UWMF Finance Committee

March 16, 2021, 7:00 - 8:30 AM

WebEx: https://uwhealth.webex.com/uwhealth/onstage/g.php?MTID=e0c5bb71afa130514a361ab0245791ba2

Meeting number: 120 894 4295 // Password: 031621


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UWMF Finance Committee - March 16, 2021 - Public Meeting Notice

Agenda

7:00 AM
I. Call to Order
Dr. Makeba Williams

7:00 AM
II. Meeting Minutes - Open Session
Dr. Makeba Williams

7:01 AM
III. Closed Session

(Material Available To Members Only)
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; review and discussion of financial matters including UW Health’s North Central Illinois charge trends, Managed Care contracting update, and peer organization financial metric comparison.

8:05 AM
IV. Return to Open Session

8:05 AM
V. UWMF Financial Indicators for Month Ending February 28, 2021
Mr. Aaron Prochaska

Presentation - UWMF Financial Indicators for Month Ending February 28, 2021

8:15 AM
Ms. Jodi Vitello
(Material to be added in advance of meeting)

8:25 AM
VII. FY22 Budget Process
Ms. Jodi Vitello

8:30 AM
VIII. Adjourn
Financial Indicators
As of February 28, 2021
### UWMF Operating Activity: YTD by Posting Period

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
<th>Growth</th>
<th>FY21</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg Physician Count</td>
<td>1,573</td>
<td>1,513</td>
<td>-3.8%</td>
<td>1,559</td>
<td>3.0%</td>
</tr>
<tr>
<td>Avg NonPhys Provider Count</td>
<td>610</td>
<td>667</td>
<td>9.3%</td>
<td>721</td>
<td>8.1%</td>
</tr>
<tr>
<td>Avg Provider Count</td>
<td>2,183</td>
<td>2,180</td>
<td>-0.1%</td>
<td>2,280</td>
<td>4.6%</td>
</tr>
<tr>
<td>Total RWUs*</td>
<td>5,866</td>
<td>6,258</td>
<td>6.7%</td>
<td>6,053</td>
<td>-3.3%</td>
</tr>
<tr>
<td>Work RWUs*</td>
<td>3,261</td>
<td>3,505</td>
<td>7.5%</td>
<td>3,395</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Charges*</td>
<td>$1,423,530</td>
<td>$1,572,789</td>
<td>10.5%</td>
<td>$1,564,994</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Payments*</td>
<td>$493,993</td>
<td>$522,470</td>
<td>5.8%</td>
<td>$519,448</td>
<td>-0.6%</td>
</tr>
<tr>
<td>wRWUs / Physician</td>
<td>2,073</td>
<td>2,317</td>
<td>11.7%</td>
<td>2,178</td>
<td>-6.0%</td>
</tr>
<tr>
<td>Payment / Physician</td>
<td>$314,045</td>
<td>$345,321</td>
<td>10.0%</td>
<td>$333,193</td>
<td>-3.5%</td>
</tr>
<tr>
<td>wRWUs / Provider</td>
<td>1,494</td>
<td>1,608</td>
<td>7.6%</td>
<td>1,489</td>
<td>-7.4%</td>
</tr>
<tr>
<td>Payment / Provider</td>
<td>$226,291</td>
<td>$239,665</td>
<td>5.9%</td>
<td>$227,828</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Payment / Total RVU</td>
<td>$84.21</td>
<td>$83.49</td>
<td>-0.9%</td>
<td>$85.82</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

* in thousands
Work RVUs by Month

-3.1% change from prior YTD (-2.6% per business day)

All RVUs based on 2020 values
Audio and Video wRVUs by Month

![Graph showing the monthly performance of Audio and Video wRVUs with line graphs for All wRVUs, Audio, and Video. The graph indicates fluctuations in usage across different months.]

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Net Payments by Month

Net Payments by Month
-0.6% change from prior YTD (0.0% business day)

Footnote:
Collection Rate

Net Payments by Month

<table>
<thead>
<tr>
<th></th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY21</td>
<td>32.1%</td>
<td>33.5%</td>
<td>34.2%</td>
<td>31.4%</td>
<td>34.8%</td>
<td>35.4%</td>
<td>34.3%</td>
<td>30.3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY20</td>
<td>33.1%</td>
<td>33.2%</td>
<td>32.8%</td>
<td>33.5%</td>
<td>35.9%</td>
<td>35.5%</td>
<td>30.9%</td>
<td>31.2%</td>
<td>37.2%</td>
<td>53.1%</td>
<td>43.4%</td>
<td>33.0%</td>
</tr>
<tr>
<td>FY19</td>
<td>36.1%</td>
<td>35.0%</td>
<td>36.2%</td>
<td>33.9%</td>
<td>35.9%</td>
<td>35.7%</td>
<td>32.5%</td>
<td>32.8%</td>
<td>33.0%</td>
<td>34.8%</td>
<td>33.1%</td>
<td>34.8%</td>
</tr>
</tbody>
</table>

