



## UWHCA Finance Committee

May 28, 2020, 10:00 - 11:30 AM

Via WebEx: <https://uwhealth.webex.com/uwhealth/onstage/g.php?MTID=e05bca1469f5de9d592865766866f9f9c>

Meeting Number: 196 961 735 // Password: UWHmtg052820

Telephone: 1-415-655-0003 US TOLL // Access code: 196 961 735

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# UWHCA Finance Committee - May 28, 2020 - PUBLIC MEETING NOTICE

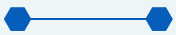
## Agenda

- 10:00 AM **I. Call to Order**  
Mr. Kenneth Mount
- 
- 10:02 AM **II. Meeting Minutes - Open Session Minutes from May 7, 2020** Approval  
Mr. Kenneth Mount
- 
- 10:05 AM **III. UW Health Consolidated Financials - YTD April 30, 2020** Report/Discussion  
Mr. Robert Flannery, Ms. Jodi Vitello, Ms. Patti DeWane
- Presentation - UW Health Consolidated Financials - April 30, 2020
- 
- 10:10 AM **IV. Closed Session**
- Motion to enter into closed session pursuant to Wisconsin Statutes sections 146.38 and 19.85(1)(e) for the discussion of the following confidential strategic matters, which for competitive reasons require a closed session: review and approval of closed session minutes, YTD financial and budgetary report, UW Health Pharmacy financial update, discussion regarding COVID-19 impact and response, including but not limited to clinical and financial matters, and review and consideration of FY21 budget process proposal discussion; and pursuant to Wisconsin Statutes section 19.85(1)(g) to confer with legal counsel regarding these and other matters.
- 
- 11:27 AM **V. Return to Open Session**
- 
- 11:27 AM **VI. ACTION: Modification of FY21 Budget Process** Endorsement  
Mr. Kenneth Mount  
Motion to recommend to UWHC Authority Board of Directors approval of FY21 budget process proposal as discussed in closed session
- 
- 11:30 AM **VII. Adjourn**

