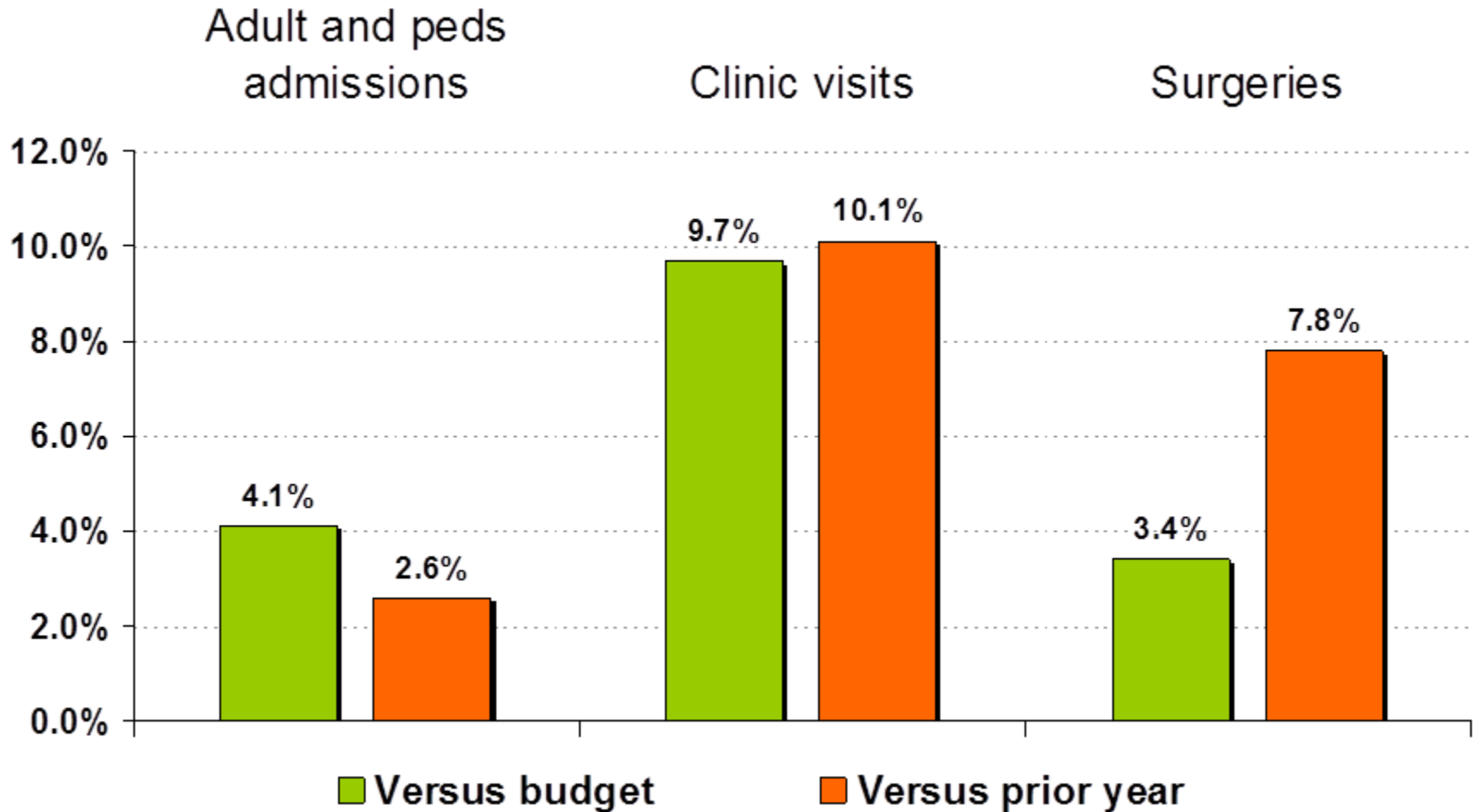


**SUMMARY OF  
OPERATING RESULTS  
September 2014**

UWHC Finance Committee  
and Authority Board

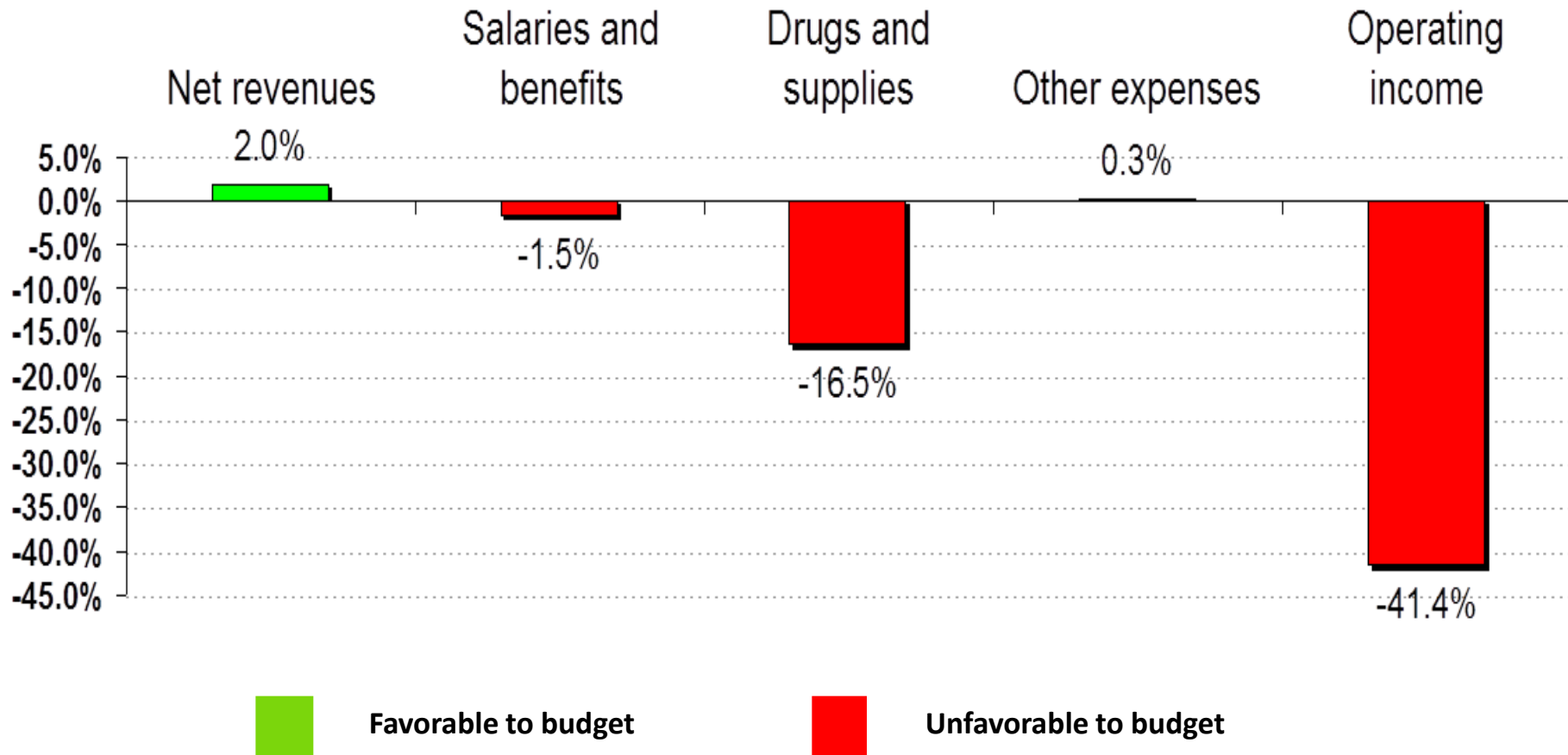
# Selected Volume Statistics

*September 2014*



# Monthly Variances from Budget

September 2014



# Summary of Operating Results

## Month of September 2014

(Amounts in \$\$ Millions)

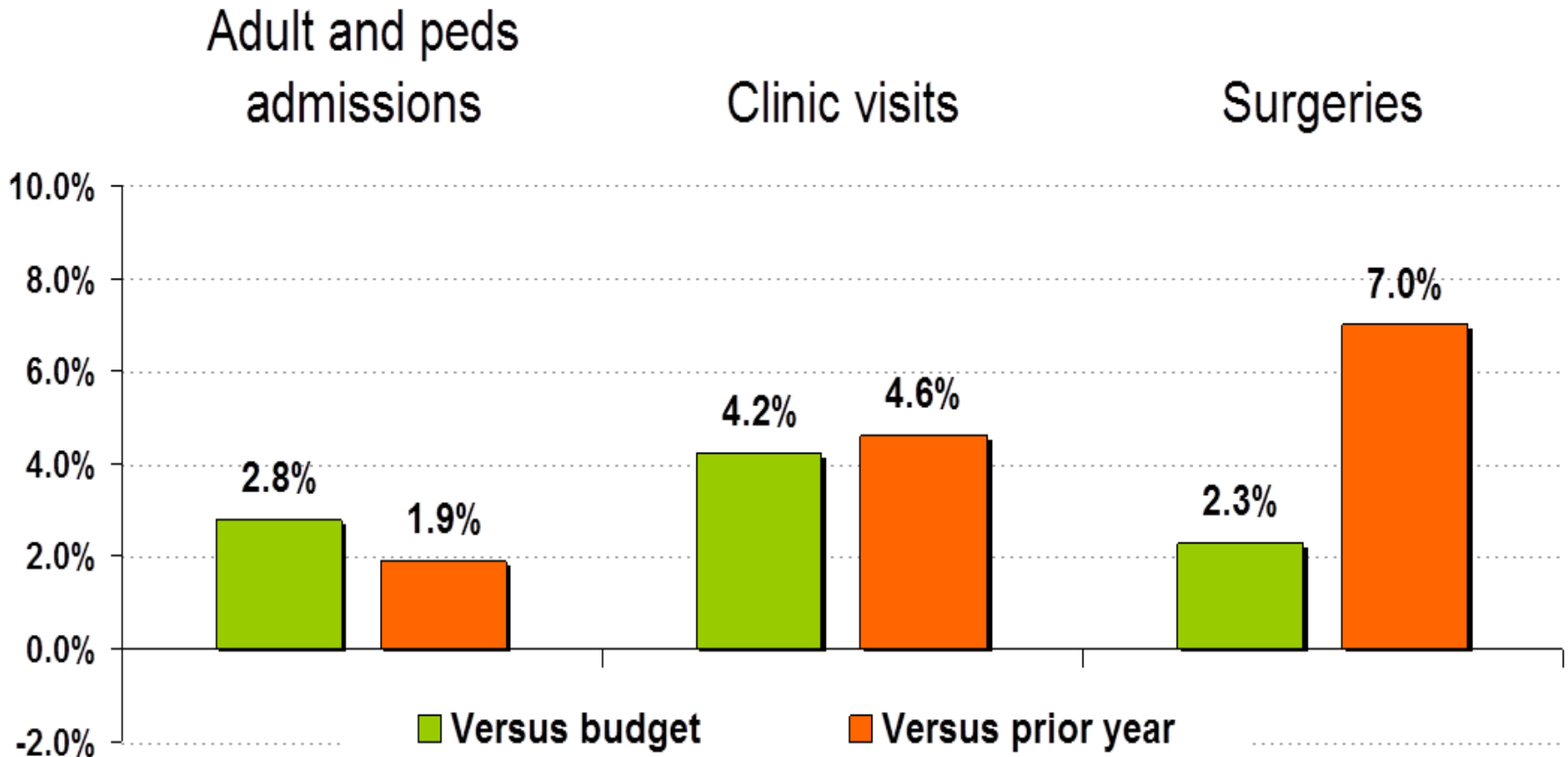
	Actual	Budget	Actual	2015 Variance Vs.	
	Sept 2014	Sept 2014	Sept 2013	Budget	2014
<b>Operating Revenue</b>	<b>\$ 116.5</b>	<b>\$ 114.2</b>	<b>\$ 104.4</b>	<b>2.0%</b>	<b>11.6%</b>
<b>Operating Expenses:</b>					
Salaries and fringe benefits	55.1	54.3	52.7	-1.5%	-4.6%
Medical materials and supplies	28.3	24.3	21.7	-16.5%	-30.4%
Other expenses	29.7	29.8	26.3	0.3%	-12.9%
<b>Total Operating Expenses</b>	<b>113.1</b>	<b>108.4</b>	<b>100.7</b>	<b>-4.3%</b>	<b>-12.3%</b>
<b>Income from Operations</b>	<b>3.4</b>	<b>5.8</b>	<b>3.7</b>		
Nonoperating Income	(0.2)	1.4	6.5		
<b>Net Income</b>	<b>\$ 3.2</b>	<b>\$ 7.2</b>	<b>\$ 10.2</b>		

