



University of Iowa Health Care

*Presentation to
The Board of Regents, State of Iowa
September 12, 2012*

Agenda

- Opening Remarks (Jean Robillard)
- Operational and Financial Performance (Ken Fisher)
- University of Iowa Health Alliance (Jean Robillard)



Opening Remarks

Jean Robillard, MD
Vice President for Medical Affairs



Operating and Financial Performance Update

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

Volume Indicators

Fiscal Year to Date June 2012

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Discharges	30,675	29,958	29,987	717	2.4% ○	688	2.3% ○
Patient Days	195,262	193,413	196,482	1,849	1.0% ○	(1,220)	-0.6% ○
Length of Stay	6.37	6.50	6.56	(0.14)	-2.2% ○	(0.19)	-3.0% ●
Average Daily Census	533.50	528.45	538.31	5.05	1.0% ○	(4.80)	-0.9% ○
Surgeries – Inpatient	11,450	11,440	11,215	10	0.1% ○	235	2.1% ○
Surgeries – Outpatient	16,406	15,481	15,487	925	6.0% ●	919	5.9% ●
ED Visits	59,889	58,442	56,409	1,447	2.5% ○	3,480	6.2% ●
Outpatient Clinic Visits	869,661	867,299	829,547	2,362	0.3% ○	36,634	4.4% ●

● Greater than 2.5% Favorable	○ Neutral	● Greater than 2.5% Unfavorable
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Discharges by Type

Fiscal Year to Date June 2012 - Unaudited

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	10,620	10,199	10,236	421	4.1% ●	384	3.8% ●
Adult Surgical	13,878	13,451	13,409	427	3.2% ●	469	3.5% ●
Adult Psych	1,468	1,599	1,610	(131)	-8.2% ●	(142)	-8.8% ●
<i>Subtotal – Adult</i>	<i>25,966</i>	<i>25,249</i>	<i>25,255</i>	<i>717</i>	<i>2.8% ●</i>	<i>711</i>	<i>2.8% ●</i>
Pediatric Medical & Surgical	3,329	3,375	3,388	(46)	-1.4% ○	(59)	-1.7% ○
Pediatric Critical Care	774	803	809	(29)	-3.6% ●	(35)	-4.3% ●
Pediatric Psych	606	531	535	75	14.1% ●	71	13.3% ●
<i>Subtotal – Pediatrics w/o newborn</i>	<i>4,709</i>	<i>4,709</i>	<i>4,732</i>	<i>0</i>	<i>0.0% ○</i>	<i>(23)</i>	<i>-0.5% ○</i>
Newborn	1,472	1,466	1,408	6	0.4% ○	64	4.5% ●
TOTAL w/o Newborn	30,675	29,958	29,987	717	2.4% ○	688	2.3% ○

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

Discharge Days by Type

Fiscal Year to Date June 2012

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	60,248	59,951	60,552	297	0.5% ○	(304)	-0.5% ○
Adult Surgical	72,728	70,559	71,072	2,169	3.1% ●	1,656	2.3% ○
Adult Psych	20,530	20,327	20,571	203	1.0% ○	(41)	-0.2% ○
<i>Subtotal – Adult</i>	<i>153,506</i>	<i>150,836</i>	<i>152,195</i>	<i>2,670</i>	<i>1.8% ○</i>	<i>1,311</i>	<i>0.9% ○</i>
Pediatric Medical & Surgical	17,539	18,330	18,561	(791)	-4.3% ●	(1,022)	-5.5% ●
Pediatric Critical Care	19,553	21,614	21,875	(2,061)	-9.5% ●	(2,322)	-10.6% ●
Pediatric Psych	4,650	4,034	4,085	616	15.3% ●	565	13.8% ●
<i>Subtotal – Pediatrics w/o newborn</i>	<i>41,742</i>	<i>43,979</i>	<i>44,521</i>	<i>(2,237)</i>	<i>-5.1% ●</i>	<i>(2,779)</i>	<i>-6.2% ●</i>
Newborn	3,238	3,496	3,108	(258)	-7.4% ●	130	4.2% ●
TOTAL w/o Newborn	195,248	194,815	196,716	433	0.2% ○	(1,468)	-0.7% ○

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Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Average Length of Stay by Type

Fiscal Year to Date June 2012

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	5.67	5.88	5.92	(0.20)	-3.5% ●	(0.24)	-4.1% ●
Adult Surgical	5.24	5.25	5.30	(0.00)	-0.1% ○	(0.06)	-1.1% ○
Adult Psych	13.99	12.71	12.78	1.28	10.0% ●	1.21	9.5% ●
Subtotal – Adult	5.91	5.97	6.03	(0.06)	-1.0% ○	(0.11)	-1.9% ○
Pediatric Medical & Surgical	5.27	5.43	5.48	(0.16)	-3.0% ●	(0.21)	-3.8% ●
Pediatric Critical Care	25.26	26.93	27.04	(1.67)	-6.2% ●	(1.77)	-6.6% ●
Pediatric Psych	7.67	7.59	7.64	0.08	1.1% ○	0.04	0.5% ○
Subtotal – Pediatrics w/o newborn	8.87	9.34	9.41	(0.48)	-5.1% ●	(0.54)	-5.8% ●
Newborn	2.20	2.39	2.21	(0.19)	-7.8% ●	(0.01)	-0.3% ○
TOTAL w/o Newborn	6.37	6.50	6.56	(0.14)	-2.1% ○	(0.19)	-3.0% ●

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Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Outpatient Surgeries – by Clinical Department

June 2012



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Cardiothoracic	73	69	69	4	5.3% ●	4	5.8% ●
Dentistry	655	591	588	64	10.9% ●	67	11.4% ●
Dermatology	35	42	42	(7)	-17.5% ●	(7)	-16.7% ●
General Surgery	2,615	2,572	2,556	43	1.7% ○	59	2.3% ○
Gynecology	872	784	778	88	11.2% ●	94	12.1% ●
Internal Medicine	12	3	3	9	296.6% ●	9	300.0% ●
Neurosurgery	448	473	471	(25)	-5.3% ●	(23)	-4.9% ●
Ophthalmology	3,667	3,284	3,254	383	11.7% ●	413	12.7% ●
Orthopedics	3,873	3,811	3,779	62	1.6% ○	94	2.5% ○
Otolaryngology	2,410	2,446	2,428	(36)	-1.5% ○	(18)	-0.7% ○
Radiology – Interventional	44	32	32	12	36.8% ●	12	37.5% ●
Urology w/ Procedure Ste.	1,708	1,373	1,487	335	24.4% ●	221	14.9% ●
Total	16,412	15,481	15,487	931	6.0% ●	925	6.0% ●

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Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Inpatient Surgeries – by Clinical Department

June 2012



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Cardiothoracic	1,156	1,129	1,107	27	2.4% ○	49	4.4% ●
Dentistry	152	125	123	27	21.1% ●	29	23.6% ●
Dermatology	1	0	0	1	●	1	●
General Surgery	3,315	3,249	3,184	66	2.0% ○	131	4.1% ●
Gynecology	742	782	766	(40)	-5.1% ●	(24)	-3.1% ●
Neurosurgery	1,654	1,675	1,642	(21)	-1.3% ○	12	0.7% ○
Ophthalmology	153	149	141	4	2.6% ●	12	8.5% ●
Orthopedics	2,610	2,736	2,675	(126)	-4.6% ●	(65)	-2.4% ○
Otolaryngology	786	759	744	27	3.6% ●	42	5.6% ●
Radiology – Interventional	131	112	110	19	16.7% ●	21	19.1% ●
Urology w/ Procedure Ste.	764	724	723	40	5.6% ●	41	5.7% ●
Total	11,464	11,440	11,215	24	0.2% ○	249	2.2% ○
Solid Organ Transplants	273	322	291	(49)	-15.2% ●	(18)	-6.2% ●

