Agenda

• Opening Remarks
• Operating and Financial Performance
• Faculty Presentation: Efforts to solve the chronic pain epidemic through the HEAL initiative
Operating and Financial Performance

Presentation to The Board of Regents, State of Iowa | June 2022

Kimberly Hunter, DNP, MBA, RN, NEABC
Interim Associate Vice President, UI Health Care & CEO, UI Hospitals & Clinics

Mark Henrichs, CPA, MHA
Associate Vice President & Chief Financial Officer, UI Health Care
University of Iowa Hospitals & Clinics:
Crisis Stabilization Unit: A calm and safe space

Presentation to The Board of Regents, State of Iowa | June 2022
Crisis Stabilization Unit: Overview

• Crisis Stabilization Unit (CSU) at UI Hospitals & Clinics (UIHC) offers a calm, shared treatment space for people experiencing acute emotional or psychiatric crises.

• UIHC is one of only a few hospitals in the Midwest with a CSU care model.

• CSU provides a supportive care transition from emergency care for stabilized patients experiencing a psychiatric crisis.

• The calm, comfortable, and inviting space features reclining chairs and a care team dedicated to providing immediate, specialized care.
Crisis Stabilization Unit: Care Team

The CSU care team is designed to meet the individualized and unique needs of patients in an acute mental health crisis.

1. Registered Nurses and Psychiatric Nursing Assistants
1. Licensed Independent Social Workers and Crisis Stabilization Officers
1. Physicians and Advanced Practice Providers

Upon discharge, patients seen in the CSU are referred to the Psychiatry Aftercare Clinic to discuss next steps in their treatment and long-term psychiatric support.
Crisis Stabilization Unit: Discharge to Home

Percentage of Patients Discharged Home vs. Admitted to Inpatient Behavioral Health Unit

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<tr>
<th>FY</th>
<th>Q2</th>
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<tr>
<td>FY19</td>
<td>69.0%</td>
<td>31.0%</td>
<td>10.0%</td>
<td>20.0%</td>
<td>40.0%</td>
<td>60.0%</td>
<td>80.0%</td>
<td>100.0%</td>
<td>90.0%</td>
<td>10.0%</td>
<td>31.0%</td>
<td>69.0%</td>
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<td>80.0%</td>
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<td>FY20</td>
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<td>FY21</td>
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Discharged from CSU | Admitted to Inpatient Behavioral Health

Presentation to The Board of Regents, State of Iowa | June 2022
Crisis Stabilization Unit: Iowans Served

[Map showing CSU Admissions by county, with Johnson County highlighted and 58.1% indicated.]
Our Continued Commitment to Iowans

UIHC continues to experience an increase in demand for mental & behavioral health care

We are committed to providing Iowans with behavioral health care in the setting that is most appropriate for their individualized needs

We will continue to seek innovative strategies to meet the increasing demands for behavioral health care
Patient Satisfaction – Inpatient Adult

Inpatient Adult - Likelihood to Recommend
Percent that Answered 'Definitely Yes' & Percentile Rank*
FY17 – FYTD22 April

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent Answered 'Definitely Yes'</th>
<th>Percentile Rank</th>
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</thead>
<tbody>
<tr>
<td>FY18</td>
<td>49</td>
<td>73.1%</td>
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<tr>
<td>FY19</td>
<td>67</td>
<td>76.7%</td>
</tr>
<tr>
<td>FY20</td>
<td>69</td>
<td>77.4%</td>
</tr>
<tr>
<td>FY21</td>
<td>66</td>
<td>75.1%</td>
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<tr>
<td>FYTD22 (Apr)</td>
<td>71</td>
<td>74.6%</td>
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</table>

* Percentile Rank compared to other Academic Medical Centers
Patient Satisfaction – Inpatient Pediatric

Inpatient Pediatric - Likelihood to Recommend
Percent that Answered 'Definitely Yes' & Percentile Rank*
FY17 - FYTD22 April

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<tr>
<th>Year</th>
<th>Percent that Answered 'Definitely Yes'</th>
<th>Percentile Rank</th>
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<tbody>
<tr>
<td>FY18</td>
<td>82%</td>
<td>69</td>
</tr>
<tr>
<td>FY19</td>
<td>85.0%</td>
<td>82</td>
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<tr>
<td>FY20</td>
<td>82.5%</td>
<td>75</td>
</tr>
<tr>
<td>FY21</td>
<td>84.3%</td>
<td>66</td>
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<tr>
<td>FYTD22</td>
<td>87.8%</td>
<td>86</td>
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</table>

*Percentile Rank compared to other Academic Medical Centers
Patient Satisfaction – Outpatient Clinics

Outpatient Clinics - Likelihood to Recommend
Percent that Answered 'Definitely Yes' & Percentile Rank*
FY17 – FYTD22 April

82.4% 82.8% 84.1% 85.4% 85.0%

*Percentile Rank compared to other Academic Medical Centers
Recognition
Presentation to The Board of Regents, State of Iowa | June 2022
UI Hospitals & Clinics was re-certified as a Level I Adult Trauma Center and UI Stead Family Children’s Hospital was re-certified as Iowa’s only Level I Pediatric Trauma Center by the American College of Surgeons.