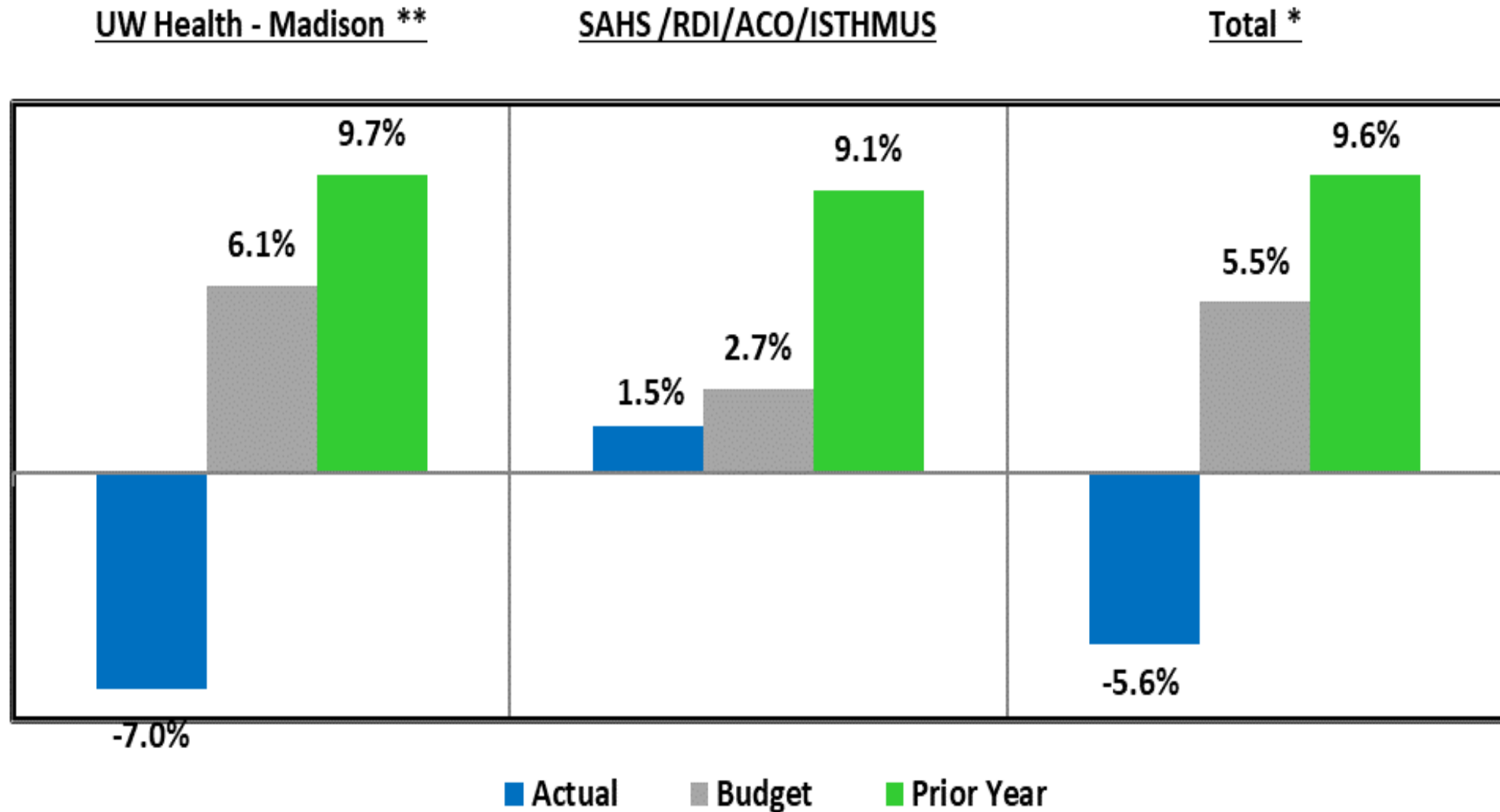
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# UW Health Consolidated Financials April 30, 2020