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

Emergency Department

June 2012

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
ED Visits	59,889	58,442	56,409	1,447	2.5% ○	3,480	6.2% ●
ED Admits	16,485	15,239	14,757	1,246	8.2% ●	1,728	11.7% ●
ED Conversion Factor	27.5%	26.1%	26.2%		5.6% ●		5.2% ●
ED Admits / Total Admits	54.0%	51.2%	49.3%		5.4% ●		9.6% ●

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Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Clinic Visits by Clinical Department

Fiscal Year to Date June 2012



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget		Variance to Prior Year	% Variance to Prior Year	
Anesthesia	13,908	15,713	14,978	(1,805)	-11.5%	●	(1,070)	-7.1%	●
CDD	8,688	8,150	8,173	538	6.6%	●	515	6.3%	●
Clinical Research	9,350	10,956	10,443	(1,606)	-14.7%	●	(1,093)	-10.5%	●
Dermatology	26,673	31,500	25,956	(4,827)	-15.3%	●	717	2.8%	●
Emergency Department	59,857	58,442	56,407	1,415	2.4%	○	3,450	6.1%	●
General Surgery	26,258	24,762	23,604	1,496	6.0%	●	2,654	11.2%	●
Heart and Vascular	38,502	38,856	37,038	(354)	-0.9%	○	1,464	4.0%	●
Hospital Dentistry	15,434	13,521	13,829	1,913	14.1%	●	1,605	11.6%	●
Internal Medicine	112,241	110,744	105,563	1,497	1.4%	○	6,678	6.3%	●
Neurology	17,613	17,599	16,776	14	0.1%	○	837	5.0%	●
Neurosurgery	9,388	9,381	8,942	7	0.1%	○	446	5.0%	●
Obstetrics/Gynecology	79,765	78,859	75,170	906	1.1%	○	4,595	6.1%	●
Ophthalmology	69,982	70,979	65,811	(997)	-1.4%	○	4,171	6.3%	●
Orthopedics	63,214	62,390	59,471	824	1.3%	○	3,743	6.3%	●
Otolaryngology	29,822	29,323	27,951	499	1.7%	○	1,871	6.7%	●
Pediatrics	46,870	45,723	43,584	1,147	2.5%	○	3,286	7.5%	●
Primary Care	242,489	238,255	234,001	4,234	1.8%	○	8,488	3.6%	●
Psychiatry	41,331	43,953	41,897	(2,622)	-6.0%	●	(566)	-1.4%	○
Urology	17,636	16,050	15,802	1,586	9.9%	●	1,834	11.6%	●
Other	529	585	560	(56)	-9.6%	●	(31)	-5.5%	●
Total	929,550	925,741	885,956	3,809	0.4%	○	43,594	4.9%	●



Greater than 2.5% Favorable



Neutral



Greater than 2.5% Unfavorable

Outpatient Activity Detail

Fiscal Year to Date June 2012

Primary Care Clinics

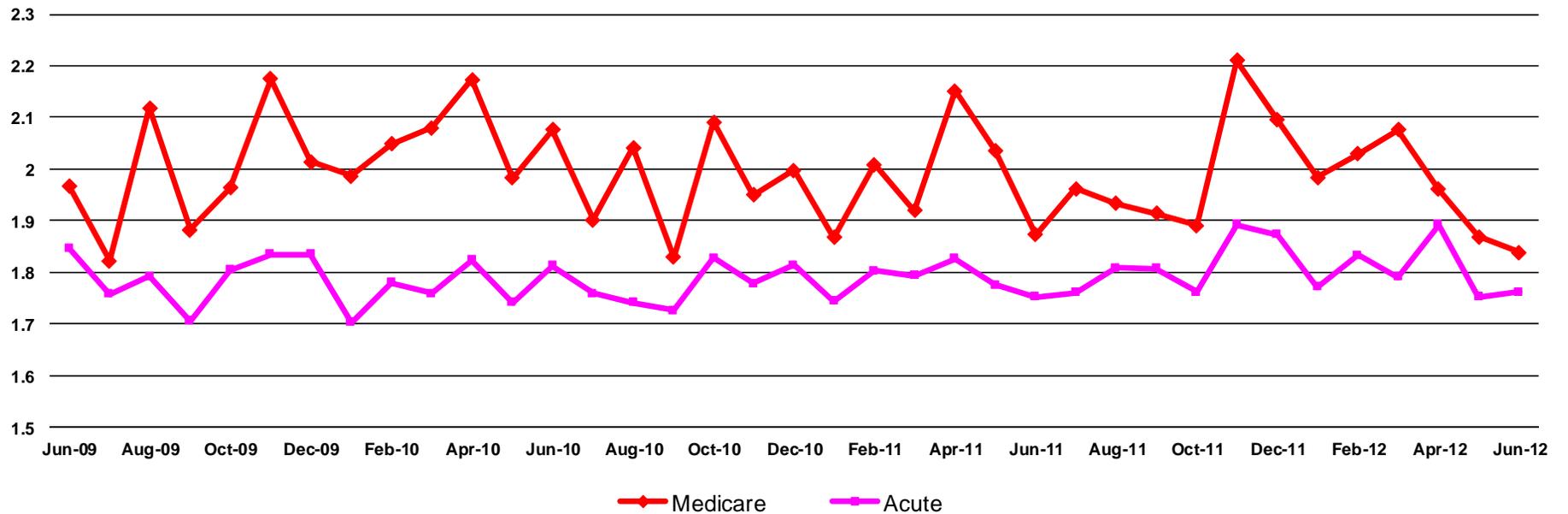
Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Employee Health Clinic	21,555	17,498	16,679	4,057	23.2% ●	4,876	29.2% ●
Family Care Center	85,972	102,570	88,599	(16,598)	-16.2% ●	(2,627)	-3.0% ●
Offsite Clinics	81,922	67,244	82,258	14,678	21.8% ●	(336)	-0.4% ○
Quick Care Clinics	29,450	28,330	24,909	1,120	4.0% ●	4,541	18.2% ●
Primary Care Clinic North	23,590	22,614	21,556	976	4.3% ●	2,034	9.4% ●
TOTAL	242,489	238,255	234,001	4,234	1.8% ○	8,488	3.6% ●

Clinical Cancer Center

Infusions	40,587	42,650	37,284	(2,063)	-4.8% ●	3,303	8.9% ●
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Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Case Mix Index



UIHC Comparative Financial Results

June 2012 - UNAUDITED



Dollars in Thousands

NET REVENUES:	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Patient Revenue	\$89,657	\$87,499	\$94,393	\$2,158	2.5%	(\$4,736)	-5.0%
Other Operating Revenue	5,416	4,003	3,291	1,413	35.3%	2,125	64.6%
Total Revenue	\$95,072	\$91,502	\$97,684	\$3,571	3.9%	(\$2,612)	-2.7%

EXPENSES:

Salaries and Wages	\$45,015	\$46,475	\$39,993	(\$1,460)	-3.1%	\$5,022	12.6%
General Expenses	36,864	35,370	42,061	1,494	4.2%	(5,197)	-12.4%
Operating Expense before Capital	\$81,879	\$81,845	\$82,054	\$33	0.0%	(\$175)	-0.2%
Cash Flow Operating Margin	\$13,193	\$9,657	\$15,630	\$3,536	36.6%	(\$2,437)	-15.6%
Capital- Depreciation and Amortization	5,832	5,624	5,909	209	3.7%	(77)	-1.3%
Total Operating Expense	\$87,712	\$87,469	\$87,963	\$243	0.3%	(\$251)	-0.3%

