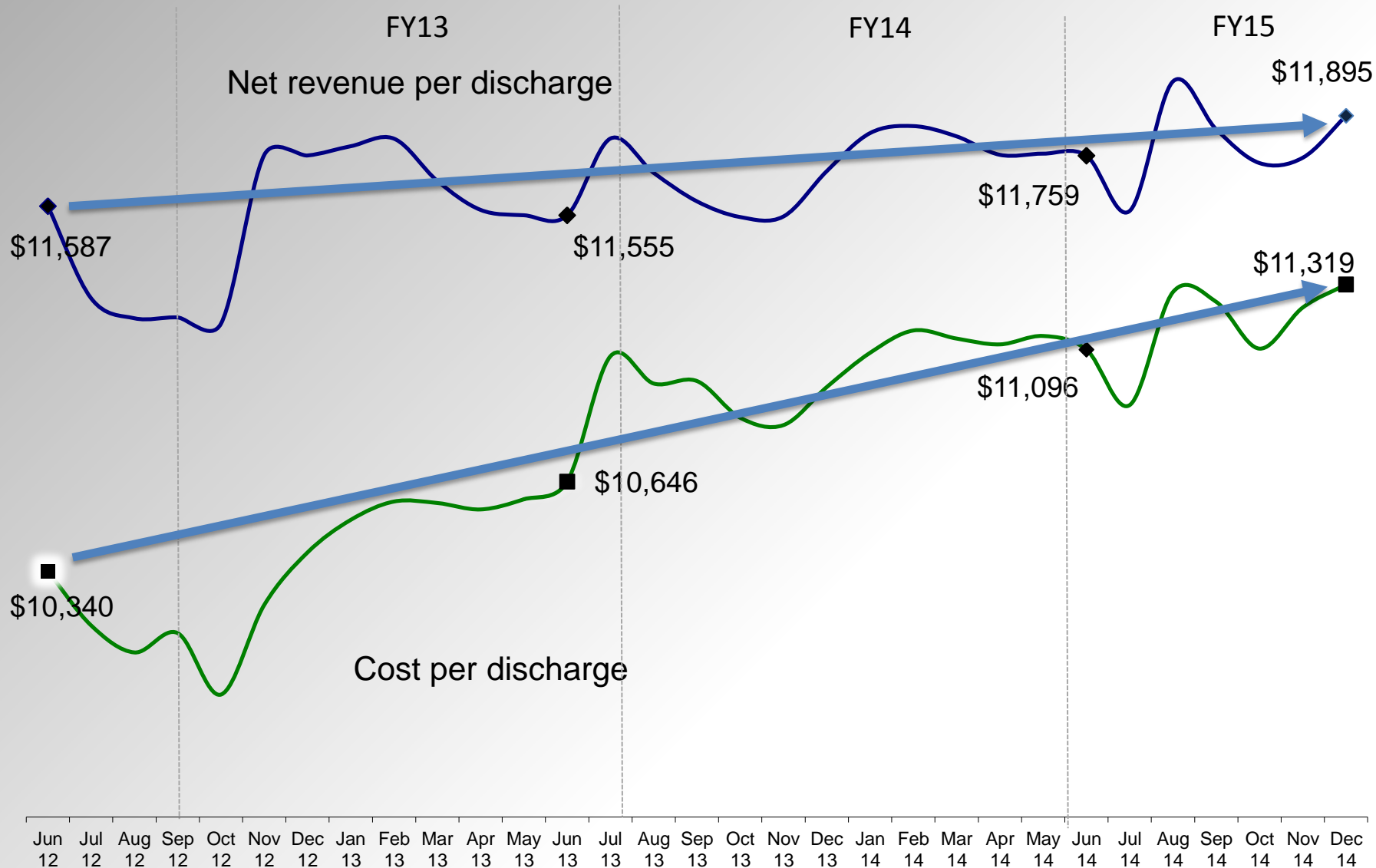
Medical & Surgical Supplies



Pharmaceuticals

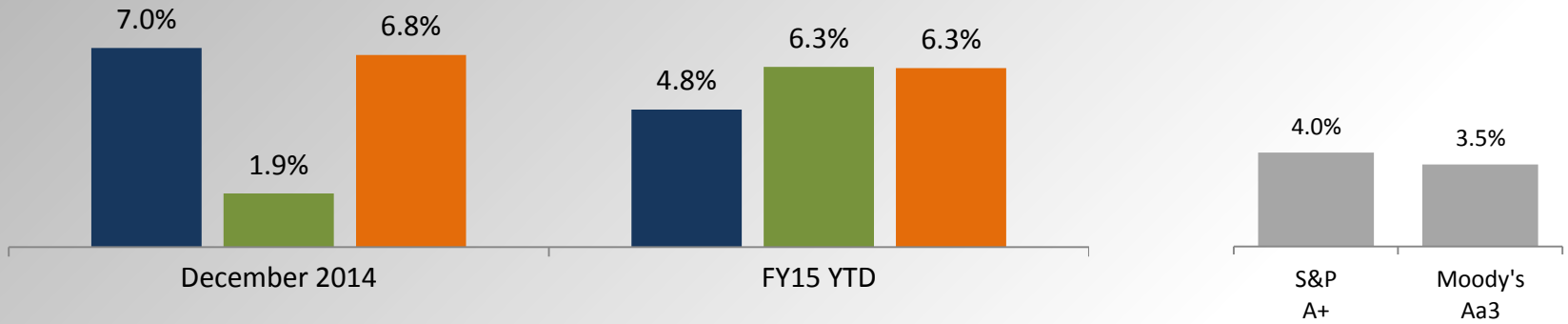


Revenue and Cost per CMI Adjusted Discharge YTD

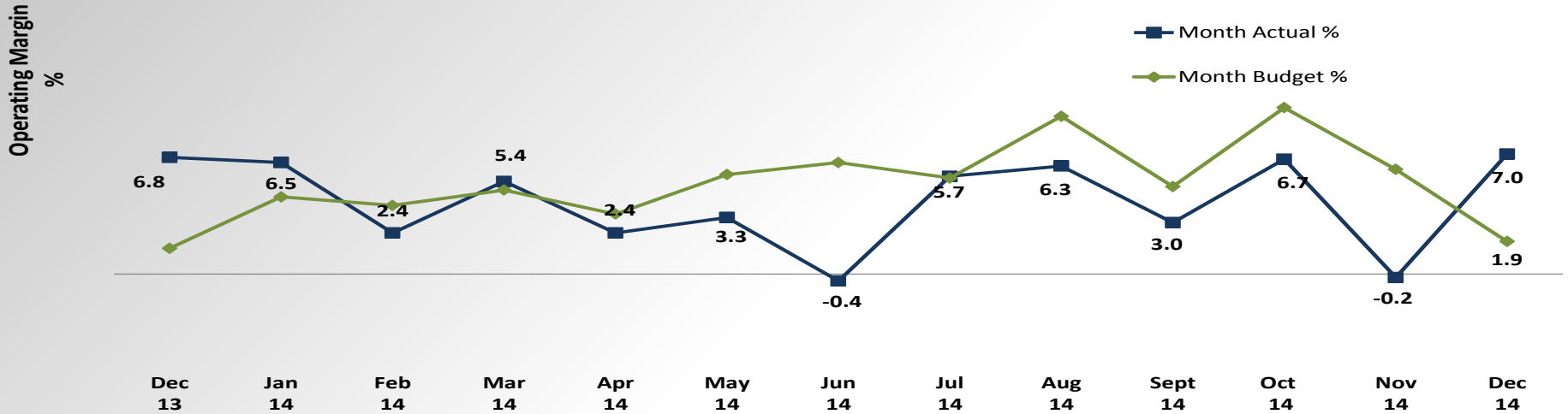


Operating Margin %

■ Actual ■ Budget ■ Prior Year



Operating Margin by Month



Performance Ratios

Performance Ratios

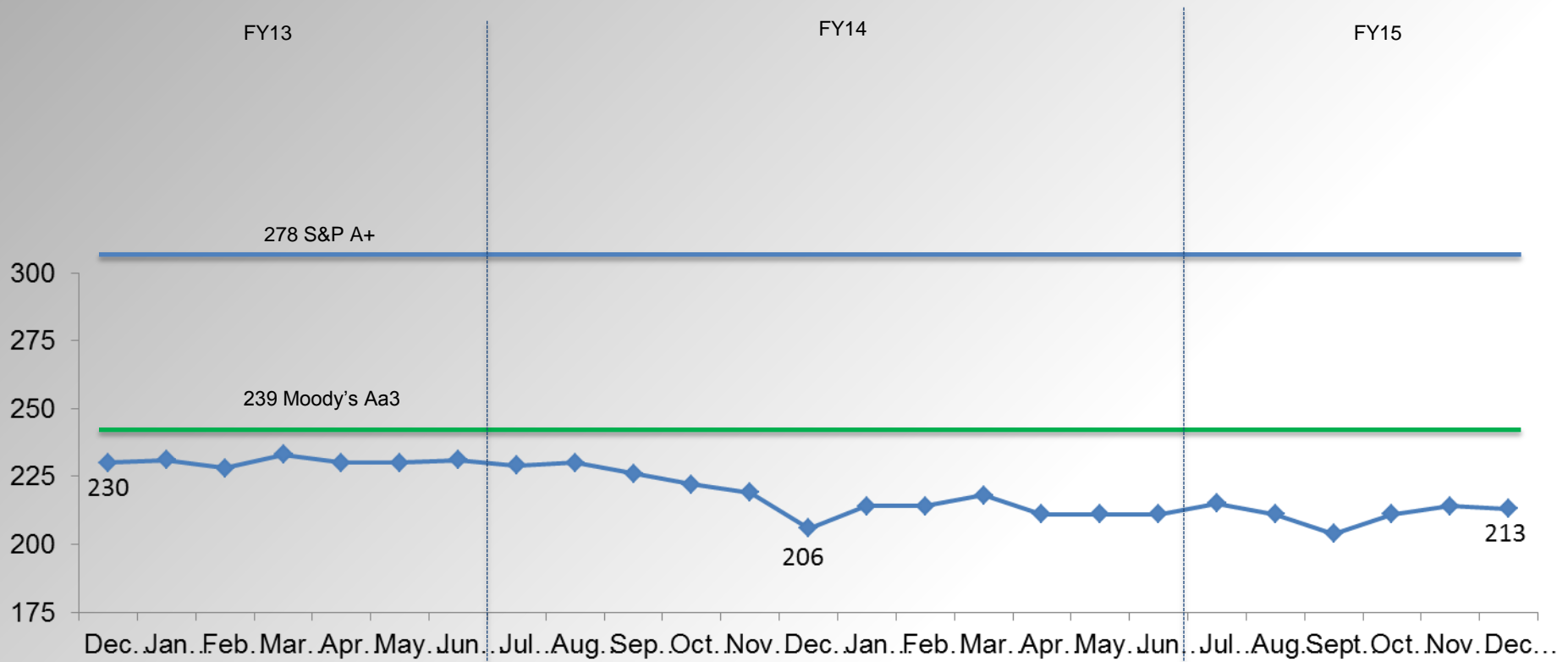
	Favorable Direction	FY 15	Budget or Target	Industry Comparisons		
				S&P "A+" Rated	Moody's "Aa3" Rated	UWHCA Bond Covenant
Operating Margin	↑	4.8%	6.3%	4.0%	3.5%	
Total Margin	↑	5.4%	7.5%	6.6%	7.2%	
Days Cash on Hand *	↑	213	220	291	239	90
Days in Accounts Receivable	↓	37	45	49	52	
Debt Service Coverage Ratio	↑	4.6	5.2	4.9	6.0	1.25
Long Term Debt to Capitalization	↓	32.0%	31.0%	26.7%	31.8%	65%
Operating Cash Flow	↑	9.5%	11.0%	10.9%	10.4%	
Cash-to-Debt	↑	166.8%	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
November 14	153,577,219	40
December 14	144,759,000	37

Days Cash on Hand



Comparison of Charity Care & Bad Debt Expense