May 28, 2020



# UW Health Current Month Operating Margin – April 30, 2020



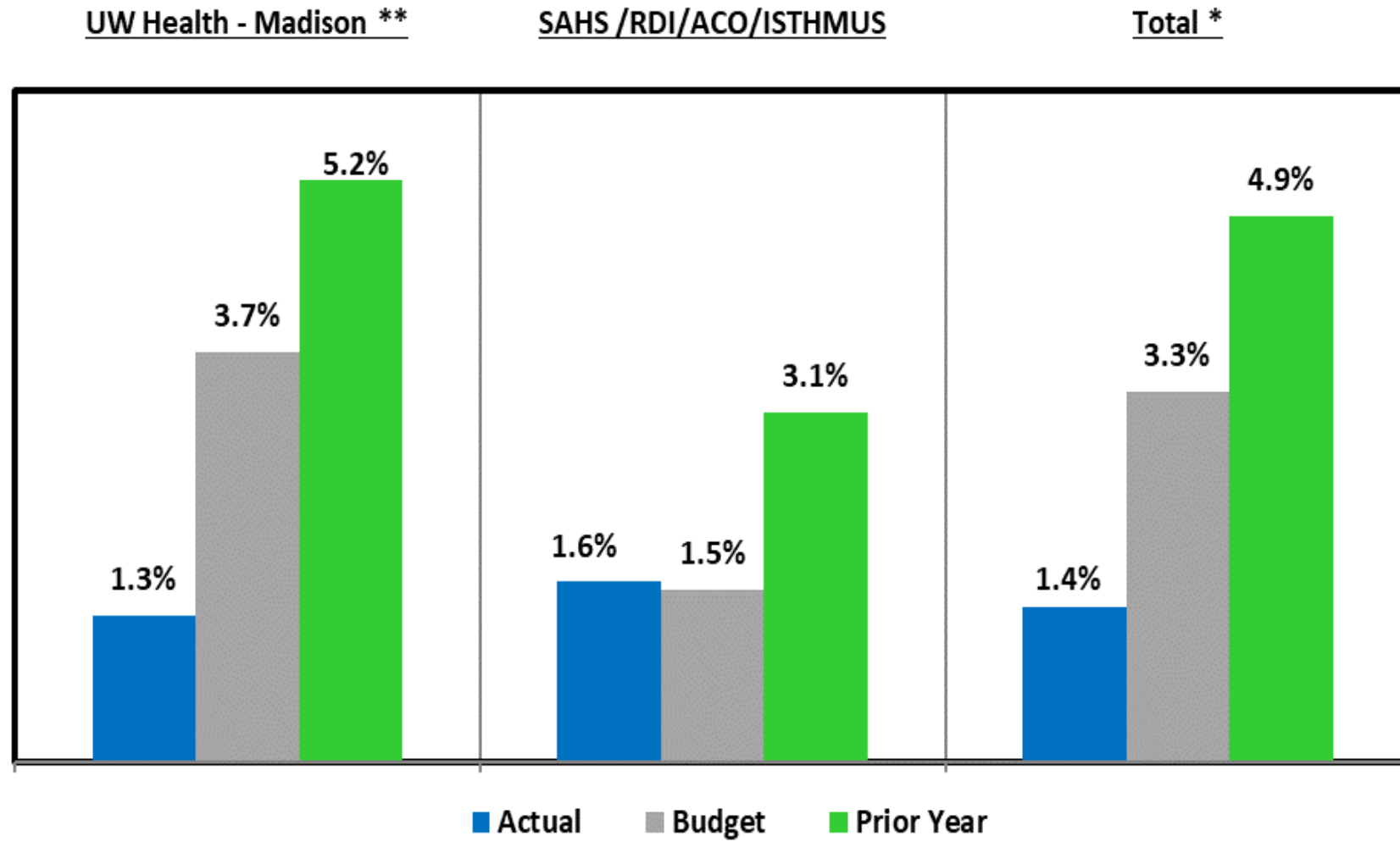
# Summary of Enterprise-wide April 30, 2020 Operating Results

