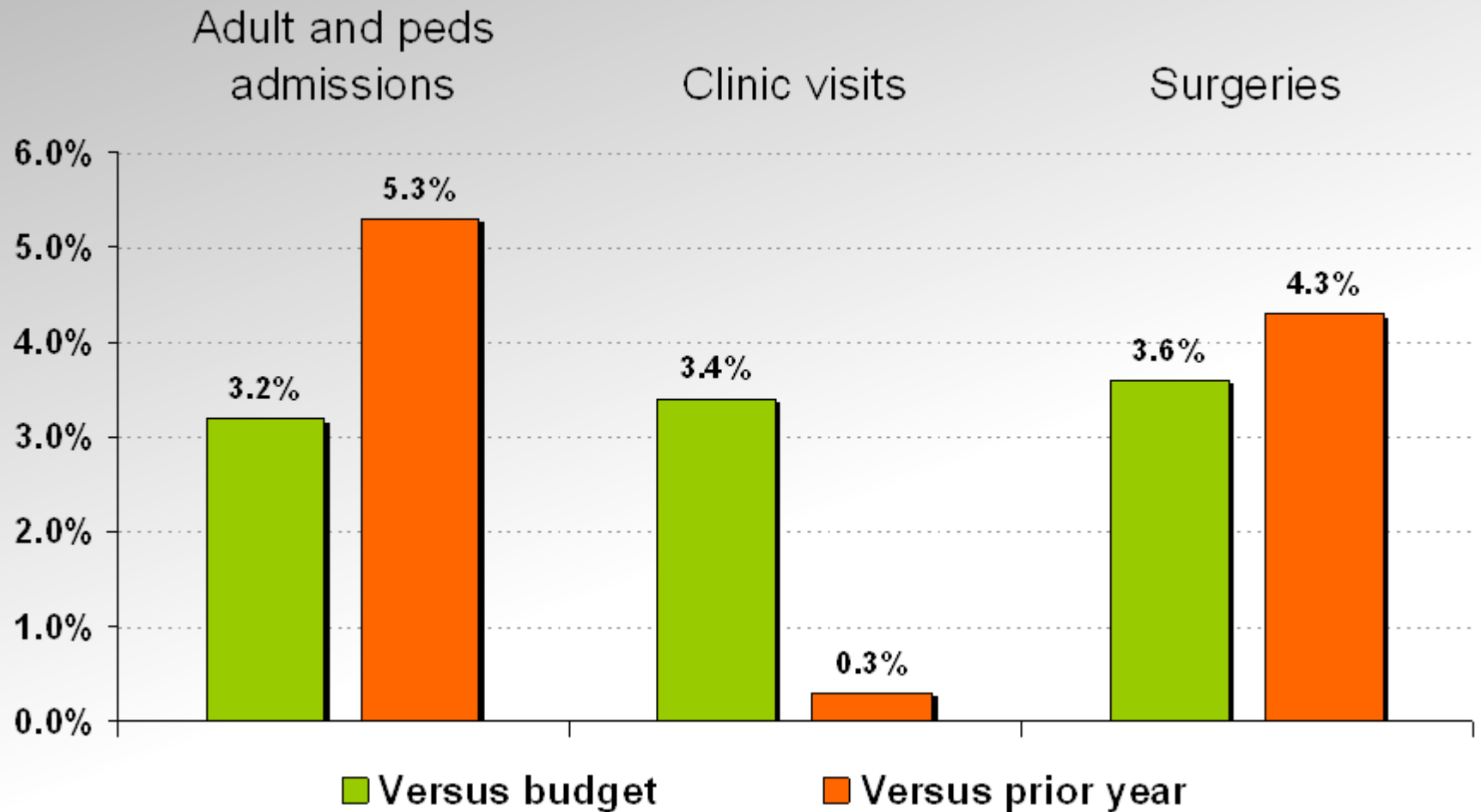


**SUMMARY OF
OPERATING RESULTS
MAY 2014**

UWHC Finance Committee
and Authority Board

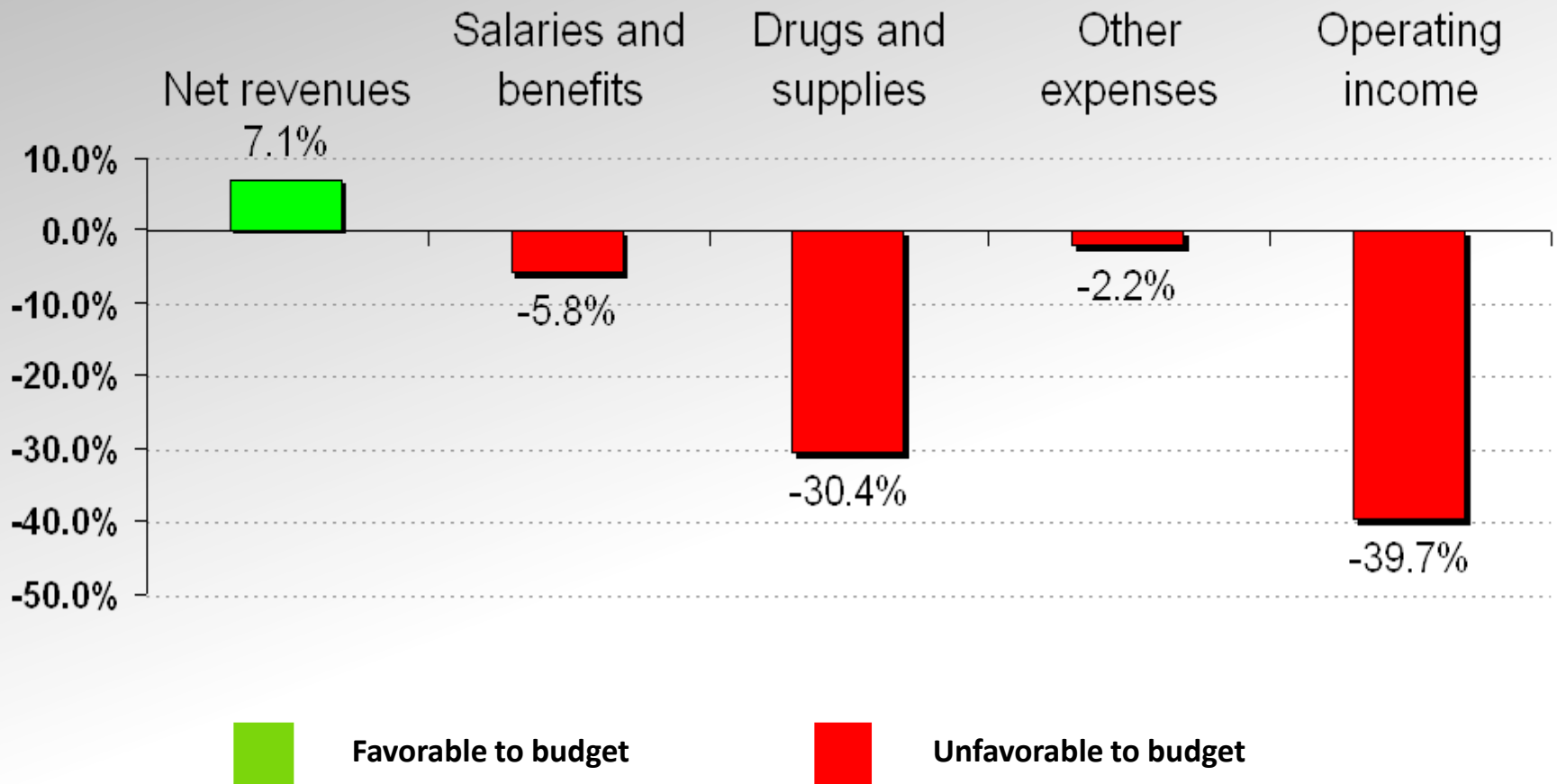
Selected Volume Statistics

May 2014



Monthly Variances from Budget

May 2014



Summary of Operating Results

Month of May 2014

(Amounts in \$\$ Millions)

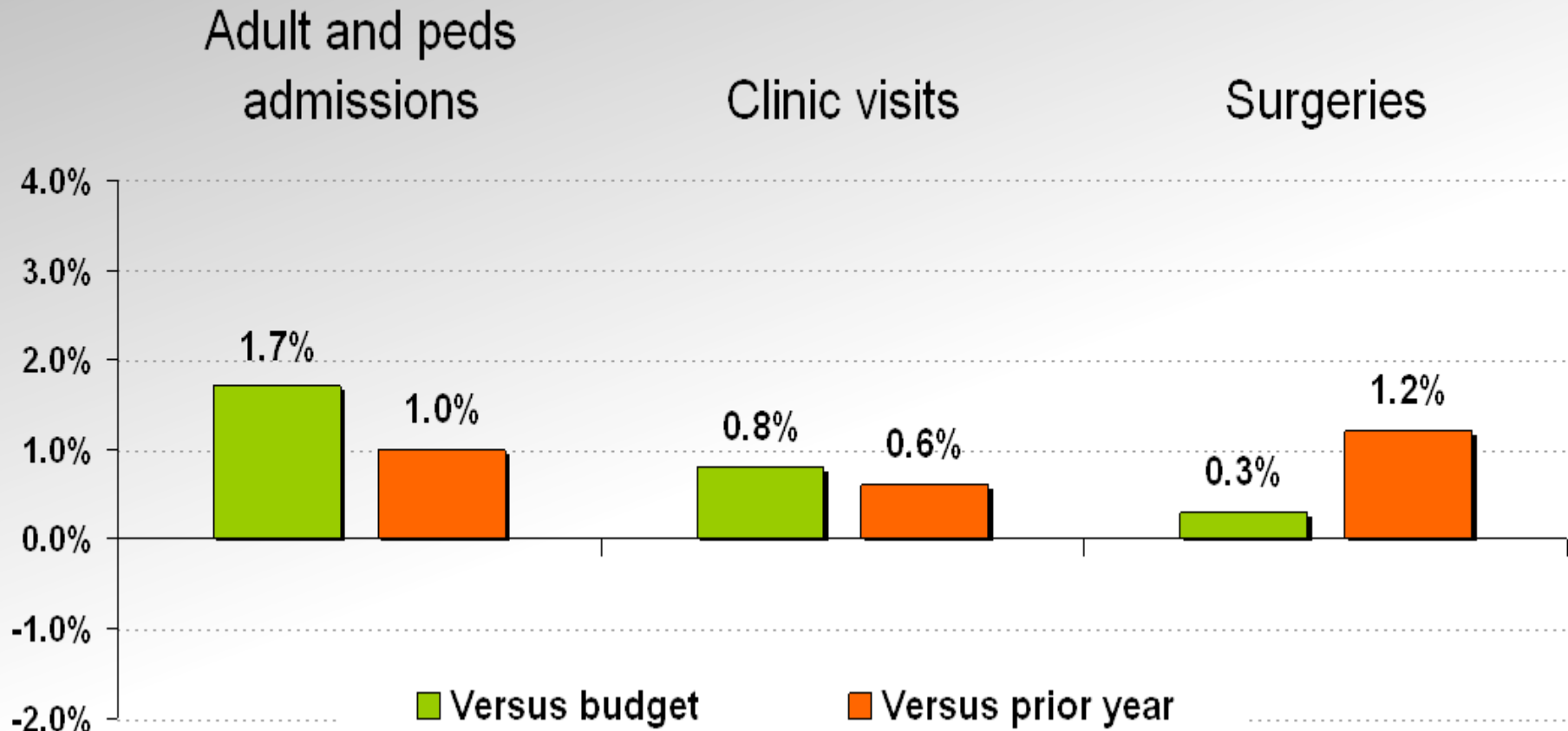
	Actual May 2014	Budget May 2014	Actual May 2013	2014 Variance Vs. Budget 2013	
Operating Revenue	\$ 117.3	\$ 109.5	\$ 104.5	7.1%	12.2%
Operating Expenses:					
Salaries and fringe benefits	56.8	53.7	52.5	-5.8%	-8.2%
Medical materials and supplies	28.3	21.7	21.2	-30.4%	-33.5%
Other expenses	28.4	27.8	26.7	-2.2%	-6.4%
Total Operating Expenses	113.5	103.2	100.4	-10.0%	-13.0%
Income from Operations	3.8	6.3	4.1		
Nonoperating Income	4.1	1.3	(3.5)		
Net Income	\$ 7.9	\$ 7.6	\$ 0.6		