	FY 15 Actual	FY 15 Budget	Variance	% Variance	FY 14 Actual	Variance	% Variance
Charity	\$ 23,071,745	\$ 32,892,239	\$ (9,820,494)	-29.9%	\$ 28,860,032	\$ (5,788,287)	-20.1%
% of Revenue	1.37%	2.05%			1.95%		
Bad Debt	26,054,301	19,218,935	6,835,366	35.6%	21,132,055	\$4,922,246	23.3%
% of Revenue	1.54%	1.20%			1.43%		
Total	\$ 49,126,046	\$ 52,111,174	\$ (2,985,128)	-5.7%	\$ 49,992,087	\$ (866,041)	-1.7%
Gross Revenue	\$ 1,687,499,194	\$ 1,604,499,446	\$ 82,999,748	5.2%	\$ 1,482,308,394	\$ 205,190,800	13.8%
Total Bad Debt & Charity as % of Revenue	2.9%	3.2%			3.4%		

Summary of Changes in Net Assets

Six Months Ended December 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	45,504,536
Change in Fair value of investments	(4,546,856)
Change in Fair value of swap agreements	(883,286)
Payments to UW School of Medicine and Public Health for capital expenditure support	(1,000,000)
Capital grants, gifts and donations	393,865
Additions to permanent gift endowments	9,369
Increase in net assets	<u>\$39,477,628</u>