Operating Income	\$7,361	\$4,033	\$9,721	\$3,328	82.5%	(\$2,360)	-24.3%
Operating Margin %	7.7%	4.4%	10.0%		3.3%		-2.2%
Gain on Investments	1541	1,831	(465)	(290)	-15.8%	2,005	431.2%
Other Non-Operating	1,636	(437)	(6,649)	2,074	474.1%	8,284	124.6%
Net Income	\$10,538	\$5,426	\$2,607	\$5,113	94.2%	\$7,931	304.2%
Net Margin %	10.7%	5.8%	2.9%		4.9%		7.8%

UIHC Comparative Financial Results

Fiscal Year to Date June 2012 - UNAUDITED



Dollars in Thousands

NET REVENUES:	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Patient Revenue	\$1,041,067	\$1,039,047	\$988,234	\$2,020	0.2%	\$52,833	5.3%
Other Operating Revenue	57,095	48,036	45,214	9,059	18.9%	11,881	26.3%
Total Revenue	\$1,098,162	\$1,087,083	\$1,033,448	\$11,079	1.0%	\$64,714	6.3%

EXPENSES:

Salaries and Wages	\$548,012	\$560,520	\$490,939	(\$12,508)	-2.2%	\$57,073	11.6%
General Expenses	433,305	415,591	412,100	17,714	4.3%	21,205	5.4%
Operating Expense before Capital	\$981,317	\$976,111	\$903,039	\$5,206	0.5%	\$78,278	8.7%
Cash Flow Operating Margin	\$116,845	\$110,972	\$130,409	\$5,873	5.3%	(\$13,564)	-10.4%
Capital- Depreciation and Amortization	69,724	67,488	70,062	2,236	3.3%	(338)	-0.5%
Total Operating Expense	\$1,051,042	\$1,043,599	\$973,101	\$7,443	0.7%	\$77,941	8.0%

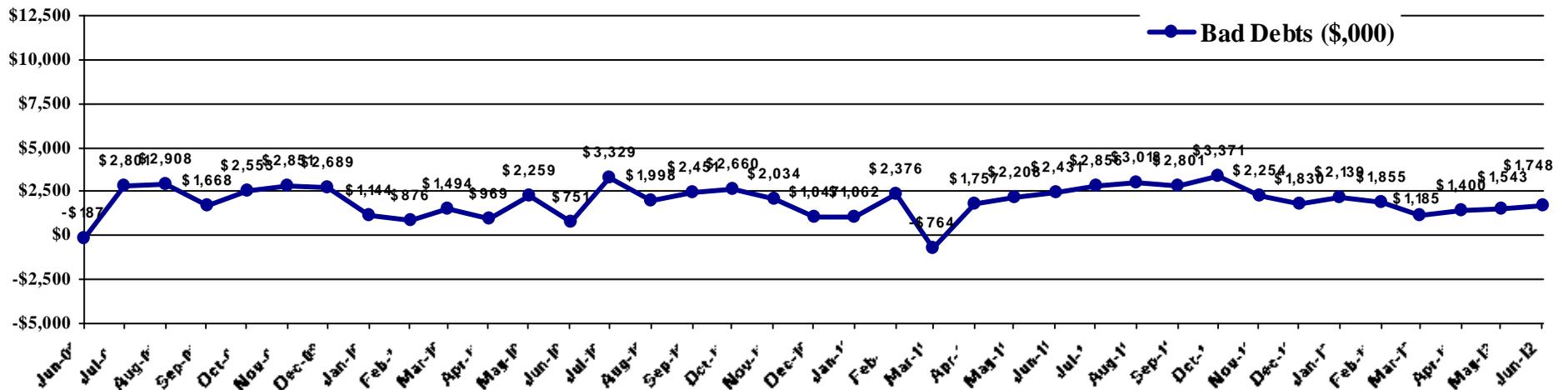
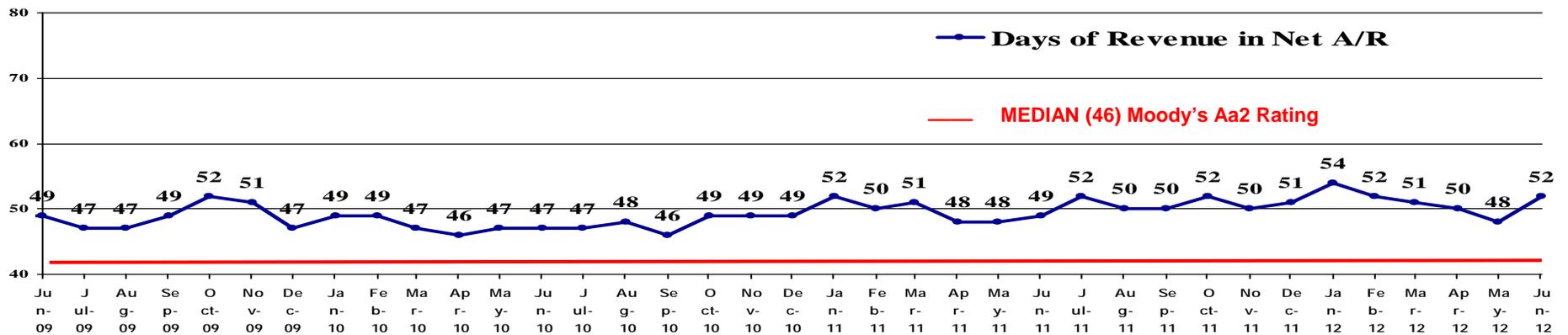
Operating Income	\$47,121	\$43,484	\$60,347	\$3,637	8.4%	(\$13,227)	-21.9%
Operating Margin %	4.3%	4.0%	5.8%		0.3%		-1.4%
Gain on Investments	24,239	21,969	37,472	2,270	10.3%	(13,233)	-35.3%
Other Non-Operating	(3,665)	(5,249)	(10,207)	1,584	30.2%	6,542	64.1%
Net Income	\$67,694	\$60,204	\$87,612	\$7,490	12.4%	(\$19,918)	-22.7%
Net Margin %	6.1%	5.5%	8.3%		0.6%		-2.2%

Comparative Accounts Receivable

at June 30, 2012 - UNAUDITED



	June 30, 2010	June 30, 2011	June 30, 2012
Net Accounts Receivable	\$117,737,680	\$136,477,870	\$152,847,415
Net Days in AR	47	49	52



Volume Indicators

Fiscal Year to Date July 2012

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Discharges	2,446	2,700	2,637	(254)	-9.4% ●	(191)	-7.2% ●
Patient Days	16,346	15,421	16,828	925	6.0% ●	(482)	-2.9% ●
Length of Stay	6.80	5.89	6.08	0.92	15.6% ●	0.73	11.9% ●
Average Daily Census	527.29	497.45	542.84	29.83	6.0% ●	(15.55)	-2.9% ●
Surgeries – Inpatient	998	1,024	918	(26)	-2.6% ●	80	8.7% ●
Surgeries – Outpatient	1,377	1,374	1,248	3	0.2% ○	129	10.3% ●
ED Visits	4,981	5,622	5,282	(641)	-11.4% ●	(301)	-5.7% ●
Outpatient Clinic Visits	66,741	74,498	65,528	(7,757)	-10.4% ●	1,514	2.3% ○

● Greater than 2.5% Favorable	○ Neutral	● Greater than 2.5% Unfavorable
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Discharges by Type