# Reconciliation of September Monthly Income

Line items	\$million variance	% variance	Reason(s)
<b>Budgeted operating income (5.1%)</b>	<b><u>\$ 5.8</u></b>		
<b>Gross charges:</b>			
Room and board	2.5	6.5%	Patient days 7.5% > budget
Drugs and pharmaceuticals	4.8	12.0%	Specialty drug use escalating
All other	<u>13.3</u>	<u>7.3%</u>	Consistent with high census
	<u>20.6</u>	<u>7.9%</u>	
Other operating revenue	0.2	15.5%	Various
<b>Contractual allowances:</b>			
Due to higher volume/revenues	(11.7)		Expected increase at budgeted rate of 56.7%
Due to patient mix	<u>(6.8)</u>		Additional allowances at actual rate of 59.1%
	<u>(18.5)</u>	<u>6.1%</u>	
<b>Net revenue variance</b>	<b>2.3</b>	<b>2.1%</b>	
<b>Expenses:</b>			
Salaries and benefits	(0.8)	1.5%	Consistent with high census
Drugs	(3.7)	26.6%	Specialty drugs
All other	<u>(0.2)</u>	<u>0.5%</u>	Negligible in light of high census
<b>Expense variance</b>	<b>(4.7)</b>	<b>4.4%</b>	
<b>Actual operating income (3.0%)</b>	<b><u>\$ 3.4</u></b>		

