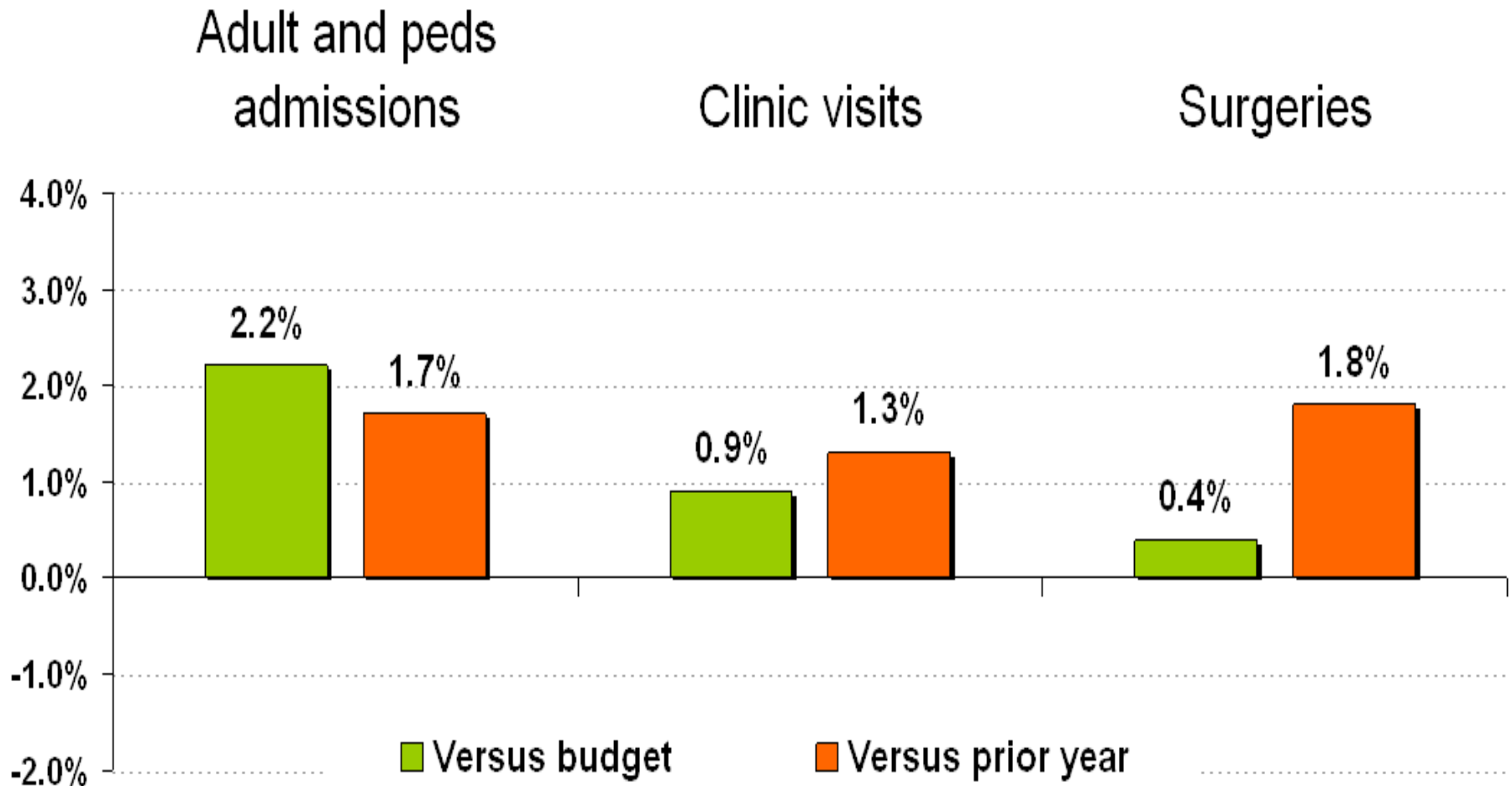


**SUMMARY OF  
OPERATING RESULTS  
June 2014**

**Audited YEAR END FY14  
UWHC Finance Committee  
& Authority Board**

