Agenda

• Opening Remarks
• Operating and Financial Performance
• Faculty Presentation: Respiratory Illness Follow Up Clinic: Meeting the Needs of Iowa During the Pandemic
Operating and Financial Performance

Presentation to The Board of Regents, State of Iowa | April 2021

Suresh Gunasekaran, MBA
Associate Vice President, UI Health Care & CEO, UI Hospitals & Clinics

Bradley Haws, MBA
Associate Vice President & Chief Financial Officer, UI Health Care
Volume and Financial Highlights – FY21

Operating Margin
• Fiscal Year actual 4.7% vs goal (before COVID risks) of 4.4%

Volume Change
• Year-over-year: Inpatient Discharges -9.7%, Acute Patient Days -0.5%, Surgeries -2.1%, Clinic Visits 16.2% and Clinic Visits excluding ILI -6.7%.

Acuity
• Case Mix Index 2.24

Length of Stay Index
• Adult at .96
• Pediatrics at .96

Revenues
• 2.7% above budget year-to-date
  – Inpatient above budget 3.0%
  – Outpatient above budget 2.5%
  – HHS Cares Funding of $32.4M

Payer Mix
• Medicare well below historical average
• FY20 YTD: 38.0%, Feb YTD FY21: 36.8%

Accounts Receivable
• Days in Net AR – 48.7 days

Salary Expenses
• 5.1% above budget year-to-date
• Unpaid Time of $11.2M

Non-Salary Expenses
• 5.9% above budget year-to-date
• Supply and drug costs above budget
### Comparative Financial Results

<table>
<thead>
<tr>
<th>NET REVENUES</th>
<th>Actual</th>
<th>Budget</th>
<th>Prior Year</th>
<th>Variance to Budget</th>
<th>% Variance to Budget</th>
<th>Variance to Prior Year</th>
<th>% Variance to Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient Revenue</td>
<td>$1,377,347</td>
<td>$1,332,027</td>
<td>$1,283,397</td>
<td>$45,320</td>
<td>3.4%</td>
<td>$93,950</td>
<td>7.3%</td>
</tr>
<tr>
<td>Other Operating Revenue</td>
<td>64,391</td>
<td>33,751</td>
<td>33,870</td>
<td>30,640</td>
<td>90.8%</td>
<td>30,521</td>
<td>90.1%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$1,441,738</strong></td>
<td><strong>$1,365,778</strong></td>
<td><strong>$1,317,267</strong></td>
<td><strong>$75,960</strong></td>
<td><strong>5.6%</strong></td>
<td><strong>$124,471</strong></td>
<td><strong>9.4%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td>$593,543</td>
<td>$564,728</td>
<td>$550,029</td>
<td>$28,815</td>
<td>5.1%</td>
<td>$43,514</td>
<td>7.9%</td>
</tr>
<tr>
<td>General Expenses</td>
<td>709,777</td>
<td>668,703</td>
<td>617,258</td>
<td>41,074</td>
<td>6.1%</td>
<td>92,519</td>
<td>15.0%</td>
</tr>
<tr>
<td>Operating Expense before Capital</td>
<td>$1,303,320</td>
<td>$1,233,431</td>
<td>$1,167,287</td>
<td>$69,889</td>
<td>5.7%</td>
<td>$136,033</td>
<td>11.7%</td>
</tr>
<tr>
<td><strong>Cash Flow Operating Margin</strong></td>
<td><strong>$138,418</strong></td>
<td><strong>$132,347</strong></td>
<td><strong>$149,980</strong></td>
<td><strong>$6,071</strong></td>
<td><strong>4.6%</strong></td>
<td><strong>($11,562)</strong></td>
<td><strong>-7.7%</strong></td>
</tr>
<tr>
<td>Capital- Depreciation and Amortization</td>
<td>70,556</td>
<td>72,214</td>
<td>68,671</td>
<td>(1,658)</td>
<td>-2.3%</td>
<td>1,885</td>
<td>2.7%</td>
</tr>
<tr>
<td><strong>Total Operating Expense</strong></td>
<td><strong>$1,373,876</strong></td>
<td><strong>$1,305,645</strong></td>
<td><strong>$1,235,958</strong></td>
<td><strong>$68,231</strong></td>
<td><strong>5.2%</strong></td>
<td><strong>$137,918</strong></td>
<td><strong>11.2%</strong></td>
</tr>
</tbody>
</table>

| Operating Income              | $67,862  | $60,133  | $81,309    | $7,729             | 12.9%                 | ($13,447)              | -16.5%                   |
| Operating Margin %            | 4.7%     | 4.4%     | 6.2%       | 0.3%               | 98.5%                 | 16.1%                  |                          |