Level I Trauma Center is a comprehensive regional resource that is a tertiary care facility central to the trauma system. 24-hour in-house coverage by general surgeons, and prompt availability of care in specialties such as orthopedic surgery, neurosurgery, anesthesiology, emergency medicine, radiology, internal medicine, plastic surgery, oral and maxillofacial, pediatric and critical care.

Level II Trauma Center can initiate definitive care for all injured patients. 24-hour immediate coverage by general surgeons, as well as coverage by the specialties of orthopedic surgery, neurosurgery, anesthesiology, emergency medicine, radiology and critical care.

A Level III Trauma Center has demonstrated an ability to provide prompt assessment, resuscitation, surgery, intensive care and stabilization of injured patients and emergency operations. 24-hour immediate coverage by emergency medicine physicians and the prompt availability of general surgeons and anesthesiologists.

A Level IV Trauma Center has demonstrated an ability to provide advanced trauma life support (ATLS) prior to transfer of patients to a higher-level trauma center. It provides evaluation, stabilization, and diagnostic capabilities for injured patients.

Source: www.facs.org
Volume and Financial Highlights – FY22

Key Volumes
• Inpatient Discharges: -7.2% vs budget | +2.0% vs prior year
• Acute Patient Days: +0.2% vs budget | +4.1% vs prior year
• Surgeries: -1.6% vs budget | -1.4% vs prior year
• Clinic Visits: +15.2% vs budget | -2.8% vs prior year (w/ ILI)

Acuity
• Case Mix Index 2.43

Length of Stay Index
• Adult at 1.02
• Pediatrics at 1.01

Gross Patient Revenue
• 1.3% above budget year-to-date
  – IP -0.7% vs budget | OP +2.9% vs budget

Payer Mix
• Medicare below historical average since pandemic
  • FY20: 38.0% | FY21: 37.2% | FY22: 37.0%

Accounts Receivable
• Days in Net AR– 45.6 days

Salary Expenses
• 2.4% above budget

Non-Salary Expenses
• 2.6% above budget due to medical supplies and drugs

Operating Margin
• Actual 6.0% vs goal of 3.9%

Government Pandemic Support
• $29.2M received FYTD
# Comparative Financial Results

## FISCAL YEAR TO DATE: MARCH 2022

### NET REVENUES

<table>
<thead>
<tr>
<th></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>$1,688,623</td>
<td>$1,640,159</td>
<td>$1,566,665</td>
<td>$122,158</td>
<td>7.8%</td>
<td></td>
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</tr>
<tr>
<td>Other Operating Revenue</td>
<td>68,449</td>
<td>36,598</td>
<td>67,356</td>
<td>1,093</td>
<td>1.6%</td>
<td></td>
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</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$1,757,072</td>
<td>$1,676,757</td>
<td>$1,633,821</td>
<td>$80,315</td>
<td>4.8%</td>
<td>$123,251</td>
<td>7.5%</td>
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### EXPENSES

