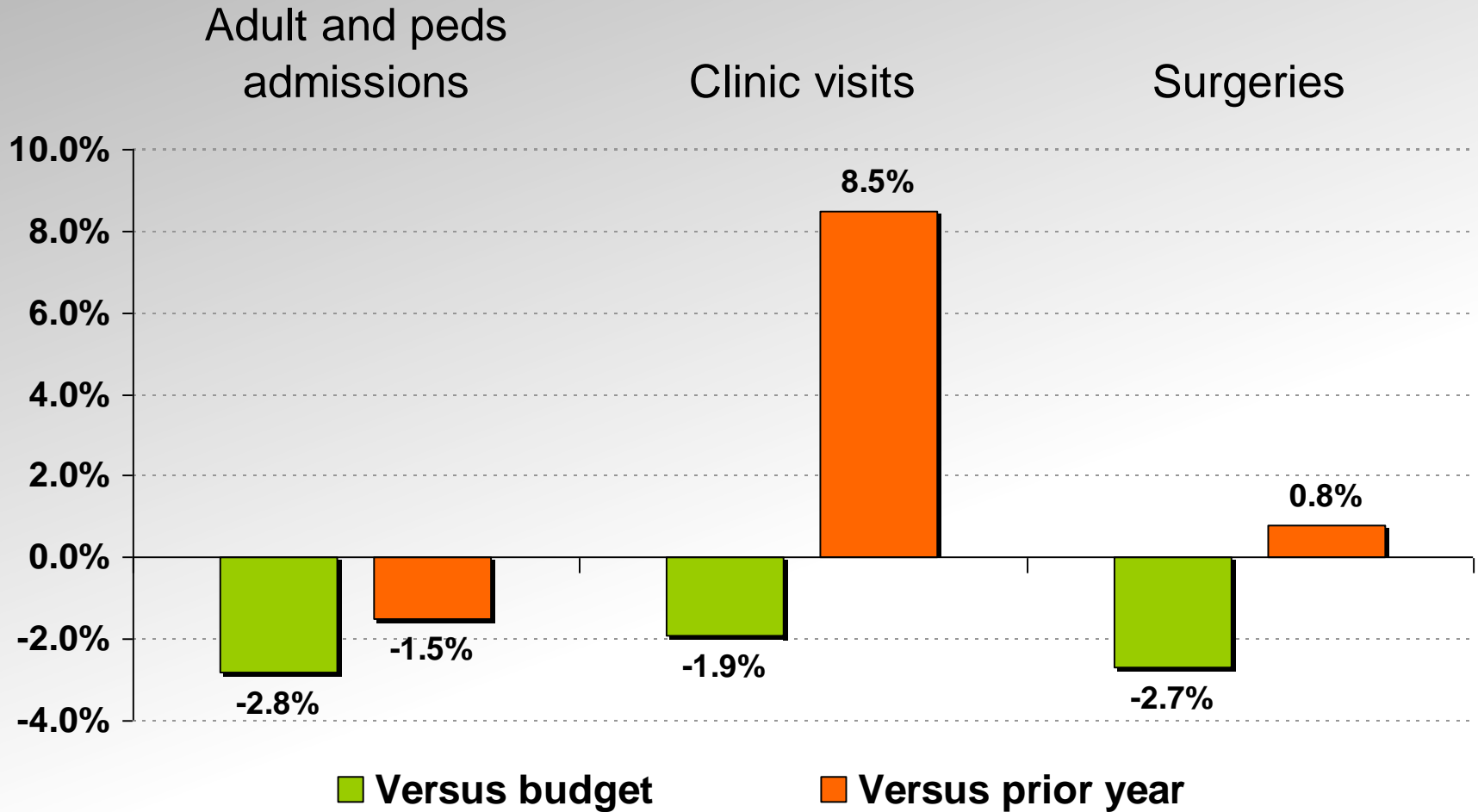


**SUMMARY OF  
OPERATING RESULTS  
MARCH 2014**

UWHC Finance Committee  
and Authority Board

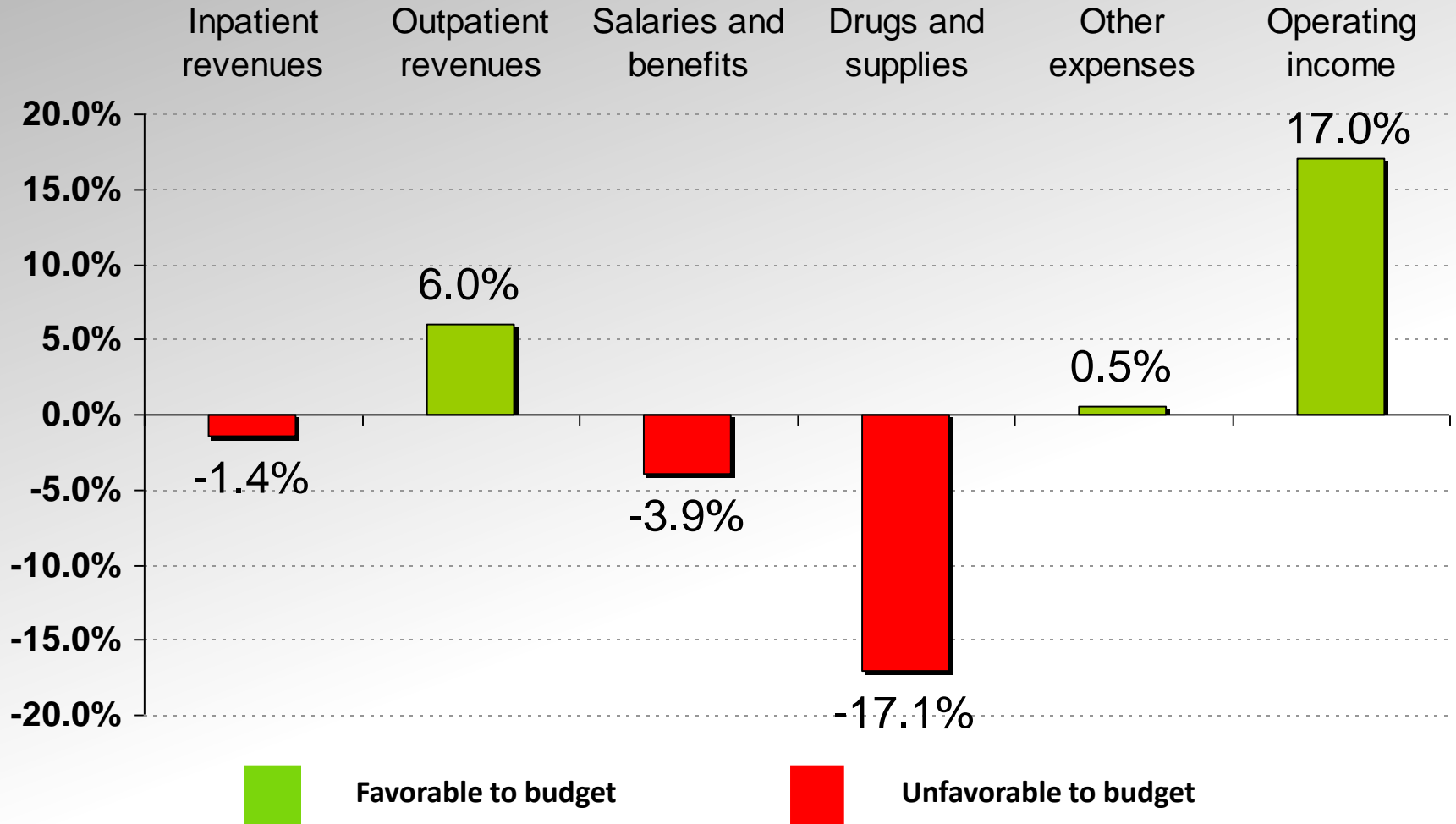
# Selected Volume Statistics

March 2014



# Monthly Variances from Budget

March 2014



# Summary of Operating Results

## Month of March 2014

(Amounts in \$\$ Millions)

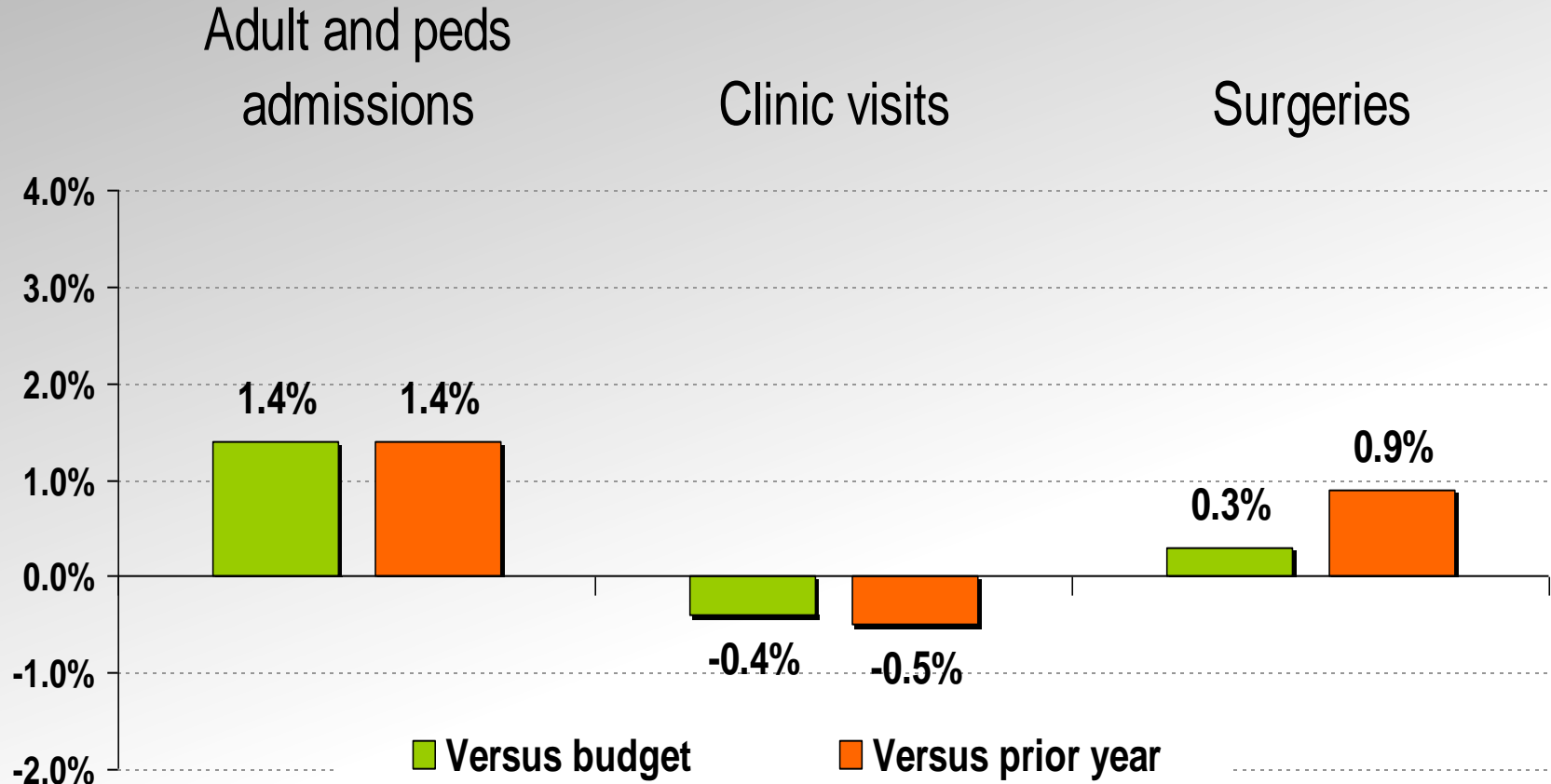
	Actual Mar 2014	Budget Mar 2014	Actual Mar 2013	2014 Variance Vs. Budget 2013	
<b>Operating Revenue</b>	<b>\$ 114.5</b>	<b>\$ 107.9</b>	<b>\$ 100.2</b>	<b>6.1%</b>	<b>14.3%</b>
<b>Operating Expenses:</b>					
Salaries and fringe benefits	55.4	53.3	52.7	3.9%	5.1%
Medical materials and supplies	25.4	21.7	21.4	17.1%	18.7%
Other expenses	27.5	27.6	26.0	-0.4%	5.8%
<b>Total Operating Expenses</b>	<b>108.3</b>	<b>102.6</b>	<b>100.1</b>	<b>5.6%</b>	<b>8.2%</b>
<b>Income from Operations</b>	<b>6.2</b>	<b>5.3</b>	<b>0.1</b>		
Nonoperating Income	1.3	1.3	(38.5)		
<b>Net Income</b>	<b>\$ 7.5</b>	<b>\$ 6.6</b>	<b>\$ (38.4)</b>		

# Reconciliation of March Operating Margin

Category	Amounts (thousands)	Operating Margin %
<b>Budgeted operating income</b>	<b><u>\$5,319</u></b>	<b><u>4.9%</u></b>
Components of March operating income:		
Income from normal operations	\$4,713	4.1%
Adjustments of prior months' contractual allowances for 2 large (>\$1M) accounts	<u>\$1,500</u>	<u>1.3%</u>
<b>Actual operating income</b>	<b><u>\$6,214</u></b>	<b><u>5.4%</u></b>