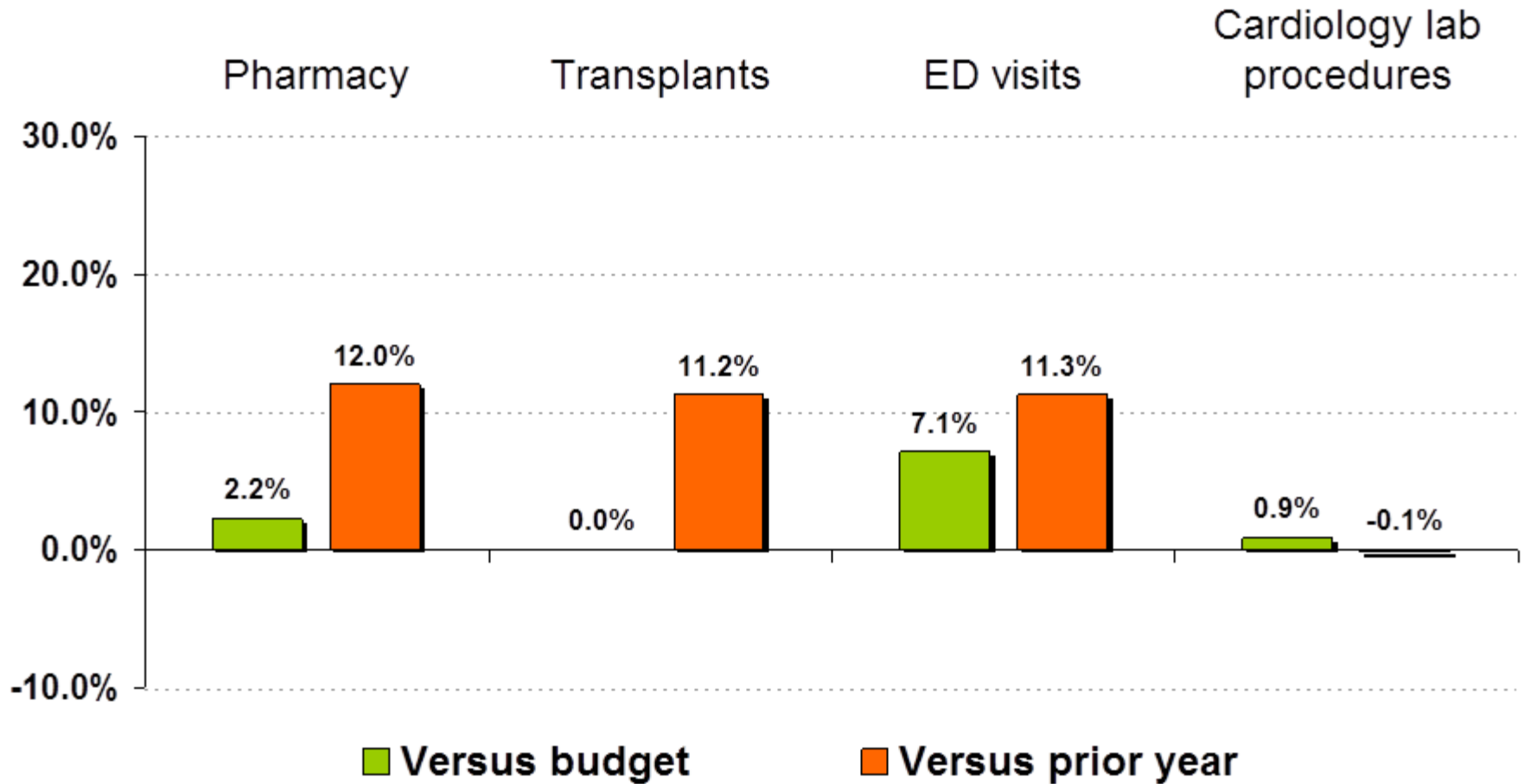
# Selected Volume Statistics

*Three Months Ended September 30, 2014*



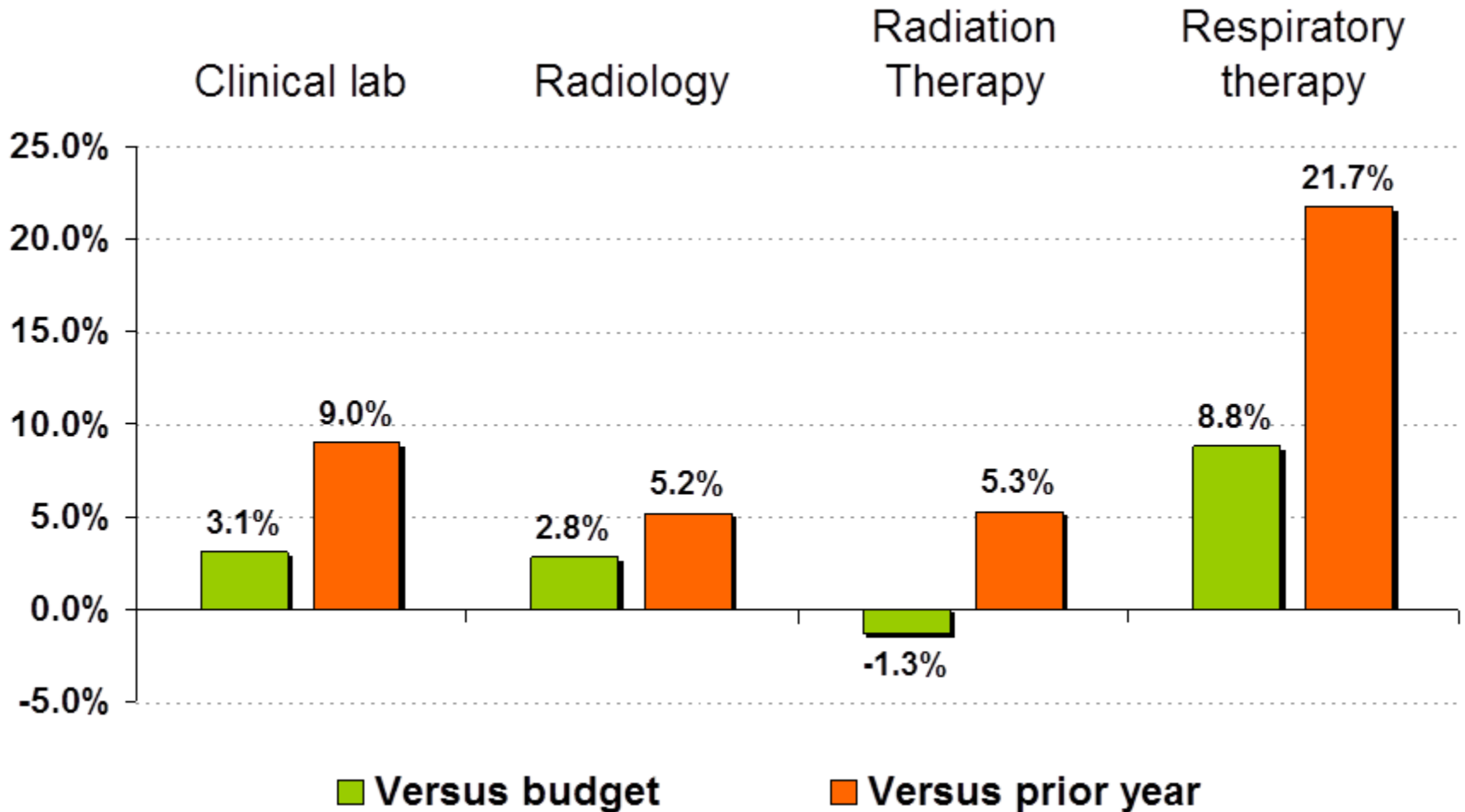
# Selected Other Volume Statistics

*Three