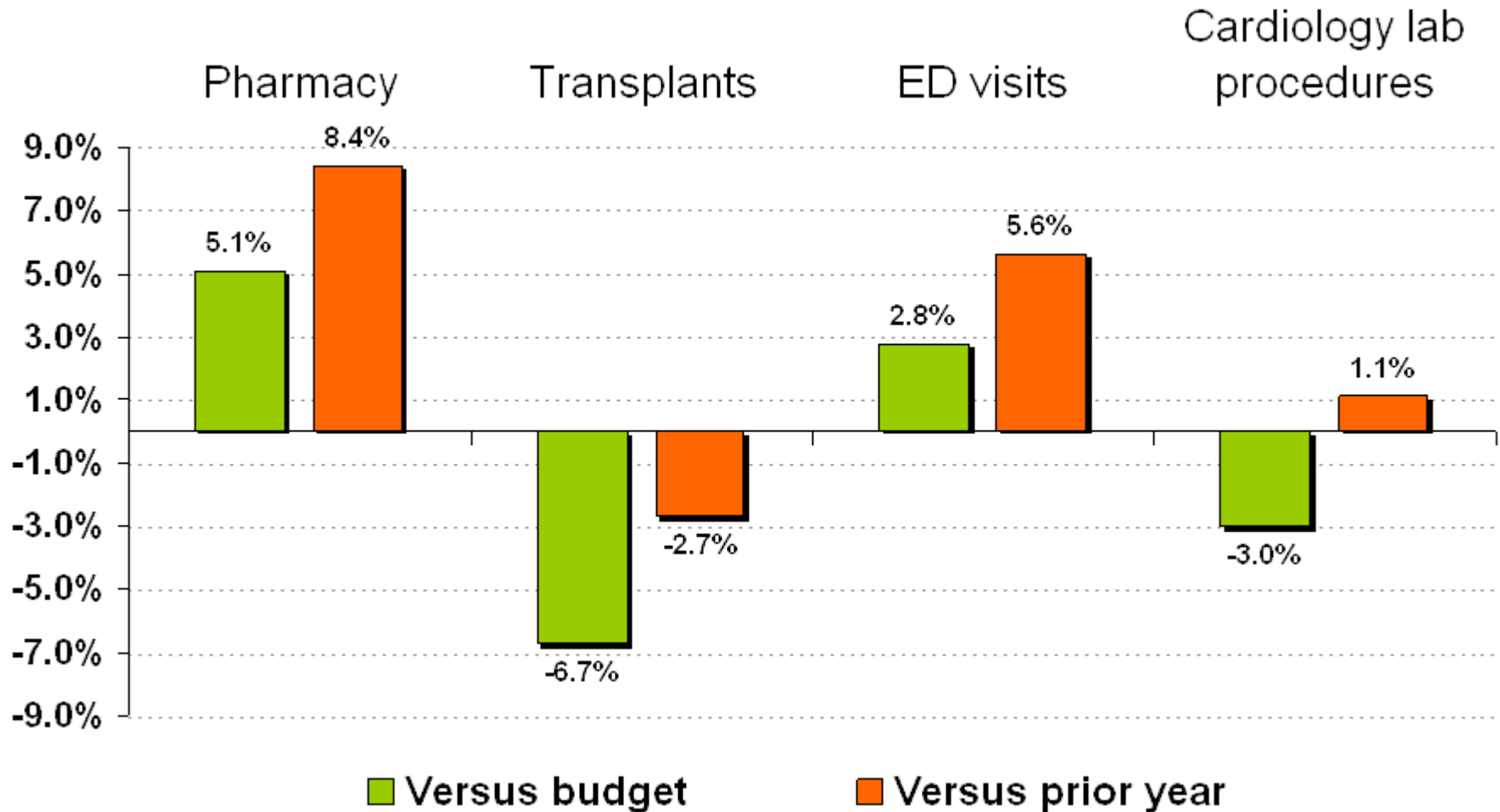
# Selected Volume Statistics

*Twelve Months Ended June 30, 2014*



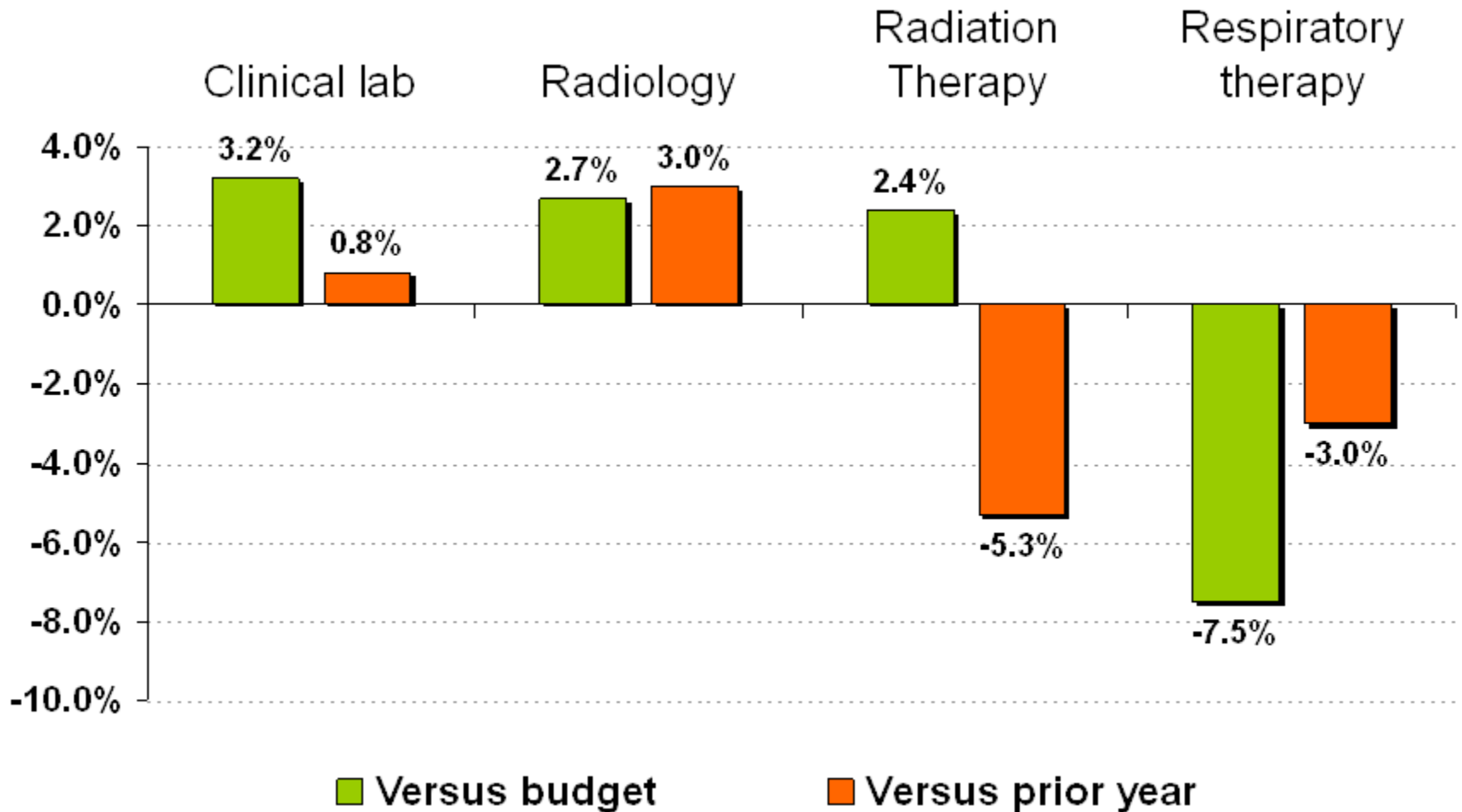
# Selected Other Volume