Monthly Variances from Budget

Line items	\$mill variance	% variance	Reason(s)
Budgeted operating income	\$ 6.3		
Gross charges:			
Room and board	2.1	6.0%	Patient days 6.2% > budget
Drugs and pharmaceuticals	9.6	27.0%	Infusion and specialty drugs
All other	13.3	7.5%	Due to high census and clinic volume
	<u>25.0</u>	<u>10.1%</u>	
Contractual allowances:			
Higher volume/revenues	(14.0)		Expected increase at budgeted rate of 56.3%
Higher allowance rate	(3.8)		Higher volume transplants and Medicaid patients
	<u>(17.8)</u>	<u>12.8%</u>	
Net revenue variance	7.2	6.8%	
Expenses:			
Salaries and benefits	(3.0)	5.6%	Corresponds with higher patient volume
Drugs	(5.5)	45.0%	Infusion and specialty drugs
Med/surg supplies	(0.9)	12.3%	Higher patient volume
Media advertising	(0.3)	128.0%	Timing of media purchases from Shine
Expense variance	(9.7)	9.6%	
Actual operating income	<u>\$ 3.8</u>		

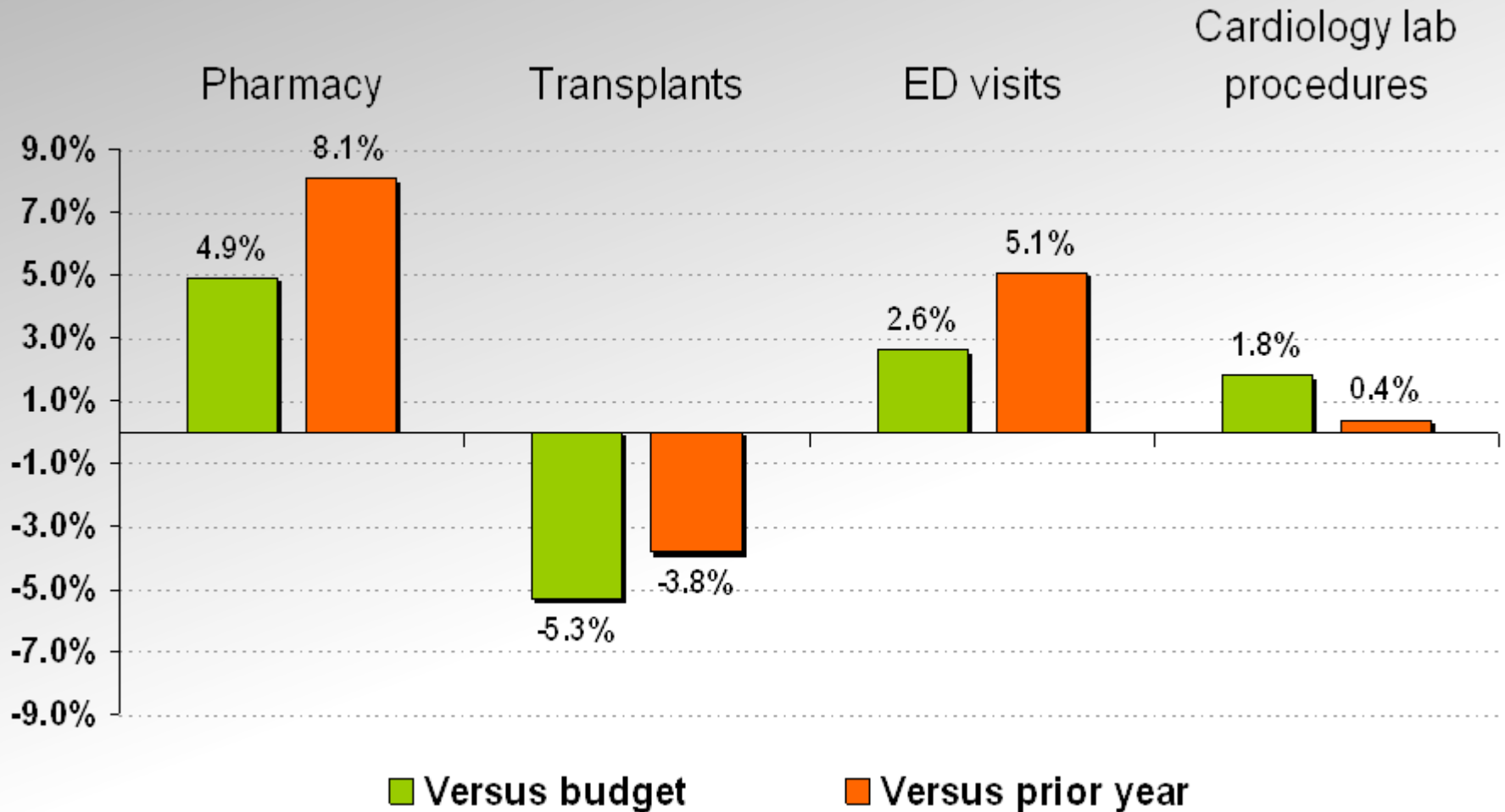
Selected Operating Statistics YTD

Eleven Months Ended May 31, 2014