Months Ended September 30, 2014*



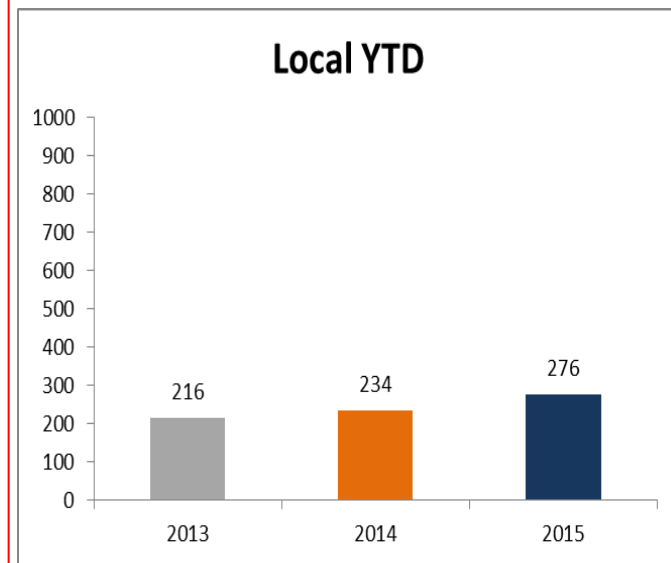
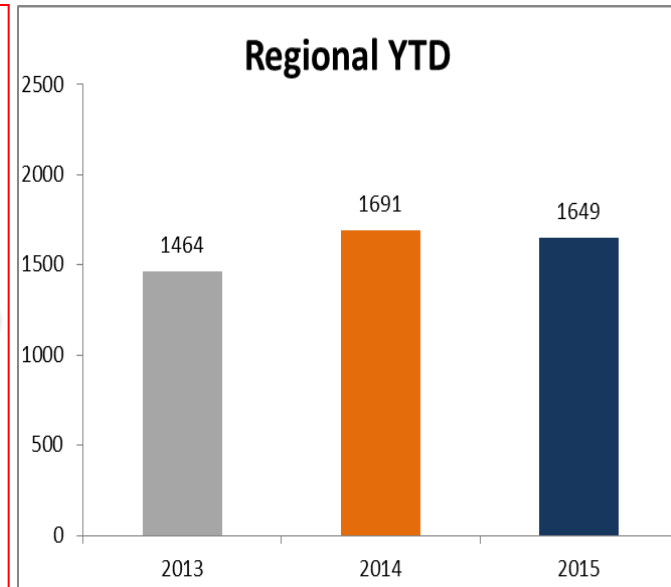
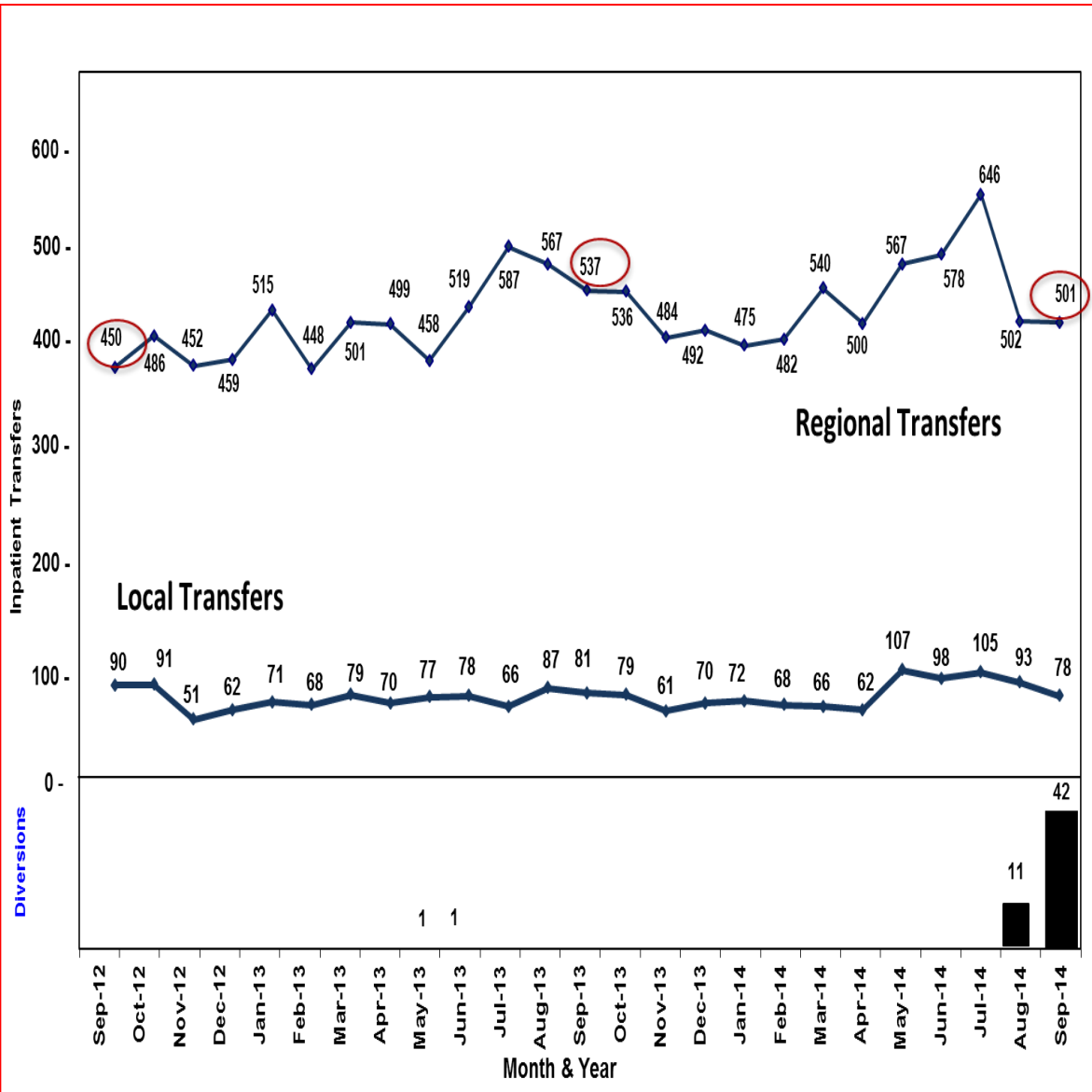
# Selected Other Volume Statistics

