Agenda

• Opening Comments
• Clinical Highlight: Cochlear Implants at UIHC
• Operating Updates:
  – University of Iowa Health Care Rebranding
  – Introduction to Benchmarked Performance
• Financial Performance
Opening Comments

Denise Jamieson, MD, MPH
Vice President for Medical Affairs
& Tyrone D. Artz Dean, Carver College of Medicine
Cochlear Implants at UIHC
A National Pioneer in Improving Hearing for Iowans

Denise Jamieson, MD, MPH
Vice President for Medical Affairs
& Tyrone D. Artz Dean, Carver College of Medicine
Cochlear Implants: An Impactful Intervention for Hearing Loss at All Ages

- Hearing loss:
  - May occur at birth or later in life
  - May progress over time
  - Affects 23% of Americans ages 12+

- Cochlear implants are:
  - Electronic devices to improve hearing
  - For adults and children with severe hearing loss no longer helped by hearing aids

UIHC Cochlear Implant Patients by Age
CY 2019-2023

- < 3 years: 7%
- 3-17 years: 12%
- 18-39 years: 11%
- 40-69 years: 36%
- 70+ years: 34%
- 70+ years: 34%
Distinguishing Cochlear Implants from Hearing Aids

Hearing Aids
- Pick up and amplify sound with a microphone
- Sends sound through ear
- Acoustic signal

Cochlear Implants
- Bypass the ear
- Deliver sound signal straight to auditory nerve
- Electrical signal
Cochlear Implant Components

External Components
- Transmitter
- Microphone
- Speech Processor

Internal Components
- Transmitter
- Receiver
- Speech Processor
- Auditory Nerve
- Cochlea
- Electrode Contacts
How Cochlear Implants Work

Hearing Loss
Patient has severe hearing loss due to inner ear damage

Cochlear Implant Surgery
Patient receives cochlear implant

Sound Processor
Fitted behind the ear, the processor captures sound signals and sends sound signals to a receiver

Receiver
Implanted under the skin behind the ear, the receiver sends signals to electrodes implanted in the inner ear (cochlea)

Learning to Hear
The brain can be retrained to interpret these signals and understand speech

Brain
Interprets those signals as sounds

Auditory Nerve
Directs signals to the brain

Auditory Signals
Auditory signals stimulate the auditory nerve
UIHC at the Forefront of Cochlear Implants

Cochlear Implants Video
Five Decades of Cochlear Implant Advances at UIHC

1983
UIHC performs first multichannel cochlear implant in the U.S.

1987
UIHC performs first cochlear implant worldwide for congenitally deafened child

1987
UI launches world’s first clinical trial for cochlear implants in children

1989
UIHC performs first cochlear implant surgery in the U.S.

1990
FDA approves cochlear implants for children

1996
UIHC performs first bilateral cochlear implant worldwide at same surgery

1999
UIHC developed hybrid cochlear implants

2001
Test for genetic causes of hearing loss developed at UI becomes available to UIHC patients

2011
National Institutes of Health continuous funding 1985-2028

2011
$76 million NIH funding

2020
UIHC performs world’s first robot-assisted* cochlear implant surgery

*In accordance with UI Health Care’s conflict of interest policies, Drs. Hansen and Kaufmann disclosed their ownership of iotaMotion and signed management plans to address any potential conflict of interest between their UI and iotaMotion roles and responsibilities. Dr. Gantz has no financial relationship with iotaMotion.
Cochlear Implant Program Has a Strong Trajectory of Growth

Total Cochlear Implant Surgeries Per Year

- CY2018: 130
- CY2019: 150
- CY2020: 170
- CY2021: 190
- CY2022: 210
- CY2023: 230
### Characteristics of Hybrid Cochlear Implants

- Combines residual natural acoustic hearing and cochlear implant electrical hearing
- Result of delicate surgery to preserve natural hearing
- Ability to hear words and music more clearly

### Huge Improvements in
**Word Comprehension**

<table>
<thead>
<tr>
<th>Generation</th>
<th>Percentage</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>29%</td>
<td>(1980-2000)</td>
</tr>
<tr>
<td>Second</td>
<td>51%</td>
<td>(1986-2022)</td>
</tr>
<tr>
<td>Hybrid</td>
<td>73%</td>
<td>(2001-2022)</td>
</tr>
</tbody>
</table>

### Huge Improvements in
**Quality of Sound**

- **Natural Hearing** (Acoustic Hearing)
- **Cochlear Implants** (Electric Hearing Only)
- **Hybrid Cochlear Implants** (Electric and Acoustic Hearing)

*Audio simulations provided courtesy of Bob McMurray in the Psychological and Brain Sciences Department within the UI College of Liberal Arts and Sciences*
Cochlear Implant Program is Fueled by Collaboration

UI Health Care Collaborations

- Otolaryngology
- Genetics
- Neurosurgery
- Pharmacy Services
- Radiology
- Psychology

University of Iowa Collaborations

- Wendell Johnson Speech and Hearing Center
- Chemical Engineering
- Iowa Neuroscience Institute
- Institute for Clinical and Translational Sciences
- Psychological and Brain Sciences Department
- School of Music
UI Health Care is the Destination for Iowans with Hearing Loss