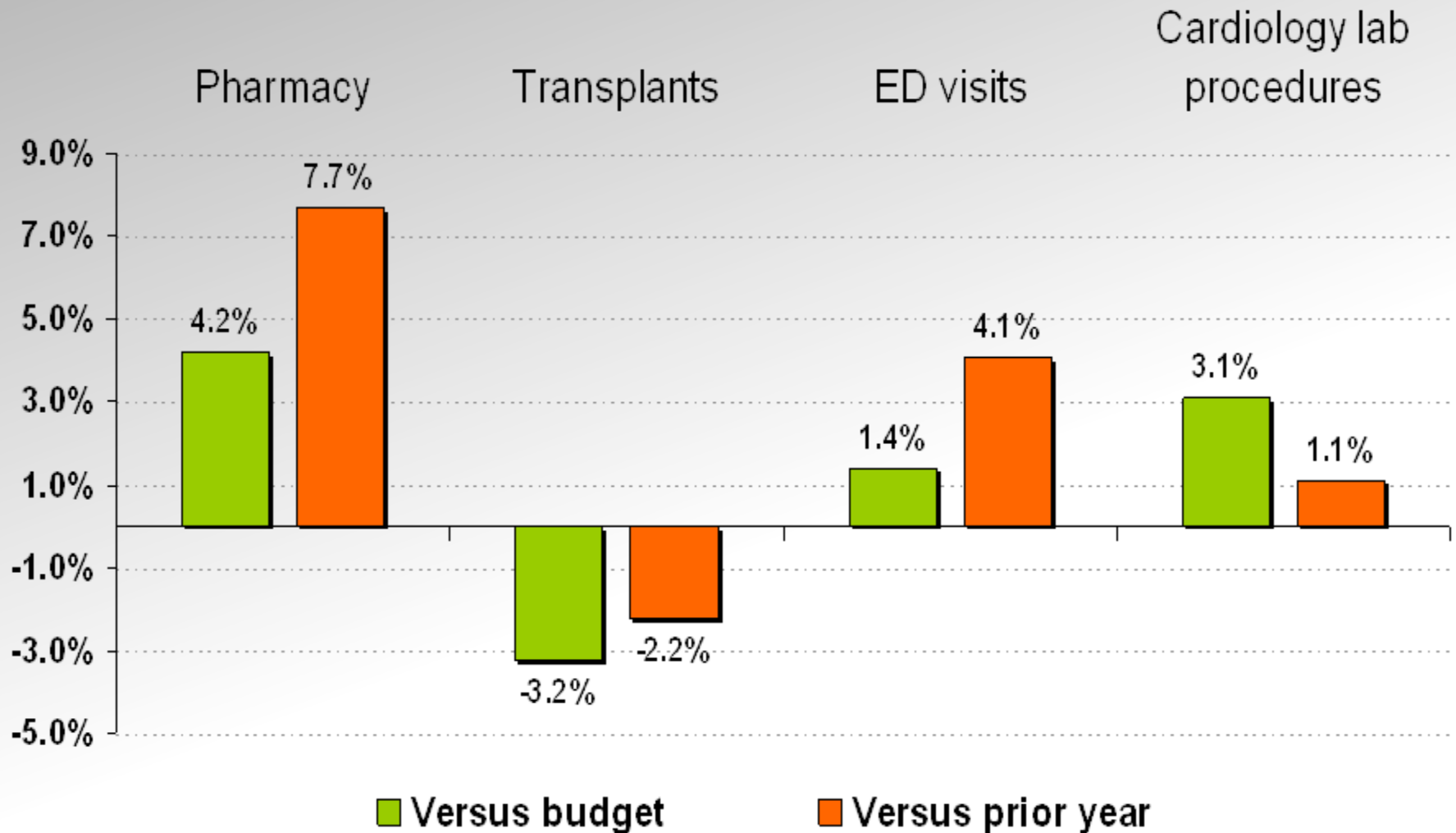
# Selected Operating Statistics YTD

*Nine Months Ended March 31, 2014*



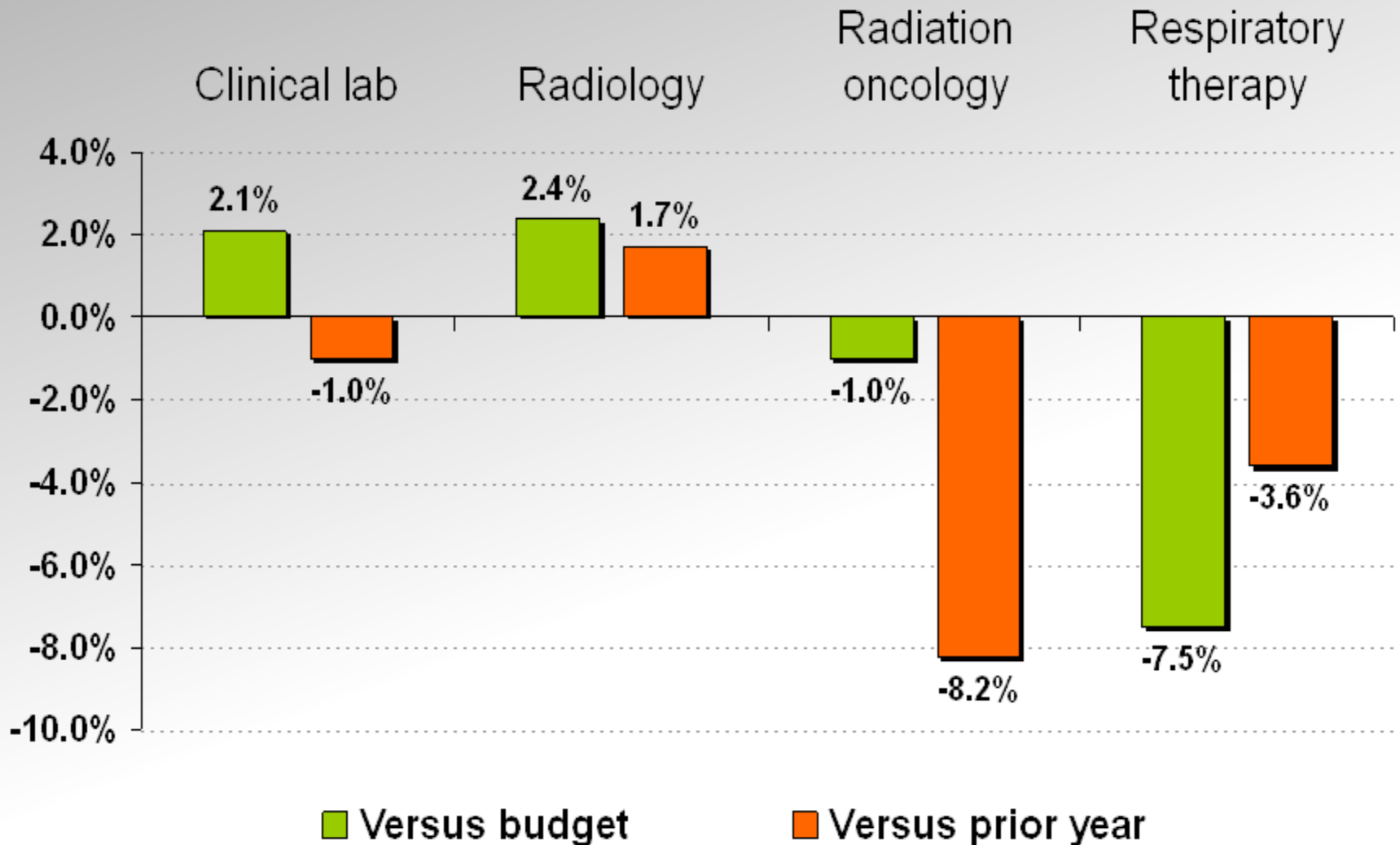
# Selected Other Volume Statistics