Statistics

*Twelve Months Ended June 30, 2014*

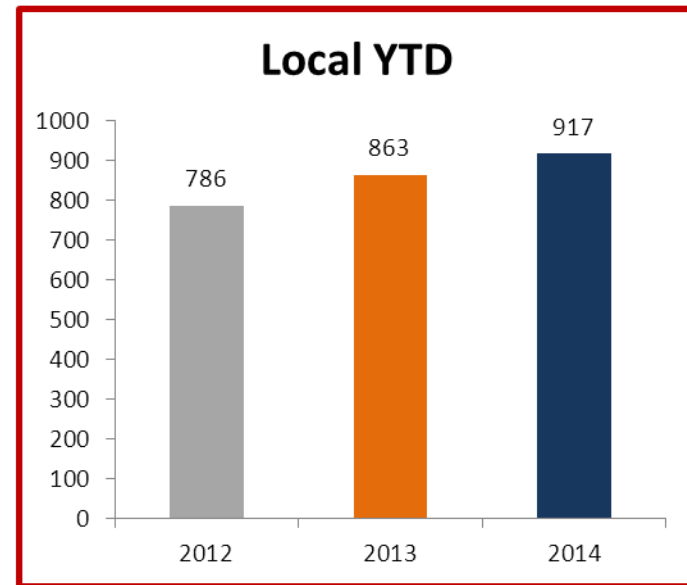
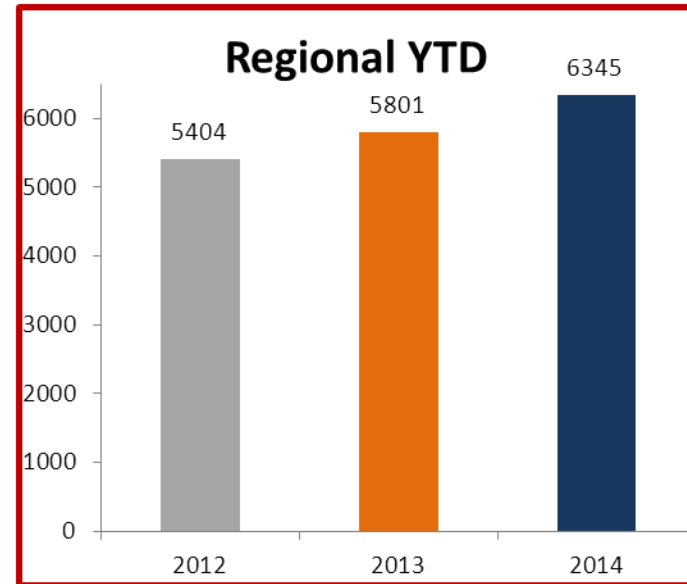
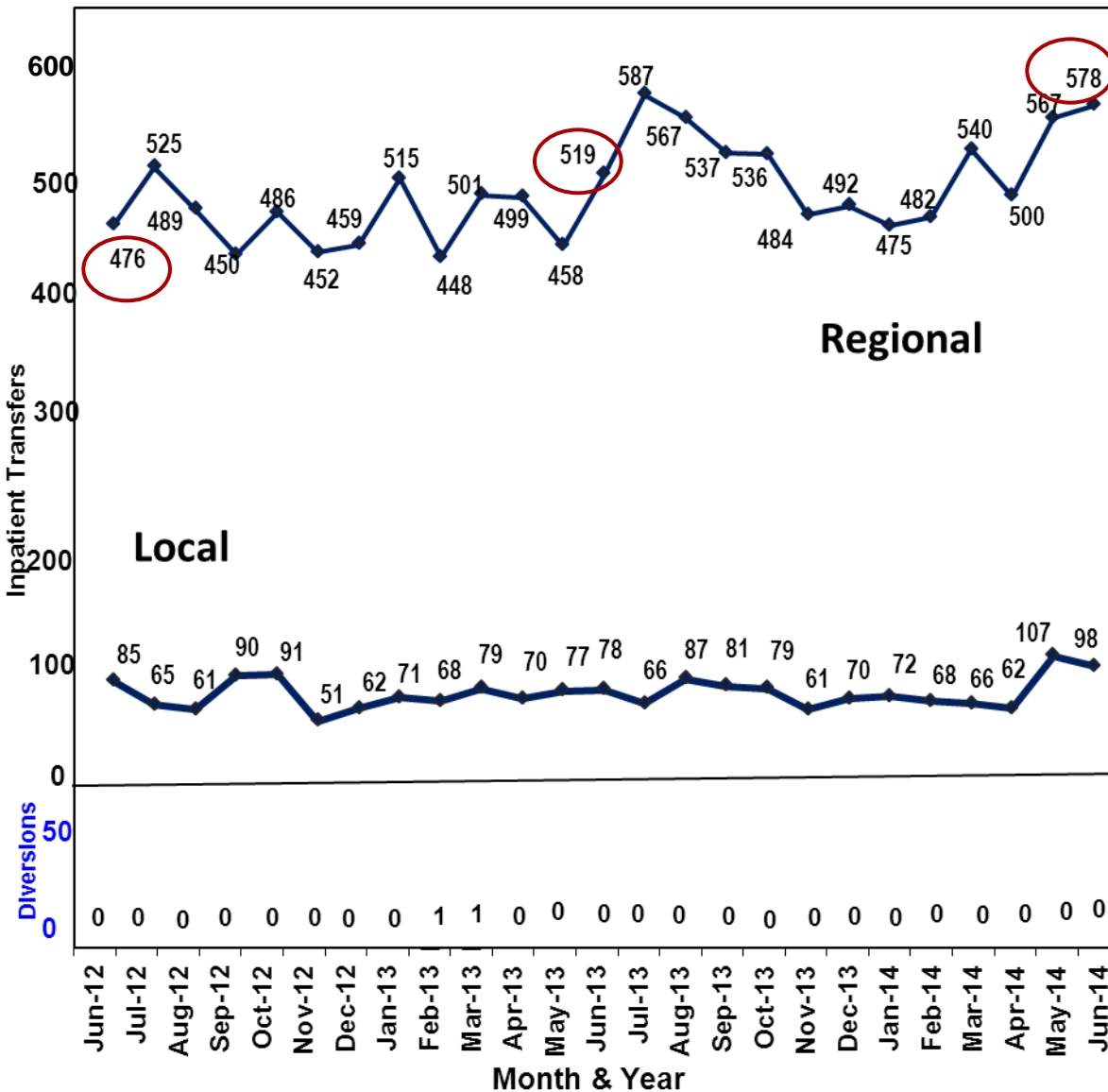


