



University of Iowa Health Care

*Presentation to
The Board of Regents, State of Iowa
April, 2010*

Agenda

- Opening Remarks
- Women's Health
- Operating and Financial Performance
- Iowa River Landing
- Operating Budget FY 2011



The Future of Women's Health at the University of Iowa

Kimberly Leslie, MD
Professor and Head
Obstetrics and Gynecology

UI School of Medicine Founded 1870

- Women's health was a foundation program from the beginning
- Dr. John Schrader, Chairman of Department of Obstetrics and Diseases of Women, 1870-1898;
 - Dean, COM 1891-1895
 - Obtained \$30,000 for new medical building, 1883
- First medical school class was composed of 37 students, including 10 women

Historical Leaders



Dr. John Schrader,
Chairman of
Department of
Obstetrics and
Diseases of Women,
1870-1898

Dean, COM
1891-1895

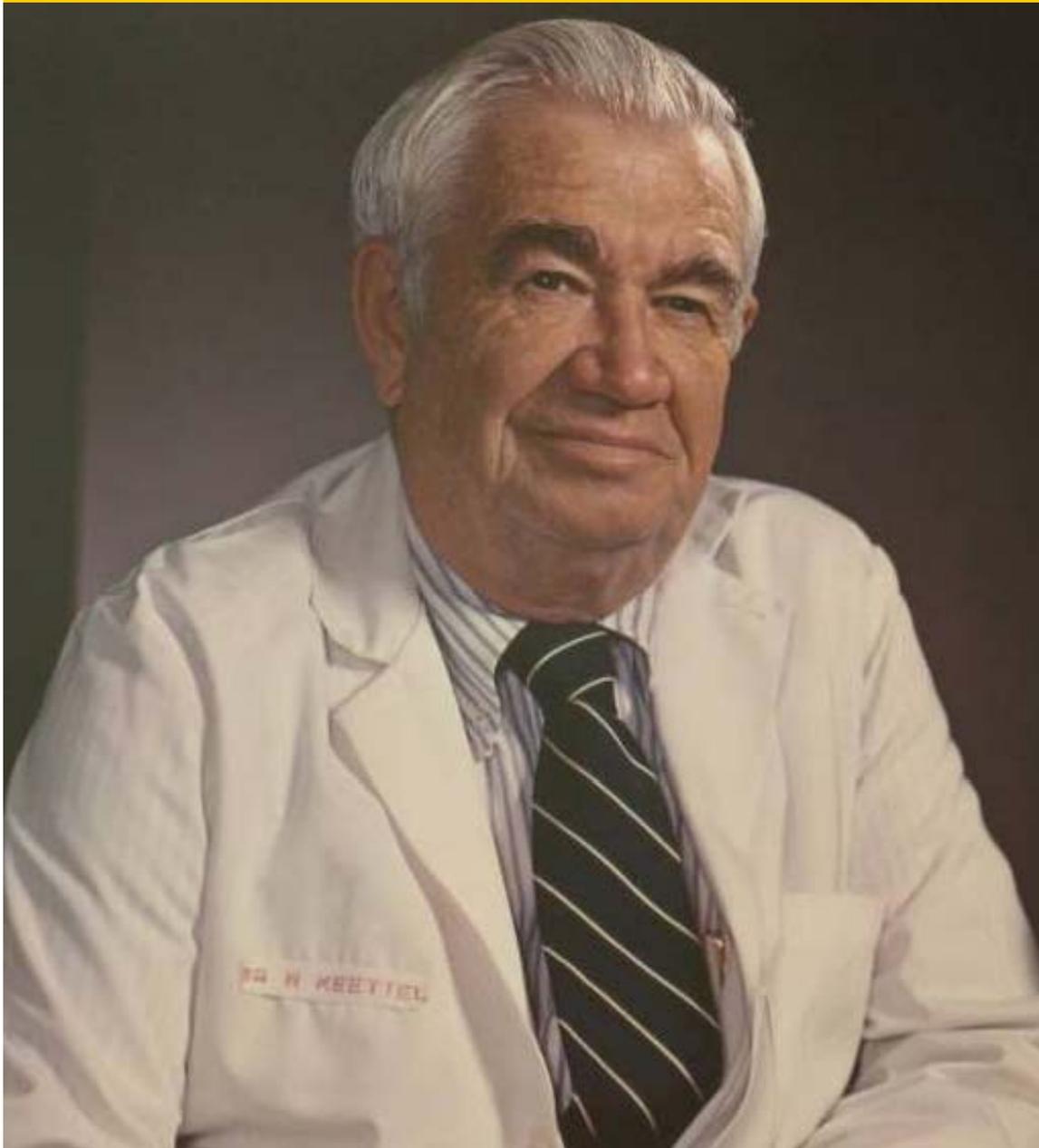
Historical Leaders



Dr. James R. Guthrie,
Department Head
1898-1916

Dean, COM
1902-1912

Historical Leaders



William Keettel, MD
Department Head
1959-1977

Historical Leaders



Jennifer Niebyl, MD
Department Head,
1988-2009

Current Department of Obstetrics and Gynecology



Dr. Kimberly Leslie
Professor and Head



Dr. Brad Van Voorhis,
Director, Reproductive
Endocrinology and Infertility



Dr. Jerry Yankowitz,
Director,
Maternal-Fetal Medicine



Dr. Marygrace Elson,
Director, General Obstetrics
and Gynecology



Dr. Catherine Bradley,
Director, Urogynecology



Lynne Himmelreich
Director, Nurse Midwifery



Dr. Thomas Buekers,
Interim Director,
Gynecologic Oncology



UI Women's Health

University of Iowa Health Care

Faculty Profiles



<u>Rank</u>	<u>#</u>
Professor	9
Associate Professor	9
Assistant Professor	18
Associate	2
Instructors	3
Fellows	7

41 Faculty
32 M.D.
2 M.D., Ph.D.
3 Clinical Instructors
4 Ph.D.

Tenure Track	14
Clinical Track	19
Research Track	6
Associate	2

Divisions: All Top Tier Nationally



- Obstetrics/Maternal-Fetal Medicine with approved fellowship in MFM and Genetics
- Gynecologic Oncology with approved fellowship
- Reproductive Endocrinology and Infertility with approved fellowship

University Hospital Consortium (UHC) Obstetrics Benchmarking Project 2008

- Over 100 institutions in the nation
- Multiple core measures of quality evaluated
- UIHC and UCSF were the two “best performers” in the nation on the key performance measures in obstetrics



UI obstetrical service is unique in Iowa

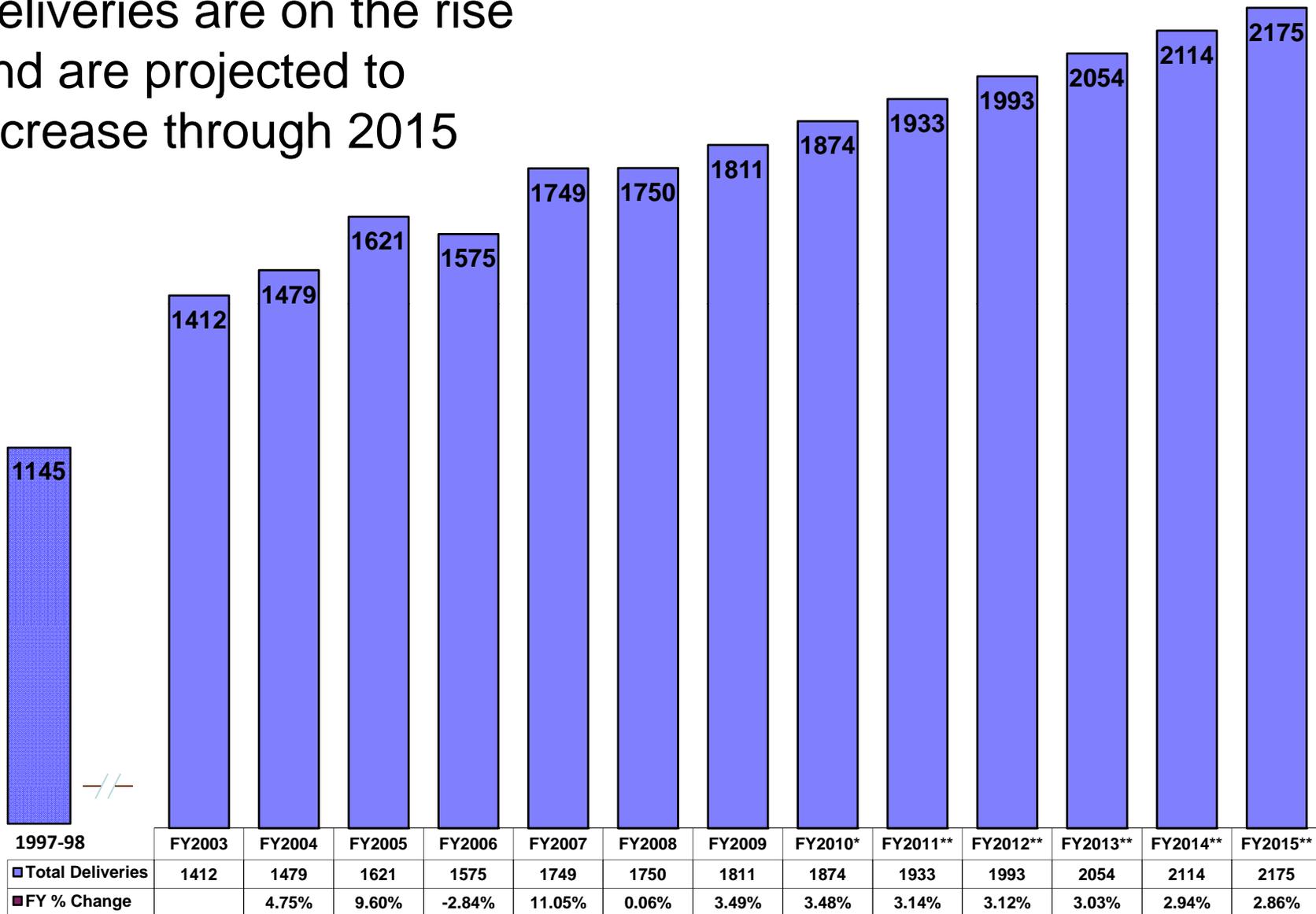
- More than 40% of all deliveries are high risk
- Two thirds of all neonatal admissions to the UI NICU are born at UIHC on our service