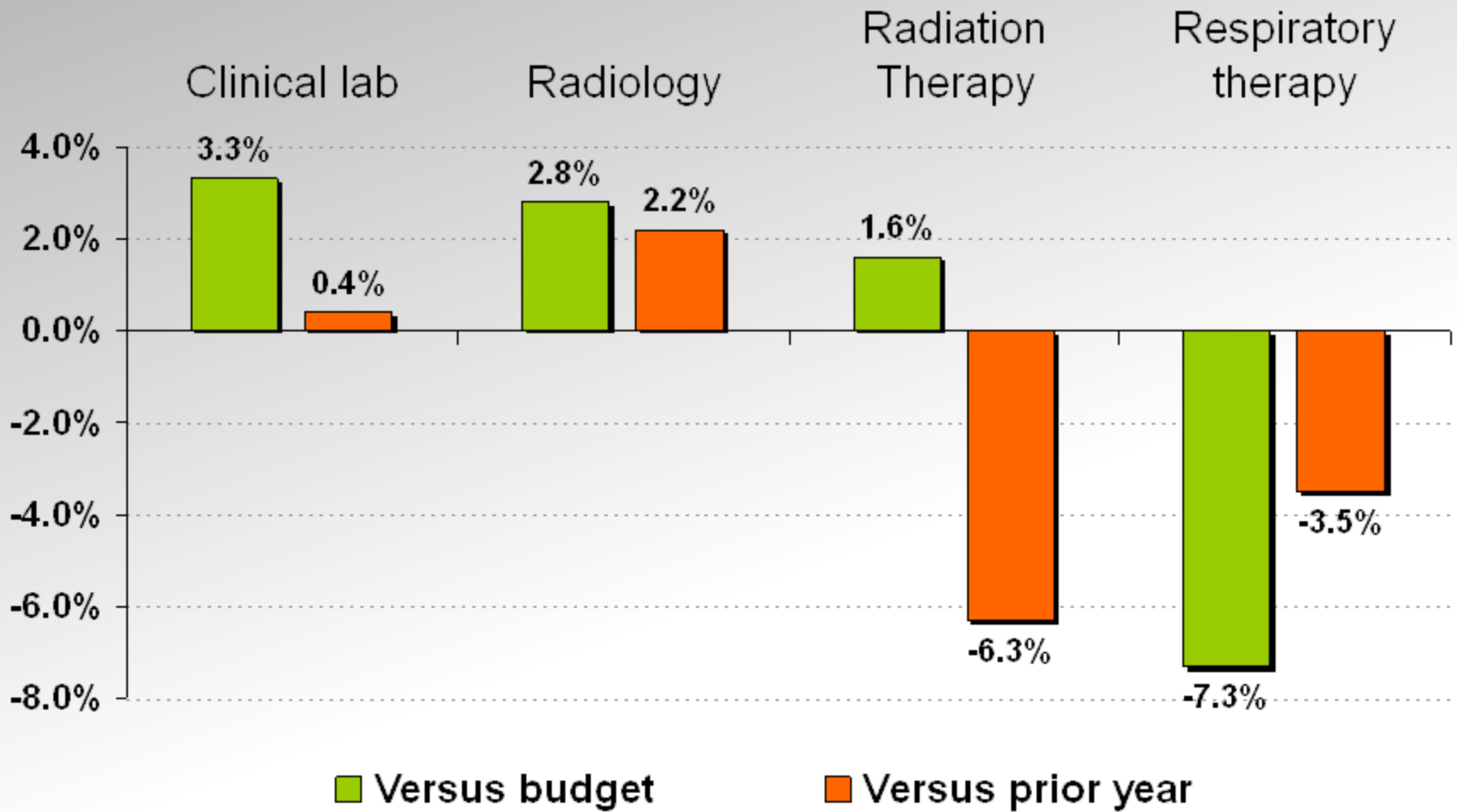
Selected Other Volume Statistics

Eleven Months Ended May 31, 2014

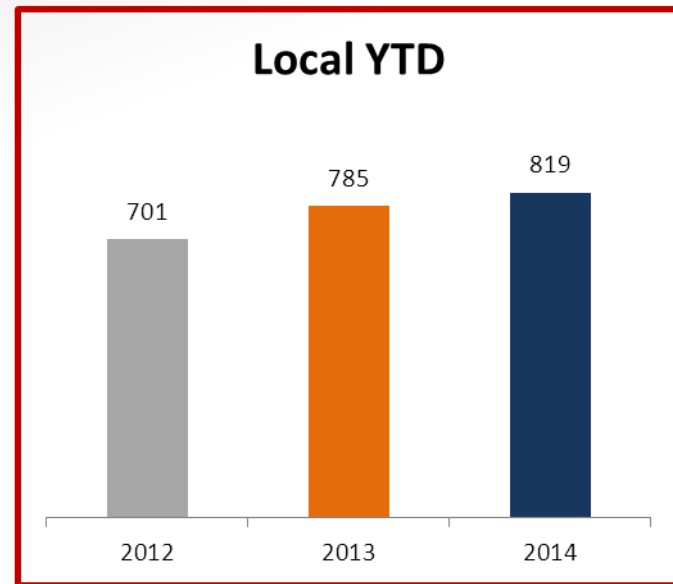
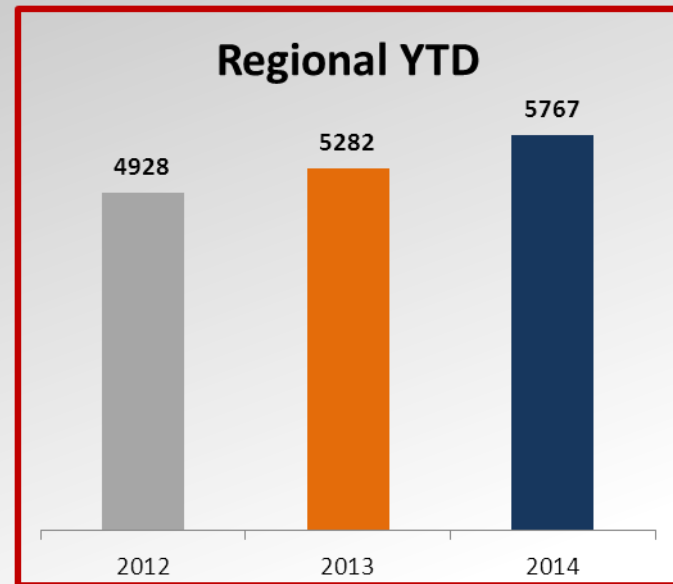
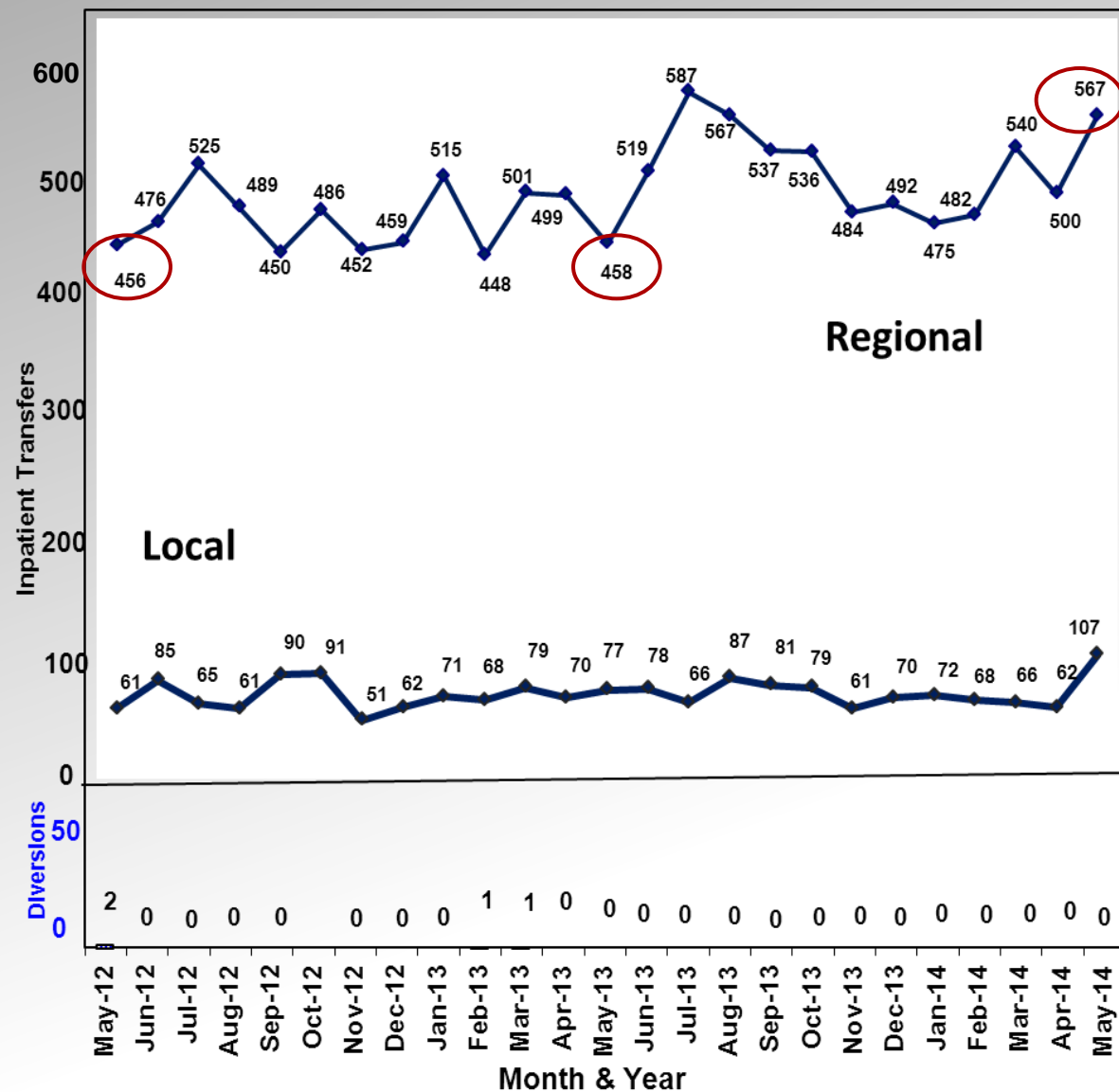


Selected Other Volume Statistics

Eleven Months Ended May 31, 2014



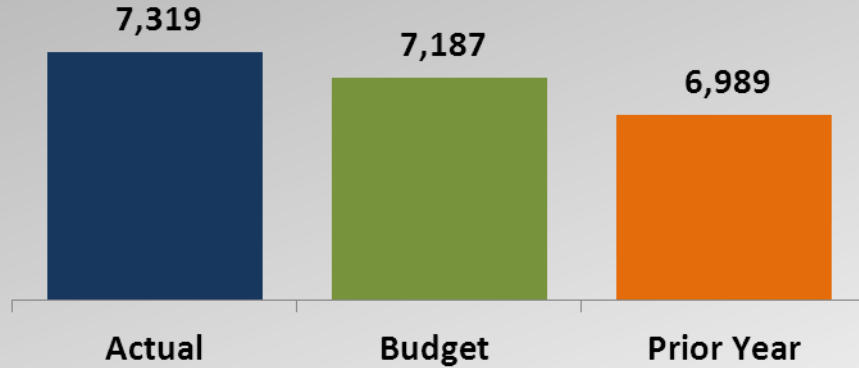
Interhospital Transfers & Diversions



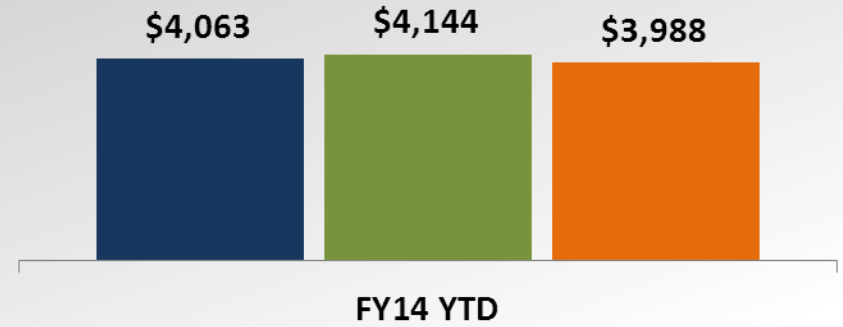
* Both exclude Local and Regional Transfers to UWHC Emergency Department, not admitted.