Note: Collection rate as a point in time since charges collected in future months
Payer Mix Trends by Month

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial</th>
<th>Government</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>55.6%</td>
<td>38.3%</td>
<td>6.1%</td>
</tr>
<tr>
<td>FY18</td>
<td>52.0%</td>
<td>44.2%</td>
<td>3.8%</td>
</tr>
<tr>
<td>FY19</td>
<td>51.1%</td>
<td>45.1%</td>
<td>3.8%</td>
</tr>
<tr>
<td>FY20 YTD</td>
<td>51.7%</td>
<td>44.9%</td>
<td>3.3%</td>
</tr>
<tr>
<td>FY21 YTD</td>
<td>50.8%</td>
<td>46.5%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

Represents gross charges.
Payer Mix Trends – Commercial Breakdown

Represents gross charges.

*Quartz includes historical PPIC and Unity data.
Payer Mix Trends – Gross Charges by Payer – YTD Comparison

Includes activity from government and commercial plans

**Quartz includes historical PPIC and Unity data.

Percent Change: -0.4% UWMF Total (0.2% per business day)

*Includes activity from government and commercial plans

**Quartz includes historical PPIC and Unity data.
### Summary of YTD February 28, 2021 Operating Results

<table>
<thead>
<tr>
<th></th>
<th>Actual Feb_YTD- FY21</th>
<th>Budget Feb_YTD- FY21</th>
<th>Variance vs. Budget</th>
<th>Var. %</th>
<th>Actual Feb_YTD- FY20</th>
<th>Variance vs. PY</th>
<th>Var. %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL OPERATING REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net patient service revenue</td>
<td>548,553,525</td>
<td>563,829,663</td>
<td>(15,276,138)</td>
<td>(3)</td>
<td>543,319,458</td>
<td>5,234,067</td>
<td>1</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>6,508,306</td>
<td>2,943,637</td>
<td>3,564,668</td>
<td>121</td>
<td>4,252,127</td>
<td>2,256,179</td>
<td>53</td>
</tr>
<tr>
<td>Total operating revenues, net</td>
<td>555,061,830</td>
<td>566,773,300</td>
<td>(11,711,470)</td>
<td>(2)</td>
<td>547,571,584</td>
<td>7,490,246</td>
<td>1</td>
</tr>
</tbody>
</table>

| **TOTAL OPERATING EXPENSES** |                      |                      |                     |        |                      |                |        |
| Non-physician salaries and benefits | 218,112,961         | 222,216,934          | 4,103,973           | 2      | 201,477,026          | (16,635,935)   | (8)    |
| Physician salaries and benefits  | 327,094,869         | 328,119,134          | 1,024,265           | 0      | 304,527,922          | (22,566,947)   | (7)    |
| Salaries and benefits            | 545,207,830         | 550,336,068          | 5,128,238           | 1      | 506,004,948          | (39,202,882)   | (8)    |
| Other expenses                   | 16,105,349          | 19,918,482           | 3,813,134           | 19     | 17,286,473           | 1,181,124      | 7      |
| Purchased services and agency costs | (67,609,436)      | (64,137,163)         | 3,472,267           | (5)    | (69,112,423)         | (1,502,986)    | 2      |
| Medical materials and supplies   | 4,038,113           | 6,452,809            | 2,414,696           | 37     | 4,462,206            | 424,093        | 10     |
| Pharmaceuticals                   | 31,506,415          | 32,912,770           | 1,406,354           | 4      | 30,594,320           | (912,096)      | (3)    |
| Interest expense                 | (5,455)             | 190,389              | 195,844             | 103    | 232,576              | 238,031        | 102    |
| Depreciation and amortization    | 3,232,351           | 3,703,214            | 470,863             | 13     | 4,438,281            | 1,205,930      | 27     |
| Facilities and equipment         | 28,897,386          | 22,991,560           | (5,905,826)         | (26)   | 31,214,577           | 2,317,192      | 7      |
| Nonoperating expenses - academic support | 32,949,580        | 31,496,401           | (1,453,179)         | (5)    | 34,551,446           | 1,601,866      | 5      |
| Net Operating Expenses           | 594,322,133         | 603,864,529          | 9,542,396           | 2      | 559,672,404          | (34,649,729)   | (6)    |
| Loss from operations             | (39,260,303)        | (37,091,229)         | (2,169,074)         | (6)    | (12,100,820)         | (27,159,483)   | (224)  |