Total UIHC Deliveries per Fiscal Year



Deliveries are on the rise and are projected to increase through 2015



*Projection based upon Actual data Jul 09 -

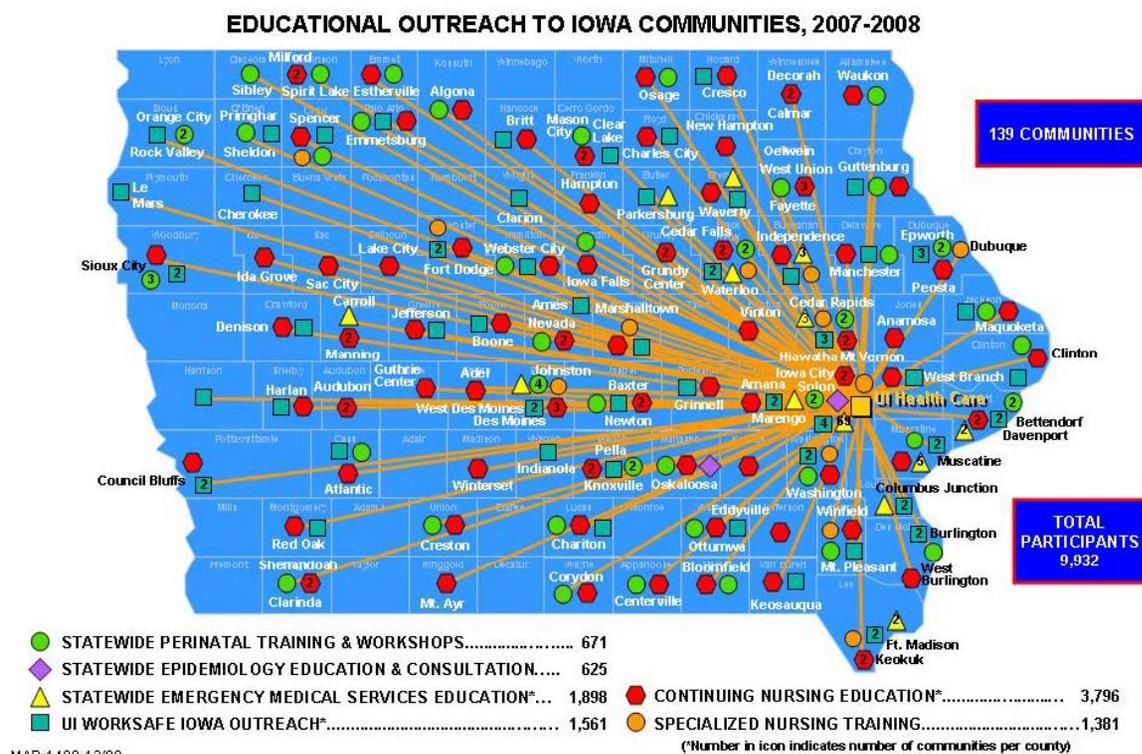
**Projection based upon LD trend data Jul 05 -

Outreach and Service to the State

Iowa Statewide Perinatal Program



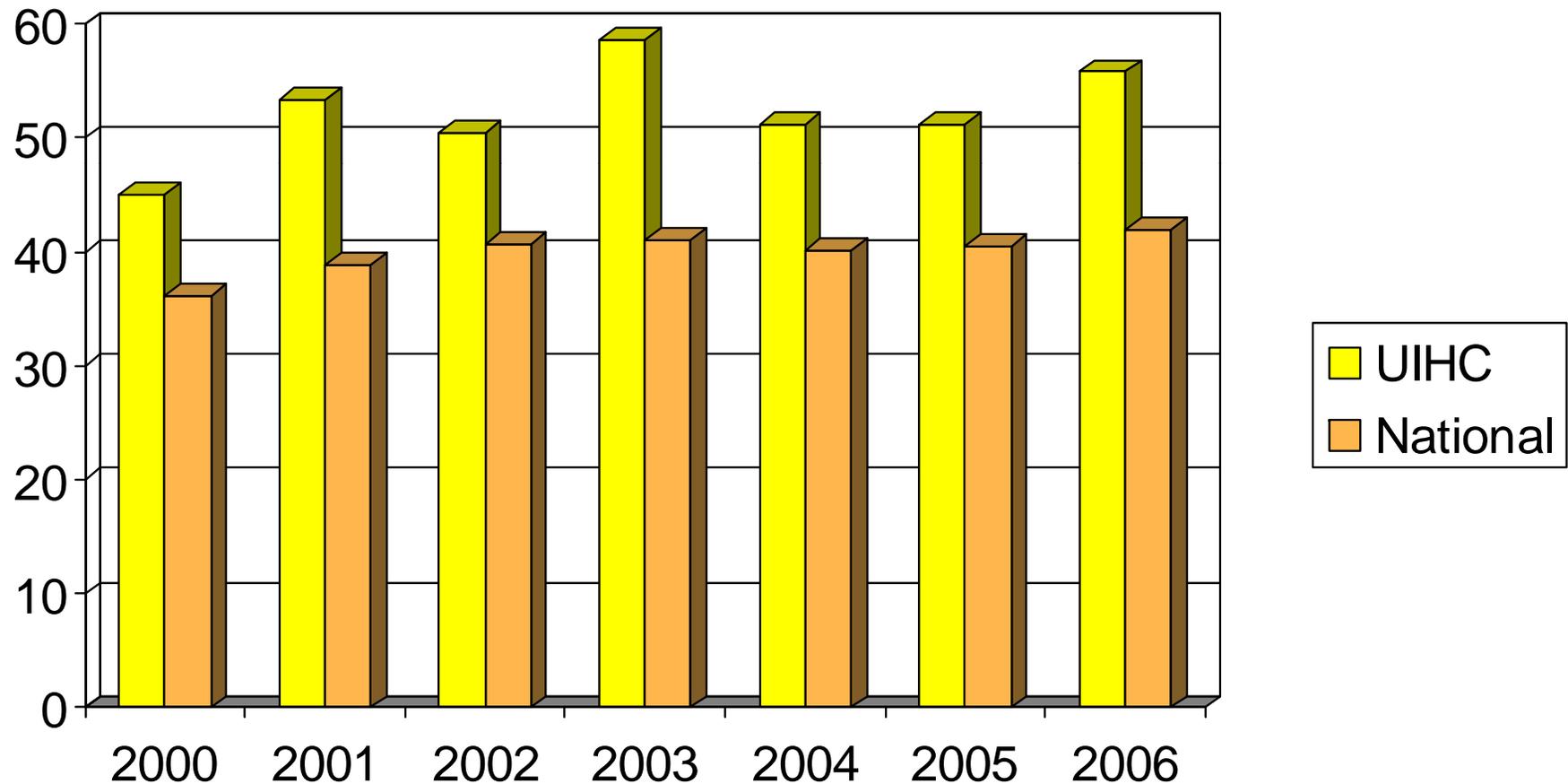
- 36th year of operation
- Direct critical peer review of medical records
- Visits to all 78 Iowa hospitals
- Team meets with > 400 Iowa physicians and 300 nurses annually
- Promotes quality and safety in patient care
- Unique outreach role for the entire state



Reproductive Endocrinology and Infertility University of Iowa vs. National Live Birth Rate



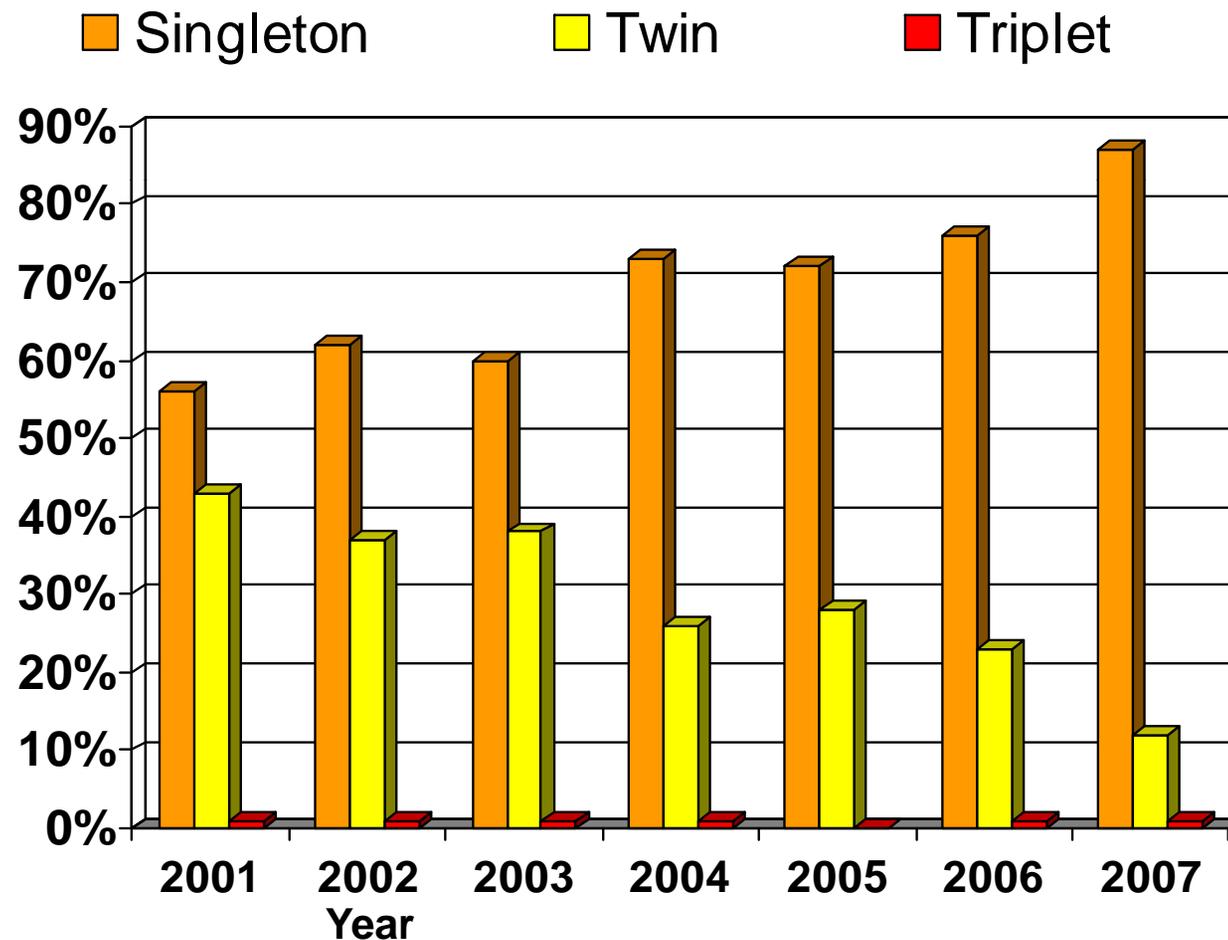
We have one of the highest pregnancy rates in the nation



Reproductive Endocrinology: A Signature Program of Excellence

We are among the best for low percentages of twins and triplets

Frequency of singleton, twin, and triplet pregnancies following IVF-ET



- New research funding
 - \$2.2 Million NIH grant to establish
 - **THE IOWA WOMEN'S REPRODUCTIVE HEALTH RESEARCH CAREER DEVELOPMENT CENTER**
 - Five additional federal (NIH/VA) grants awarded this year