FTE's and Cost per CMI Adjusted Discharge YTD

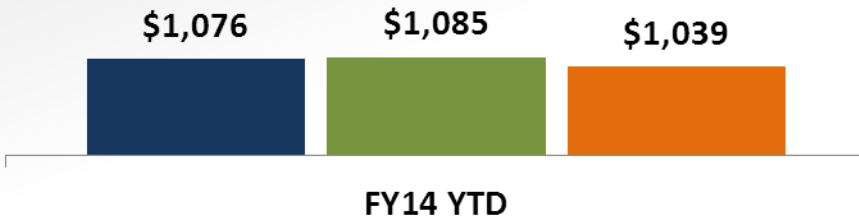
FTE's Including Agency and Overtime



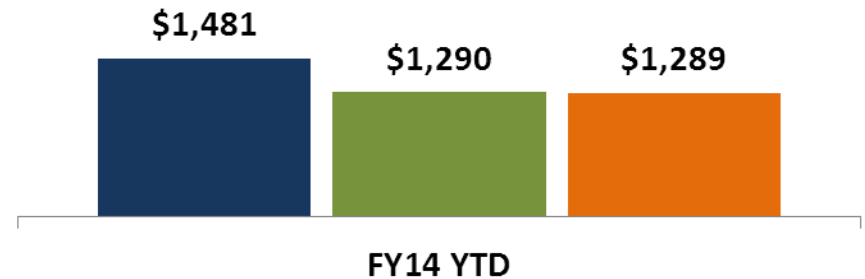
Salary & Agency



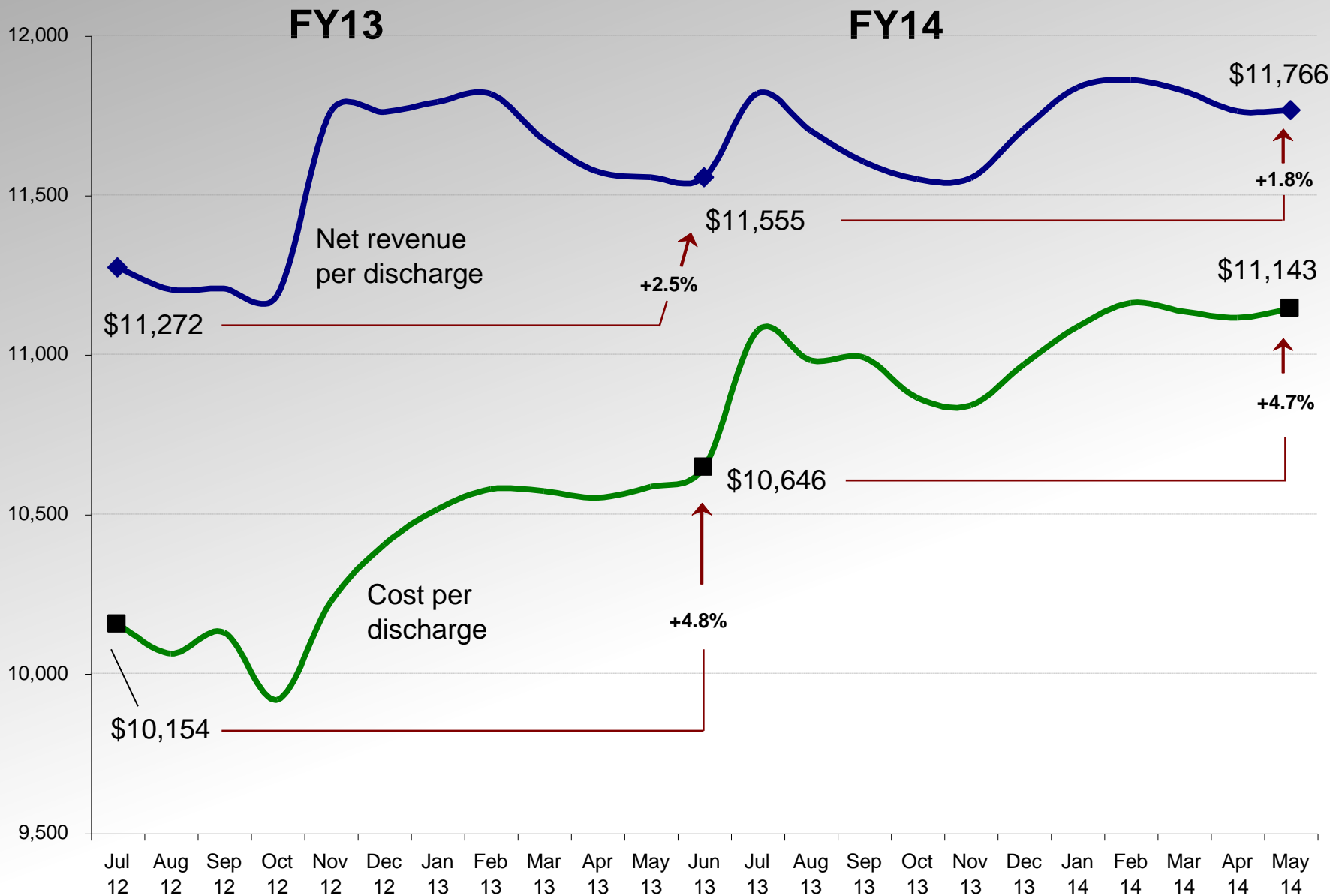
Medical and Surgical Supplies



Pharmaceuticals



Revenue and Cost per CMI Adjusted Discharge YTD



Summary of Operating Results

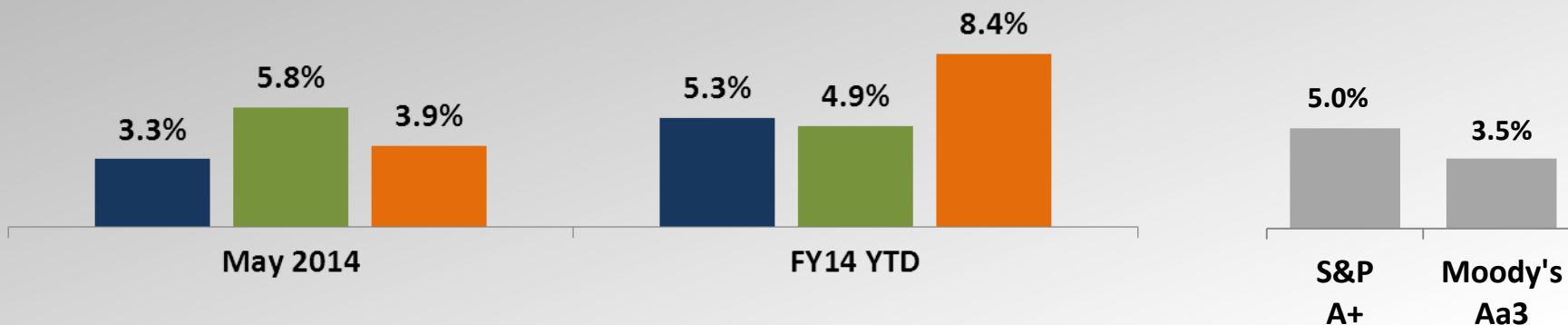
Eleven Months Ended May 31, 2014

(Amounts in \$\$ Millions)