Fiscal Year to Date July 2012

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	869	930	909	(61)	-6.6% ●	(40)	-4.4% ●
Adult Surgical	1,065	1,208	1,181	(143)	-11.8% ●	(116)	-9.8% ●
Adult Psych	129	132	129	(3)	-2.5% ○	0	0 ○
<i>Subtotal – Adult</i>	<i>2,063</i>	<i>2,270</i>	<i>2,219</i>	<i>(207)</i>	<i>-9.1% ●</i>	<i>(156)</i>	<i>-7.0% ●</i>
Pediatric Medical & Surgical	266	308	299	(42)	-13.5% ●	(33)	-11.0% ●
Pediatric Critical Care	72	74	72	(2)	-2.5% ○	0	0 ○
Pediatric Psych	45	48	47	(3)	-6.6% ●	(2)	-4.3% ●
<i>Subtotal – Pediatrics w/o newborn</i>	<i>383</i>	<i>430</i>	<i>418</i>	<i>(47)</i>	<i>-10.9% ●</i>	<i>(35)</i>	<i>-8.4% ●</i>
Newborn	118	145	154	(27)	-18.7% ●	(36)	-23.4% ●
TOTAL w/o Newborn	2,446	2,700	2,637	(254)	-9.4% ●	(191)	-7.2% ●

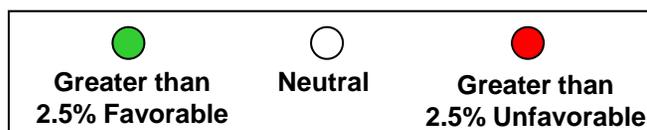
●	○	●
Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Discharge Days by Type

Fiscal Year to Date July 2012



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	4,692	4,886	4,927	(194)	-4.0% ●	(235)	-4.8% ●
Adult Surgical	5,456	6,246	6,308	(790)	-12.6% ●	(852)	-13.5% ●
Adult Psych	1,830	1,437	1,446	393	27.4% ●	384	26.6% ●
<i>Subtotal – Adult</i>	<i>11,978</i>	<i>12,568</i>	<i>12,681</i>	<i>(590)</i>	<i>-4.7% ●</i>	<i>(703)</i>	<i>-5.5% ●</i>
Pediatric Medical & Surgical	1,862	1,254	1,262	608	48.5% ●	600	47.5% ●
Pediatric Critical Care	2,294	1,814	1,827	480	26.5% ●	467	25.6% ●
Pediatric Psych	510	260	261	250	96.1% ●	249	95.4% ●
<i>Subtotal – Pediatrics w/o newborn</i>	<i>4,666</i>	<i>3,328</i>	<i>3,350</i>	<i>1,338</i>	<i>40.2% ●</i>	<i>1,316</i>	<i>39.3% ●</i>
Newborn	247	349	335	(102)	-29.2% ●	(88)	-26.3% ●
TOTAL w/o Newborn	16,644	15,896	16,031	748	4.7% ●	613	3.8% ●



Average Length of Stay by Type

Fiscal Year to Date July 2012

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	5.40	5.25	5.42	0.15	2.8% ●	(0.02)	-0.4% ○
Adult Surgical	5.12	5.17	5.34	(0.05)	-0.9% ○	(0.22)	-4.1% ●
Adult Psych	14.19	10.86	11.21	3.33	30.6% ●	2.98%	26.6% ●
Subtotal – Adult	5.81	5.54	5.71	0.27	4.9% ●	0.09	1.6% ○
Pediatric Medical & Surgical	7.00	4.08	4.22	2.92	71.7% ●	2.78	65.8% ●
Pediatric Critical Care	31.86	24.57	25.38	7.29	29.7% ●	6.49	25.6% ●
Pediatric Psych	11.33	5.40	5.55	5.94	110.0% ●	5.78	104.1% ●
Subtotal – Pediatrics w/o newborn	12.18	7.75	8.01	4.44	57.3% ●	4.17	52.0% ●
Newborn	2.09	2.40	2.18	(0.31)	-12.9% ●	(0.08)	-3.8% ●
TOTAL w/o Newborn	6.80	5.89	6.08	0.92	15.6% ●	0.73	11.9% ●

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

Outpatient Surgeries – by Clinical Department

July 2012



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Cardiothoracic	6	7	3	(1)	-8.9% ●	3	100.0% ●
Dentistry	51	59	60	(8)	-13.7% ●	(9)	-15.0% ●
Dermatology	0	3	7	(3)	-100.0% ●	(7)	-100.0% ●
General Surgery	224	229	184	(5)	-2.2% ○	40	21.7% ●
Gynecology	79	74	78	5	6.5% ●	1	1.3% ○
Internal Medicine	0	1	2	(1)	-100.0% ●	(2)	-100.0% ●
Neurosurgery	27	40	43	(13)	-33.2% ●	(16)	-37.2% ●
Ophthalmology	329	296	264	33	11.0% ●	65	24.6% ●
Orthopedics	336	320	273	16	4.9% ●	63	23.1% ●
Otolaryngology	176	205	210	(29)	-14.1% ●	(34)	-16.2% ●
Radiology – Interventional	4	4	1	0	0 ○	3	300.0% ●
Urology w/ Procedure Ste.	145	136	123	9	7.0% ●	22	17.9% ●
Total	1,377	1,374	1,248	3	0.2% ○	129	10.3% ●

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

Inpatient Surgeries – by Clinical Department

July 2012



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Cardiothoracic	90	102	112	(12)	-12.2% ●	(22)	-19.6% ●
Dentistry	19	13	13	6	41.0% ●	6	46.2% ●
Dermatology	0	0	0	0	0 ○	0	0 ○
General Surgery	298	294	267	4	1.4% ○	31	11.6% ●
Gynecology	57	66	55	(9)	-13.4% ●	2	3.6% ●
Neurosurgery	132	147	155	(15)	-9.9% ●	(23)	-14.8% ●
Ophthalmology	25	14	11	11	81.0% ●	14	127.3% ●
Orthopedics	264	233	185	31	13.5% ●	79	42.7% ●
Otolaryngology	44	70	55	(26)	-36.8% ●	(11)	-20.0% ●
Radiology – Interventional	10	12	6	(2)	-13.9% ●	4	66.7% ●
Urology w/ Procedure Ste.	59	74	59	(15)	-20.6% ●	0	0.0% ○
Total	998	1,024	918	(26)	-2.6% ●	80	8.7% ●
Solid Organ Transplants	33	30	28	3	10.0% ●	5	17.9% ●

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

Emergency Department

July 2012



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
ED Visits	4,981	5,622	5,282	(641)	-11.4% ●	(301)	-5.7% ●
ED Admits	1,489	1,510	1,419	(21)	-1.4% ○	70	4.9% ●
ED Conversion Factor	29.9%	26.9%	26.9%		11.3% ●		11.3% ●
ED Admits / Total Admits	60.3%	57.6%	54.9%		4.8% ●		9.9% ●

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

Clinic Visits by Clinical Department

Fiscal Year to Date July 2012



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget		Variance to Prior Year	% Variance to Prior Year	
Anesthesia	929	1,237	1,059	(308)	-24.9%	●	(130)	-12.3%	●
CDD	737	744	652	(7)	-0.9%	○	85	13.0%	●
Clinical Research	615	832	1,013	(217)	-26.1%	●	(398)	-39.3%	●
Dermatology	1,812	2,072	1,890	(260)	-12.6%	●	(78)	-4.1%	●
Emergency Department	5,123	5,622	5,276	(499)	-8.9%	●	(153)	-2.9%	●
General Surgery	2,206	2,336	2,047	(130)	-5.5%	●	159	7.8%	●
Heart and Vascular	2,876	3,425	3,009	(549)	-16.0%	●	(133)	-4.4%	●
Hospital Dentistry	1,057	1,303	1,328	(246)	-18.9%	●	(271)	-20.4%	●
Internal Medicine	8,692	9,984	8,872	(1,292)	-12.9%	●	(180)	-2.0%	○
Neurology	1,141	1,567	1,383	(426)	-27.2%	●	(242)	-17.5%	●
Neurosurgery	770	835	675	(65)	-7.8%	●	95	14.1%	●
Obstetrics/Gynecology	6,329	7,095	6,211	(766)	-10.8%	●	118	1.9%	○
Ophthalmology	5,688	6,767	5,459	(1,079)	-15.9%	●	229	4.2%	●
Orthopedics	4,837	5,623	4,646	(786)	-14.0%	●	191	4.1%	●
Otolaryngology	2,018	2,653	2,388	(635)	-23.9%	●	(370)	-15.5%	●
Pediatrics	3,821	4,169	3,642	(348)	-8.3%	●	179	4.9%	●
Primary Care	18,469	18,652	16,764	(183)	-1.0%	○	1,705	10.2%	●
Psychiatry	3,321	3,676	3,037	(355)	-9.7%	●	284	9.4%	●
Urology	1,372	1,463	1,320	(91)	-6.2%	●	52	3.9%	●
Other	(91)	68	139	(159)	-234.8%	●	(230)	-165.5%	●
Total	71,722	80,120	70,810	(8,398)	-10.5%	●	912	1.3%	○