### Gain (Loss) on Investments
- 63,978
- 7,388
- 32,225
- 56,590
- 766.0%
- 31,753
- 98.5%

### Other Non-Operating
- (7,604)
- (9,238)
- (9,062)
- 1,634
- 17.7%
- 1,458
- 16.1%

### Net Income
- $124,236
- $58,283
- $104,472
- $65,953
- 113.2%
- $19,764
- 18.9%

### Net Margin %
- 8.3%
- 4.3%
- 7.8%
- 4.0%
- 0.5%

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Above is the internal budget, based upon pre-COVID performance. Given the ongoing COVID and economic risks, the final annual budget is lower than shown. 1.9% annual and 0.8% for YTD February.
# Key Metrics: Preliminary Moody’s Medians

<table>
<thead>
<tr>
<th>Financial Operations</th>
<th>FY21 YTD Through February</th>
<th>Moody’s Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Margin</td>
<td>4.1%</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial – Liquidity</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Days Cash on Hand</td>
<td>228</td>
<td>305</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial – Leverage</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt to Capitalization</td>
<td>16.0%</td>
<td>21.4%</td>
</tr>
</tbody>
</table>
University of Iowa Hospitals & Clinics: The Hospital for the State of Iowa
Presentation to The Board of Regents, State of Iowa | April 2021
We Continue to be the Hospital for the State of Iowa

• We operate an 850-bed hospital in Iowa City, Johnson County, Iowa
• In CY2020, UI Hospitals & Clinics had over 37,000 inpatient discharges and almost 1,000,000 outpatient visits.
• Johnson County patients comprise the minority of all patients served by UI Hospitals & Clinics (22% of discharges, 36% of clinic visits, and only 15% of surgical cases).
• The majority of patients at UI Hospitals & Clinics are:
  – From outside Johnson County
  – Transferred from other Iowa hospitals (1/3 of inpatients nightly)
  – Highly sick and complex patients
# Inpatient Volume and Acuity

<table>
<thead>
<tr>
<th>GEOGRAPHIC AREA</th>
<th>CY2020 AVG CASE MIX INDEX</th>
<th>CY2020 SUM OF DISCHARGES</th>
<th>PERCENT OF DISCHARGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Service Area</td>
<td>1.95</td>
<td>14,438</td>
<td>45.4%</td>
</tr>
<tr>
<td>Quad Cities Area</td>
<td>2.63</td>
<td>2,894</td>
<td>9.1%</td>
</tr>
<tr>
<td>Dubuque Area</td>
<td>2.60</td>
<td>1,655</td>
<td>5.2%</td>
</tr>
<tr>
<td>Grinnell Area</td>
<td>2.57</td>
<td>1,433</td>
<td>4.5%</td>
</tr>
<tr>
<td>Waterloo Area</td>
<td>2.75</td>
<td>2,392</td>
<td>7.5%</td>
</tr>
<tr>
<td>South East Iowa</td>
<td>2.33</td>
<td>3,625</td>
<td>11.4%</td>
</tr>
<tr>
<td>North East Iowa</td>
<td>2.35</td>
<td>74</td>
<td>0.2%</td>
</tr>
<tr>
<td>North Central Iowa</td>
<td>2.82</td>
<td>329</td>
<td>1.0%</td>
</tr>
<tr>
<td>Des Moines Area</td>
<td>2.97</td>
<td>1,184</td>
<td>3.7%</td>
</tr>
<tr>
<td>Western Iowa</td>
<td>2.77</td>
<td>922</td>
<td>2.9%</td>
</tr>
<tr>
<td>Out of State</td>
<td>2.65</td>
<td>2,837</td>
<td>8.9%</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>2.31</strong></td>
<td><strong>31,783</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>
Emergency Department Patient Origin

Out of State: 3,698

Johnson County is 44.4%

Presentation to The Board of Regents, State of Iowa | April 2021
Surgical Patient Origin

Out of State: 3,382

Johnson County is 15.6%
Inpatient Discharge Patient Origin

Out of State: 2,837

Johnson County is 22.0%
Why does Iowa depend on UIHC?

Iowans have ever more complex health care needs and UIHC is uniquely suited to meet those needs.