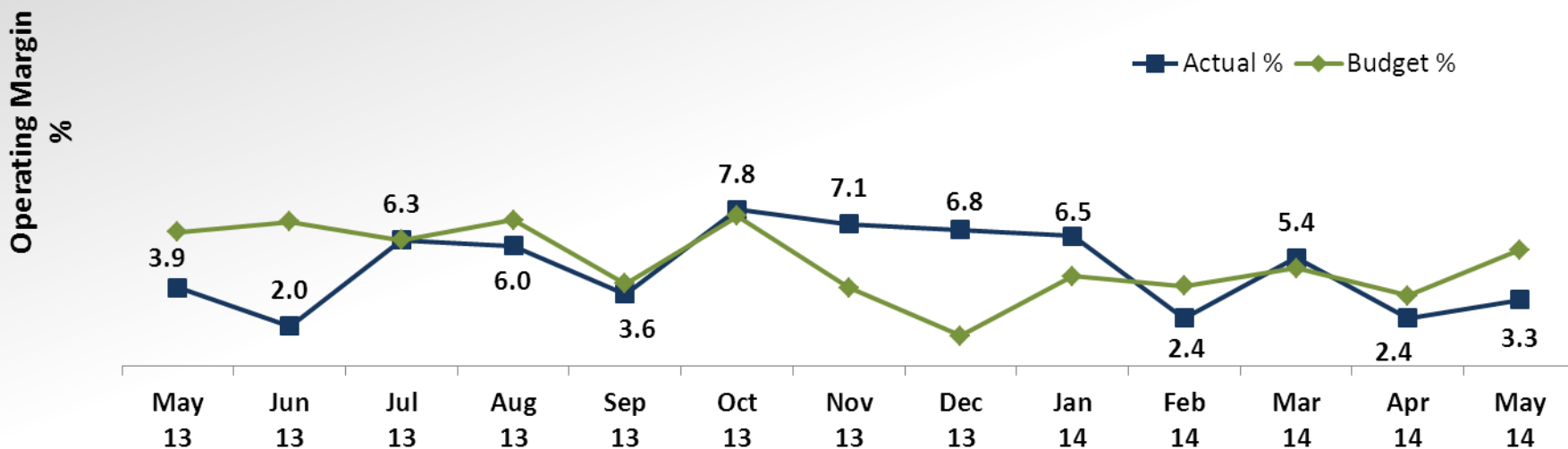
	Actual YTD May 2014	Budget YTD May 2014	Actual YTD May 2013	YTD 2014 Variance Vs. Budget 2013	
Operating Revenue	\$ 1,226.6	\$ 1,171.2	\$ 1,154.3	4.7%	6.3%
Operating Expenses:					
Salaries and fringe benefits	594.5	577.0	547.3	-3.0%	-8.6%
Medical materials and supplies	265.6	237.1	232.2	-12.0%	-14.4%
Other expenses	302.0	300.0	278.3	-0.7%	-8.5%
Total Operating Expenses	1,162.1	1,114.1	1,057.8	-4.3%	-9.9%
Income from Operations	64.5	57.1	96.5		
Nonoperating Income	32.5	14.1	(14.6)		
Net Income	\$ 97.0	\$ 71.2	\$ 81.9		

Operating Margin %

■ Actual ■ Budget ■ Prior Year



Operating Margin by Month



Performance Ratios

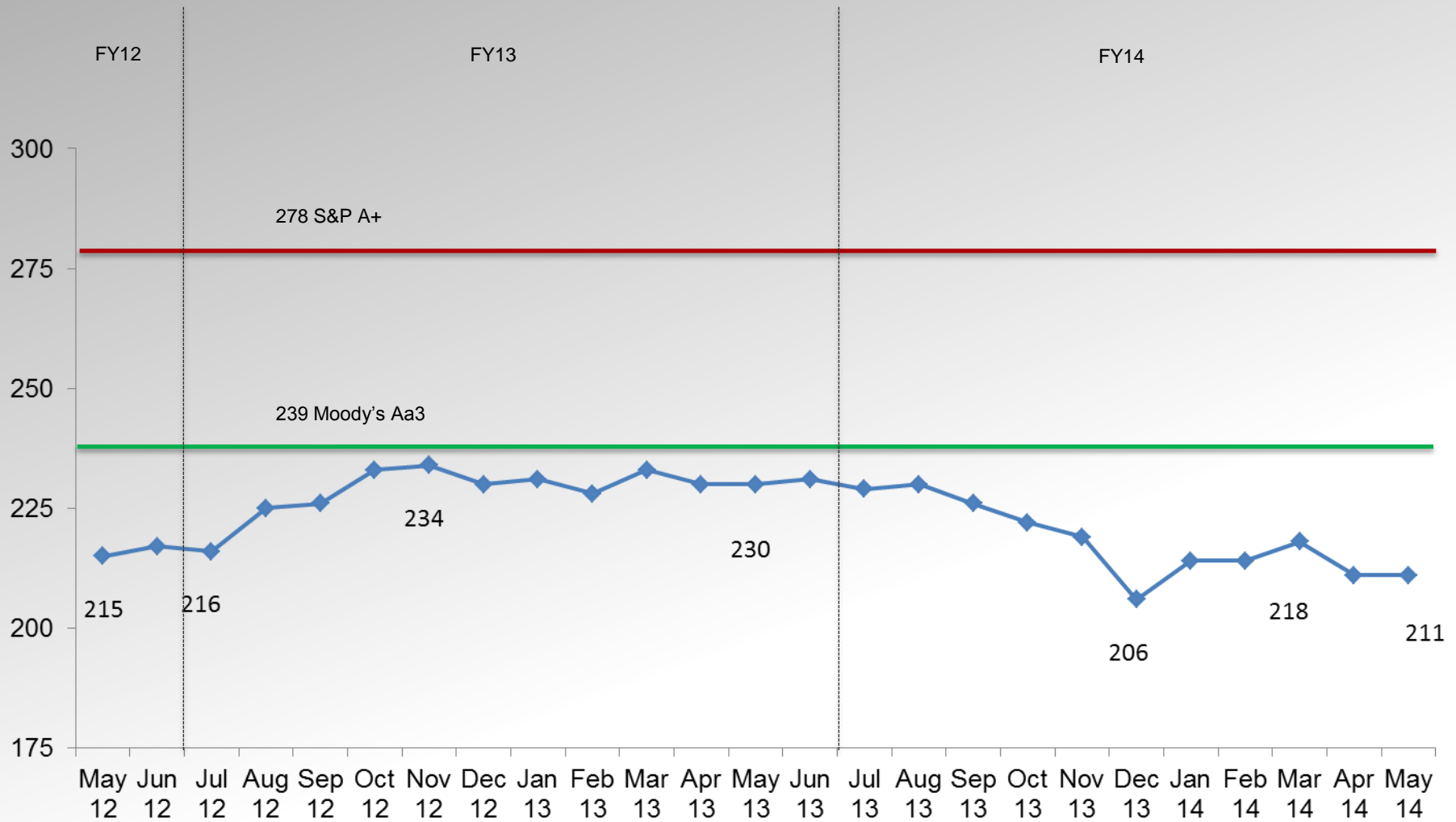
	Favorable Direction	FY 14	Budget or Target	Industry Comparisons		
				S&P 500 "A+" Rated	Moody's "Aa3" Rated	UWHCA Bond Covenant
Operating Margin	↑	5.3%	4.9%	5.0%	3.5%	
Total Margin	↑	7.7%	6.0%	7.5%	7.2%	
Days Cash on Hand *	↑	211	229	278	239	90
Days in Accounts Receivable	↓	44	45	50	52	
Debt Service Coverage Ratio **	↑	4.4	4.1	5.1	6.0	1.25
Long Term Debt to Capitalization	↓	33.0%	34.0%	26.8%	31.8%	65%
Operating Cash Flow	↑	9.8%	9.5%	12.2%	10.4%	
Cash-to-Debt	↑	153.5%	161.0%	197.3%	177.4%	