	Actual April- FY20	Budget April- FY20	Variance vs. Budget	Var. % vs. Budget	Actual April- FY19	Variance vs. PY	Var. % vs. PY
<b><u>TOTAL OPERATING REVENUE</u></b>							
Net patient service revenue	197,975,722	290,686,160	(92,710,438)	-32%	292,037,809	(94,062,087)	-32%
Other operating revenues	52,084,072	6,687,529	45,396,543	679%	9,918,877	42,165,195	425%
<b>Total operating revenues, net</b>	<b>250,059,794</b>	<b>297,373,689</b>	<b>(47,313,895)</b>	<b>-16%</b>	<b>301,956,686</b>	<b>(51,896,892)</b>	<b>-17%</b>
<b><u>TOTAL OPERATING EXPENSES</u></b>							
Non-physician salaries and benefits	107,913,808	117,122,956	(9,209,148)	-8%	118,924,472	(11,010,664)	-9%
Physician salaries and benefits	38,803,613	40,897,856	(2,094,243)	-5%	28,417,485	10,386,128	37%
<b>Salaries and benefits</b>	<b>146,717,421</b>	<b>158,020,812</b>	<b>(11,303,391)</b>	<b>-7%</b>	<b>147,341,957</b>	<b>(624,536)</b>	<b>0%</b>
Other expenses	3,434,314	5,050,313	(1,615,999)	-32%	9,160,375	(5,726,061)	-63%
Purchased services and agency costs	21,581,943	18,251,416	3,330,527	18%	17,333,086	4,248,857	25%
Medical materials and supplies	10,993,338	19,193,734	(8,200,396)	-43%	19,190,164	(8,196,826)	-43%
Pharmaceuticals	41,561,110	40,043,802	1,517,308	4%	39,659,323	1,901,787	5%
Interest expense	1,932,714	2,397,487	(464,773)	-19%	2,299,550	(366,836)	-16%
Depreciation and amortization	9,648,202	10,235,372	(587,170)	-6%	10,982,538	(1,334,336)	-12%
Public aid assessment	4,799,627	4,992,002	(192,375)	-4%	4,829,727	(30,100)	-1%
Facilities and equipment	17,365,139	16,699,678	665,461	4%	15,143,669	2,221,470	15%
Nonoperating expenses - academic support	5,987,053	6,078,642	(91,589)	-2%	6,966,598	(979,545)	-14%
<b>Net Operating Expenses</b>	<b>264,020,861</b>	<b>280,963,258</b>	<b>(16,942,397)</b>	<b>-6%</b>	<b>272,906,987</b>	<b>(8,886,126)</b>	<b>-3%</b>
<b>Income from operations</b>	<b>(13,961,067)</b>	<b>16,410,431</b>	<b>(30,371,498)</b>	<b>-185%</b>	<b>29,049,699</b>	<b>(43,010,766)</b>	<b>-148%</b>
<b><u>NON-OPERATING REVENUE/EXPENSES</u></b>							
Net increase/decrease in fair value of investments	58,249,382	696,371	57,553,011	8265%	26,205,089	32,044,293	122%
Investment income	15,193,458	2,568,590	12,624,868	492%	3,420,714	11,772,744	344%
Equity interest in income/loss of joint ventures	1,496,106	1,249,284	246,822	20%	6,469,225	(4,973,119)	-77%
Net inc/dec in fair value of derivative instrument	(94,937)	0	(94,937)	-100%	114,046	(208,983)	-183%
Other, net	1,036,820	(323,666)	1,360,486	-420%	249,830	786,990	315%
<b>Net Non Operating Revenue/Expenses</b>	<b>75,880,829</b>	<b>4,190,579</b>	<b>71,690,250</b>	<b>1711%</b>	<b>36,458,904</b>	<b>39,421,925</b>	<b>108%</b>
<b>Net Profit</b>	<b>61,919,762</b>	<b>20,601,010</b>	<b>41,318,752</b>	<b>201%</b>	<b>65,508,603</b>	<b>(3,588,841)</b>	<b>-5%</b>

# Summary of Enterprise-wide April 30, 2020 Operating Results

	Actual April- FY20	Budget April- FY20	Variance vs. Budget	Var. % vs. Budget
<b><u>TOTAL OPERATING REVENUE</u></b>				
Net patient service revenue	197,975,722	290,686,160	(92,710,438)	-32%
Other operating revenues	52,084,072	6,687,529	45,396,543	679%
<b>Total operating revenues, net</b>	<b>250,059,794</b>	<b>297,373,689</b>	<b>(47,313,895)</b>	<b>-16%</b>
Income from operations	(13,961,067)	16,410,431	(30,371,498)	-185%
Operating Margin Calculation - unadjusted	-5.6%	5.5%		
Income from operations	(13,961,067)	16,410,431	(30,371,498)	-185%
Less: CARES Act Funds distribution	(57,563,544)			
Normal Operating Margin, no Gov't Intervention	(71,524,611)			
Operating Margin Calculation - Adjusted to remove Gov't Intervention	-28.6%			