*Three Months Ended September 30, 2014*





# Interhospital Transfers & Diversions



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

# Summary of Operating Results

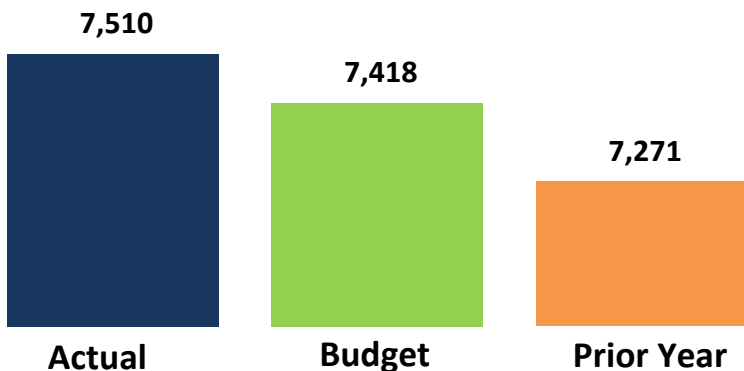
## Three Months Ended September 30, 2014

(Amounts in \$\$ Millions)

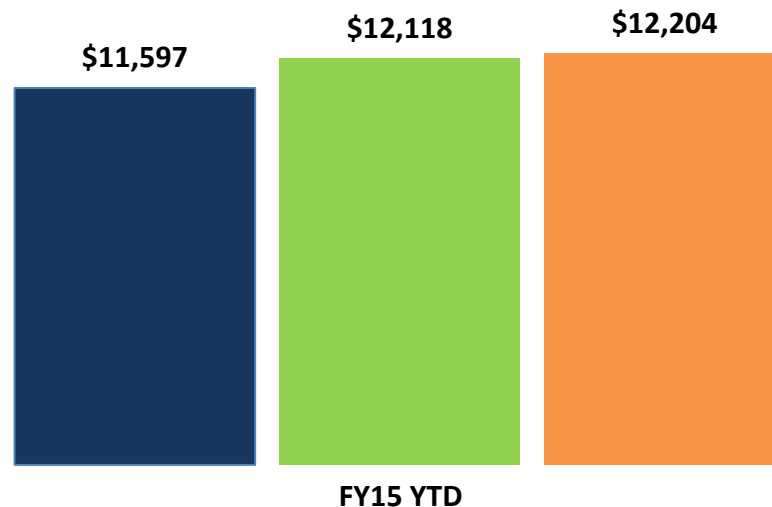
	Actual YTD September 2014	Budget YTD September 2014	Actual YTD September 2013	YTD 2015 Variance Vs. Budget 2014	
<b>Operating Revenue</b>	<b>\$ 359.2</b>	<b>\$ 353.8</b>	<b>\$ 327.2</b>	<b>1.5%</b>	<b>9.8%</b>
<b>Operating Expenses:</b>					
Salaries and fringe benefits	168.5	166.0	160.4	-1.5%	-5.0%
Medical materials and supplies	84.5	75.1	68.9	-12.5%	-22.6%
Other expenses	88.2	89.1	80.4	1.0%	-9.7%
<b>Total Operating Expenses</b>	<b>341.2</b>	<b>330.2</b>	<b>309.7</b>	<b>-3.3%</b>	<b>-10.2%</b>
<b>Income from Operations</b>	<b>18.0</b>	<b>23.6</b>	<b>17.5</b>		
Nonoperating Income	(1.1)	4.4	9.6		
<b>Net Income</b>	<b>\$ 16.9</b>	<b>\$ 28.0</b>	<b>\$ 27.1</b>		