*Nine Months Ended March 31, 2014*



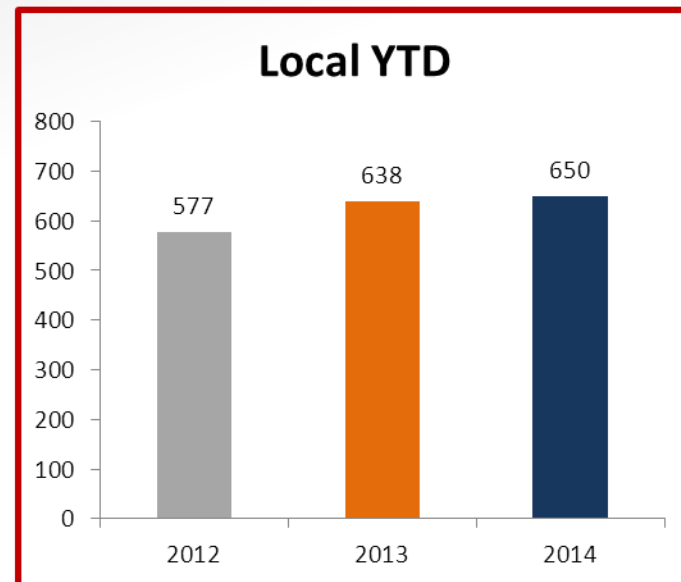
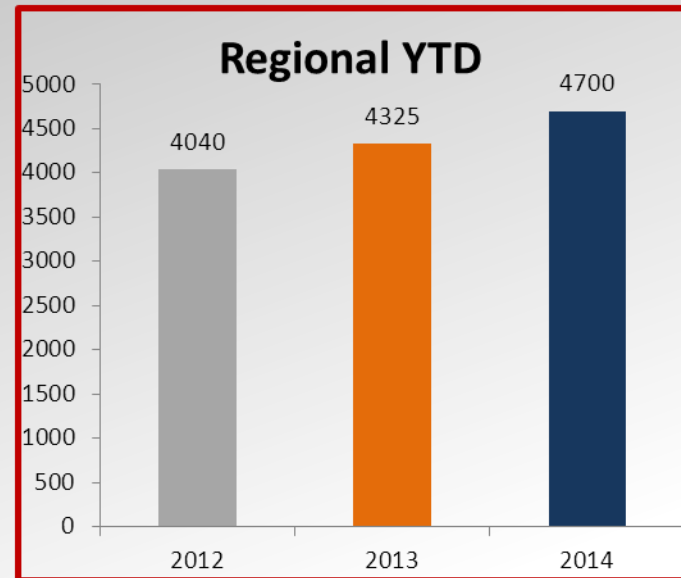
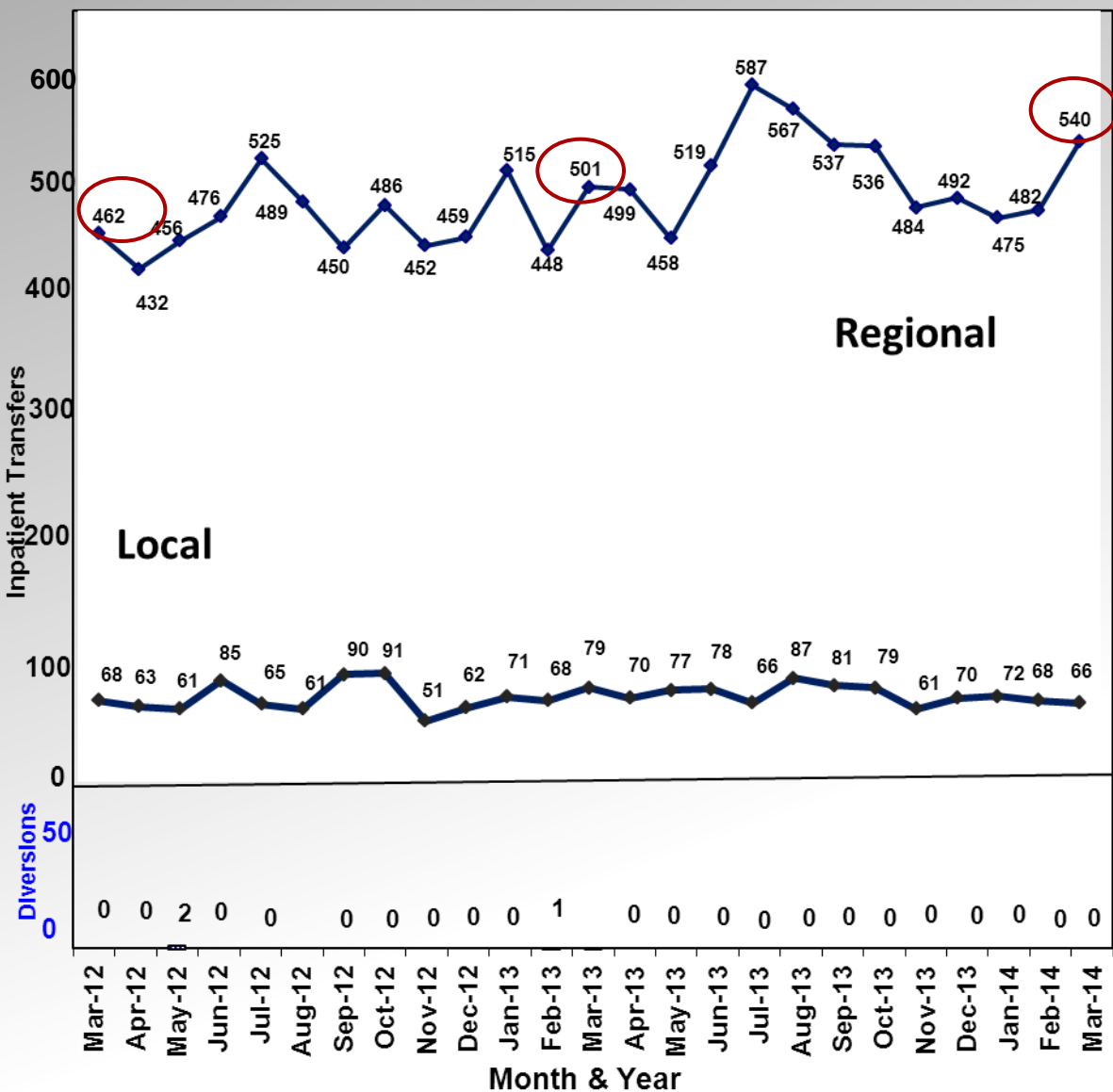
# Selected Other Volume Statistics