● Greater than 2.5% Favorable

○ Neutral

● Greater than 2.5% Unfavorable

Outpatient Activity Detail

Fiscal Year to Date July 2012

Primary Care Clinics

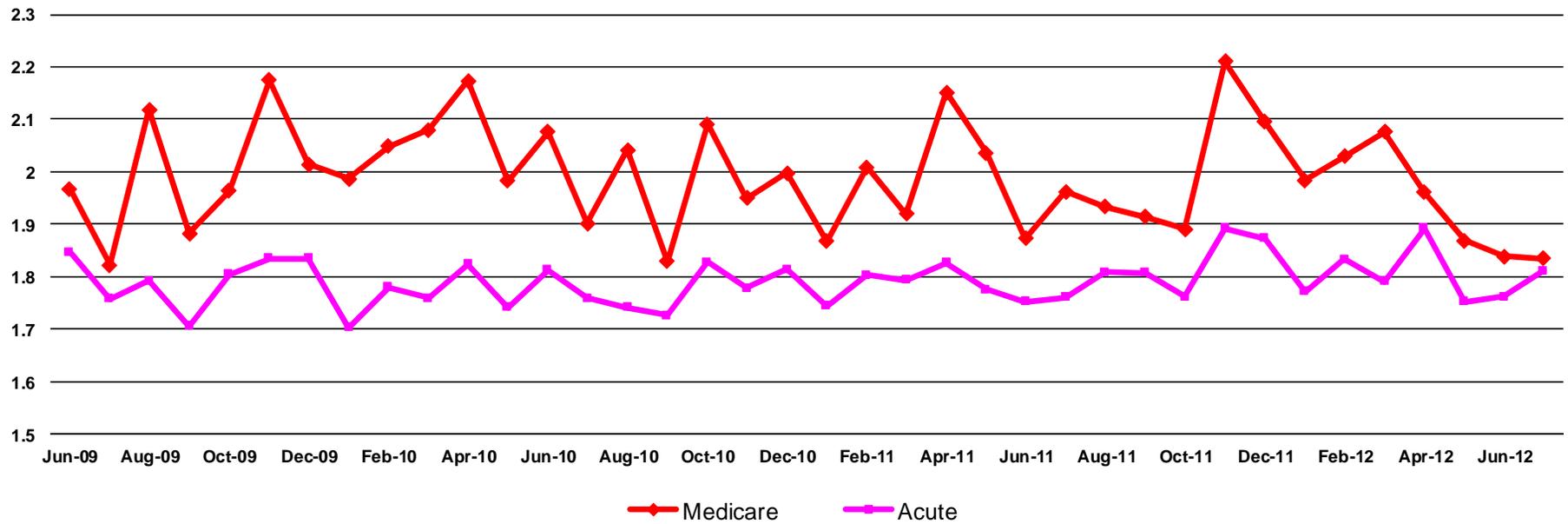
Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Employee Health Clinic	2,114	1,917	1,487	197	10.3% ●	627	42.2% ●
Family Care Center	5,821	6,764	6,908	(943)	-13.9% ●	(1,087)	-15.7% ●
Offsite Clinics	6,518	5,766	5,231	752	13.0% ●	1,287	24.6% ●
Quick Care Clinics	2,077	2,106	1,696	(29)	-1.4% ○	381	22.5% ●
Primary Care Clinic North	1,939	2,098	1,442	(159)	-7.6% ●	497	34.5% ●
TOTAL	18,469	18,652	16,764	(183)	-1.0% ○	1,705	10.2% ●

Clinical Cancer Center

Infusions	3,812	4,395	3,527	(583)	-13.3% ●	285	8.1% ●
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●	○	●
Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Case Mix Index



UIHC Comparative Financial Results

Fiscal Year to Date July 2012



Dollars in Thousands

NET REVENUES:	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Patient Revenue	\$88,910	\$90,813	\$83,174	(\$1,903)	-2.1%	\$5,736	6.9%
Other Operating Revenue	3,935	4,345	3,882	(410)	-9.4%	53	1.4%
Total Revenue	\$92,845	\$95,158	\$87,056	(\$2,313)	-2.4%	\$5,789	6.6%

EXPENSES:

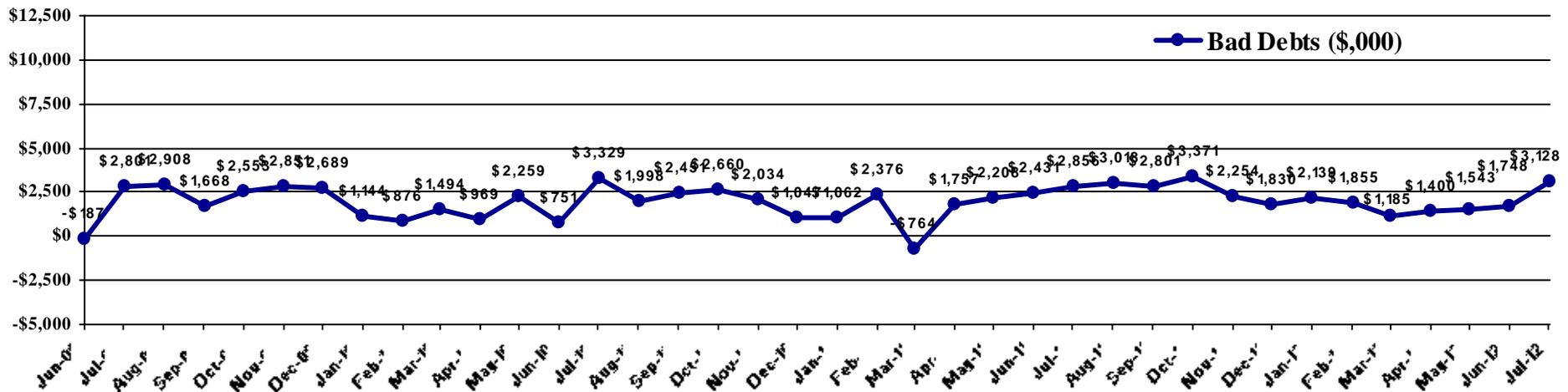
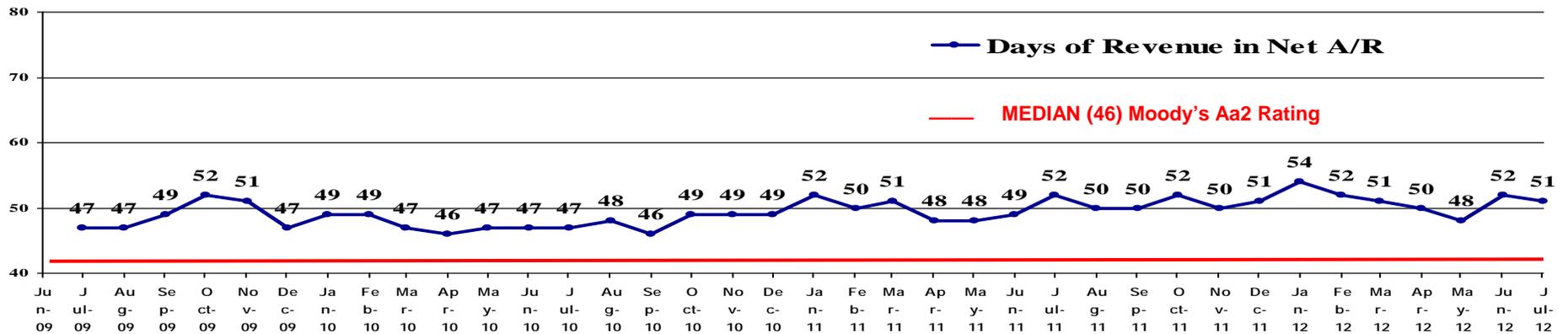
Salaries and Wages	\$47,403	\$47,570	\$44,793	(\$167)	-0.4%	\$2,610	5.8%
General Expenses	37,044	38,715	35,491	(1,671)	-4.3%	1,553	4.4%
Operating Expense before Capital	\$84,447	\$86,285	\$80,284	(\$1,839)	-2.1%	\$4,163	5.2%
Cash Flow Operating Margin	\$8,398	\$8,873	\$6,772	(\$475)	-5.4%	\$1,626	24.0%
Capital- Depreciation and Amortization	5,629	6,127	5,581	(498)	-8.1%	48	0.9%
Total Operating Expense	\$90,076	\$92,412	\$85,865	(\$2,336)	-2.5%	\$4,211	4.9%