Grant Awards – Federal and Non-Federal Grants

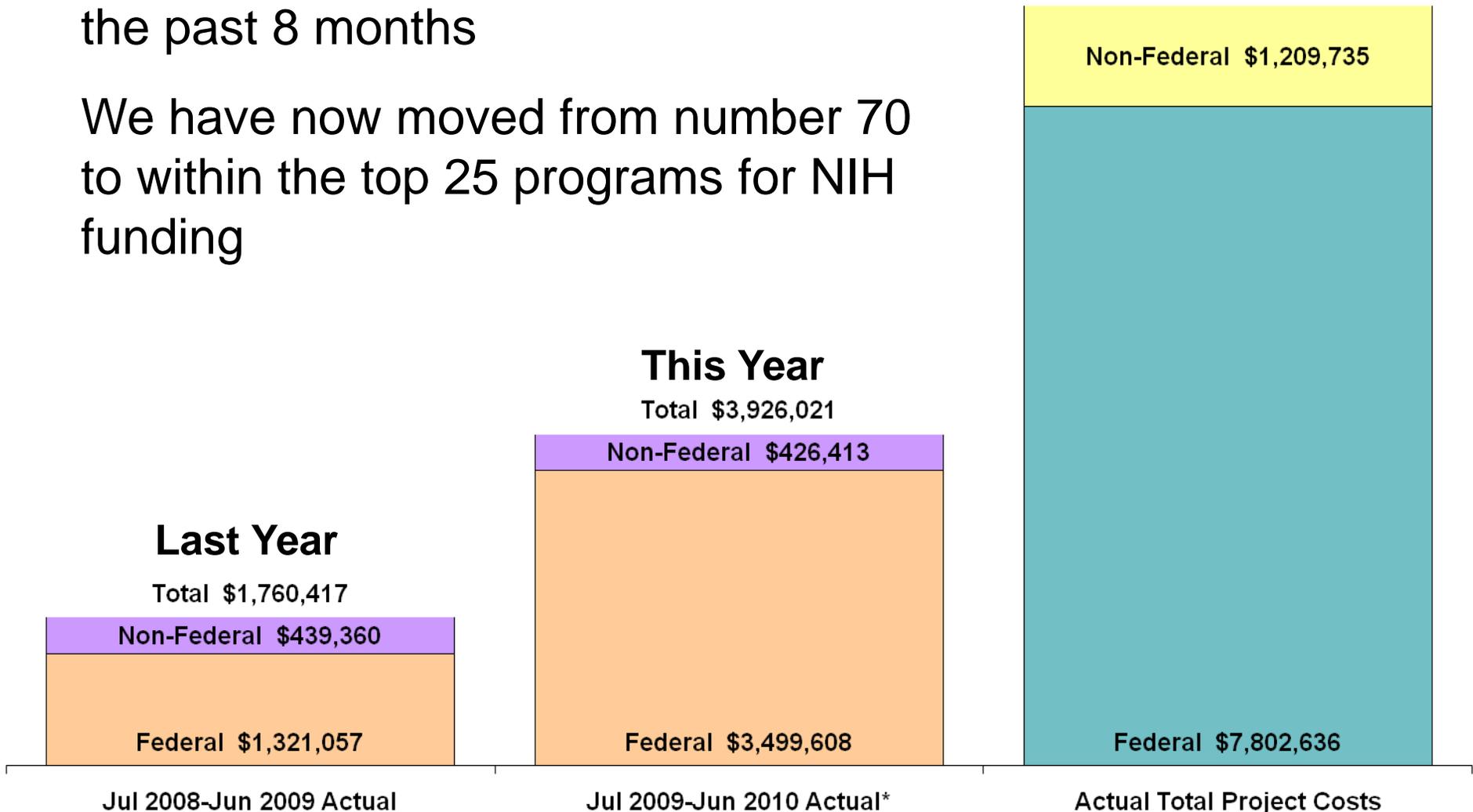


Significant increase in NIH funding in the past 8 months

We have now moved from number 70 to within the top 25 programs for NIH funding

Total value of grants

Total \$9,012,371



* YTD Actual data thru Oct 2009

Departmental National Ranking



- The Department of Obstetrics and Gynecology has consistently ranked in the top 40 of over 250 programs in the United States
- Now 36th
- New goal: ***top 20 within five years***

STAGES

IN WOMEN'S HEALTH™

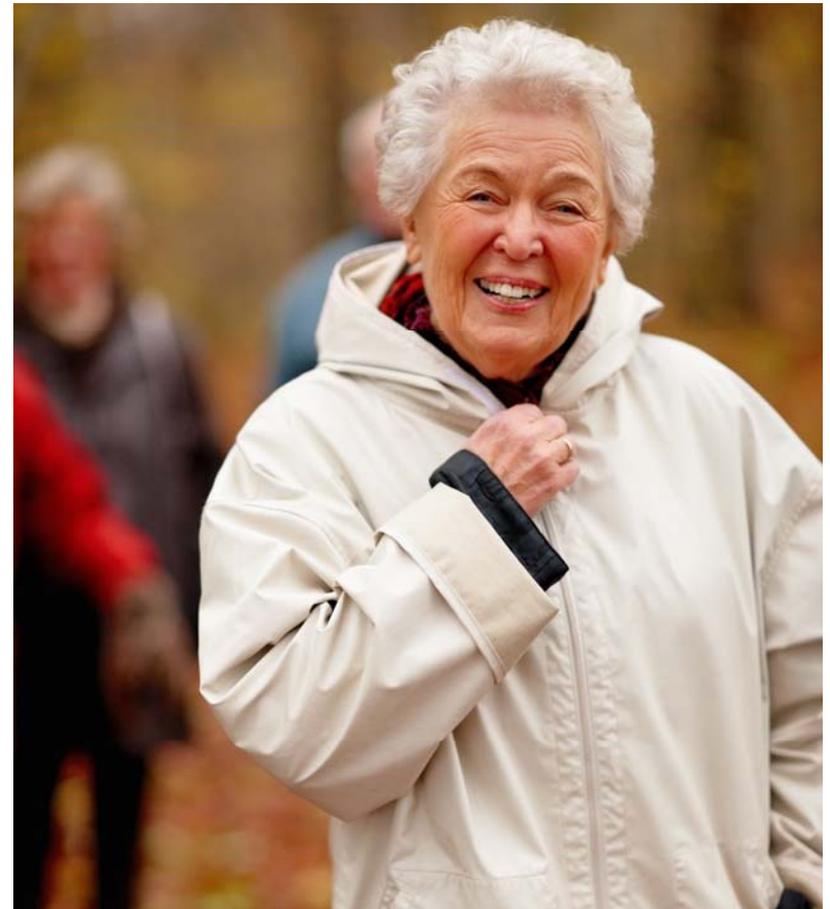


A LIFESPAN APPROACH
TO DISEASE MANAGEMENT

**Health care for
women mirrors
this picture.....**

Today's Woman and Health Care

- We are focused on children and women in their reproductive years.
- Yet, the proportion of women in their PRIME TIME, 45-65 years, is on the rise...
- and the fastest growing demographic is women beyond age 65.



Iowa's Women

- Iowa is an historic center of the movement for racial and gender equality
- Iowa was the first state to consistently admit women to medical and graduate schools
- Iowa led the nation in supporting women in sports with Title IX



- Iowa depends upon a vigorous and healthy female workforce.
- 67% of the women in Iowa are in the labor force (2007).
- This is well above the national average of 59%.
- Over 81% of Iowa's women with children under age 18 are in the labor force.

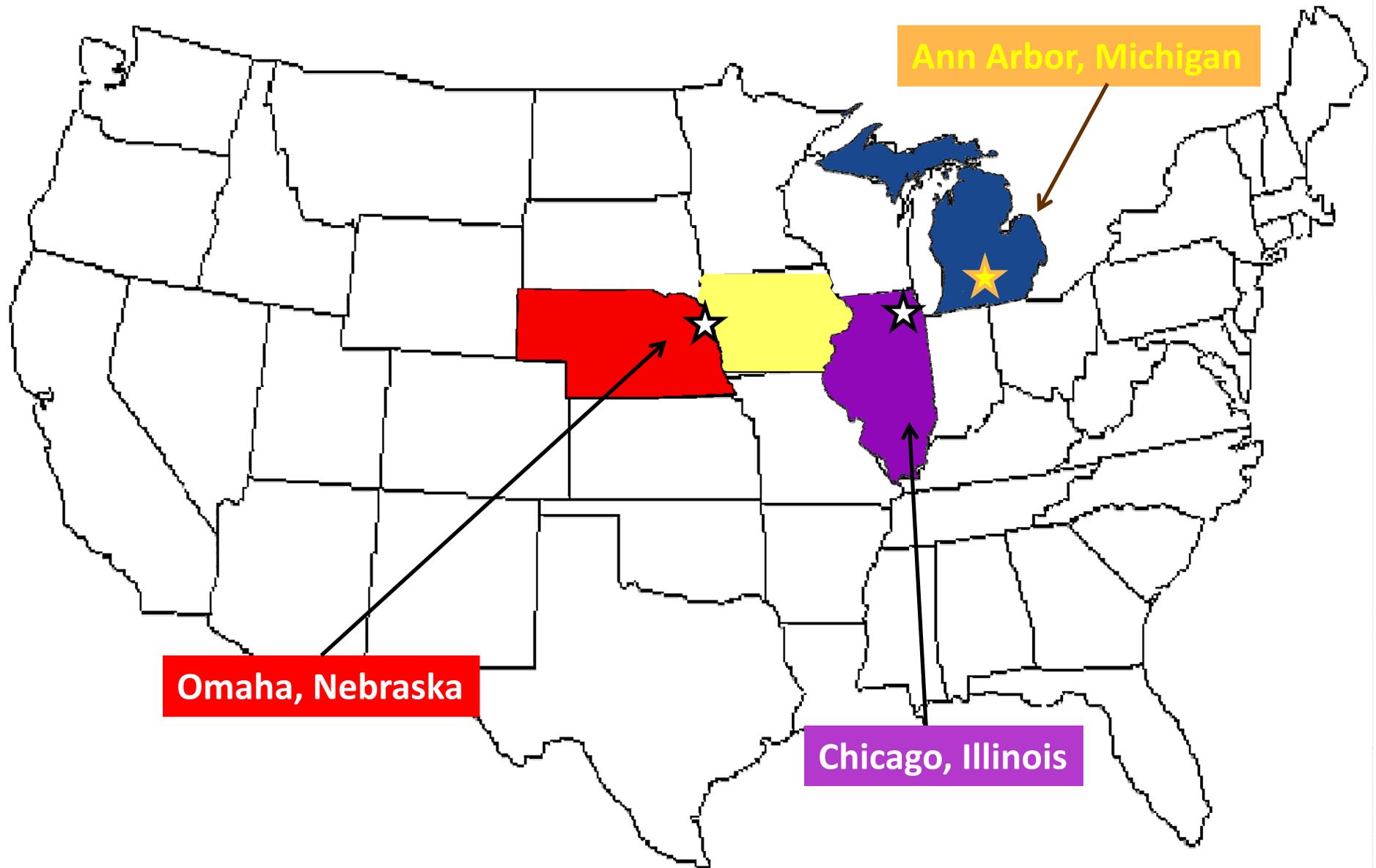
Focusing on Women's Health brings new opportunities to UIHC

- In addition to being patients themselves...
- Women are responsible for making 84% of all health care decisions for the entire family!