Net assets at end of period	<u><u>\$1,009,348,779</u></u>

Comparison to Local Competitors

December 31, 2014 vs. 2013

	<u>UWHC</u>	<u>Meriter</u>	<u>St. Mary's</u>	<u>Total</u>
% Change in Admissions				
Current Month	11.5%	4.1%	2.5%	6.8%
3 Month Rolling Average	6.3%	(2.8)%	1.1%	2.4%
12 Month Rolling Average	2.2%	(5.7)%	(0.9)%	(0.8)%
% Change in Patient Days				
Current Month	10.0%	2.5%	10.0%	8.3%
3 Month Rolling Average	8.1%	0.3%	8.0%	6.2%
12 Month Rolling Average	5.6%	(1.7)%	4.1%	3.5%

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	\$ 97,496,869	12.7%	0.07%	0.03% (A)
Short Term Bond Fund				
USBank/Nuveen	\$ 152,132,239	19.8%	-0.48%	-1.00% (B)
Intermediate Bond Fund				
USBank/Baird	\$ 233,831,603	30.5%	0.69%	0.41% (C)
Capital Replacement Fund				
Account - UW Foundation	\$ 157,458,447	20.5%	0.15%	0.16% (D)
Endowment Fund				
Securities				
UW Foundation	\$126,987,535	16.5%	0.75%	-2.49% (E)
Total Unrestricted Funds	\$ 767,906,693	100.0%	0.3%	-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