Cochlear Implant Patients CY2019-2023

[Map showing distribution of Cochlear Implant Patients by county]

Presentation to the Iowa Board of Regents | April 2024
Next Frontiers of Cochlear Implants at UI Health Care

- Less inflammatory materials
- Discovering new genes for hearing loss
- Hearing loss as risk factor for dementia
- Auditory nerve health restoration
- Personalized implants
Changing Medicine, Changing Lives

Age 2
Kelby Telander received a cochlear implant at UIHC

Age 6
Kelby became a Stead Family Children’s Hospital Kid Captain

Age 18
Kelby joined the University of Iowa Hawkeyes Football team

Age 20
Kelby met Nile Kron, another Kid Captain with cochlear implants
University of Iowa Health Care Rebranding

Denise Jamieson, MD, MPH
Vice President for Medical Affairs
& Tyrone D. Artz Dean, Carver College of Medicine
Aligning with the University of Iowa Brand

University Parent Brand
University of Iowa

Single External-Facing Health Care Brand
University of Iowa Health Care
Communicating our Brand

Logo is visual identity only
Official name written and spoken remains University of Iowa Health Care
University of Iowa Health Care: A System of Care

University of Iowa Health Care

University Campus located at 200 Hawkins Drive in Iowa City.

University of Iowa Health Care

Downtown Campus located at 500 East Market Street in Iowa City.

University of Iowa Health Care

North Liberty Campus located on Forevergreen Road in North Liberty.
Rebranding timeline

January 2024
New branding first rolled out at University of Iowa Health Care Downtown Campus

May 2024
Begin coordinated roll-out of University of Iowa Health Care brand changes

2024-2026
Rebranding rollout continues
Introduction to Benchmarked Performance

Bradley Haws, MBA
Chief Executive Officer, UI Hospitals and Clinics
& Associate Vice President, UI Health Care
Purpose of External Benchmarking

An **external benchmarking tool** helps identify opportunities for improvement by comparing our performance with other similar organizations.

Organizations choose to use different benchmarks

- Benchmarks must compare similar organizations to be relevant and applicable to the organizations that use them.

External benchmarking tools can:

- Provide scoring and rankings
- Identify best practices for improvement
- Inform organizational goals
- Inform patient and provider choice
Largest health care performance improvement company in the U.S.
Over 95% of US academic medical centers participate in Vizient

Vizient Benchmark for Performance

Vizient is one of UIHC’s primary external benchmarking tools

Provides expertise, analytics, and advisory services to improve the delivery of high-value care
Measures member performance through the Vizient Quality and Accountability Scorecard
Vizient Quality and Accountability (Q&A)

- **Performance scorecard** provides monthly and annual data updates that compare UIHC to other comprehensive academic medical centers
- Assesses **organizational performance** across high-priority dimensions of patient care
- **Scoring and ranking** uses measures developed by national organizations and the federal government to cover healthcare domains
Vizient Q&A Benchmarks Across Three Areas

Adult Vizient Q&A

- Efficiency 10%
- Patient Centeredness 15%
- Effectiveness 20%
- Safety 25%
- Equity 5%
- Mortality 25%

Pediatric Vizient Q&A

- Efficiency 13%
- Effectiveness 25%
- Safety 31%
- Mortality 31%

Ambulatory Vizient Q&A

- Continuum of Care 15%
- Efficiency 25%
- Equity 5%
- Access to Care 30%
- Quality 25%
- Patient Centeredness 15%
- Safety 25%
- Mortality 25%
- Effectiveness 20%
- Efficiency 13%
Mortality
Avoiding deaths in patients who are hospitalized.

Safety
Avoiding complications or injuries from care that is intended to help patients.

Efficiency
Avoiding waste across care platform and ensuring patients are hospitalized for appropriate length of time.

Effectiveness
Reducing risk of readmission or subsequent emergency visits by providing beneficial patient care and refraining from unnecessary care.

Patient Centeredness
Providing care that respects patient preferences, needs, and values and ensuring patients’ values guide all clinical decisions.

Equity
Providing care that does not vary in quality because of gender, ethnicity, geographic location, and socioeconomic status.
Moving Forward

**Background**
Domain-specific information including historical performance

**Performance**
Areas identified as high performing as well as areas needing improvement

**Progress**
Current initiatives and priorities to improve performance in identified areas
Financial Performance

Mark Henrichs, MHA, CPA
Associate Vice President for Finance & Chief Financial Officer, UI Health Care
Volume and Financial Highlights

March FY24

Key Volumes
- Discharges: + 5.2% vs budget | + 5.0% vs prior year
- Patient Days: - 2.2% vs budget | + 0.7% vs prior year
- Surgeries: + 1.1% vs budget | + 3.5% vs prior year
- Clinic Visits: - 0.8% vs budget | + 5.5% vs prior year

Acuity
- Case Mix Index: 2.39

Length of Stay Index
- Adult: 0.96
- Pediatrics: 1.00

Gross Patient Revenue
- 1.2% above budget year-to-date
  - Inpatient: -0.2% vs budget
  - Outpatient: +2.1% vs budget