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

Accounts Receivable Monitoring Program

	Net Accounts Receivable	Net Days Revenue Outstanding
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
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

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	\$ 54,742,777	\$ 61,266,417	\$ (6,523,640)	-10.6%	\$ 53,949,553	\$ 793,224	1.5%
% of Revenue	2.00%	2.30%			2.16%		
Bad Debt	37,319,851	31,892,941	5,426,910	17.0%	24,547,850	\$12,772,001	52.0%
% of Revenue	1.36%	1.20%			0.98%		
Total	\$ 92,062,628	\$ 93,159,358	\$ (1,096,730)	-1.2%	\$ 78,497,403	\$ 13,565,225	17.3%
Gross Revenue	\$ 2,739,702,185	\$ 2,663,757,252	\$ 75,944,933	2.9%	\$ 2,501,268,393	\$ 238,433,792	9.5%
Total Bad Debt & Charity as % of Revenue	3.4%	3.5%			3.1%		

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	\$81,244	\$72,984
Depreciation	45,599	43,587
Interest Expense	10,413	10,575
EBITDA	<u>\$ 137,256</u>	<u>\$ 127,146</u>
<u>Cash (Used) for Capital Expenditures, Debt Service and Working Capital:</u>		
Capital Expenditures	(153,664)	(183,425)
Est Annual Debt Service	(25,252)	(29,285)
Capital Contribution to UW for Capital Expenditures	(667)	(667)
Capital Contribution in Joint Ventures	(4,850)	(1,219)
Decrease (increase) in Working Capital	(34,314)	11,249
Total (Used) Provided	<u>(\$218,747)</u>	<u>(\$203,347)</u>
Cash Available for Temporary Investment and Future Capital Expenditures	<u>\$ (81,491)</u>	<u>\$ (76,201)</u>

Summary of Changes in Net Assets

Eleven Months Ended May 31, 2014

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	81,244,602
Change in Fair value of investments	16,702,540
Change in Fair value of swap agreements	(291,669)
Payments to UW School of Medicine and Public Health for capital expenditure support	(666,978)
Capital grants, gifts and donations	3,152,564
Additions to permanent gift endowments	13,685
Increase in net assets	<u>\$100,154,744</u>
Net assets at end of period	<u><u>\$961,974,397</u></u>

Comparison to Local Competitors

May 31, 2014 vs. 2013

	<u>UWHC</u>	<u>Meriter</u>	<u>St. Mary's</u>	<u>Total</u>
% Change in Admissions				
Current Month	5.3%	(10.4)%	(6.7)%	(2.7)%
3 Month Rolling Average	(1.0)%	(6.7)%	(3.0)%	(3.1)%
12 Month Rolling Average	0.4%	(4.4)%	(3.9)%	(2.2)%
% Change in Average Daily Census				
Current Month	15.7%	(1.5)%	2.3%	7.5%
3 Month Rolling Average	4.3%	(2.3)%	4.1%	2.6%
12 Month Rolling Average	1.0%	(0.6)%	(2.0)%	(0.3)%

UWHC Investment Balances & Returns

<u>Account</u>	<u>May Market Value Balances</u>	<u>Investment Allocation</u>	<u>May YTD Investment Return</u>	<u>Benchmark</u>
Operating Account and Commercial Paper				
US Bank	\$ 51,577,838	7.2%	0.17%	0.04% (A)
Short Term Bond Fund				
USBank/Nuveen	\$ 152,387,256	21.2%	2.42%	-0.92% (B)
Intermediate Bond Fund				
USBank/Baird	\$ 232,006,781	32.3%	3.69%	1.37% (C)
Capital Replacement Fund				
Account - UW Foundation	\$ 157,317,403	21.9%	0.17%	0.17% (D)
Endowment Fund				
Securities				
UW Foundation	\$124,500,292	17.3%	13.10%	15.90% (E)
Total Unrestricted Funds	<u>\$ 717,789,570</u>	<u>100.0%</u>	<u>4.0%</u>	<u>3.0%</u>

(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