Operating Income	\$2,769	\$2,746	\$1,191	\$23	0.8%	\$1,578	132.5%
Operating Margin %	3.0%	2.9%	1.4%		0.1%		1.6%
Gain on Investments	1,866	1,563	2,293	303	19.4%	(428)	-18.7%
Other Non-Operating	1,421	(816)	(248)	2,238	274.1%	1,668	672.8%
Net Income	\$6,056	\$3,492	\$3,236	\$2,564	73.5%	\$2,820	87.2%
Net Margin %	6.3%	3.6%	3.6%		2.7%		2.7%

Comparative Accounts Receivable at July 31, 2012



	June 30, 2011	June 30, 2012 Prelim	July 31, 2012
Net Accounts Receivable	\$136,477,870	\$152,847,415	\$151,887,944
Net Days in AR	49	52	51





University of Iowa Health Alliance

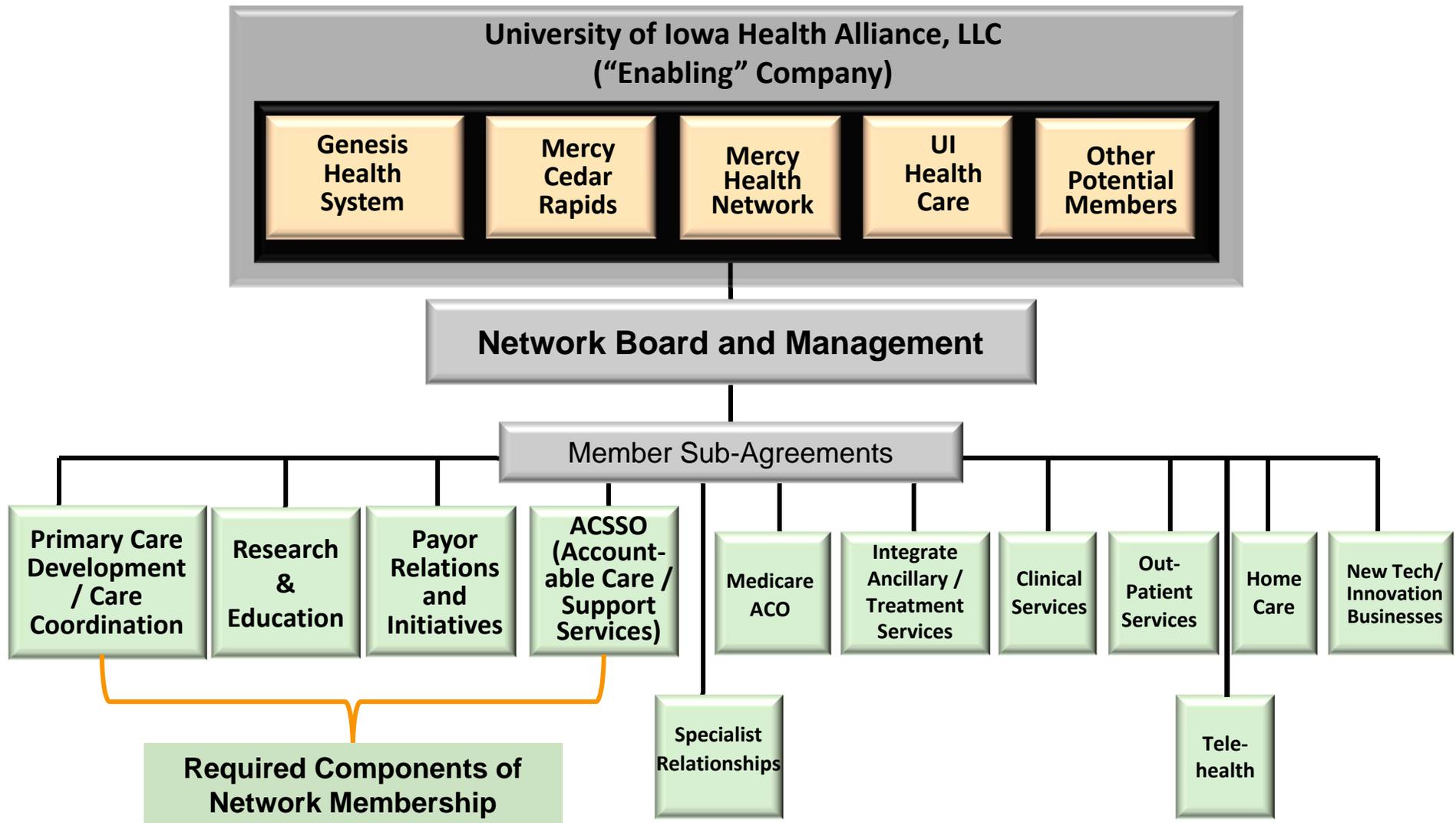
Jean Robillard, MD
Vice President for Medical Affairs

Health Care Landscape: Rapid Change

- Aging population, chronic problems
- High consumer expectation for health, wellness, positive outcomes, high service, “service on demand”
- Significant and constant medical advances, technology, IT
- Shortage of medical professionals – especially in rural areas
- Wide variation in clinical practice – slow adoption of evidence-based medicine
- Health care “cost curve” not sustainable
- Payment systems changes, with payment decreasing, payer mix declining, shift of risk to providers
- Major changes being driven by the market and health care reform

- **Development of a Medicare ACO Application between Mercy—Cedar Rapids and UI Health Care**
 - That relationship was announced publicly April 4, 2012
 - Those discussions led all four organizations to discuss a statewide alliance
- **CEOs from Mercy Health Network, Genesis and Mercy—Cedar Rapids had engaged in discussions over the last two years about the value of working together and the potential to establish an Accountable Care Organization.**
 - Hired an outside consultant, conducted cost-benefit analysis, and determined it made sense to formalize an agreement
 - Established a Communications Sub-Committee
- **Development moved quickly between April and June 2012**
 - UI Health Care involvement accelerated the discussions
 - Met frequently, reached agreement on purpose, requirements, other issues
 - Engaged attorneys who developed the legal structure and documents
- **Launch**
 - Documents signed June 28, 2012
 - Simultaneous announcement in statewide press conference from four sites