# UW Health YTD Operating Margin – April 30, 2020



# Summary of Enterprise-wide YTD April 30, 2020 Operating Results

	Actual Apr_YTD- FY20	Budget Apr_YTD- FY20	Variance vs. Budget	Var. % vs. Budget	Actual Apr_YTD- FY19	Variance vs. PY	Var. % vs. PY
<b>TOTAL OPERATING REVENUE</b>							
Net patient service revenue	2,784,053,175	2,865,167,348	(81,114,173)	-3%	2,690,011,612	94,041,563	3%
Other operating revenues	119,663,665	67,556,118	52,107,547	77%	102,871,573	16,792,092	16%
<b>Total operating revenues, net</b>	<b>2,903,716,840</b>	<b>2,932,723,466</b>	<b>(29,006,626)</b>	<b>-1%</b>	<b>2,792,883,185</b>	<b>110,833,655</b>	<b>4%</b>
<b>TOTAL OPERATING EXPENSES</b>							
Non-physician salaries and benefits	1,159,994,484	1,175,011,121	(15,016,637)	-1%	1,194,251,730	(34,257,246)	-3%
Physician salaries and benefits	421,873,365	409,276,474	12,596,891	3%	281,835,681	140,037,684	50%
<b>Salaries and benefits</b>	<b>1,581,867,849</b>	<b>1,584,287,595</b>	<b>(2,419,746)</b>	<b>0%</b>	<b>1,476,087,411</b>	<b>105,780,438</b>	<b>7%</b>
Other expenses	51,694,920	52,260,818	(565,898)	-1%	63,981,610	(12,286,690)	-19%
Purchased services and agency costs	201,928,228	182,034,978	19,893,250	11%	174,783,957	27,144,271	16%
Medical materials and supplies	194,843,509	190,371,548	4,471,961	2%	188,527,723	6,315,786	3%
Pharmaceuticals	441,735,189	419,447,006	22,288,183	5%	373,804,019	67,931,170	18%
Interest expense	21,287,659	24,302,576	(3,014,917)	-12%	21,217,781	69,878	0%
Depreciation and amortization	97,253,164	102,801,341	(5,548,177)	-5%	99,567,293	(2,314,129)	-2%
Public aid assessment	47,996,270	49,920,027	(1,923,757)	-4%	48,216,558	(220,288)	0%
Facilities and equipment	164,659,154	169,517,151	(4,857,997)	-3%	148,772,710	15,886,444	11%
Nonoperating expenses - academic support	60,453,565	60,786,422	(332,857)	-1%	61,781,717	(1,328,152)	-2%
<b>Net Operating Expenses</b>	<b>2,863,719,507</b>	<b>2,835,729,462</b>	<b>27,990,045</b>	<b>1%</b>	<b>2,656,740,779</b>	<b>206,978,728</b>	<b>8%</b>
<b>Income from operations</b>	<b>39,997,333</b>	<b>96,994,004</b>	<b>(56,996,671)</b>	<b>-59%</b>	<b>136,142,406</b>	<b>(96,145,073)</b>	<b>-71%</b>
<b>NON-OPERATING REVENUE/EXPENSES</b>							
Net increase/decrease in fair value of investments	(72,704,072)	6,963,710	(79,667,782)	-1144%	32,369,996	(105,074,068)	-325%
Investment income	47,432,199	25,685,897	21,746,302	85%	19,993,441	27,438,758	137%
Equity interest in income/loss of joint ventures	20,958,378	12,492,846	8,465,532	68%	23,548,821	(2,590,443)	-11%
Net inc/dec in fair value of derivative instrument	(1,488,063)	0	(1,488,063)	-100%	(464,077)	(1,023,986)	221%
Other, net	9,914,655	(2,796,044)	12,710,699	-455%	6,193,649	3,721,006	60%
<b>Net Non Operating Revenue/Expenses</b>	<b>4,113,097</b>	<b>42,346,409</b>	<b>(38,233,312)</b>	<b>-90%</b>	<b>81,641,830</b>	<b>(77,528,733)</b>	<b>-95%</b>
<b>Net Profit</b>	<b>44,110,430</b>	<b>139,340,413</b>	<b>(95,229,983)</b>	<b>-68%</b>	<b>217,784,236</b>	<b>(173,673,806)</b>	<b>-80%</b>