# FTE's and Cost per CMI Adjusted Discharge YTD

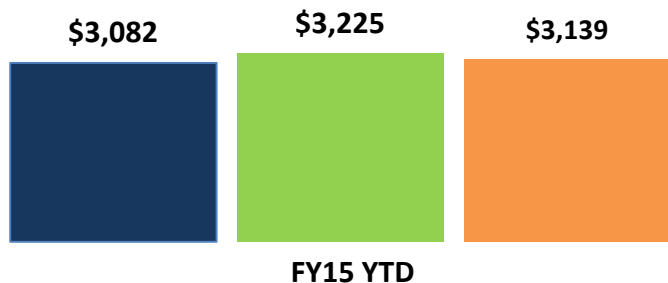
## FTE's Including Agency & Overtime



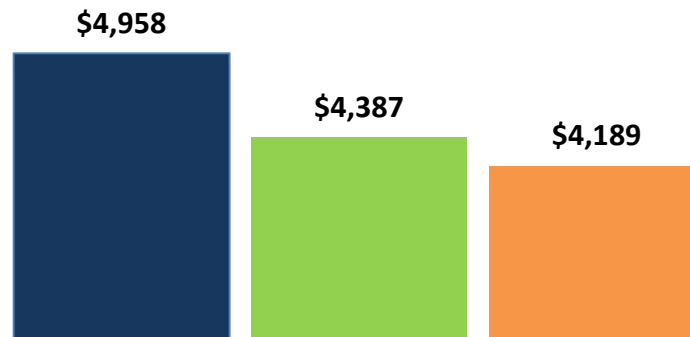
## Salary & Agency



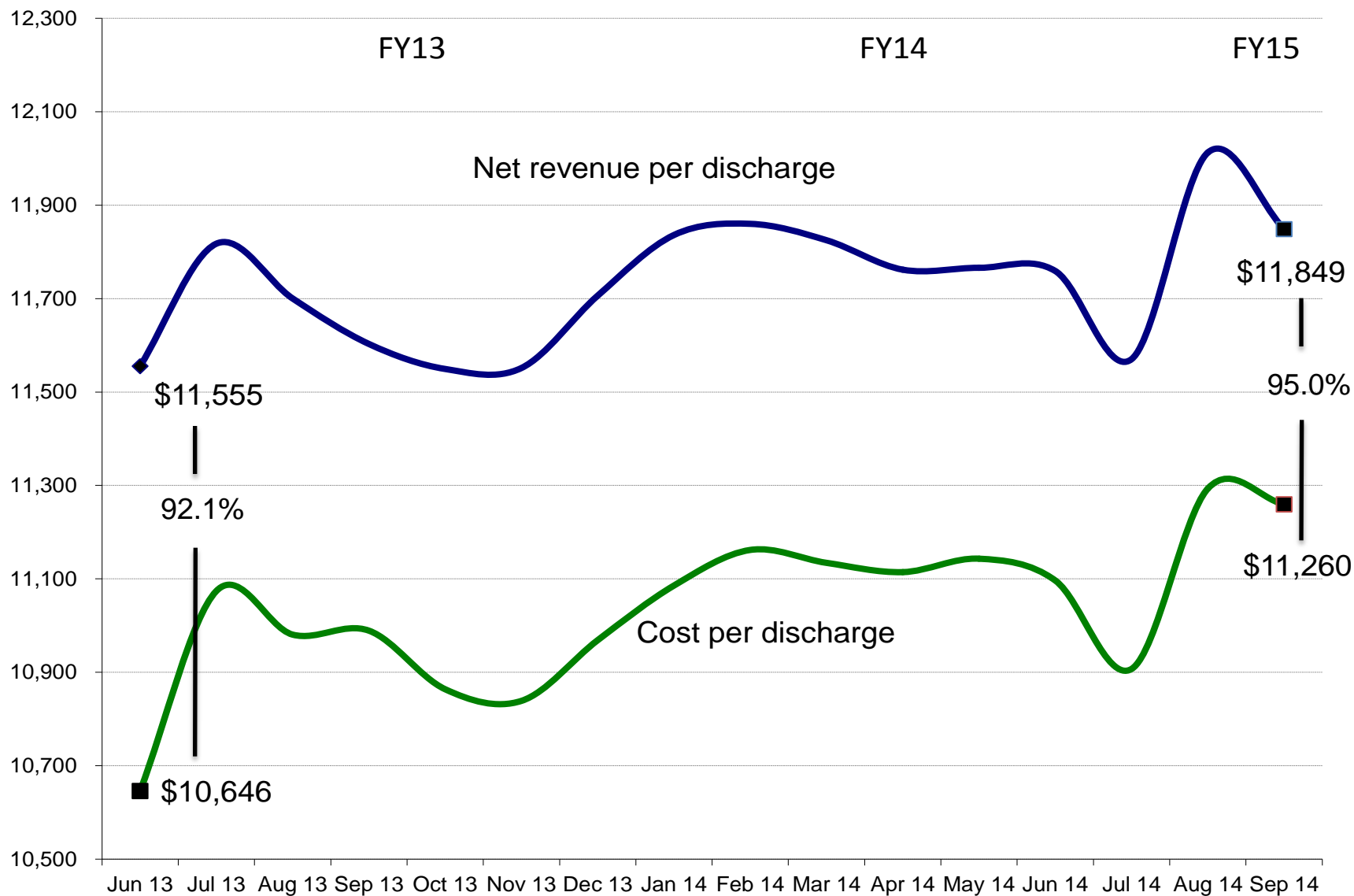
## Medical & Surgical Supplies



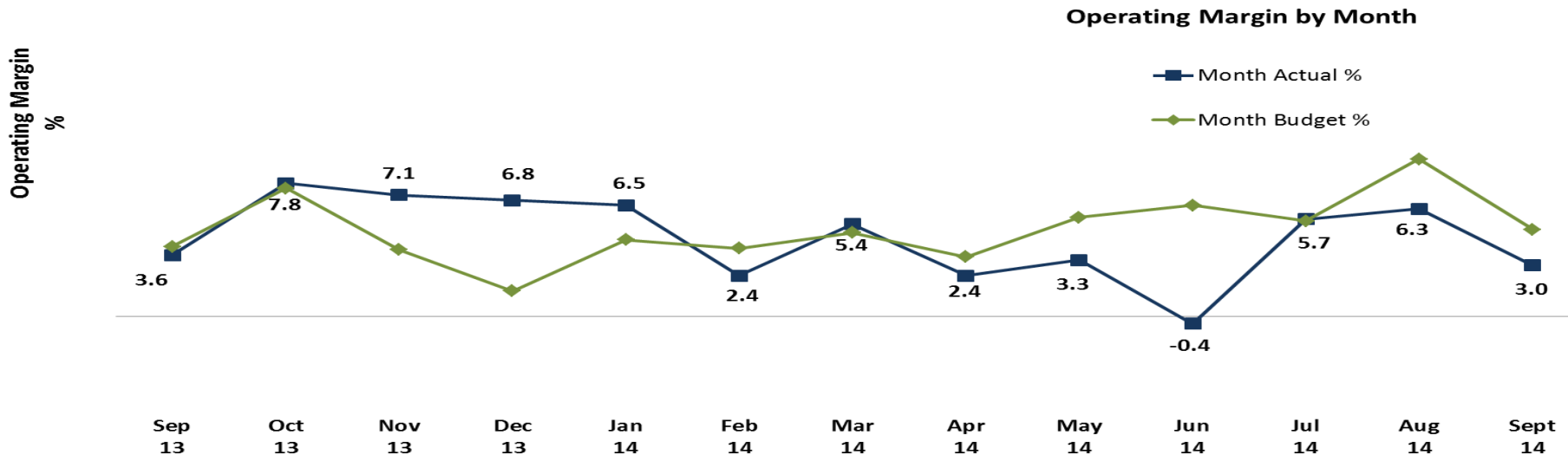
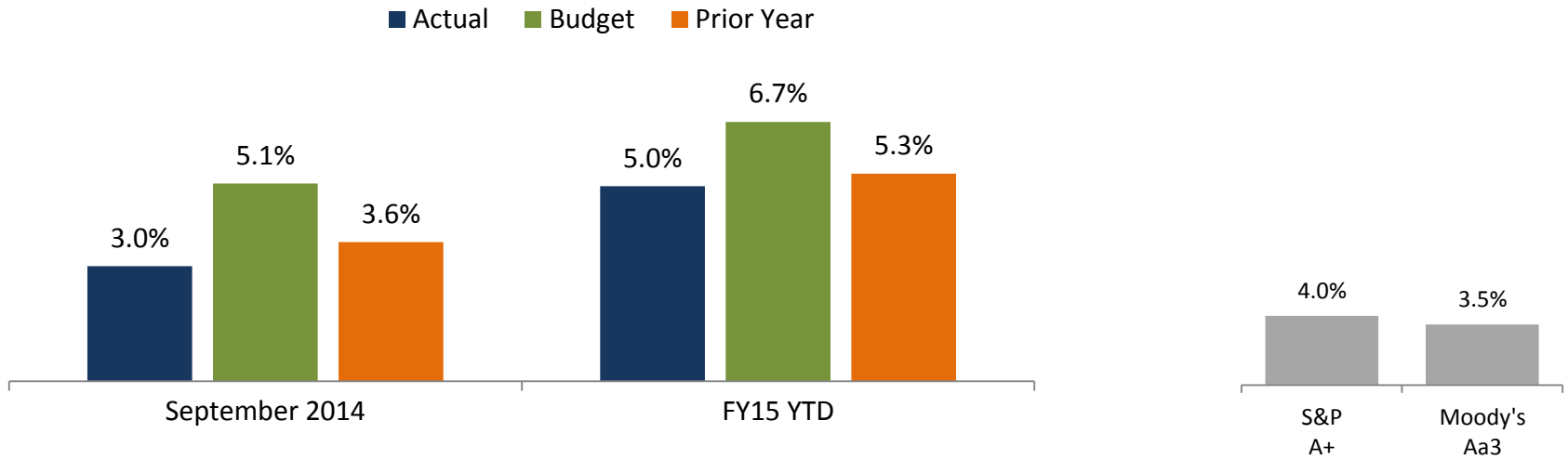
## Pharmaceuticals