# Selected Other Volume Statistics

*Twelve Months Ended June 30, 2014*



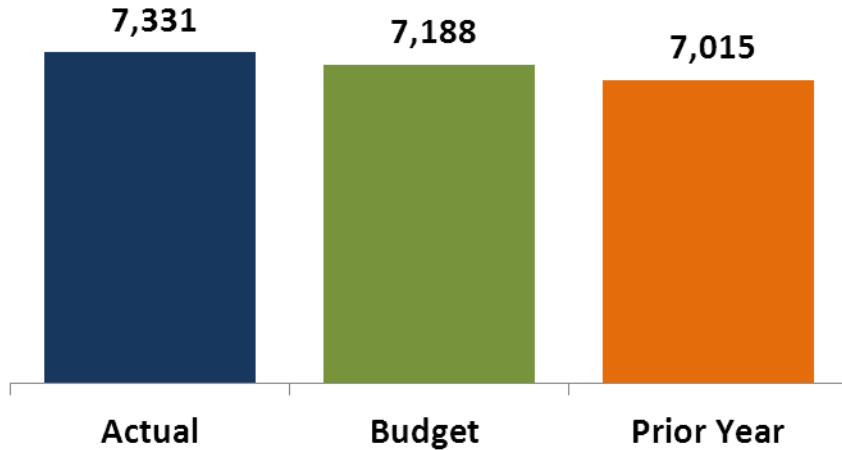
# Interhospital Transfers & Diversions



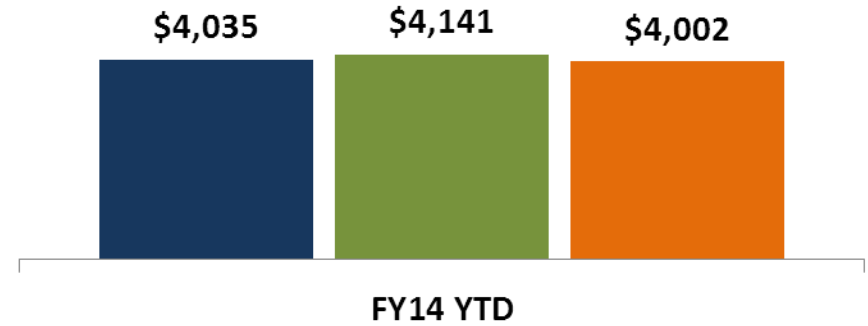
\* Both exclude Local and Regional Transfers to UWHC Emergency Department, not admitted.