*Nine Months Ended March 31, 2014*





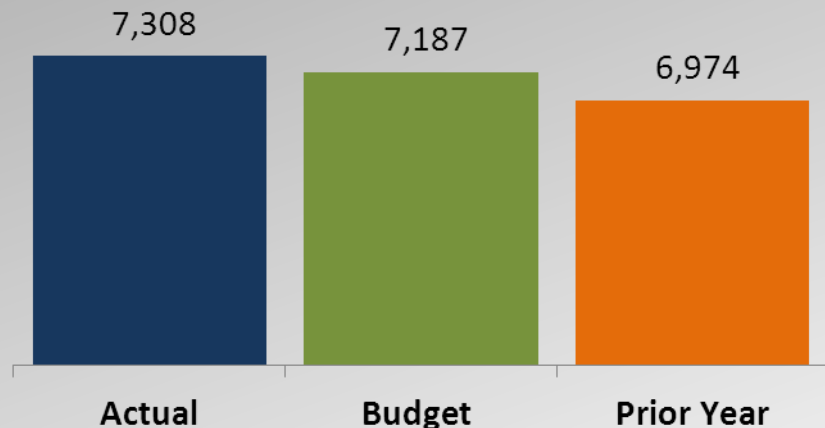
# Interhospital Transfers & Diversions



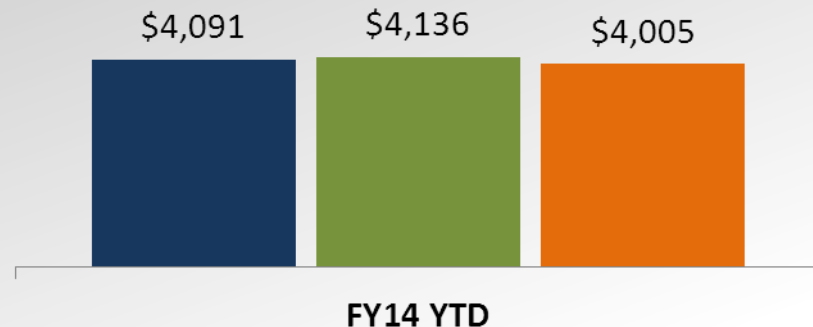
\* Both exclude Local and Regional Transfers to UWHC Emergency Department, not admitted.