# Summary of Enterprise-wide YTD April 30, 2020 Operating Results

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<b><u>TOTAL OPERATING REVENUE</u></b>				
Net patient service revenue	2,784,053,175	2,865,167,348	(81,114,173)	-3%
Other operating revenues	119,663,665	67,556,118	52,107,547	77%
<b>Total operating revenues, net</b>	<b>2,903,716,840</b>	<b>2,932,723,466</b>	<b>(29,006,626)</b>	<b>-1%</b>
<b>Income from operations</b>	<b>39,997,333</b>	<b>96,994,004</b>	<b>(56,996,671)</b>	<b>-59%</b>
<b>Operating Margin Calculation - unadjusted</b>	<b>1.4%</b>	<b>3.3%</b>		
<b>Income from operations</b>	<b>39,997,333</b>	<b>96,994,004</b>	<b>(15,016,637)</b>	<b>-59%</b>
<b>Less: CARES Act Funds distribution</b>	<b>(57,563,544)</b>			
<b>Normal Operating Margin, no Gov't Intervention</b>	<b>(17,566,211)</b>			
<b>Operating Margin Calculation - Adjusted to remove Gov't Intervention</b>	<b>-0.6%</b>			

# Enterprise-wide April 30, 2020 YTD Performance Ratios

	Favorable Direction	FY 20	Healthcare System Industry Comparisons	
			S&P "AA-" Rated (1)	Moody's "Aa3" Rated (2)
<b>Operating Margin (including Academic Support)</b>	↑	1.4%	2.6%	3.0%
<b>Total Margin</b>	↑	1.5%	4.5%	5.8%
<b>Days Cash on Hand * (including Academic Support)</b>	↑	239 <sup>^</sup>	243	234
<b>Days in Accounts Receivable **</b>	↓	36	48	48
<b>Long Term Debt to Capitalization</b>	↓	23.4%	29.2%	27.7%
<b>Operating Cash Flow</b>	↑	5.5%	8.7%	8.3%
<b>Cash-to-Debt</b>	↑	299.9%	187.7%	206.7%

\* excludes provision for bad debt and retiree health insurance

\*\* average for 12 months

(1) S&P's 2017 financial ratios based on 35 obligators rated "AA-" by S&P. Based on 2017 audited financials.

(2) Moody's 2017 financial ratios based on 37 "Aa3" rated hospitals. Based on 2017 audited financials.

<sup>^</sup> The significant increase to DCOH is related to the Advanced Received from Medicare, which is over 23 days and some rebounds in the investment portfolio

# Balance Sheet – FYTD April 30, 2020

	UWHCA	UWMF	Total UWHCA and UWMF	Discrete Components	UW Health Consolidated
Cash & Investments					
Unrestricted	1,320,185,854	410,400,075	1,730,585,929	411,341,675	2,141,927,604
Restricted by Trustee & Donors	25,973,726	-	25,973,726	61,425,290	87,399,016
Accounts Receivable	234,584,464	89,499,479	324,083,943	49,965,185	374,049,128
Property, Plant & Equipment, Net	781,832,498	70,390,142	852,222,640	401,633,050	1,246,564,851
Other Assets & Deferred Outflows of Resources	1,232,949,357	409,710,557	847,743,043	34,456,009	679,841,610
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 3,595,525,899</b>	<b>\$ 980,000,253</b>	<b>\$ 3,780,609,281</b>	<b>\$ 958,821,209</b>	<b>\$ 4,529,782,208</b>
Current Liabilities	807,314,213	604,622,122	617,019,465	159,272,054	583,328,958
Long-term Debt & Deferred Inflows of Resources	1,117,161,614	51,305,000	1,168,466,614	257,017,305	1,425,483,919
Net Position					
Unrestricted	1,499,921,617	324,073,131	1,823,994,748	533,402,582	2,340,711,610
Restricted	171,128,455	-	171,128,455	9,129,266	180,257,721
<b>Total Liabilities, Deferred Inflows of Resources &amp; Net Position</b>	<b>\$ 3,595,525,899</b>	<b>\$ 980,000,253</b>	<b>\$ 3,780,609,281</b>	<b>\$ 958,821,208</b>	<b>\$ 4,529,782,207</b>

Elimination Entries are not displayed but are part of the Consolidated Numbers