# FTE's and Cost per CMI Adjusted Discharge YTD

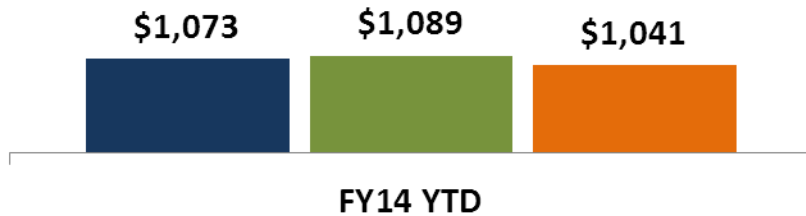
## FTE's Including Agency and Overtime



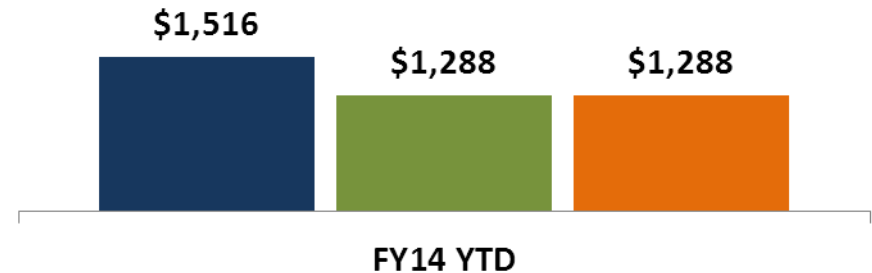
## Salary & Agency



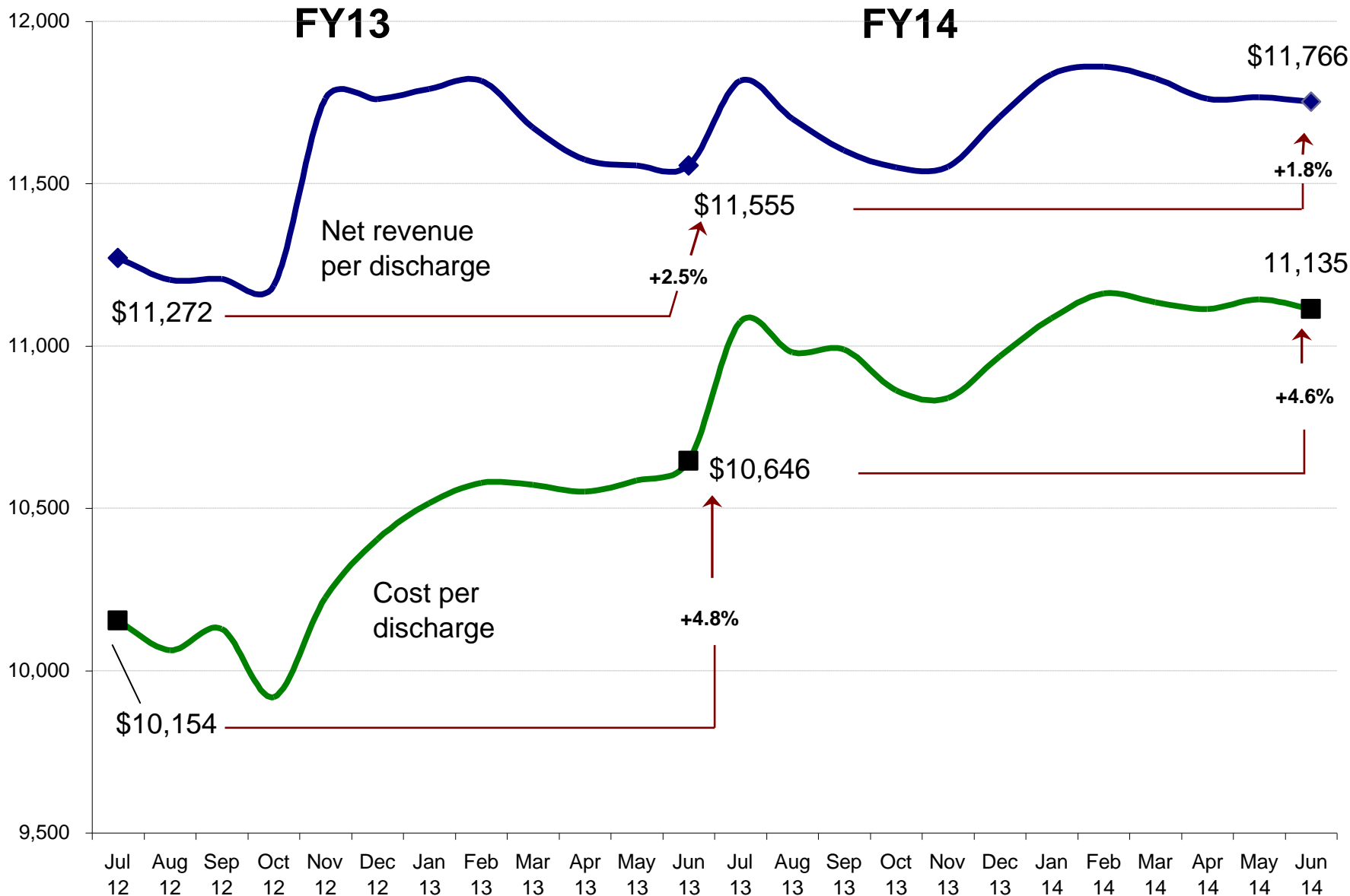