# FTE's and Cost per CMI Adjusted Discharge YTD

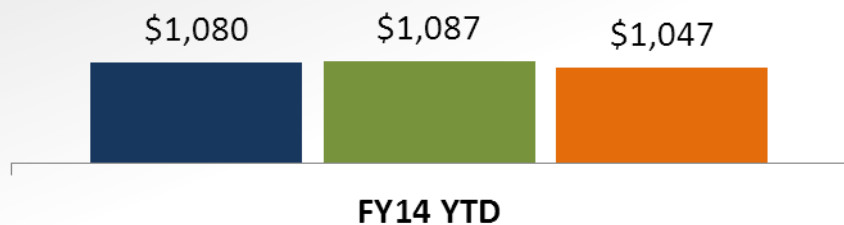
## FTE's Including Agency and Overtime



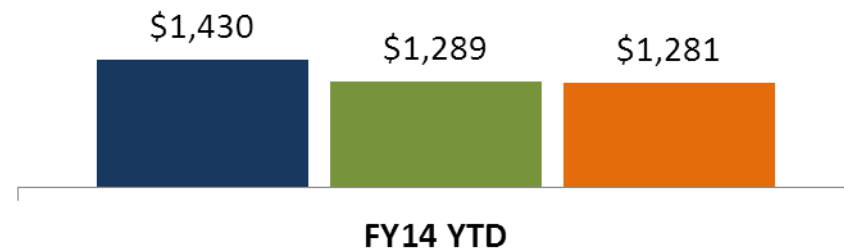
## Salary & Agency



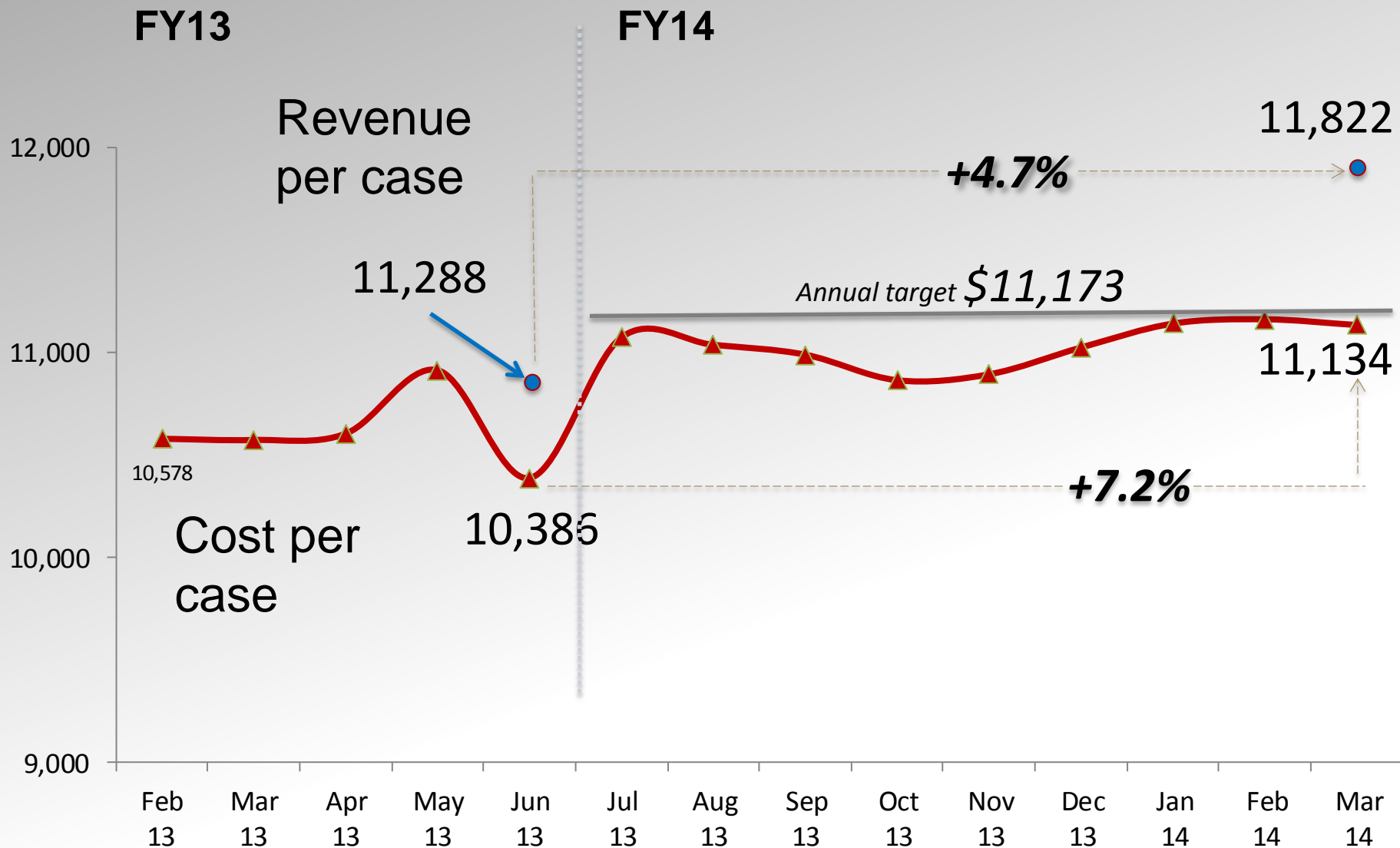
## Medical and Surgical Supplies



## Pharmaceuticals

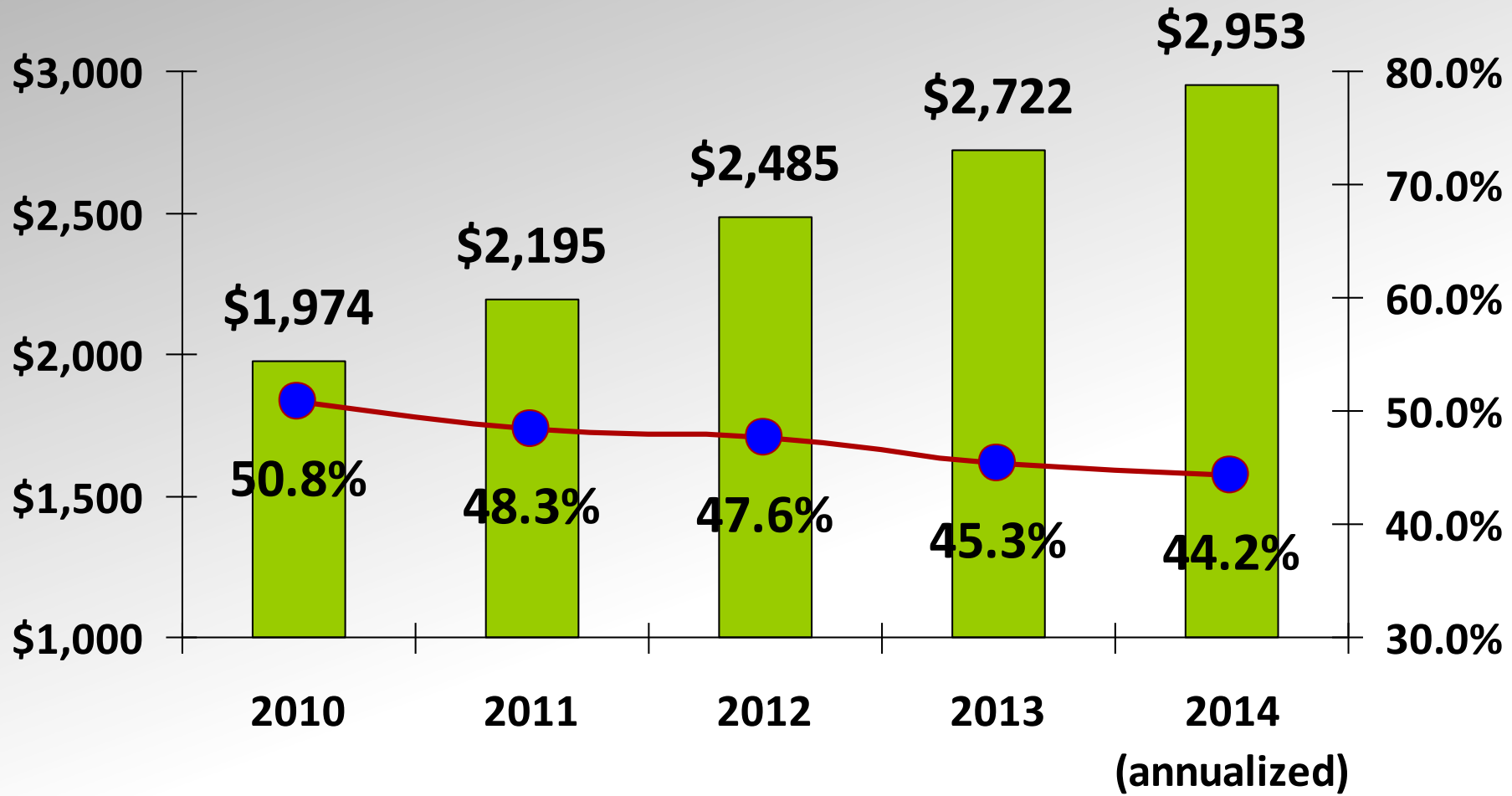


# Revenue and Cost per CMI Adjusted Discharge YTD



# Revenue (millions) and Collected Percentage

■ Gross charges ● Collected percentage



# Summary of Operating Results

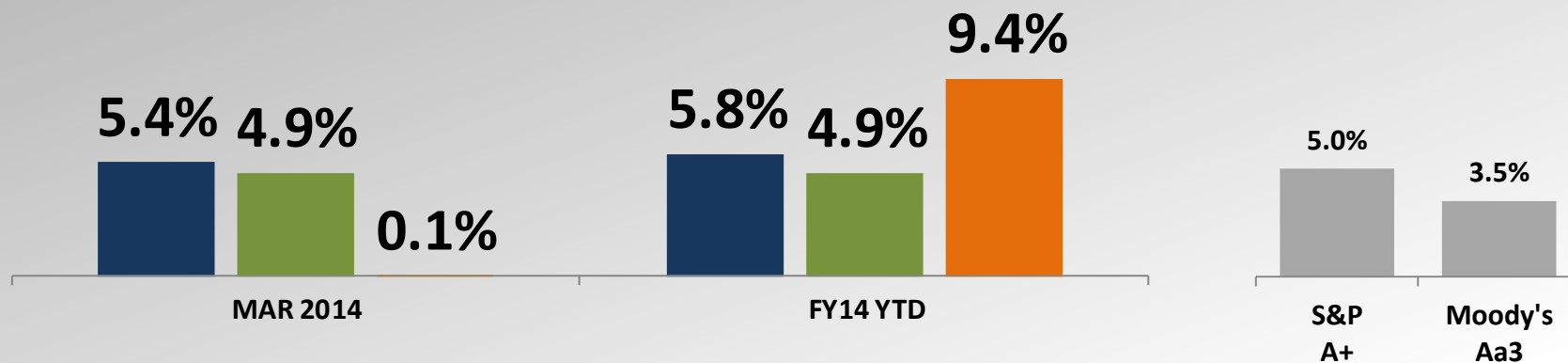
Nine Months Ended March 31, 2014

(Amounts in \$\$ Millions)