A New Women's Hospital for Michigan

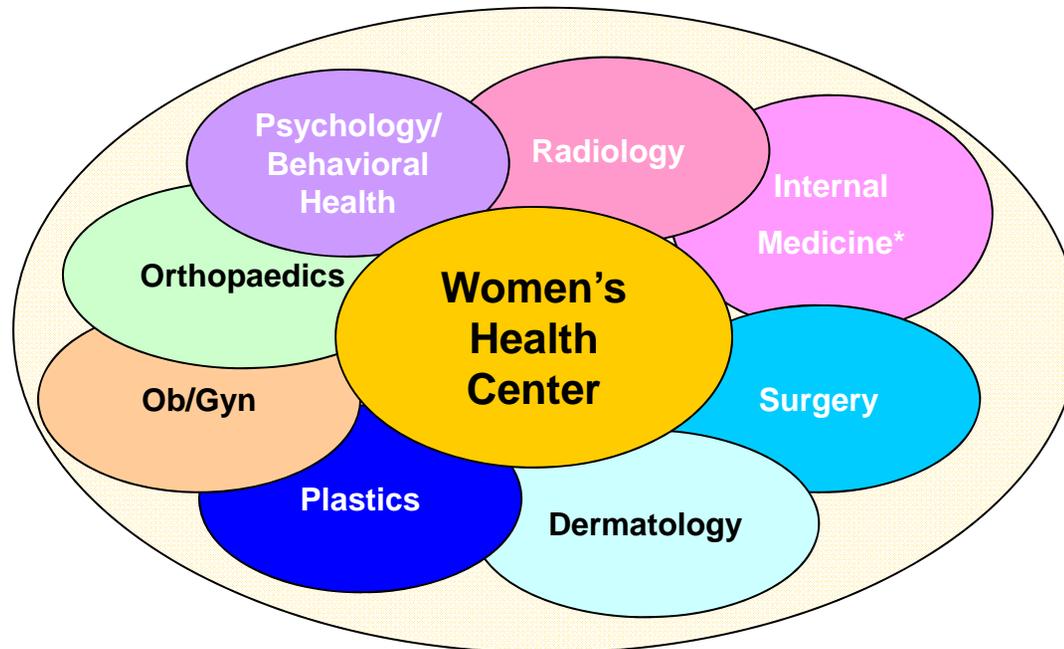
“University of Michigan Health System has received a \$15 million gift from the Ted and Jane Von Voigtlander Foundation, the largest gift ever made to the Health System for women’s health. It will support the construction of a new women’s hospital.”



- Senior leadership of UI Health Care is supporting the designation of Women's Health as a major new strategic initiative.

What is our new goal?

- To partner with all services and departments at UIHC
- To create the best possible comprehensive health care for the women of Iowa.
- A new healthcare portal: One stop, health and wellness menu-driven care for every stage of life



**Adolescent
Clinic**



**Family Planning
OB Care
and Infertility**



Preventative Care
Vulvodinia Clinic
Urogynecology
Heart & General Medical Care



**Breast Health &
Menopause Clinic**



UI Women's Health

University of Iowa Health Care

**Pediatric
Care**



**Routine &
High Risk OB
NICU**



Our Shared Vision: UI Women's Health



- Starting with a great department, we are now building multi-departmental programs to become the premier site for the care of women
 - An inter-departmental partnership between Ob/Gyn, Surgery, Medicine, Psychiatry, Radiology, the Cancer Center, and others
 - Will foster UI's ability to build a lifetime relationship with the women of Iowa
 - A community resource hub for care, education and research

Acknowledgments

- Jennifer Niebyl
- Amy O'Deen
- Christine Miller
- Ellen Barron
- Amy Austin
- Katherine Walden
- Rachel Maassen
- Marygrace Elson
- Jerry Yankowitz
- Denise Rettig
- John Swenning
- Bonnie Wagner
- Nancy Husted
- Melissa Whisler
- Jean Robillard
- Ken Kates
- Paul Rothman
- Ann Williamson
- Gordon Williams
- Ken Fisher
- Mark Anderson
- Ron Weigel



Operating and Financial Performance

Ken Kates, Chief Executive Officer
UI Hospitals & Clinics

Ken Fisher, Associate Vice President for Finance
and Chief Financial Officer, UI Health Care

Volume Indicators

July 2009 through March 2010



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Discharges	21,568	22,673	22,168	(1,105)	-4.9% ●	(600)	-2.7% ●
Patient Days	136,310	150,531	146,575	(14,211)	-9.4% ●	(10,265)	-7.0% ●
Length of Stay	6.30	6.73	6.61	(0.43)	-6.4% ●	(0.31)	-4.7% ●
Average Daily Census	497.48	549.38	534.95	(51.90)	-9.4% ●	(37.47)	-7.0% ●
Surgeries – Inpatient	8,123	8,809	8,080	(686)	-7.8% ●	43	0.5% ○
Surgeries – Outpatient	10,429	8,970	9,657	1,459	16.3% ●	772	8.0% ●
Emergency Treatment Center Visits	38,269	37,358	36,034	911	2.4% ○	2,235	6.2% ●
Outpatient Clinic Visits	559,262	562,387	551,125	(3,125)	-0.6% ○	8,137	1.5% ○
Case Mix	1.7759	1.8399	1.8176	(0.0640)	-3.5%	(0.0417)	-2.3%
Medicare Case Mix	2.0088	2.0295	2.0239	(0.0207)	-1.0%	(0.0151)	-0.7%

● Greater than 2.5% Favorable
 ○ Neutral
 ● Greater than 2.5% Unfavorable

Discharges by Type

July 2009 through March 2010



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	7,248	7,462	6,978	(214)	-2.9% ●	270	3.9% ●
Adult Surgical	9,509	10,352	10,211	(843)	-8.1% ●	(702)	-6.9% ●
Adult Psych	1,306	1,417	1,670	(111)	-7.8% ●	(364)	-21.8% ●
Subtotal – Adult	18,063	19,231	18,859	(1,168)	-6.1% ●	(796)	-4.2% ●
Pediatric Medical	2,376	2,372	2,273	4	0.2% ○	103	4.5% ●
Pediatric Surgical	122	125	126	(3)	-2.4% ○	(4)	-3.2% ●
Pediatric Critical Care	639	595	579	44	7.4% ●	60	10.4% ●
Pediatric Psych	368	350	331	18	5.1% ●	37	11.2% ●
Subtotal – Pediatrics w/o newborn	3,505	3,442	3,309	63	1.8% ○	196	5.9% ●
Newborn	988	992	998	(6)	-0.6% ○	(10)	-1.0% ○
TOTAL w/o Newborn	21,568	22,673	22,168	(1,105)	-4.9% ●	(600)	-2.7% ●

 Greater than 2.5% Favorable
  Neutral
  Greater than 2.5% Unfavorable

Discharge Days by Type

July 2009 through March 2010



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	41,695	45,041	40,038	(3,346)	-7.4% ●	1,657	4.1% ●
Adult Surgical	49,181	59,290	56,251	(10,109)	-17.1% ●	(7,070)	-12.6% ●
Adult Psych	14,918	15,607	18,596	(689)	-4.4% ●	(3,678)	-19.8% ●
<i>Subtotal – Adult</i>	<i>105,794</i>	<i>119,938</i>	<i>114,885</i>	<i>(14,144)</i>	<i>-11.8% ●</i>	<i>(9,091)</i>	<i>-7.9% ●</i>
Pediatric Medical	11,190	12,119	12,650	(929)	-7.7% ●	(1,460)	-11.5% ●
Pediatric Surgical	972	1,150	1,239	(178)	-15.5% ●	(267)	-21.6% ●
Pediatric Critical Care	15,023	15,990	14,599	(967)	-6.1% ●	424	2.9% ●
Pediatric Psych	2,811	3,332	3,138	(521)	-15.6% ●	(327)	-10.4% ●
<i>Subtotal – Pediatrics w/o newborn</i>	<i>29,996</i>	<i>32,591</i>	<i>31,626</i>	<i>(2,595)</i>	<i>-8.0% ●</i>	<i>(1,630)</i>	<i>-5.2% ●</i>
Newborn	2,210	2,257	2,380	(47)	-2.1% ○	(170)	-7.1% ●
TOTAL w/o Newborn	135,790	152,529	146,511	(16,739)	-11.0% ●	(10,721)	-7.3% ●

 Greater than 2.5% Favorable
  Neutral
  Greater than 2.5% Unfavorable

Average Length of Stay by Type

July 2009 through March 2010



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	5.75	6.04	5.74	(0.29)	-4.8% ●	0.01	0.2% ○
Adult Surgical	5.17	5.73	5.51	(0.56)	-9.8% ●	(0.34)	-6.2% ●
Adult Psych	11.42	11.02	11.14	0.40	3.6% ●	0.28	2.5% ●
Subtotal – Adult	5.86	6.24	6.09	(0.38)	-6.1% ●	(0.23)	-3.8% ●
Pediatric Medical	4.71	5.11	5.57	(0.40)	-7.8% ●	(0.86)	-15.4% ●
Pediatric Surgical	7.97	9.21	9.83	(1.24)	-13.5% ●	(1.86)	-18.9% ●
Pediatric Critical Care	23.51	26.87	25.21	(3.36)	-12.5% ●	(1.70)	-6.7% ●
Pediatric Psych	7.64	9.52	9.48	(1.88)	-19.8% ●	(1.84)	-19.4% ●
Subtotal – Pediatrics w/o newborn	8.56	9.47	9.56	(0.91)	-9.6% ●	(1.00)	-10.5% ●
Newborn	2.24	2.27	2.38	(0.03)	-1.3% ○	(0.14)	-5.9% ●
TOTAL w/o Newborn	6.30	6.73	6.61	(0.43)	-6.4% ●	(0.31)	-4.7% ●

●	○	●
Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Outpatient Surgeries – by Clinical Department

July 2009 through March 2010



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Cardiothoracic	53	41	55	12	29.3% ●	(2)	-3.6% ●
Dentistry	459	334	423	125	37.4% ●	36	8.5% ●
Dermatology	49	33	35	16	48.5% ●	14	40.0% ●
General Surgery	1,579	1,152	1,321	427	37.1% ●	258	19.5% ●
Gynecology	548	463	481	85	18.4% ●	67	13.9% ●
Internal Medicine	6	4	3	2	50.0% ●	3	100.0% ●
Neurosurgery	348	189	240	159	84.1% ●	108	45.0% ●
Ophthalmology	2,310	2,346	2,500	(36)	-1.5% ○	(190)	-7.6% ●
Orthopedics	2,554	2,104	2,146	450	21.4% ●	408	19.0% ●
Otolaryngology	1,584	1,322	1,454	262	19.8% ●	130	8.9% ●
Pediatrics	2	3	4	(1)	-33.3% ●	(2)	-50.0% ●
Radiology – Interventional	38	7	0	31	442.9% ●	38	100.0% ●
Urology w/ Procedure Ste.	899	972	995	(73)	-7.5% ●	(96)	-9.6% ●
Total	10,429	8,970	9,657	1,459	16.3% ●	772	8.0% ●

●	○	●
Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Inpatient Surgeries – by Clinical Department

July 2009 through March 2010



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Cardiothoracic	867	864	799	3	0.4% ○	68	8.5% ●
Dentistry	86	126	116	(40)	-31.8% ●	(30)	-25.9% ●
General Surgery	2,026	2,191	2,032	(165)	-7.5% ●	(6)	-0.3% ○
Gynecology	609	679	589	(70)	-10.4% ●	20	3.4% ●
Neurosurgery	1,242	1,312	1,264	(70)	-5.3% ●	(22)	-1.7% ○
Ophthalmology	88	141	109	(53)	-37.6% ●	(21)	-19.3% ●
Orthopedics	1,993	2,228	2,026	(235)	-10.6% ●	(33)	-1.6% ○
Otolaryngology	502	630	577	(128)	-20.3% ●	(75)	-13.0% ●
Pediatrics	0	1	1	(1)	-100.0% ●	(1)	-100.0% ●
Radiology – Interventional	186	54	0	132	243.6% ●	186	100.0% ●
Urology w/ Procedure Ste.	524	583	567	(59)	-10.1% ●	(43)	-7.6% ●
Total	8,123	8,809	8,080	(686)	-7.8% ●	43	0.5% ○