## Medical and Surgical Supplies



## Pharmaceuticals YTD



# Revenue and Cost per CMI Adjusted Discharge YTD



# Summary of Operating Results

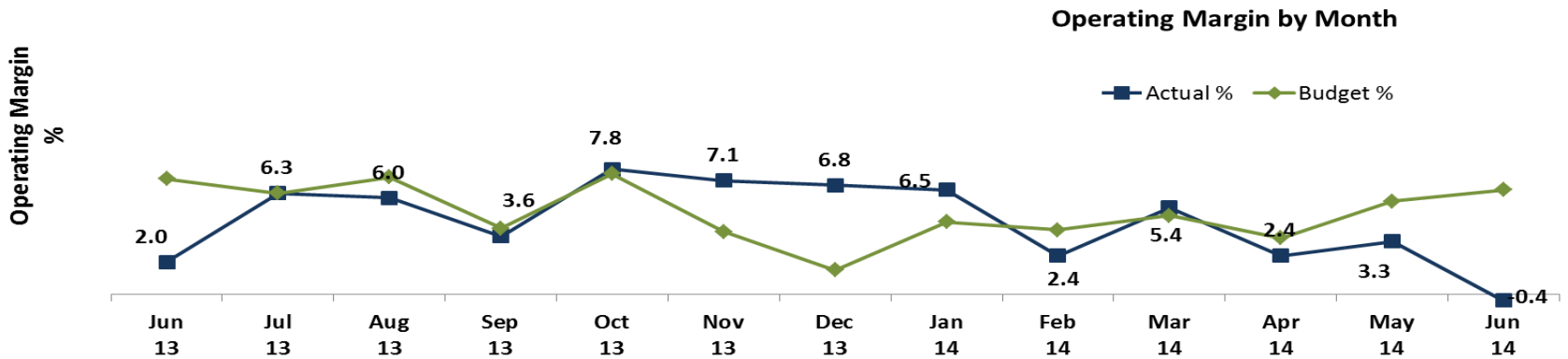
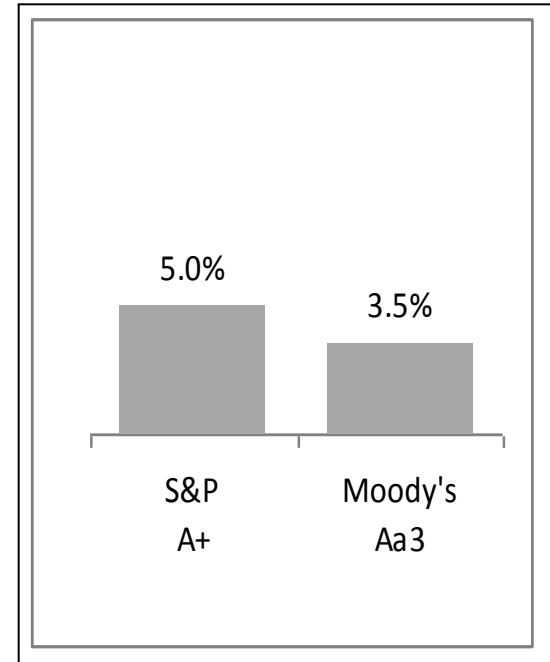
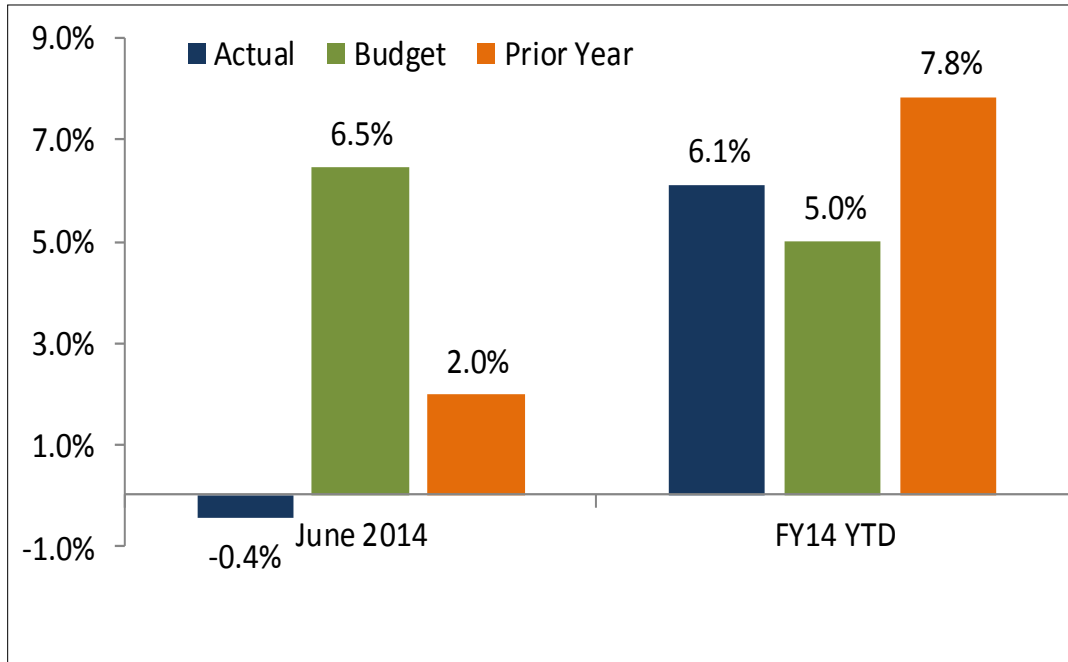
## Twelve Months Ended June 30, 2014