Alliance Structure

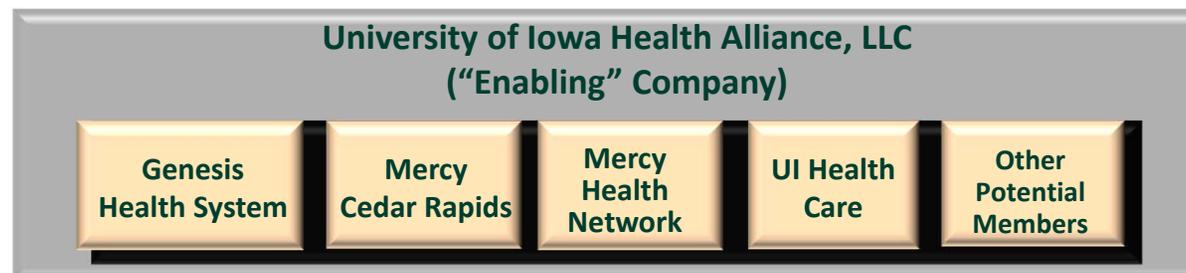


Goals for the Alliance

- **Develop Strong Statewide Network:**
 - Establish a Network of quality providers to serve a substantial portion of Iowa
 - Increase physician alignment through a broadened primary care and specialist network
 - Create an organizational model for other healthcare providers to join the Network
 - Honor local governance and preserve/enhance the mission of each participating organization in serving the needs of their respective communities
 - Grow the total market share and total revenue, consistent with anti-trust laws
- **Reduce per capita health care costs:**
 - Develop an efficient vehicle to enable cooperative work to produce fundamental value
 - Create economies to reduce cost per discharge
- **Improve the health of populations:**
 - Create the infrastructure (e.g., data warehouse, HIE) to assume risk for population health and respond to changes in healthcare payments and regulations
 - Engage with patients in new ways to better manage chronic disease & promote health
- **Enhance the health care experience:**
 - Establish a distinctly recognized brand differentiated by a service experience that is fully recognized as “the” standard in Iowa – seamless, well-coordinated care

Creation of the Alliance – Four Steps

- **Step 1: Formation of a Limited Liability Company**



- The Founding Members will be equal members and fund the initial infrastructure
- Additional Members require unanimous approval of the Founding Members
- UIHC will be the only academic medical center partner
- The "Enabling" Corporation is not the primary economic vehicle or business activity vehicle; those things will be part of Member Sub-Agreements
- Each "Network Member" will become a Member of the Enabling Corporation while maintaining its organizational autonomy

Creation of the Alliance – Four Steps

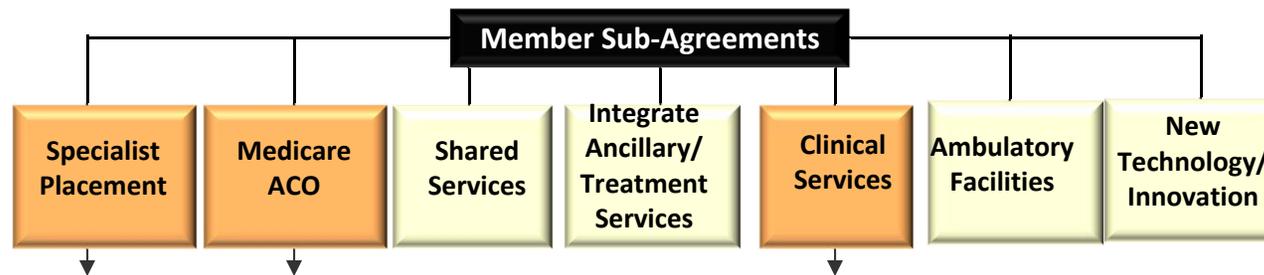
- **Step 1: Formation of a Limited Liability Company**
- **Step 2: Creation of the Alliance Board and Management Structure**
 - Each Member will have two seats on the Alliance Board
 - The CEO of each Member organization will be a Board Member
 - The Board will determine the management structure
- **Step 3: Establish *Required Sub-Agreements* for Collaboration on Specific Services**
 - The requirements for membership are Accountable Care Support Services, Primary Care Development/Care Coordination, Research & Education, and Payor Relations and Initiatives
 - Minimum requirements for participation will be established to serve as the foundation for development of a “**System of Care**”

Creation of the Alliance – Four Steps

- **Step 1: Formation of a Limited Liability Company**
- **Step 2: Creation of the Alliance Board and Management Structure**
- **Step 3: Establish *Required* Sub-Agreements for Collaboration on Specific Services**
- **Step 4: Establish *Optional* Sub-Agreements for Collaboration on Specific Services**
 - Other Sub-Agreements, beyond those required for membership, will be developed between and among Members to create greater value and move further toward a System of Care
 - Development of these Sub-Agreements does not require inclusion of all Members; it requires at least two Members, but could include several or all Members if all Members choose to opt-in
 - This type of structure allows the organization to move expeditiously on issues of interest to the individual Member groupings
 - There will be transparency between Members about the work that is being done under the various Sub- Agreements

Creation of the Alliance – Four Steps

Step 4: Establish *Optional* Sub-Agreements for Collaboration on Specific Services



= UIHC/MERCY
CEDAR RAPIDS
EXAMPLES

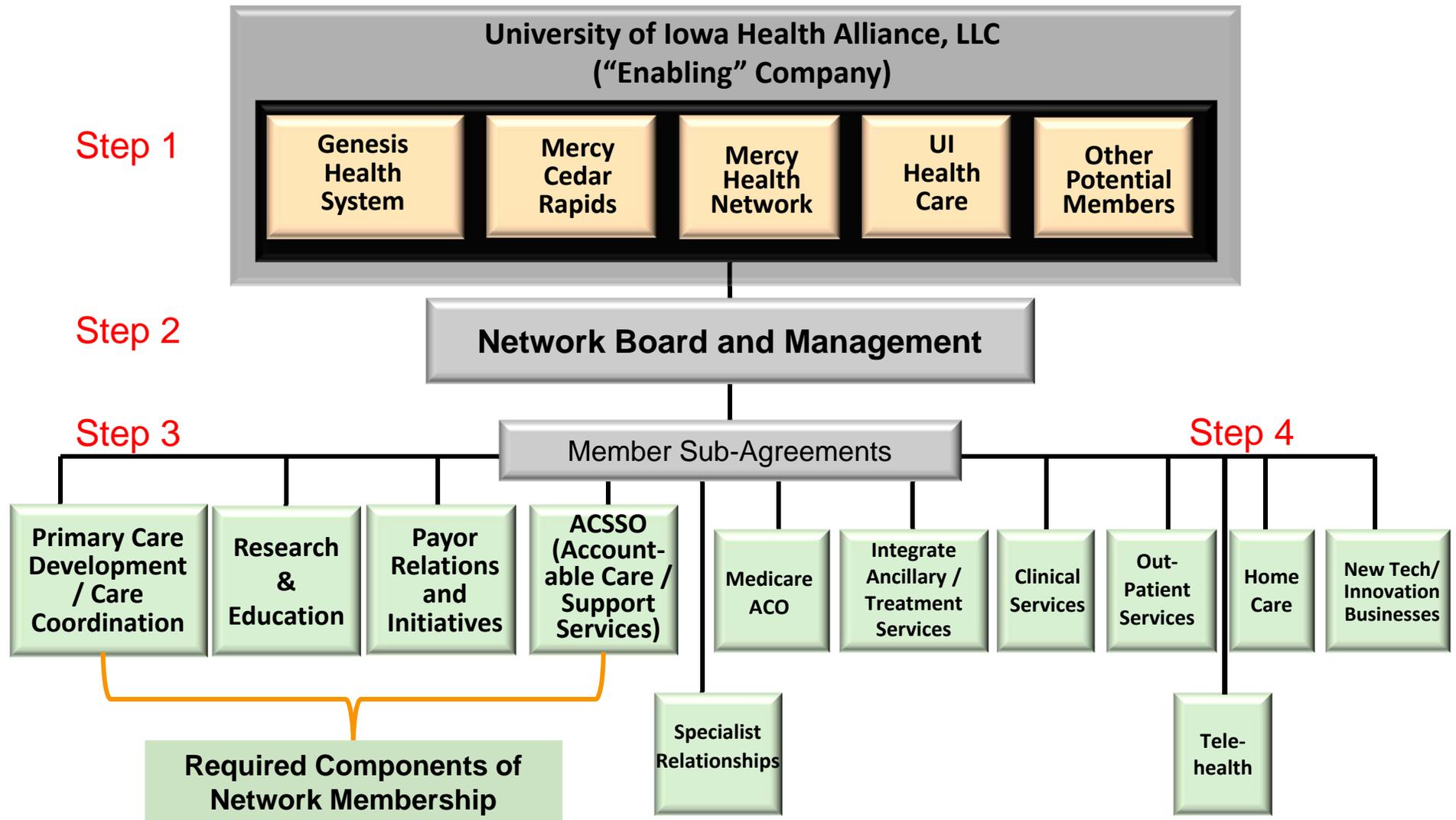
UIHC and Mercy Cedar Rapids Have Agreements to:

- Collaborate on Medicare ACO development
- Place Specialists at Mercy to improve its competitive position and enhance range of choices available to the community

Advantages of a “System of Care”

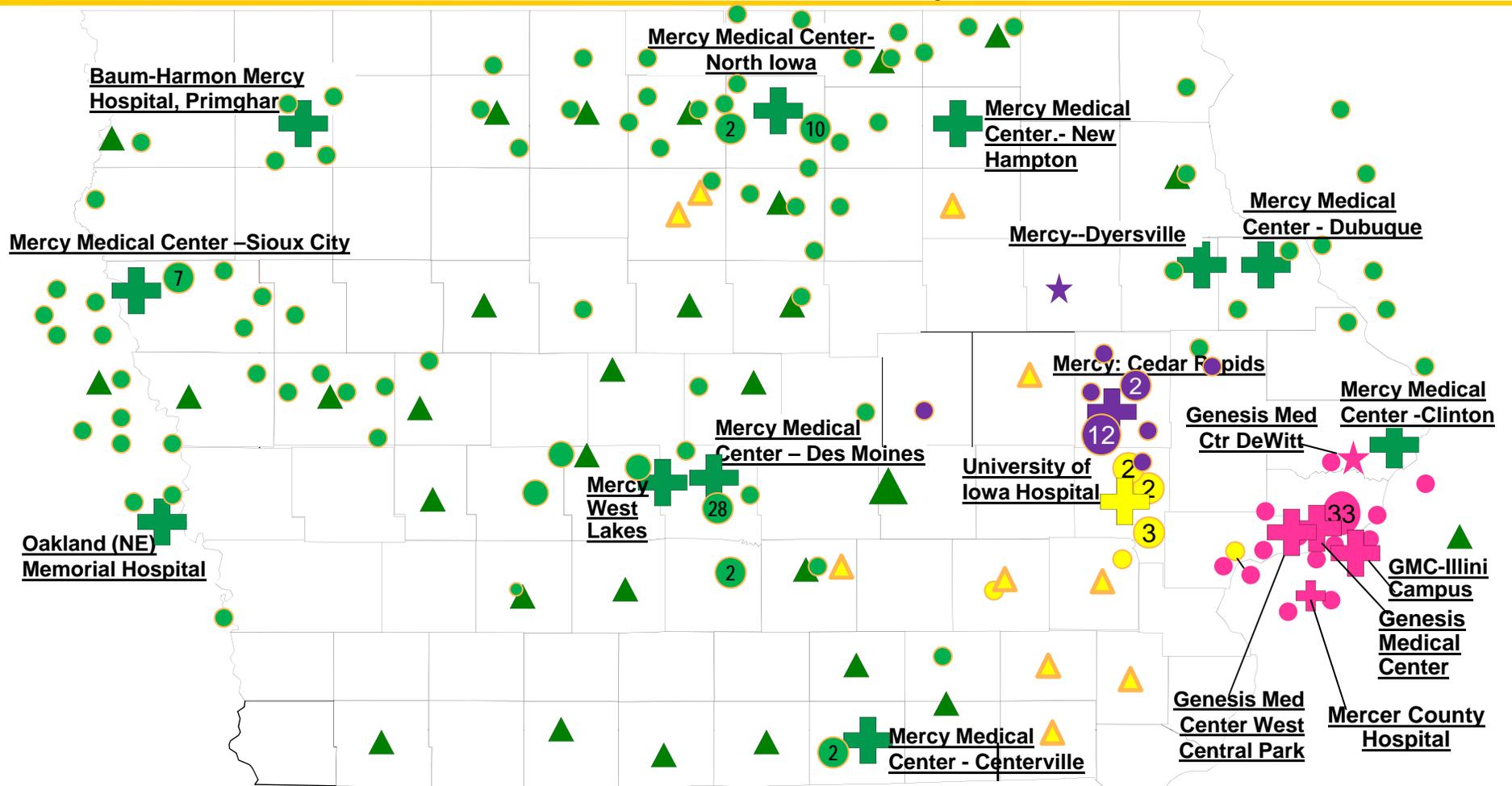
- Consistent with where we are going in healthcare and improves systems' ability to respond to current emerging realities (e.g., payment reform, ACO-like structures, etc.).
- Provides an opportunity for Member systems to start in a modest way with certain foundational elements (e.g., primary care, home care, etc.) and build on early successes to knit together more pieces over time.
- The structure affords Member systems enough flexibility as a group to adapt to emerging changes in healthcare.
- Each Member is able to decide the activities in which it participates.
- Allows Members to achieve new economies of scale and efficiencies in clinical services and infrastructure to improve overall cost performance.
- Expands service offerings and geographic reach to enable Member systems to improve the health of populations.
- Prepares the Network to participate in risk contracts and build other economic interdependencies similar to merger.

Assembling the Pieces



University of Iowa Health Alliance

Initial Alliance Members, Affiliates, Physicians



- | | | | |
|---|---|---|---|
| <p>+ Mercy Health Network
Medical Centers (11)</p> <p>● MHN Physician Clinic (142)</p> <p>▲ MHN Affiliate Hospital (27)</p> <p>Integrated Physicians: 625</p> | <p>+ University of Iowa Health Care
University of Iowa Hospital</p> <p>● Physician Clinic (5)</p> <p>● UI Health Care & UI Quick Care(5)</p> <p>▲ Affiliate Hospital (10)</p> <p>Integrated Physicians: 1,432</p> | <p>+ Genesis Health System (5)</p> <p>● Genesis Health Physician Clinic (44)</p> <p>★ Genesis CAH</p> <p>Integrated Physicians: 167</p> | <p>+ Mercy - Cedar Rapids</p> <p>★ Mercy-CR Affiliate</p> <p>● MercyCare Physician Clinic (20)</p> <p>Integrated Physicians: 82</p> |
|---|---|---|---|

Even though Complex, Significant Advantages



- Four leading health care organizations
- Nationally-renowned University of Iowa Health Care
- Better opportunity for growth – more attractive model for independent systems and physician groups
- Flexible enough to help members respond to current & future realities
- Achieves economies of scale and efficiencies to improve overall cost performance
- Creates opportunities to streamline care, create a better patient experience and a better “product” for the market
- Provides foundation to participate in risk contracts

Positioned to Achieve “Triple Aim” Goals

- To advance the high quality of health care services
- To improve the health status of patients and communities
- To achieve efficiencies that will help member organizations reduce the rising cost of care for their patients