●	○	●
Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Emergency Treatment Center

July 2009 through March 2010



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
ETC Visits	38,269	37,358	36,034	911	2.4% ○	2,235	6.2% ●
ETC Admits	9,770	10,099	9,618	(329)	-3.3% ●	152	1.6% ○
Conversion Factor	25.5%	27.0%	26.7%		-5.6% ●		-4.4% ●
ETC Admits / Total Admits	45.5%	44.7%	43.6%		1.8% ○		4.4% ●

●	○	●
Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Clinic Visits by Clinical Department

July 2009 through March 2010

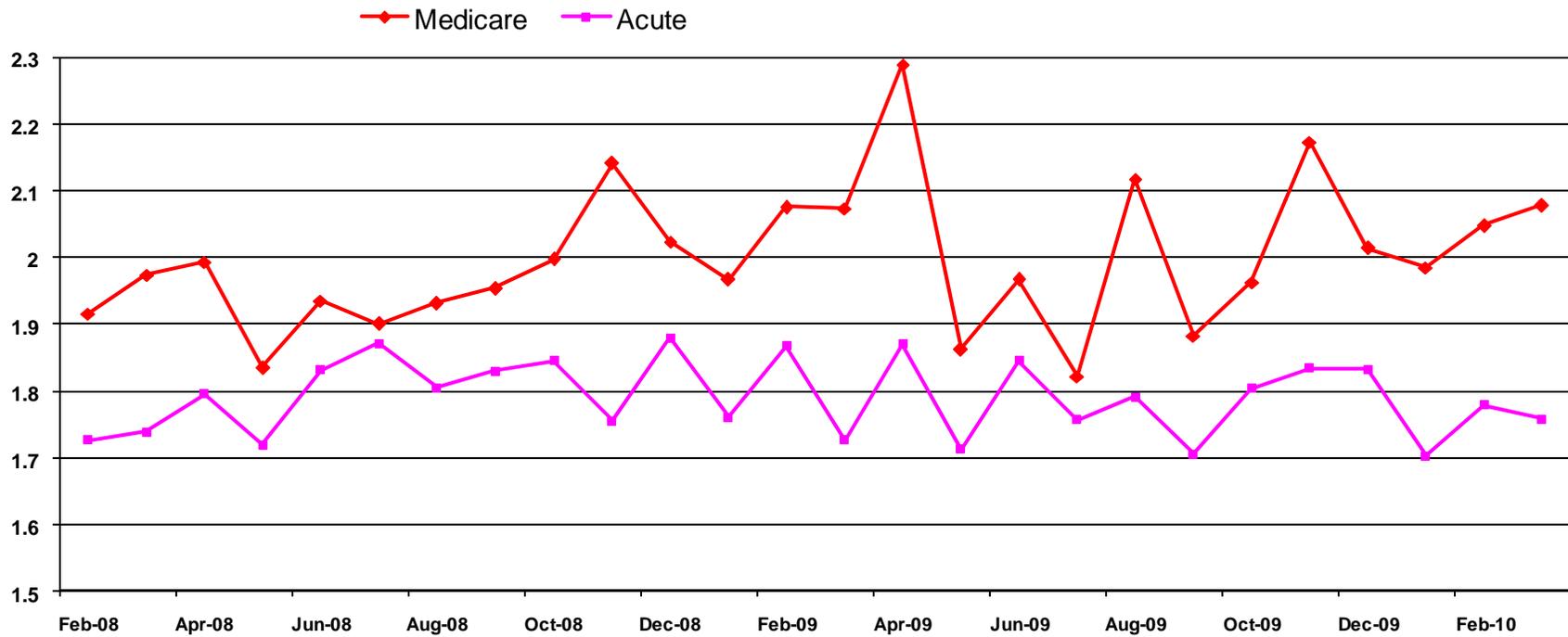


Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Anesthesia	12,030	11,302	10,651	728	6.4% ●	1,379	13.0% ●
CDD	5,334	5,409	5,546	(75)	-1.4% ○	(212)	-3.8% ●
Clinical Research	8,512	6,414	6,165	2,098	32.7% ●	2,347	38.1% ●
Dermatology	18,672	18,448	18,374	224	1.2% ○	298	1.6% ○
ETC	38,269	37,358	36,034	911	2.4% ○	2,235	6.2% ●
Employee Health Clinic	10,821	12,582	12,751	(1,761)	-14.0% ●	(1,930)	-15.1% ●
Family Care Center	72,693	75,014	73,886	(2,321)	-3.1% ●	(1,193)	-1.6% ○
General Surgery	21,318	20,460	19,533	858	4.2% ●	1,785	9.1% ●
Hospital Dentistry	8,900	7,117	17,326	1,783	25.1% ●	(8,426)	-48.6% ●
Internal Medicine	88,897	87,876	84,306	1,021	1.2% ○	4,591	5.5% ●
Neurology	13,213	12,939	12,298	274	2.1% ○	915	7.4% ●
Neurosurgery	6,893	7,016	6,748	(123)	-1.8% ○	145	2.2% ○
Obstetrics/Gynecology	55,983	55,180	52,345	803	1.5% ○	3,638	7.0% ●
Ophthalmology	47,276	53,986	50,343	(6,710)	-12.4% ●	(3,067)	-6.1% ●
Orthopedics	41,437	41,481	39,262	(44)	-0.1% ○	2,175	5.5% ●
Otolaryngology	20,297	21,594	20,933	(1,297)	-6.0% ●	(636)	-3.0% ●
Pediatrics	29,466	29,881	28,830	(415)	-1.4% ○	636	2.2% ○
Primary Care Clinic North	13,054	11,859	11,031	1,195	10.1% ●	2,023	18.3% ●
Psychiatry	31,401	32,085	30,472	(684)	-2.1% ○	929	3.1% ●
Thoracic – Cardio Surgery	2,072	2,067	1,972	5	0.3% ○	100	5.1% ●
Urology	11,723	11,874	11,944	(151)	-1.3% ○	(221)	-1.6% ○
Other	1,001	445	375	556	124.9% ●	626	166.9% ●
Total	559,262	562,387	551,125	(3,125)	-0.6% ○	8,137	1.5% ○

● Greater than 2.5% Favorable
 ○ Neutral
 ● Greater than 2.5% Unfavorable

Case Mix Index

Feb 2008 through March 2010



UIHC Comparative Financial Results

Fiscal Year to Date March 2010



NET REVENUES:	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Patient Revenue	\$664,236	\$678,375	\$660,770	(\$14,139)	-2.1%	\$3,466	0.5%
Appropriations	-	-	5,210	-	0.0%	(5,210)	-100.0%
Other Operating Revenue	34,713	36,532	34,590	(1,819)	-5.0%	123	0.4%
Total Revenue	\$698,949	\$714,907	\$700,570	(\$15,958)	-2.2%	(\$1,621)	-0.2%

EXPENSES:

Salaries and Wages	\$349,048	\$363,002	\$380,540	(\$13,954)	-3.8%	(\$31,492)	-8.3%
General Expenses	276,135	288,389	272,204	(12,254)	-4.3%	3,931	1.4%
Operating Expense before Capital	\$625,183	\$651,391	\$652,744	(\$26,208)	-4.0%	(\$27,561)	-4.2%
Cash Flow Operating Margin	\$73,766	\$63,516	\$47,826	\$10,250	16.1%	\$25,940	54.2%
Capital- Depreciation and Amortization	56,010	57,275	53,060	(1,265)	-2.2%	2,950	5.6%
Total Operating Expense	\$681,193	\$708,666	\$705,804	(\$27,473)	-3.9%	(\$24,611)	-3.5%

Operating Income	\$17,756	\$6,241	(\$5,234)	\$11,515	184.5%	\$22,990	439.2%
Operating Margin %	2.5%	0.9%	-0.7%		1.6%		3.2%
Gain (Loss) on Investments	28,206	7,793	(18,078)	20,413	261.9%	46,284	256.0%
Other Non-Operating	(3,931)	(3,832)	(3,487)	(99)	-2.6%	(444)	-12.7%
Net Income	\$42,031	\$10,202	(\$26,799)	\$31,829	312.0%	\$68,830	256.8%
Net Margin %	5.8%	1.2%	-3.9%		4.6%		9.7%

UIHC Comparative Financial Results

March 2010



NET REVENUES:	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Patient Revenue	\$76,545	\$77,347	\$75,213	(\$802)	-1.0%	\$1,332	1.8%
Appropriations	-	-	567	-	0.0%	(567)	-100.0%
Other Operating Revenue	4,018	4,086	4,313	(68)	-1.7%	(295)	-6.8%
Total Revenue	\$80,563	\$81,433	\$80,093	(\$870)	-1.0%	\$470	0.6%

EXPENSES:

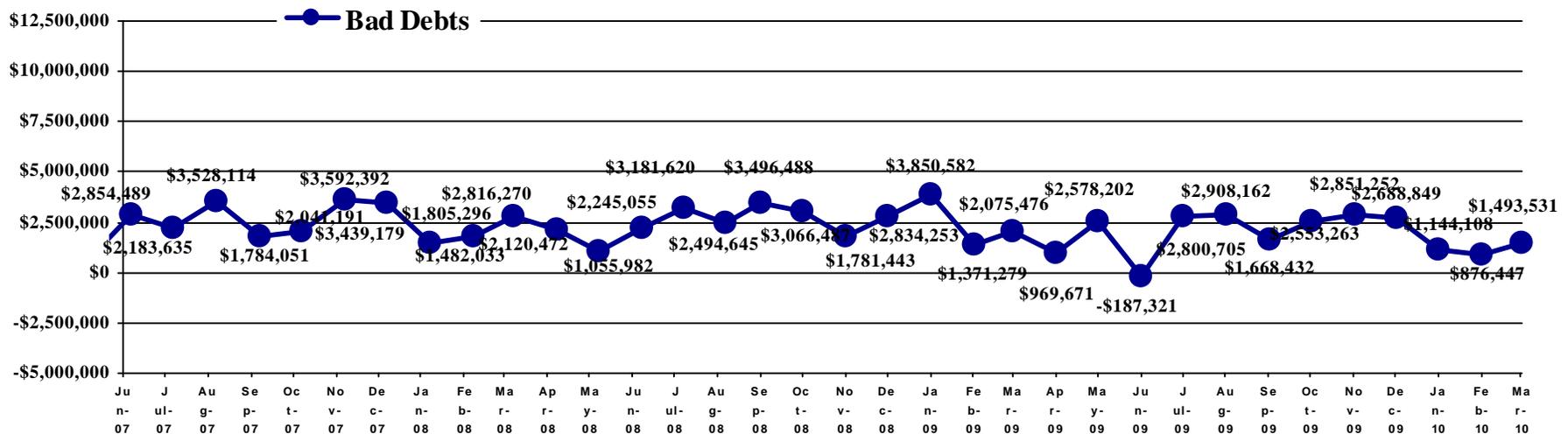
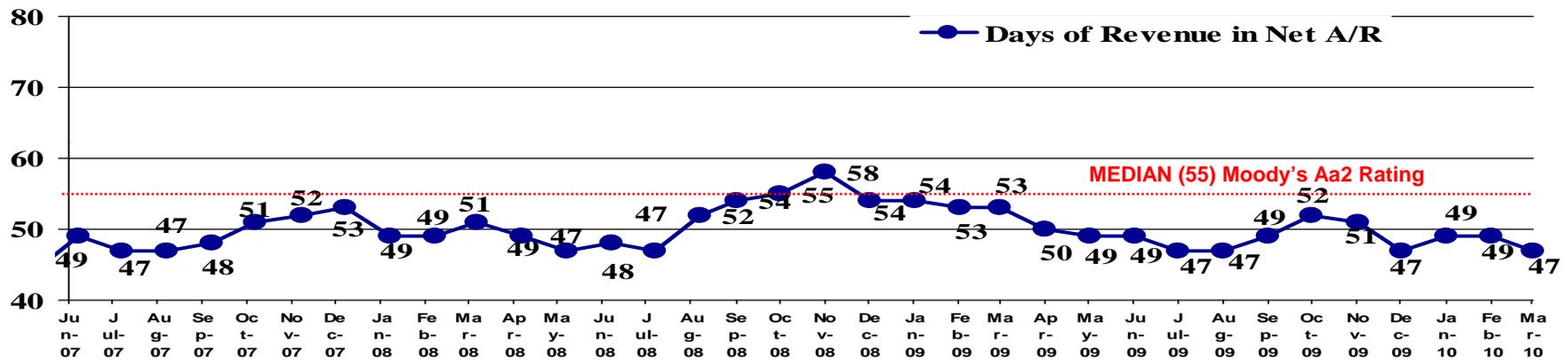
Salaries and Wages	\$38,986	\$41,255	\$42,202	(\$2,269)	-5.5%	(\$3,216)	-7.6%
General Expenses	30,955	31,505	29,798	(550)	-1.8%	1,157	3.9%
Operating Expense before Capital	\$69,941	\$72,760	\$72,000	(\$2,819)	-3.9%	(\$2,059)	-2.9%
Cash Flow Operating Margin	\$10,622	\$8,673	\$8,093	\$1,949	22.5%	\$2,529	31.3%
Capital- Depreciation and Amortization	6,508	6,364	6,933	144	2.3%	(425)	-6.1%
Total Operating Expense	\$76,449	\$79,125	\$78,933	(\$2,675)	-3.4%	(\$2,484)	-3.2%

Operating Income	\$4,114	\$2,309	\$1,160	\$1,805	78.2%	\$2,954	254.7%
Operating Margin %	5.1%	2.8%	1.4%		2.3%		3.7%
Gain (Loss) on Investments	3,963	866	1,128	3,097	357.6%	2,835	251.3%
Other Non-Operating	(457)	(426)	(312)	(31)	-7.3%	(145)	-46.5%
Net Income	\$7,620	\$2,749	\$1,976	\$4,871	177.2%	\$5,644	285.6%
Net Margin %	9.1%	3.4%	2.4%		5.7%		6.7%

Comparative Accounts Receivable at March 31, 2010



	June 30, 2008	June 30, 2009	March 31, 2010
Net Accounts Receivable	\$111,208,325	\$121,515,935	\$117,118,558
Net Days in AR	48	49	47



100 Great Iowa Nurses - 2010



- Barbara Bezoni
- Cindi Dahnke
- Diane Eastman
- Melissa Gross
- Maria Lofgren
- Jennifer Long
- Toni Mueller
- Rosemary Noyes
- Jennifer Off
- Anne Smith

100 great
iowa nurses

courage, competence, commitment

Total Operating Expenses



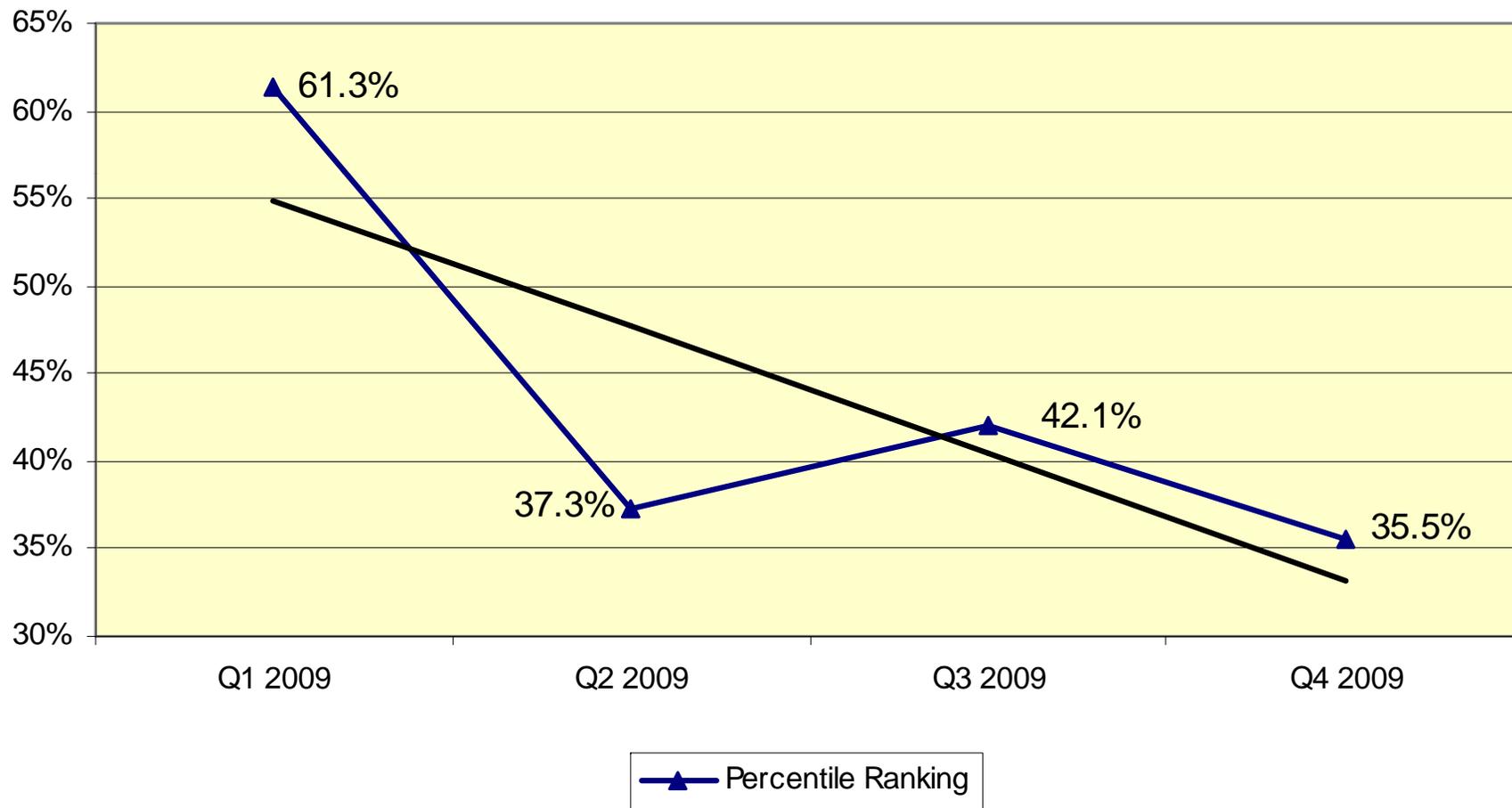
Operating expenses continue to trend downward. Fiscal year-to-date they have decreased from the prior year by 4%, or roughly \$3 million per month.



Total Expense (Wage Adjusted, Excluding Providers) per CMI Weighted Adjusted Discharge - Peer Benchmark Ranking



Compared to peer institutions, UIHC's benchmark performance for total expenses improved from the 61st percentile in Quarter 1 2009 to the 35th percentile in Quarter 4 2009.