| **NON-OPERATING REVENUE/EXPENSES** |                      |                      |                     |        |                      |                |        |
| Net increase/decrease in fair value of investments | 20,991,362        | -                    | 20,991,362          | -      | (833,266)            | 21,824,628     | (2,619) |
| Investment income                | 4,785,670          | 3,815,067            | 970,603             | 25     | 5,185,603            | (399,933)      | (8)    |
| Equity interest in income/loss of joint ventures | 4,003,824         | 2,642,932            | 1,360,892           | 51     | 5,243,264            | (1,239,440)    | (24)   |
| Other, net                       | 1,703,893          | 396,657              | 1,307,236           | 330    | 1,284,256            | 419,637        | 33     |
| Net Non-Operating Revenue/Expenses | 31,484,749         | 6,854,656            | 24,630,094          | 359    | 10,879,858           | 20,604,891     | 189    |
| Net Loss                         | (7,775,553)        | (30,236,573)         | 22,461,020          | 74     | (1,220,962)          | (6,554,592)    | (537)  |
February 2021 Key Takeaways

- February MTD Operating Revenues was $1.5M (2.3%) favorable to budget. February 2021 YTD Operating Revenues were $11.7M (2.1%) unfavorable to budget. YTD driven primarily by Allowance expense was $14.5M unfavorable to budget. Due to Organization’s process of estimating bad debt expense transitioned to be consistent with UWHC and impact of transition not budgeted July – December 2020.

- February MTD Operating Expenses was $6.9M (9.6%) unfavorable to budget. February 2021 YTD Operating Expenses were $16.5M (3.1%) unfavorable to budget.

  - Salaries & Benefits favorable to budget YTD $5.1M.
    - Physician Salary & Benefits - unfavorable to budget $2.6M
    - Physician Professional Development favorable to budget 3.6M
    - Staff Salaries favorable to budget $1.8M; Benefits favorable to budget $2.3M

- Facilities and Equipment YTD unfavorable to budget $5.9M. Primarily driven by a Repair and Maintenance clearing account which was $8.8M (217%) unfavorable to budget. Accounts for UWMF’s share of costs from integrated cost centers incurred by UWHC and allocated to UWMF.
February 2021 Key Takeaways

- February MTD net loss from operations was $5.4M (109.3%) unfavorable to budget. February YTD loss from operations were $2.2M (5.8%) unfavorable to budget.

- YTD Non operating revenue was $31.5M. YTD increase in investment portfolio shows $21.0M gain.

- Overall, February MTD net loss was $4.1M (100%) unfavorable to budget. February YTD net loss was $22.4M (74.3%) favorable to budgeted net loss.
Appendix
As of February 28, 2021
Visits, wRVUs and Payments
FY21 February

Visits:
-6.17%

wRVU:
0.84%

-3.14%

Net Payments:
-5.00%

-0.58%

-12.0%

-7.0%

-2.0%

-0.0%

1.0%

5.0%

8.0%

12.0%

-12.0%

-7.0%

-2.0%

0.0%

5.0%

8.0%

12.0%

-0.0%

Visits: Versus budget
Net Payments: Versus budget
wRVU: Versus budget
Visits: Versus prior year
Net Payments: Versus prior year
wRVU: Versus prior year
Work RVUs by Department – YTD Comparison

- Derm
- Emerg Med
- Fam Med
- Hum Onc
- Medicine
- Neuro
- Neurosurg
- Ob/Gyn
- Ophth
- Ortho
- Path
- Peds
- Psych
- Radio
- Surgery
- Urology
- UWMF Managed

Percent Change: -3.1% UWMF Total (-2.6% per business day)

* UWMF Managed includes Urgent Care and Welcome Center Providers
Net Payments by Department – YTD Comparison

Percent Change: -0.6% UWMF Total (0.0% per business day)
Physician Head Count by Month

July  Aug  Sep  Oct  Nov  Dec  Jan  Feb  Mar  Apr  May  June

FY21: 1,534, 1,567, 1,568, 1,566, 1,564, 1,562, 1,557, 1,551, 1,547, 1,513, 1,518, 1,489
FY20: 1,464, 1,494, 1,509, 1,525, 1,527, 1,530, 1,524, 1,529, 1,527, 1,513, 1,489
FY19: 1,460, 1,466, 1,469, 1,480, 1,478, 1,473, 1,480, 1,476, 1,474, 1,476, 1,475