(Amounts in \$\$ Millions)

	Actual YTD June 2014	Budget YTD June 2014	Actual YTD June 2013	YTD 2014 Variance Vs. <u>Budget</u> <u>2013</u>	
<b>Operating Revenue</b>	<b>\$ 1,353.8</b>	<b>\$ 1,282.8</b>	<b>\$ 1,257.6</b>	<b>5.5%</b>	<b>7.6%</b>
<b>Operating Expenses:</b>					
Salaries and fringe benefits	640.0	629.5	596.7	-1.7%	-7.3%
Medical materials and supplies	295.2	258.9	253.1	-14.0%	-16.6%
Other expenses	335.7	330.1	309.3	-1.7%	-8.5%
<b>Total Operating Expenses</b>	<b>1,270.9</b>	<b>1,218.5</b>	<b>1,159.1</b>	<b>-4.3%</b>	<b>-9.6%</b>
<b>Income from Operations</b>	<b>82.9</b>	<b>64.3</b>	<b>98.5</b>		
Nonoperating Income	20.9	15.4	(14.1)		
<b>Net Income</b>	<b>\$ 103.8</b>	<b>\$ 79.7</b>	<b>\$ 84.4</b>		



# Operating Margin %



# Performance Ratios

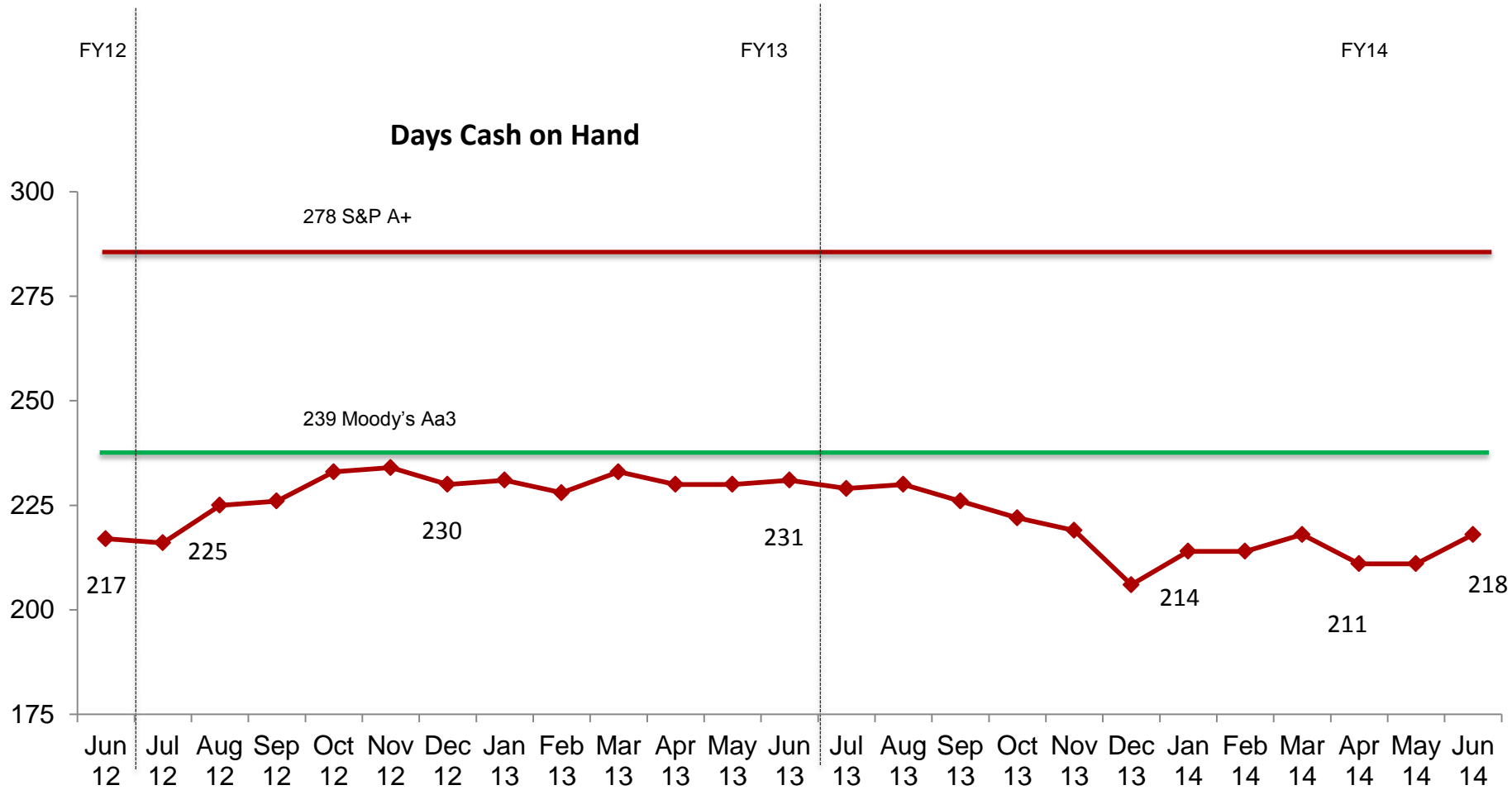
	Favorable Direction	FY 14	Budget or Target	Industry Comparisons		
				S&P 500 "A+" Rated	Moody's "Aa3" Rated	UWHCA Bond Covenant
Operating Margin	↑	6.1%	5.0%	5.0%	3.5%	
Total Margin	↑	7.7%	6.1%	7.5%	7.2%	
Days Cash on Hand *	↑	218	229	278	239	90
Days in Accounts Receivable	↓	45	45	50	52	
Debt Service Coverage Ratio	↑	4.4	4.2	5.1	6.0	1.25
Long Term Debt to Capitalization	↓	32.8%	34.0%	26.8%	31.8%	65%
Operating Cash Flow	↑	9.8%	9.6%	12.2%	10.4%	
Cash-to-Debt	↑	155.6%	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>
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	44
June 14	163,776,176	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	\$ 61,918,668	\$ 67,184,853	\$ (5,266,185)	-7.8%	\$ 60,866,344	\$ 1,052,324	1.7%
% of Revenue	2.06%	2.30%			2.24%		
Bad Debt	34,562,770	35,052,966	(490,196)	-1.4%	27,398,726	\$7,164,044	26.1%
% of Revenue	1.15%	1.20%			1.01%		
<b>Total</b>	<b>\$ 96,481,438</b>	<b>\$ 102,237,819</b>	<b>\$ (5,756,381)</b>	<b>-5.6%</b>	<b>\$ 88,265,070</b>	<b>\$ 8,216,368</b>	<b>9.3%</b>
Gross Revenue	\$ 3,000,772,611	\$ 2,921,080,547	\$ 79,692,064	2.7%	\$ 2,721,738,475	\$ 279,034,136	10.3%
Total Bad Debt & Charity as % of Revenue	3.2%	3.5%			3.2%		