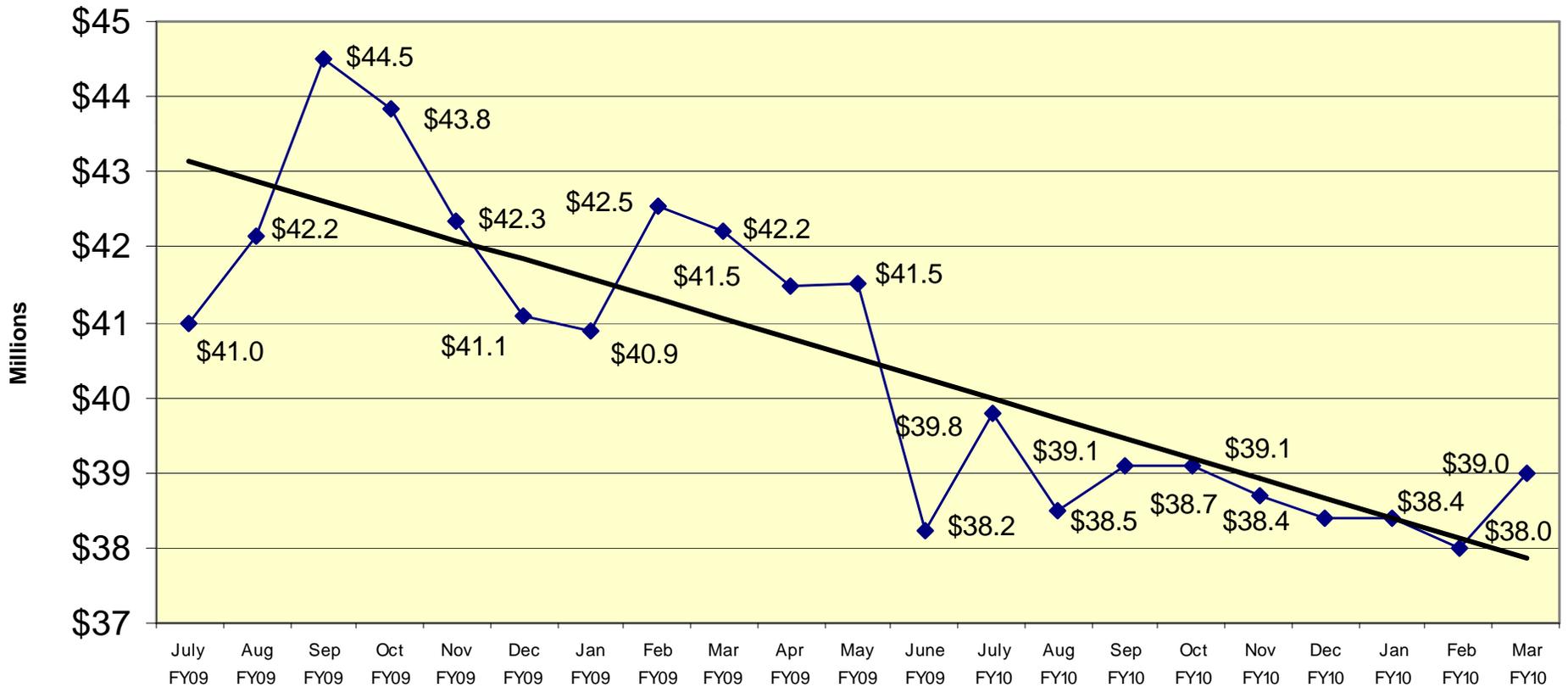


SOURCE: University HealthSystem Consortium -
Action OI Database, 2009 Q4

Salary and Benefit Expenses



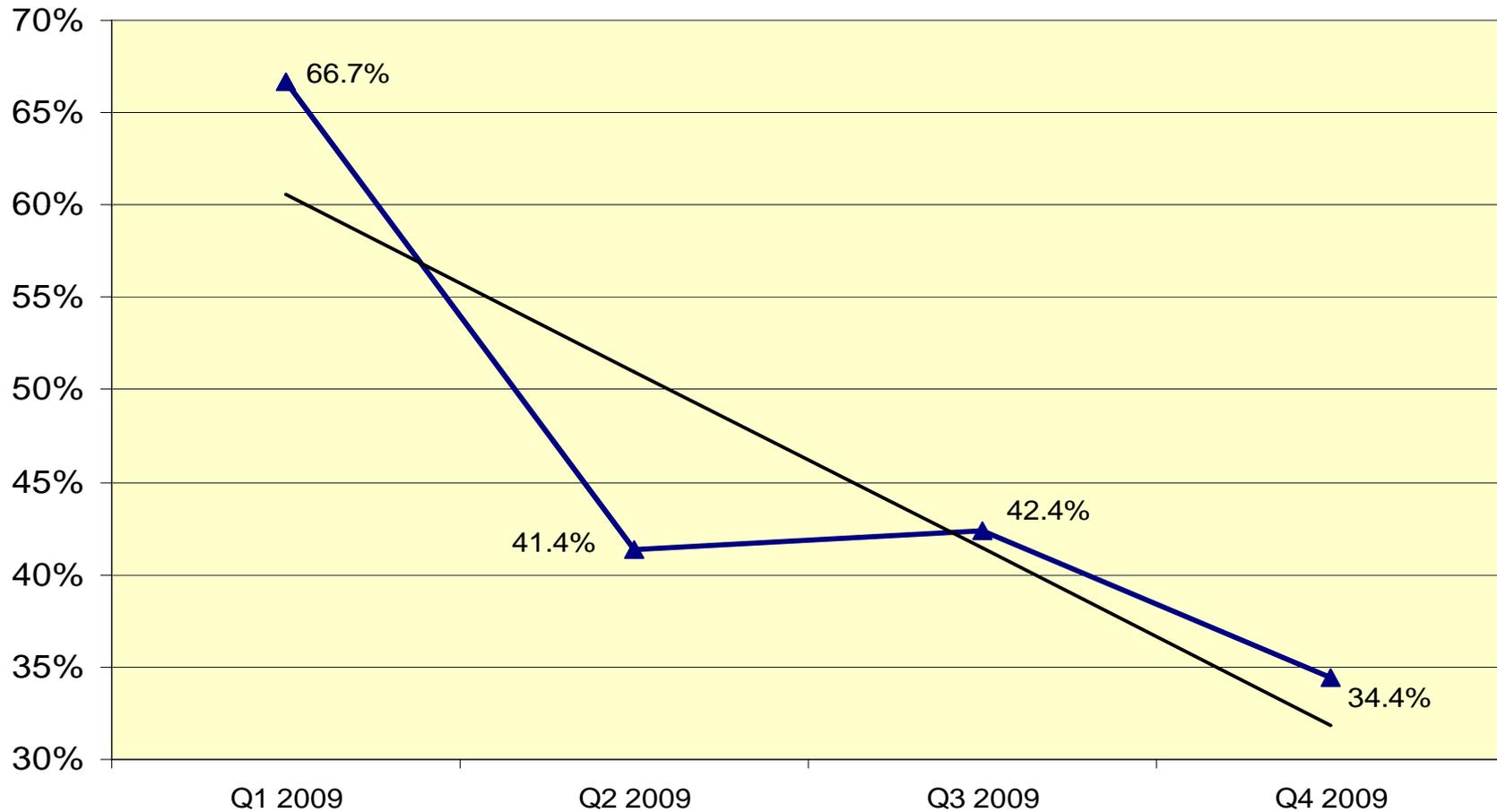
Salary and benefit expenses continue to decline as we focus on improving staff productivity. Salary and benefit expenses averaged \$42.3 million per month during the first nine months of last fiscal year, compared to \$38.8 million this fiscal year, an 8% reduction.



Total Worked Hours (Excluding Providers) per CMI Weighted Adjusted Discharge - Peer Benchmark Ranking



UIHC's benchmark performance for total worked hours compared to peer institutions improved from the 67th percentile in Quarter 1 2009 to the 34th percentile in Quarter 4 2009.

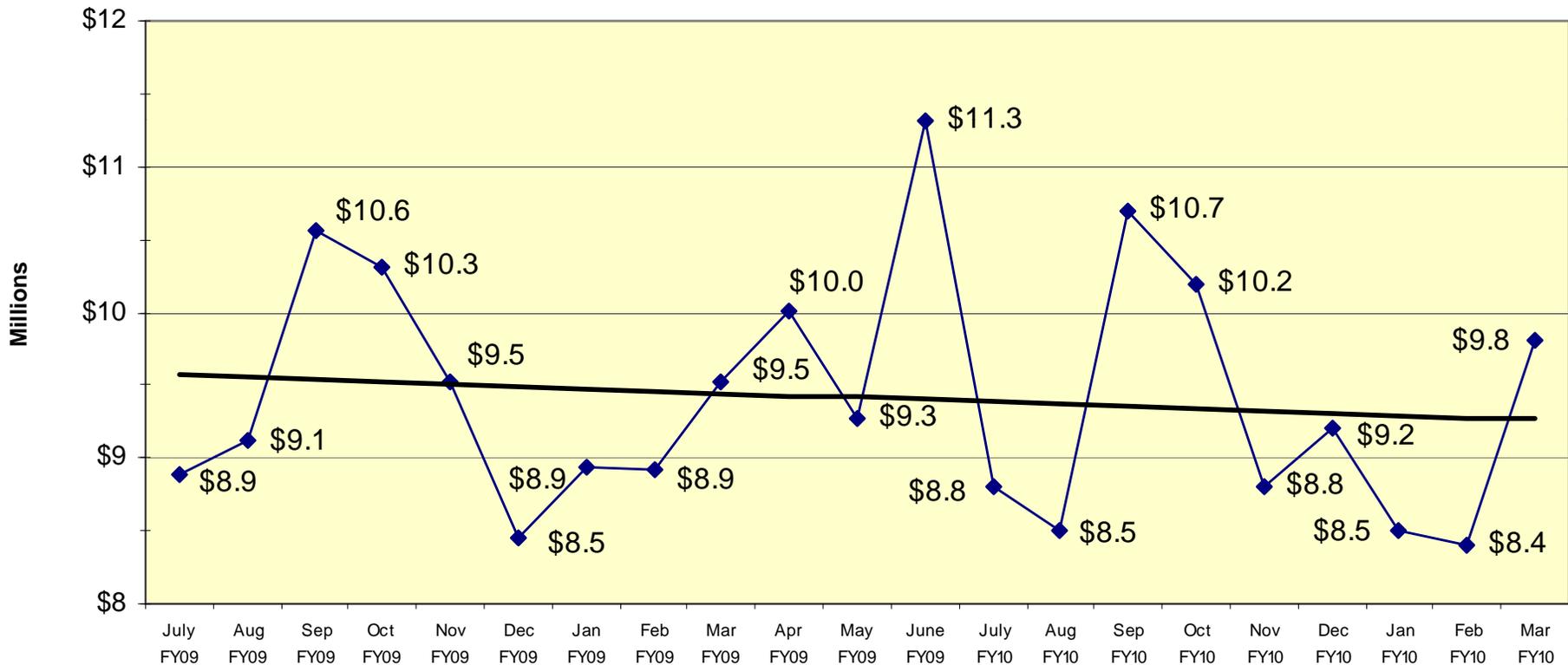


SOURCE: University HealthSystem Consortium - Action OI Database, 2009 Q4

▲ Percentile Ranking

Supply Expenses

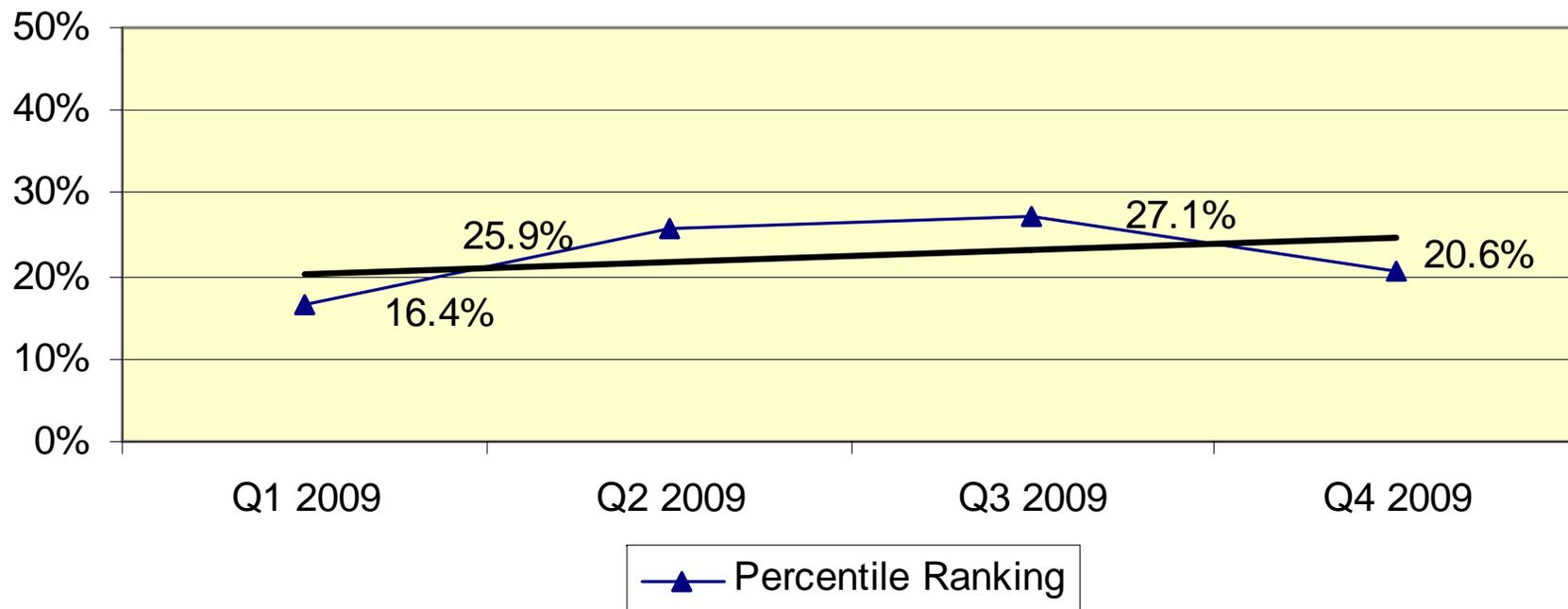
Supply expenses continue to improve with ongoing supply chain initiatives. Year-to-date, average supply expenses per month have decreased from the prior year by 2%.



Supply Expenses per CMI Weighted Adjusted Discharge – Peer Benchmark Ranking



UIHC continues to perform very well managing supply expenses – better than 80% compared to peer academic medical centers.