Accounts Receivable
- Days in Net AR – 45.7 days

Salary Expenses
- 1.8% below budget

Non-Salary Expenses
- 4.4% above budget

Operating Margin
- Actual 12.2% vs goal of 9.6%
- Actual 1.6% vs goal of -0.4% (Without Directed Payment)

*not inclusive of Downtown Campus financials
## Comparative Financial Results

**FISCAL YEAR TO DATE: March 2024**

*not inclusive of Downtown Campus financials*

<table>
<thead>
<tr>
<th>Operating 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>Net Patient Revenue</td>
<td>1,891.4</td>
<td>1,839.5</td>
<td>1,752.5</td>
<td>51.9</td>
<td>2.8%</td>
<td>139.9</td>
<td>7.9%</td>
</tr>
<tr>
<td>Directed Payment Revenue</td>
<td>234.7</td>
<td>208.4</td>
<td>243.7</td>
<td>26.3</td>
<td>12.6%</td>
<td>(9.0)</td>
<td>-3.7%</td>
</tr>
<tr>
<td>Other Operating Revenue</td>
<td>50.2</td>
<td>46.9</td>
<td>43.1</td>
<td>3.3</td>
<td>7.0%</td>
<td>7.1</td>
<td>16.5%</td>
</tr>
<tr>
<td><strong>Net Operating Revenue</strong></td>
<td><strong>2,176.3</strong></td>
<td><strong>2,094.8</strong></td>
<td><strong>2,039.3</strong></td>
<td><strong>81.5</strong></td>
<td><strong>3.9%</strong></td>
<td><strong>137.0</strong></td>
<td><strong>6.7%</strong></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
<td>820.2</td>
<td>834.6</td>
<td>761.5</td>
<td>(14.5)</td>
<td>-1.7%</td>
<td>58.6</td>
<td>7.7%</td>
</tr>
<tr>
<td>General Expenses</td>
<td>985.2</td>
<td>955.9</td>
<td>906.5</td>
<td>29.3</td>
<td>3.1%</td>
<td>78.7</td>
<td>8.7%</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>104.8</td>
<td>102.7</td>
<td>100.0</td>
<td>2.1</td>
<td>2.1%</td>
<td>4.8</td>
<td>4.8%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>1,910.2</strong></td>
<td><strong>1,893.3</strong></td>
<td><strong>1,768.0</strong></td>
<td><strong>17.0</strong></td>
<td><strong>0.9%</strong></td>
<td><strong>142.2</strong></td>
<td><strong>8.0%</strong></td>
</tr>
<tr>
<td>Operating Income</td>
<td>266.0</td>
<td>201.5</td>
<td>271.3</td>
<td>64.5</td>
<td>32.0%</td>
<td>(5.3)</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Operating Margin %</td>
<td>12.2%</td>
<td>9.6%</td>
<td>13.3%</td>
<td>2.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income w/o Dir Pmts</td>
<td>31.4</td>
<td>(6.9)</td>
<td>27.6</td>
<td>38.2</td>
<td>557.3%</td>
<td>3.8</td>
<td>13.6%</td>
</tr>
<tr>
<td>Operating Margin % w/o Dir Pmts</td>
<td>1.6%</td>
<td>-0.4%</td>
<td>1.5%</td>
<td>2.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain (Loss) on Investments</td>
<td>86.0</td>
<td>35.5</td>
<td>30.3</td>
<td>50.5</td>
<td>142.3%</td>
<td>55.7</td>
<td>183.9%</td>
</tr>
<tr>
<td>Other Non-Operating Gain (Loss)</td>
<td>(19.3)</td>
<td>(19.4)</td>
<td>(17.2)</td>
<td>0.1</td>
<td>0.3%</td>
<td>(2.1)</td>
<td>-12.0%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>332.7</strong></td>
<td><strong>217.6</strong></td>
<td><strong>284.3</strong></td>
<td><strong>115.0</strong></td>
<td><strong>52.9%</strong></td>
<td><strong>48.3</strong></td>
<td><strong>17.0%</strong></td>
</tr>
<tr>
<td>Net Margin</td>
<td>14.8%</td>
<td>10.3%</td>
<td>13.9%</td>
<td>4.5%</td>
<td></td>
<td>1.0%</td>
<td></td>
</tr>
</tbody>
</table>
# Key Metrics

## Financial Operations

<table>
<thead>
<tr>
<th></th>
<th>FY24 Mar YTD</th>
<th>FY24 Feb YTD</th>
<th>Moody’s Medians</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Margin</td>
<td>11.6%</td>
<td>11.1%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

## Financial – Liquidity

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Days Cash on Hand</td>
<td>297</td>
<td>300</td>
<td>262</td>
</tr>
</tbody>
</table>

## Financial – Leverage

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt to Capitalization</td>
<td>17.5%</td>
<td>17.7%</td>
<td>23.2%</td>
</tr>
</tbody>
</table>

*not inclusive of Downtown Campus financials

### Operating margin without Directed Payment

- FY24 Mar YTD = 0.7%
- FY24 Feb YTD = 0.2%
Thank you