# Revenue and Cost per CMI Adjusted Discharge YTD



# Operating Margin %



# Performance Ratios

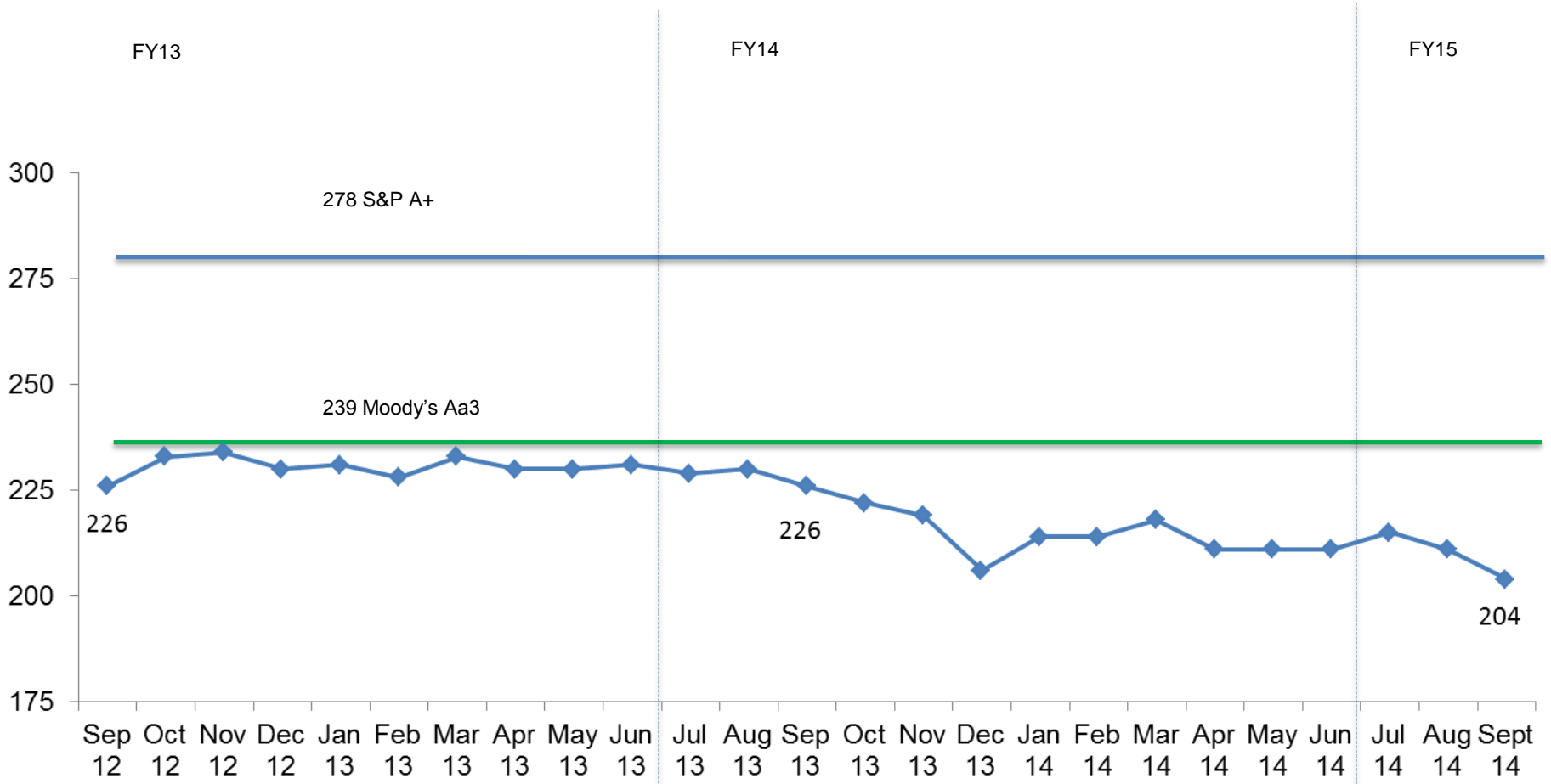
	Favorable Direction	FY 15	Budget or Target	Industry Comparisons		
				S&P "A+" Rated	Moody's "Aa3" Rated	UWHCA Bond Covenant
Operating Margin	↑	5.0%	6.7%	4.0%	3.5%	
Total Margin	↑	4.7%	7.9%	6.6%	7.2%	
Days Cash on Hand *	↑	204	220	291	239	90
Days in Accounts Receivable	↓	46	45	49	52	
Debt Service Coverage Ratio	↑	4.6	5.4	4.9	6.0	1.25
Long Term Debt to Capitalization	↓	32.0%	31.0%	26.7%	31.8%	65%
Operating Cash Flow	↑	9.7%	11.3%	10.9%	10.4%	
Cash-to-Debt	↑	152.6%	172.0%	185.8%	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>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>
<b>April 14</b>	<b>160,729,322</b>	<b>44</b>
<b>May 14</b>	<b>164,286,696</b>	<b>43</b>
<b>June 14</b>	<b>163,776,176</b>	<b>43</b>
<b>July 14</b>	<b>166,934,574</b>	<b>44</b>
<b>August 14</b>	<b>173,533,316</b>	<b>44</b>
<b>September 14</b>	<b>175,808,323</b>	<b>46</b>

# 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	\$ 12,891,153	\$ 16,480,059	\$ (3,588,906)	-21.8%	\$ 13,169,477	\$ (278,324)	-2.1%
% of Revenue	1.52%	2.05%			1.79%		
Bad Debt	13,447,481	9,637,906	3,809,575	39.5%	11,642,379	\$1,805,102	15.5%
% of Revenue	1.58%	1.20%			1.58%		
<b>Total</b>	<b>\$ 26,338,634</b>	<b>\$ 26,117,965</b>	<b>\$ 220,669</b>	<b>0.8%</b>	<b>\$ 24,811,856</b>	<b>\$ 1,526,778</b>	<b>6.2%</b>
Gross Revenue	\$ 850,780,608	\$ 803,905,314	\$ 46,875,294	5.8%	\$ 735,544,875	\$ 115,235,733	15.7%
Total Bad Debt & Charity as % of Revenue	3.1%	3.2%			3.4%		

# Summary of Changes in Net Assets

Three Months Ended September 30, 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	22,901,601
Change in Fair value of investments	(4,869,738)
Change in Fair value of swap agreements	(37,796)
Payments to UW School of Medicine and Public Health for capital expenditure support	(1,054,000)
Capital grants, gifts and donations	293,777
Additions to permanent gift endowments	3,472
Increase in net assets	<u>\$17,237,316</u>
Net assets at end of period	<u><u>\$987,108,467</u></u>

# Comparison to Local Competitors

## August 31, 2014 vs. 2013

	<u>UWHC</u>	<u>Meriter</u>	<u>St. Mary's</u>	<u>Total</u>
<b>% Change in Admissions</b>				
Current Month	(1.4)%	(7.4)%	(2.9)%	(3.4)%
3 Month Rolling Average	4.1%	(6.3)%	(1.1)%	(0.1)%
12 Month Rolling Average	1.6%	(4.7)%	(3.6)%	(1.7)%
<b>% Change in Average Daily Census</b>				
Current Month	7.3%	(1.2)%	3.2%	4.2%
3 Month Rolling Average	8.1%	0.2%	3.2%	4.9%
12 Month Rolling Average	3.2%	0.3%	(0.4)%	1.5%

# UWHC Investment Balances & Returns

<u>Account</u>	<u>September Market Value Balances</u>	<u>Investment Allocation</u>	<u>September YTD Investment Return</u>	<u>Benchmark</u>
<b>Operating Account and Commercial Paper</b>				
US Bank	\$ 45,134,878	6.3%	0.08%	0.03% (A)
<b>Short Term Bond Fund</b>				
USBank/Nuveen	\$ 152,207,198	21.4%	-0.36%	-0.57% (B)
<b>Intermediate Bond Fund</b>				
USBank/Baird	\$ 231,904,839	32.6%	-0.09%	-0.45% (C)
<b>Capital Replacement Fund</b>				
Account - UW Foundation	\$ 157,398,282	22.1%	0.16%	0.16% (D)
<b>Endowment Fund</b>				
<b>Securities</b>				
UW Foundation	\$125,036,598	17.6%	-0.80%	-2.39% (E)
<b>Total Unrestricted Funds</b>	<b>\$ 711,681,795</b>	<b>100.0%</b>	<b>-0.2%</b>	<b>-0.7%</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