# 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	\$101,453	\$81,620
Depreciation	50,085	47,550
Interest Expense	10,669	11,567
EBITDA	<u>\$ 162,207</u>	<u>\$ 140,737</u>
<b><u>Cash (Used) for Capital Expenditures, Debt Service and Working Capital:</u></b>		
Capital Expenditures	(180,072)	(200,100)
Est Annual Debt Service	(25,734)	(31,947)
Capital Contribution to UW for Capital Expenditures	(667)	(667)
Capital Contribution in Joint Ventures	(4,908)	(1,219)
Decrease (increase) in Working Capital	(14,365)	12,272
Total (Used) Provided	<u>(\$225,746)</u>	<u>(\$221,661)</u>
Cash Available for Temporary Investment and Future Capital Expenditures	<u>\$ (63,539)</u>	<u>\$ (80,924)</u>

# Summary of Changes in Net Assets

Twelve Months Ended June 30, 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	101,452,749
Change in Fair value of investments	17,862,188
Change in Fair value of swap agreements	(199,971)
Payments to UW School of Medicine and Public Health for capital expenditure support	(15,271,797)
Capital grants, gifts and donations	4,194,594
Additions to permanent gift endowments	13,735
Increase in net assets	<u>\$108,051,498</u>
Net assets at end of period	<u><u>\$969,871,151</u></u>

# Comparison to Local Competitors

## June 30, 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>	9.6%	(7.1)%	0.3%	2.4%
<b>3 Month Rolling Average</b>	2.6%	(7.4)%	(3.1)%	(1.8)%
<b>12 Month Rolling Average</b>	1.7%	(4.7)%	(3.3)%	(1.5)%
<b>% Change in Average Daily Census</b>				
<b>Current Month</b>	8.2%	(3.9)%	6.7%	4.9%
<b>3 Month Rolling Average</b>	6.8%	(0.4)%	3.7%	4.2%
<b>12 Month Rolling Average</b>	1.9%	(1.2)%	(0.6)%	0.4%



# UWHC Investment Balances & Returns

<u>Account</u>	<u>June Market Value Balances</u>	<u>Investment Allocation</u>	<u>June YTD Investment Return</u>	<u>Benchmark</u>
<b>Operating Account and Commercial Paper</b>				
US Bank	\$ 59,071,388	8.1%	0.17%	0.04% (A)
<b>Short Term Bond Fund</b>				
USBank/Nuveen	\$ 152,649,995	21.0%	2.58%	-1.17% (B)
<b>Intermediate Bond Fund</b>				
USBank/Baird	\$ 232,031,770	31.9%	3.68%	1.16% (C)
<b>Capital Replacement Fund</b>				
Account - UW Foundation	\$ 157,337,203	21.6%	0.17%	0.17% (D)
<b>Endowment Fund</b>				
<b>Securities</b>				
UW Foundation	\$125,883,217	17.3%	14.20%	17.63% (E)
<b>Total Unrestricted Funds</b>	<b>\$ 726,973,573</b>	<b>100.0%</b>	<b>4.2%</b>	<b>3.2%</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