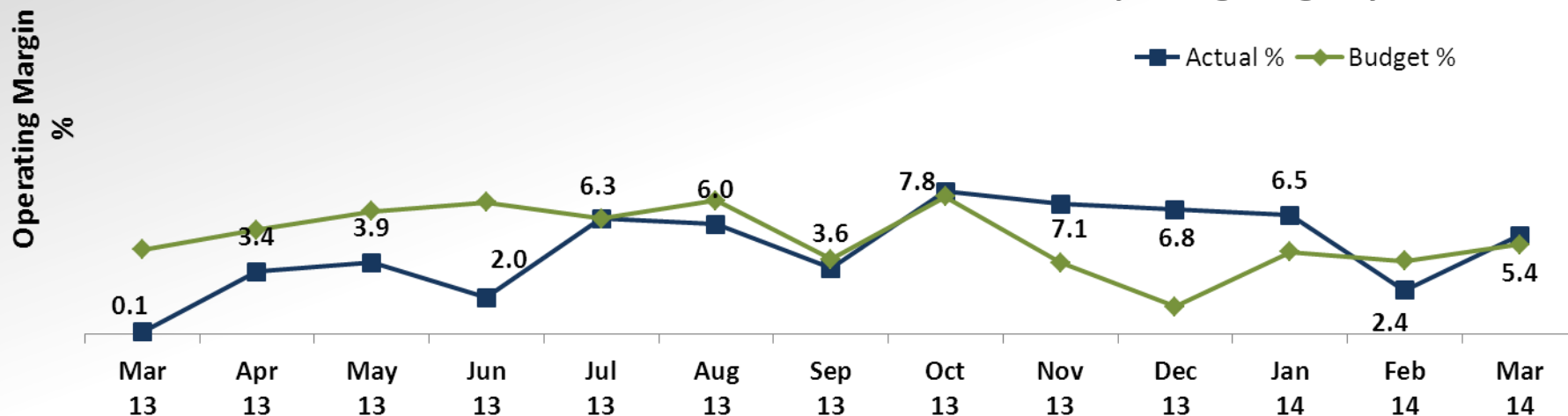
	Actual YTD Mar 2014	Budget YTD Mar 2014	Actual YTD March 2013	YTD 2014 Variance Vs. Budget 2013	
<b>Operating Revenue</b>	<b>\$ 998.4</b>	<b>\$ 956.8</b>	<b>\$ 947.2</b>	<b>4.3%</b>	<b>5.4%</b>
<b>Operating Expenses:</b>					
Salaries and fringe benefits	483.8	471.2	444.1	2.7%	8.9%
Medical materials and supplies	211.2	194.1	188.7	8.8%	11.9%
Other expenses	245.3	244.4	225.5	0.4%	8.8%
<b>Total Operating Expenses</b>	<b>940.3</b>	<b>909.7</b>	<b>858.3</b>	<b>3.4%</b>	<b>9.6%</b>
<b>Income from Operations</b>	<b>58.1</b>	<b>47.1</b>	<b>88.9</b>		
Nonoperating Income	25.2	11.5	(15.9)		
<b>Net Income</b>	<b>\$ 83.3</b>	<b>\$ 58.6</b>	<b>\$ 73.0</b>		

# 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	↑	5.8%	4.9%	5.0%	3.5%	
Total Margin	↑	8.1%	6.1%	7.5%	7.2%	
Days Cash on Hand *	↑	214	229	278	239	90
Days in Accounts Receivable	↓	45	45	50	52	
Debt Service Coverage Ratio **	↑	4.7	4.1	5.1	6.0	1.25
Long Term Debt to Capitalization	↓	34.0%	34.0%	26.8%	31.8%	65%
Operating Cash Flow	↑	10.4%	9.5%	12.2%	10.4%	
Cash-to-Debt	↑	153.4%	161.0%	197.3%	177.4%	

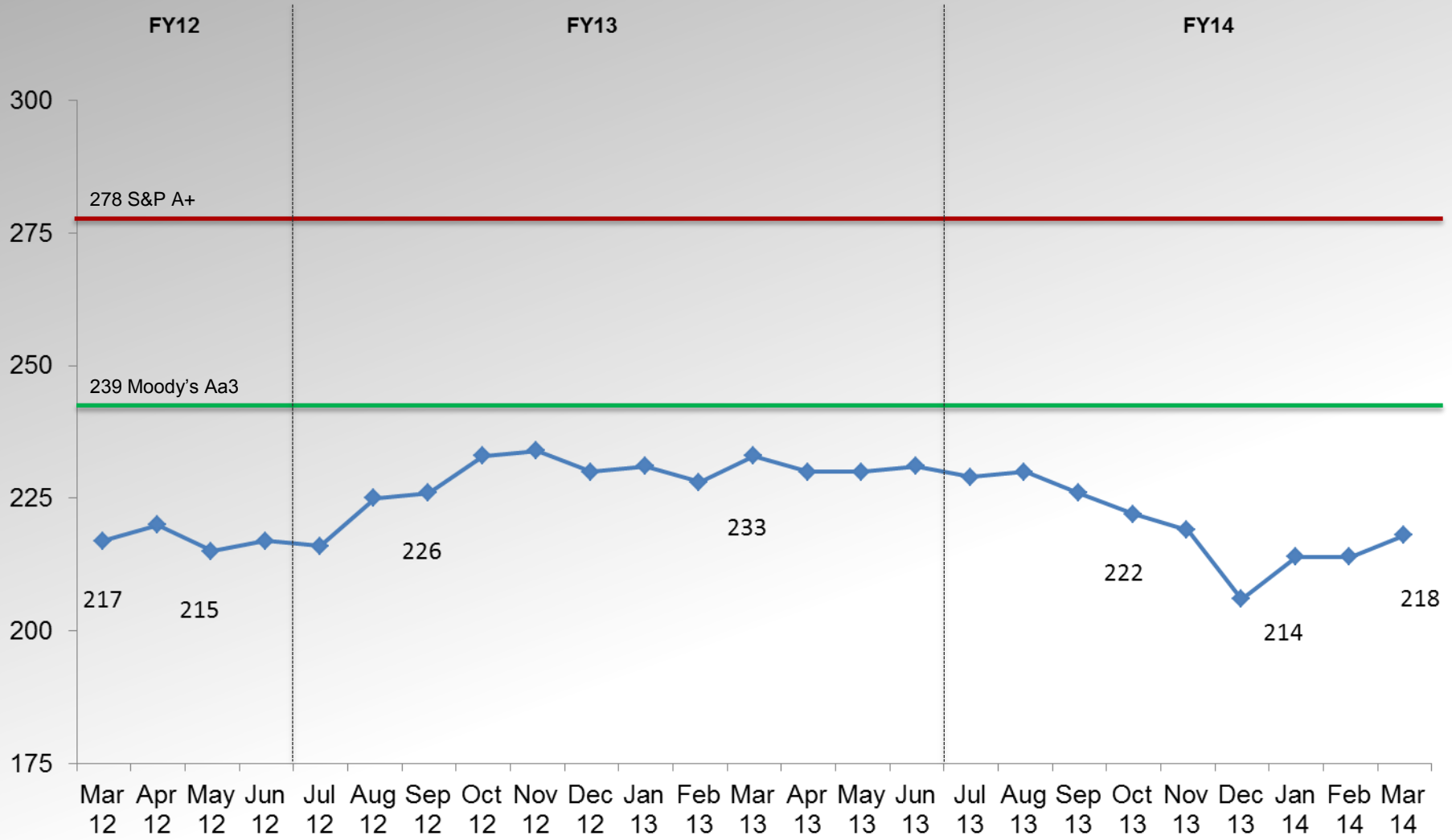
\* Days Cash on Hand calculated as a rolling 12 month average