SOURCE: University HealthSystem Consortium - Action OI Database, 2009 Q4

Supply Chain Savings FY09-To-Date



Continued focus on aggressively managing the supply chain has resulted in achieving over \$5 million in annual supply savings.

Type of Item	Projected Annual Savings
Spine Implants	\$1,190,531
Sutures & Endomechanicals	\$1,075,436
Cardiac Rhythm Management	\$1,064,810
Insulin Syringes, Lancets & Test Strips	\$487,582
Thrombin	\$229,382
Heart Valves	\$220,460
DES Stents	\$170,500
Exam Gloves	\$168,645
Sterile Non Wovens	\$158,379
Neurological Products	\$157,354
Orthopaedic Implants	\$550,000
TOTAL	\$5,473,079

Supply Chain Teams Driving Accountability

To continue to identify and achieve further cost savings from the supply chain, HAWKEYES teams have been established.

HAWKEYES approach

- These teams will develop and implement supply chain solutions at the local level through “Hawkeye Huddles.”
- Each team reports to an Executive Champion that is accountable and assists in resolving road blocks.

•GOAL: \$7 million savings in 18 months

PROCUREMENT SERVICES & VALUE ANALYSIS PROJECT TEAMS



Questions?





Iowa River Landing Ambulatory Care Facility Planning

Jean Robillard, MD
Vice President for Medical Affairs

UIHC Ambulatory Care Facility at Iowa River Landing



Requested Project Approvals

- Authorize UI and Executive Director to Approve the Satellite Medical Facility Development and Purchase Agreement
- Authorize Permission to Proceed with Project Planning



UI Health Care Operating Budget FY 2011

Ken Kates

Chief Executive Officer, UI Hospitals & Clinics

Paul Rothman, MD

Dean, Carver College of Medicine

Ken Fisher, Associate Vice President for Finance
And Chief Financial Officer, UI Health Care

Laying the groundwork – focus on the Strategic Plan

- The UI Health Care Integrated Strategic Plan encompasses UI Hospitals and Clinics, the Carver College of Medicine, and UI Physicians.
- The integrated strategic plan is built on the premise of “One Vision, One Future” articulated in early 2008.
- The plan is based upon the singular mission, “Changing Medicine. Changing Lives” and articulates a far-reaching vision of “World Class People. World Class Medicine. For Iowa and the World.”
- This emphasis on excellence and being the best possible provider of patient care, a recognized leader in medical education and a center for leading edge research is encompassed in the UI Health Care shared values of innovation, collaboration, accountability, respect and excellence.

Goals

Clinical Quality &
Service

1. Provide world-class health care and service to optimize health for everyone.

Research

2. Advance world-class discovery through excellence and innovation in biomedical and health services research.

Education

3. Develop world-class health professionals and scientists through excellent, innovative and humanistic educational curricula for learners at every stage.

People

4. Foster a culture of excellence that values, engages and enables our workforce.

Diversity

5. Create an environment of inclusion where individual differences are respected and all feel welcome.

Growth &
Finance

6. Optimize a performance-driven business model that assures financial success.

Measuring Plan Performance

- The plan has a strong results orientation that identifies what UI Health Care will measure to determine progress against benchmarks and targets.
- Major indicators of success include:
 - UIHC is on the honor roll of best hospitals (*US News & World Report*)
 - The UI Children’s Hospital is among the Top 25 children’s hospitals (*US News & World Report*)
 - The CCOM is in the Top 10 among public medical schools
 - The CCOM is in the Top 10 for NIH funding among public medical schools
 - UI Health Care maintains its AA bond rating (*Moody’s and S&P*)
- The UI Health Care operating and capital budgets are designed to enable measurable progress toward achieving the goals outlined in the strategic plan.

“Optimize a performance-driven business model that assures financial success”

Strategies:

- Ensure sound financial position of clinical programs.
- Grow clinical programmatic priority areas.
- Ensure sound financial position of non-clinical programs.
- Ensure appropriate resources and facilities are available for clinical, education and research strategies.

Strategic Metrics - Creating linkages between all units

- Margin expectation
- State funding expectations
- Capital planning
- Physician workforce changes
- Clinical volumes
- Revenue
- Operating expense
- Non-operating revenue/expense

Margin Expectations

- Each CCOM department is expected to achieve breakeven at an “all funds” level
- UI Hospital and Clinics is expected to achieve an operating margin of 3% of net operating revenue

Capital Planning

- UI Hospital and Clinics will fund \$70 million in capital projects and routine equipment for FY2011.
- Additional funding will be provided to support the Iowa River Landing project should it be approved by the Board of Regents

Capital Planning: Preliminary FY2011 Budget Allocation

Capital Projects Approved Prior to FY2011:	\$25.8M
New Requests for FY2011 >\$100,000:	
Compliance & Safety	\$ 3.3
Quality of Care	\$ 8.6
Revenue Enhancement	\$ 4.5
Routine Replacement	\$ 7.7
Under \$100,000 Requests	\$12.0
Administrative and Facilities Contingency	<u>\$ 8.1</u>
Total Capital Allocation	\$70.0M

Forecasting Clinical Volumes—Process

- Program Driven Assumptions from Clinical Leadership, Hospital Leadership and VPMA Cabinet
 - Admissions and visits
 - Case mix index (CMI)
 - RVU's
 - Surgical volume
 - Length of stay by clinical service (medical/surgical)
 - Ambulatory activity

Forecasting Clinical Volumes—Process (cont'd)

- Input from all key stakeholders
- Exploded key driving volumes, linking physician effort with hospital cost center level volumes for all areas.
- Enterprise-wide agreement and consistency in projections
- VPMA Cabinet validated and finalized

Revenue Forecast

- Exploded key driving volumes
 - Clinical RVU's (physician work effort)
 - Cost center level volumes for all hospital areas
- Volumes yield Gross Revenue
- Net Revenue Modeled with Assumptions
 - Payer Mix
 - Chargemaster Rate Change
 - Payer Rate changes
 - Case Mix Index changes
 - Type of Service (Inpatient or Outpatient)
- Net Revenue for all Clinical Departments and Hospital
- Reviewed with VPMA Cabinet and “locked down”

Expense Forecast

- Includes inflation assumptions on wages, supplies and UI pass-through or charge backs
- Includes known changes in funds flow between CCOM/UIP/UIHC
- Sensitive to volume changes
- Includes cost cutting initiatives necessary to meet operating margin

HOSPITAL & CLINICS BUDGET PROJECTIONS

UI Health Care Operating Budget FY2011



Hospital – Key Drivers

REVENUE	
Volume Growth	
Inpatient	2.2%
Outpatient	4.7%
ALOS Reduction	-3.0%
Case Mix Increase	0.0%
Payer Rate Increase	1.6%
Charge Increase	6.0%
EXPENSE	
Salary Increase	
SEIU	3.0%
Merit	5.2%
P&S	3.0%
Faculty	2.0%
Blended Non-Salary Cost Inflation	4.3%

UI Health Care Operating Budget FY2011



Hospital FY10 Projection and FY11 Proposed Budget in 000's

	Proposed Budget FY11	Projected FY10	Actual FY 2009
Net Patient Revenue	\$ 928,919	\$ 883,419	\$ 876,576
State Appropriations	-	-	6,840
Gifts	2,420	2,614	2,826
Grants	6,129	5,687	5,277
Other Operating Revenue	47,009	46,007	47,449
Total Net Operating Revenue	\$ 975,928	\$ 929,426	\$ 930,865
Operating Expenses			
Salary, Benefits, & Contract Labor	\$ 477,763	\$ 464,549	\$ 502,334
Supplies & Drugs	192,225	179,859	185,722
Services	85,647	75,554	72,332
Capital Expenses	4,962	4,817	5,522
Insurance	2,441	2,370	1,704
Licenses, Fees and Other Expenses	80,762	75,771	83,919
Administrative Services UI	28,199	26,729	12,446
Total Operating Expense	\$ 871,999	\$ 829,649	\$ 863,979
Cash Flow Operating Margin	\$ 103,929	\$ 99,777	\$ 66,886
CFO Margin %	10.6%	10.7%	7.2%
Capital & Other Costs			
Total Depreciation & Amortization	\$ 75,004	\$ 74,254	\$ 72,975
Operating Income	\$ 28,925	\$ 25,522	\$ (6,089)
Operating Margin %	3.0%	2.7%	-0.7%
Non-operating Items			
Gain (Losses) non-Operating	\$ 13,045	\$ 15,000	\$ (6,389)
Net Income (Loss)	\$ 41,970	\$ 40,522	\$ (12,478)
Net Income Margin %	4.2%	4.3%	-1.3%

Summary of Proposed Budget

- UI Hospitals and Clinics
 - Risks
 - Payment Risk:
 - Degradation of Payer Mix
 - Increase in Uninsured/Bad Debt/Charity
 - Governmental Budget Cuts and Reform Impacts
 - Significant change in outpatient payment methodology by largest commercial insurer
 - Decrease in Elective Procedures
 - Opportunities
 - Increasing access through centralized scheduling

CCOM BUDGET PROJECTIONS

UI Health Care Operating Budget FY2011



CCOM FY 2011 UIP Projection in 000's

NET REVENUES:	Projected FY11	Projected FY10	FY09 Actual
Patient Revenue	\$ 194,206	\$ 185,230	\$ 181,540
Other Operating Revenue	14,464	14,042	11,832
Total Revenue	\$ 208,670	\$ 199,272	\$ 193,372

EXPENSES:			
Salaries and Wages	\$ 140,651	\$ 135,159	\$ 130,773
General Expenses	14,718	14,237	13,549
Overhead	44,392	42,335	42,961
Total Expenses	\$ 199,761	\$ 191,731	\$ 187,283

Net Income	\$ 8,909	\$ 7,541	\$ 6,089
Net Margin	4.3%	3.8%	3.1%

UI Health Care Operating Budget FY2011



CCOM FY 2010 All-Funds Projection in 000's

NET REVENUES:	Projected FY11	Projected FY10	FY09 Actual
Patient Revenue	\$ 199,037	\$ 189,944	\$ 187,165
General Fund and Special Appropriations	61,630	65,281	66,206
Other Operating Revenue	66,764	65,135	62,628
UIHC Transfers	58,325	56,902	53,390
Grants and Gifts	204,493	200,416	185,019
Total Revenue	\$ 590,249	\$ 577,678	\$ 554,408

EXPENSES:			
Salaries and Wages	\$ 384,256	\$ 380,013	\$ 382,473
General Expenses	160,749	156,067	142,090
Overhead	27,237	26,443	28,615
Total Expenses	\$ 572,242	\$ 562,523	\$ 553,178
Non-Operating Revenue/(Expense)	(4,738)	(4,595)	(4,454)
Net Income	\$ 13,269	\$ 10,560	\$ (3,224)
Net Margin	2.2%	1.8%	-0.6%

Summary of Proposed Budget

– CCOM/UIP

- Risks

- Adjusting to loss of ARRA Stimulus bridge
- No growth in Federal research funding
- Healthcare reform may bring significant changes in the reimbursement model for health care services
- **Faculty compensation remains lower than market**

- Opportunities

- Quality of care reimbursement incentives (i.e. CMS PQRI)
- New Iowa Care revenue stream to help cover costs of physician care of indigent patients
- Healthcare reform could increase the overall percentage of patients with insurance coverage