*Case Mix Index (CMI) is a measure of medical acuity and complexity. Higher case mix index is indicative of greater complexity.
Clinic volume growth remains strong

Total clinic visit volume has increased 17% over the past five years. Largest visit growth in cancer, digestive disease, neurology, urology, and orthopedics.
However, total surgical volume declined in 2020
Even with fewer visits, acuity growth is driving long stays in Emergency Department

Total emergency department volume is decreasing, but patient length of stay is increasing due to delays in our ability to admit patients when the hospital is full.
Capacity challenges remain even though fewer Emergency Department patients waiting for beds

Emergency Department Average Midnight Census: Adults 18+

<table>
<thead>
<tr>
<th>Year</th>
<th>Census</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY2015</td>
<td>24</td>
</tr>
<tr>
<td>CY2016</td>
<td>29</td>
</tr>
<tr>
<td>CY2017</td>
<td>28</td>
</tr>
<tr>
<td>CY2018</td>
<td>29</td>
</tr>
<tr>
<td>CY2019</td>
<td>29</td>
</tr>
<tr>
<td>CY2020</td>
<td>27</td>
</tr>
</tbody>
</table>
Despite the pandemic, inpatient occupancy remains highest in Eastern Iowa

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Midnight Census</th>
<th>Occupancy Rate</th>
<th>Staffed Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY2016</td>
<td>532</td>
<td>94.6%</td>
<td>562</td>
</tr>
<tr>
<td>CY2017</td>
<td>546</td>
<td>94.6%</td>
<td>577</td>
</tr>
<tr>
<td>CY2018</td>
<td>565</td>
<td>96.4%</td>
<td>566</td>
</tr>
<tr>
<td>CY2019</td>
<td>580</td>
<td>96.5%</td>
<td>601</td>
</tr>
<tr>
<td>CY2020</td>
<td>566</td>
<td>96.4%</td>
<td>610</td>
</tr>
</tbody>
</table>
If not for COVID, demand and capacity challenges would have increased in 2020.

Clinic Volumes Still Increasing

Emergency Department Average Midnight Census Continues to Increase

Surgical Volumes

Inpatient Census Continues to Increase (Adults 18+)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>30,043</td>
<td>31,380</td>
<td>32,673</td>
<td>33,817</td>
<td>34,690</td>
</tr>
</tbody>
</table>

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<tr>
<th></th>
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<tbody>
<tr>
<td>532</td>
<td>546</td>
<td>565</td>
<td>580</td>
<td>597</td>
</tr>
</tbody>
</table>

Occupancy Rate

- CY Volume
- COVID-19 Adjustment
- Occupancy
- COVID-19 Adjusted Occupancy
Game Plan to Improve Operations

Quality and Safety  Workforce Performance Culture  Finance and Capital  Inpatient/ED Efficiencies  Outpatient Efficiencies  Surgical Efficiencies  Growth and Service Lines

**Continue to Improve Partnerships**

- With post-acute providers to ensure more timely discharge of our patients to care closer to home.
- With community providers to manage patients locally, when clinically appropriate, instead of transferring to UIHC.
Quality and Outcomes

Presentation to The Board of Regents, State of Iowa | April 2021
Infections Following Colon Surgery

Measured according to “Standardized Infection Ratio” where the SIR = number of observed infections/number of expected infections
SIR > 1.0 = # of infections exceeded expectations

Desired direction of improvement

CMS Colon SIR is publicly reported and included in the Hospital-Acquired Condition Reduction Program
CLABSIs

Catheter-Associated Bloodstream Infections (CLABSIs) are measured according to “Standardized Infection Ratio” where the SIR = number of observed infections/number of expected infections

SIR > 1.0 = # of infections exceeded expectations

COVID-19 Pandemic

- Resulted in changes to infection prevention and control practices
- U.S. hospitals saw substantial increases in CLABSI rates*

Non-MBI CLABSI SIR is publicly reported and included in the Hospital-Acquired Condition Reduction Program

COVID-19 Patient Vaccinations

Multiple vaccination locations trialed

- Main Campus Fountain Entrance
- UI Quick Care East
- UI Urgent Care– Coralville
- UI Health Services Support Building
- UI Muscatine

Large-scale patient vaccination location at UI Health Services Support Building (HSSB)

- Non-patient care facility designed to house finance, information technology, and billing
- Repurposed first floor of facility to support patient vaccinations

University of Iowa Health Care launches Phase 1b COVID-19 vaccinations

University of Iowa Health Care on Feb. 3, 2021, took its next big step in continued efforts to keep the community safe from COVID-19. UI Health Care administered 1,004 prescheduled doses at one location in a single day to Johnson County residents age 65 or older who were newly eligible under Phase 1b of Iowa’s vaccination criteria.
Patient Satisfaction: COVID Vaccine Survey

- Survey added February 3
- 26% Survey Return Rate

Additional vaccine percentile ranks will become available as other organizations add survey.