# Accounts Receivable Monitoring Program

	<b>Net Accounts Receivable</b>	<b>Net Days Revenue Outstanding</b>
<b>March 13</b>	<b>157,122,579</b>	<b>47</b>
<b>April 13</b>	<b>151,039,643</b>	<b>45</b>
<b>May 13</b>	<b>139,691,893</b>	<b>43</b>
<b>June 13</b>	<b>142,670,990</b>	<b>43</b>
<b>July 13</b>	<b>146,327,298</b>	<b>43</b>
<b>August 13</b>	<b>149,852,744</b>	<b>43</b>
<b>September 13</b>	<b>150,400,506</b>	<b>43</b>
<b>October 13</b>	<b>148,359,360</b>	<b>42</b>
<b>November 13</b>	<b>154,020,099</b>	<b>44</b>
<b>December 13</b>	<b>154,712,001</b>	<b>43</b>
<b>January 14</b>	<b>158,585,434</b>	<b>44</b>
<b>February 14</b>	<b>162,436,680</b>	<b>45</b>
<b>March 14</b>	<b>162,761,040</b>	<b>45</b>



# Days Cash on Hand



# Comparison of Charity Care & Bad Debt Expense

	FY 14	FY 14		%	FY 13		%
	Actual	Budget	Variance	Variance	Actual	Variance	Variance
Charity	\$ 44,116,037	\$ 49,915,490	\$ (5,799,453)	-11.6%	\$ 39,547,808	\$ 4,568,229	11.6%
% of Revenue	1.99%	2.30%			1.94%		
Bad Debt	30,471,556	26,042,864	4,428,692	17.0%	22,232,353	\$8,239,203	37.1%
% of Revenue	1.38%	1.20%			1.09%		
<b>Total</b>	<b>\$ 74,587,593</b>	<b>\$ 75,958,354</b>	<b>\$ (1,370,761)</b>	<b>-1.8%</b>	<b>\$ 61,780,161</b>	<b>\$ 12,807,432</b>	<b>20.7%</b>
Gross Revenue	\$ 2,214,862,214	\$ 2,170,238,698	\$ 44,623,516	2.1%	\$ 2,035,037,988	\$ 179,824,226	8.8%
Total Bad Debt & Charity as % of Revenue	3.4%	3.5%			3.0%		

# EBITDA vs. Debt Service & Capital Expenditures

(000) Omitted

	<u>Actual</u>	<u>Budget</u>
<b><u>Cash Provided:</u></b>		
Net Income, excluding change in fair value gains/losses & payment to UWSMPH for capital expenditure support	\$72,787	\$60,076
Depreciation	37,170	35,662
Interest Expense	8,568	8,591
EBITDA	<u>\$ 118,525</u>	<u>\$ 104,329</u>
 <b><u>Cash (Used) for Capital Expenditures, Debt Service and Working Capital:</u></b>		
Capital Expenditures	(126,588)	(150,075)
Est Annual Debt Service	(15,973)	(23,960)
Capital Contribution to UW for Capital Expenditures	(667)	(667)
Capital Contribution in Joint Ventures	(4,850)	(1,219)
Decrease (increase) in Working Capital	(20,971)	9,204
Total (Used) Provided	<u>(\$169,049)</u>	<u>(\$166,717)</u>
Cash Available for Temporary Investment and Future Capital Expenditures	<u>\$ (50,524)</u>	<u>\$ (62,388)</u>

# Summary of Changes in Net Assets

Nine Months Ended March 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	72,787,140
Change in Fair value of investments	10,902,868
Change in Fair value of swap agreements	321,389
Payments to UW School of Medicine and Public Health for capital expenditure support	<u>(666,978)</u>
Capital grants, gifts and donations	<u>1,811,911</u>
Additions to permanent gift endowments	<u>12,480</u>
Increase in net assets	<u>\$85,168,810</u>
Net assets at end of period	<u><u>\$946,988,463</u></u>

# Comparison to Local Competitors

## \*February 28, 2014 vs. 2013

	<u>UWHC</u>	<u>Meriter</u>	<u>St. Mary's</u>	<u>Total</u>
<b>% Change in Admissions</b>				
<b>Current Month</b>	2.9%	(9.4)%	(2.6)%	(2.1)%
<b>3 Month Rolling Average</b>	0.0%	(5.0)%	(4.5)%	(2.7)%
<b>12 Month Rolling Average</b>	1.9%	(2.8)%	(2.3)%	(0.6)%
<b>% Change in Average Daily Census</b>				
<b>Current Month</b>	(0.4)%	(3.9)%	2.1%	(0.6)%
<b>3 Month Rolling Average</b>	(0.4)%	(1.9)%	(3.1)%	(1.6)%
<b>12 Month Rolling Average</b>	0.7%	1.7%	(2.6)%	0.0%

\* March data unavailable.

# UWHC Investment Balances & Returns

<u>Account</u>	<u>March Market Value Balances</u>	<u>Investment Allocation</u>	<u>March YTD Investment Return</u>	<u>Benchmark</u>
<b>Operating Account and Commercial Paper</b>				
US Bank	\$ 70,026,648	9.6%	0.20%	0.05% (A)
<b>Short Term Bond Fund</b>				
USBank/Nuveen	\$ 151,561,537	20.8%	1.91%	-0.89% (B)
<b>Intermediate Bond Fund</b>				
USBank/Baird	\$ 228,718,841	31.4%	2.28%	0.35% (C)
<b>Capital Replacement Fund</b>				
Account - UW Foundation	\$ 157,278,332	21.6%	0.17%	0.17% (D)
<b>Endowment Fund</b>				
<b>Securities</b>				
UW Foundation	\$121,424,313	16.7%	10.59%	13.56% (E)
<b>Total Unrestricted Funds</b>	<b>\$ 729,009,671</b>	<b>100.0%</b>	<b>2.9%</b>	<b>2.2%</b>

(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