<table>
<thead>
<tr>
<th>QUESTIONS</th>
<th>PERCENT VERY GOOD</th>
<th>RESPONSES (n)</th>
<th>PERCENTILE RANK IN NATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Likelihood of recommending</td>
<td>96.2</td>
<td>1,007</td>
<td>99th</td>
</tr>
<tr>
<td>Ease of obtaining COVID vaccine</td>
<td>83.2</td>
<td>940</td>
<td>Not yet available</td>
</tr>
<tr>
<td>Courtesy of COVID vaccine staff</td>
<td>97.5</td>
<td>943</td>
<td>Not yet available</td>
</tr>
<tr>
<td>Cleanliness of COVID vaccine facility</td>
<td>94.7</td>
<td>944</td>
<td>Not yet available</td>
</tr>
<tr>
<td>Safety when receiving COVID vaccine</td>
<td>95.2</td>
<td>937</td>
<td>Not yet available</td>
</tr>
<tr>
<td>Explain COVID vaccine side effects</td>
<td>87.9</td>
<td>934</td>
<td>Not yet available</td>
</tr>
</tbody>
</table>

Patient Comments

- “I was very impressed by the UIHC setup to efficiently administer the COVID-19 vaccine.”
- “Everything was perfect from directions in the parking lot upon arrival to exiting the parking lot upon leaving. Bravo!”
Respiratory Illness Follow-Up Clinic: Meeting the Needs of Iowa During the Pandemic
Presentation to The Board of Regents, State of Iowa  |  April 2021

Alejandro P. Comellas, MD
Director of the ICTS Clinical Research Unit at the University of Iowa
Professor of Medicine
Long term consequences of COVID-19

• Despite evidence of viral clearance, patients with severe acute SARS-CoV-2 infection experience a more prolonged period of recovery compared to patients with severe disease due to other respiratory viruses

• The constellations of symptoms is considered a syndrome defined as Post-Acute Sequelae SARS-CoV-2 Infection (PASC)
Respiratory Illness Follow-Up Clinic

- In response to COVID-19, the University of Iowa established a post-acute COVID-19 ambulatory service for patients with confirmed SARS-CoV-2 infection who remained symptomatic more than thirty days following initial diagnosis

- Criteria for referral, including self referral
  - 16 y/o and older
  - Proven diagnosis of SARS-CoV-2 infection (Nasal swab or blood antibodies)
  - All symptomatic, independent of organ system
Respiratory Illness Follow-Up Clinic Operation

- Every Friday from 8 am to 4 pm
- Staffed by 10 faculty members
  - 7 Pulmonologists and Critical Care Physicians
  - 3 General Medicine Physicians
- Out of the 10 physicians, 4 are fluent in Spanish
- 1 physician is double board certified in Adult Medicine and Pediatrics
- Follow up within 1, 3 or 6 months
Respiratory Illness Follow-Up Clinic Protocol

• All patients are evaluated by the following protocol
  – Pulmonary Function Tests
  – Lung Computed Tomography Imaging
  – Blood work that includes:
    • Total cell count (white blood cells, hemoglobin and platelets)
    • Basic Metabolic Panel (kidney function and electrolytes)
    • Liver function test
  – Standard clinic evaluation including resolution assessment of initial COVID-19 symptoms
Multidisciplinary Respiratory Illness Follow-Up Clinic

- Cardiology
- Immunology
- Infectious Diseases
- Occupational Medicine
- Family Medicine
- Neurology
- Otolaryngology
- Psychiatry
- Psychology

- Rehabilitation Therapies
- Physical Therapies
- Respiratory Therapy
Respiratory Illness Follow-Up Clinic Research

• All patients are invited to participate in a Post COVID-19 Registry. If interested, on the same day patients are consented by a research coordinator.

• All patients are consented to use their clinical data for research, obtain blood samples to study their immune system and collect cells from the nose as a surrogate of lung cells.
What have we learned?

• We have seen > 200 patients
• The constellation of symptoms is broad. However the most common chief complaints are:
  – Shortness of breath (73%)
  – Fatigue (56%)
  – Cough (34%)
• Another constellation of debilitating problems are Psychiatric and Neurocognitive such as memory, concentration, anxiety, depression, mood changes
What have we learned?

• The more severe the disease, the more lung damage
• The lung diseases are a combination of lung fibrosis and airway diseases such as Asthma and COPD
• Symptoms in the clinic do not correlate with disease severity
  – Patients treated in the ambulatory setting are sometimes more debilitated than patients treated in the hospital
ICU patient with COVID-19 pneumonia

Same patient 6 weeks later
Where do we go from here?

• Continue to meet the demands of the community by keeping this clinic open
• Identify best specialties for referrals to continue patient care
• Continue research in this area to identify mechanisms of disease so we can discover potential therapies that can be tested in clinical trials
• Engage with the community to understand better their suffering
Thank you