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<tbody>
<tr>
<td>Salaries and Wages</td>
<td>$703,656</td>
<td>$687,363</td>
<td>$667,788</td>
<td>$16,293</td>
<td>2.4%</td>
<td>$35,868</td>
<td>5.4%</td>
</tr>
<tr>
<td>General Expenses</td>
<td>855,255</td>
<td>832,619</td>
<td>803,287</td>
<td>22,636</td>
<td>2.7%</td>
<td>51,968</td>
<td>6.5%</td>
</tr>
<tr>
<td>Operating Expense before Capital</td>
<td>$1,558,911</td>
<td>$1,519,982</td>
<td>$1,471,075</td>
<td>$38,929</td>
<td>2.6%</td>
<td>$87,836</td>
<td>6.0%</td>
</tr>
<tr>
<td>Cash Flow Operating Margin</td>
<td>$196,161</td>
<td>$156,775</td>
<td>$162,746</td>
<td>$41,386</td>
<td>26.4%</td>
<td>$35,415</td>
<td>21.8%</td>
</tr>
<tr>
<td>Capital-Depreciation and Amortization</td>
<td>93,119</td>
<td>91,746</td>
<td>79,780</td>
<td>1,373</td>
<td>1.5%</td>
<td>13,339</td>
<td>16.7%</td>
</tr>
<tr>
<td><strong>Total Operating Expense</strong></td>
<td>$1,652,030</td>
<td>$1,511,728</td>
<td>$1,550,855</td>
<td>$40,302</td>
<td>2.5%</td>
<td>$101,175</td>
<td>6.5%</td>
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<tr>
<td>Operating Income</td>
<td>$105,042</td>
<td>$65,029</td>
<td>$82,966</td>
<td>$40,013</td>
<td>61.5%</td>
<td>$22,076</td>
<td>26.6%</td>
</tr>
<tr>
<td>Operating Margin %</td>
<td>6.0%</td>
<td>3.9%</td>
<td>5.1%</td>
<td>2.1%</td>
<td>0.9%</td>
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<tr>
<td>Gain (Loss) on Investments</td>
<td>(30,757)</td>
<td>30,015</td>
<td>59,575</td>
<td>(60,782)</td>
<td>-202.5%</td>
<td>(90,342)</td>
<td>-151.6%</td>
</tr>
<tr>
<td>Other Non-Operating</td>
<td>(10,548)</td>
<td>(9,457)</td>
<td>(8,713)</td>
<td>(1,091)</td>
<td>-11.5%</td>
<td>(1,835)</td>
<td>-21.1%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$63,727</td>
<td>$89,587</td>
<td>$133,828</td>
<td>($21,860)</td>
<td>-25.5%</td>
<td>($70,101)</td>
<td>-52.4%</td>
</tr>
<tr>
<td>Net Margin %</td>
<td>3.7%</td>
<td>5.0%</td>
<td>7.9%</td>
<td>-1.3%</td>
<td>-4.2%</td>
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# Key Metrics

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<tr>
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<th>FY22 YTD Through March</th>
<th>Moody’s Median</th>
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<tr>
<td><strong>Financial Operations</strong></td>
<td></td>
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</tr>
<tr>
<td>Operating Margin</td>
<td>5.4%</td>
<td>1.1%</td>
</tr>
<tr>
<td><strong>Financial – Liquidity</strong></td>
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<tr>
<td>Days Cash on Hand</td>
<td>230</td>
<td>305</td>
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<tr>
<td><strong>Financial – Leverage</strong></td>
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<tr>
<td>Debt to Capitalization</td>
<td>25.6%</td>
<td>21.4%</td>
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Chargemaster Price Increase

The University of Iowa Hospitals & Clinics is proposing a 6.0% rate increase for FY23.

Benchmarking

UIHC charges are below the 50th percentile of academic medical centers.

Self-Pay Impact

UIHC has a charity care program that shields the medically indigent from being impacted by increases in charges. The program discounts charges for services using a sliding scale based upon the Federal Poverty Limit (FPL) (adjusted for family size). This program starts at 350% of the FPL.
Efforts to solve the chronic pain epidemic through the HEAL initiative

Presentation to The Board of Regents, State of Iowa | June 2022

Kathleen A. Sluka, PT, PhD, FAPTA
Professor, Department of Physical Therapy and Rehabilitation Science
Director, University of Iowa Pain Research Program
Chronic Pain is a Major Health Problem

**Affected Population**

*In the United States, Chronic Pain affects more people than cardiovascular disease, cancer and diabetes combined.*

**Opioid Epidemic**

- **12.5 million** People misused prescription opioids
- **2.1 million** People had prescription opioid use disorder
- **2 million** People misused prescription opioids for the first time
- **828,000** People used heroin
- **135,000** People used heroin for the first time
- **33,091** People died from overdosing on opioids
- **15,281** Deaths attributed to overdosing on commonly prescribed opioids
- **9,580** Deaths attributed to overdosing on synthetic opioids
- **12,989** Deaths attributed to overdosing on heroin

**National Response**

- **$78.5 billion** In economic costs (2013 data)

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In the United States, Chronic Pain affects more people than cardiovascular disease, cancer and diabetes combined.
NIH • Helping to End Addiction Long-term
Problem 1: Transition from Acute to Chronic Pain

Susceptibility and Resilience

Acute Injury
Surgery

Chronic Pain 20-50%
Recovery 50-80%

Biological - Psychological - Social

Susceptibility and Resilience
Acute to Chronic Pain Signatures Program

Goal
Identify biomarkers that predict susceptibility or resilience to the development of chronic pain after surgery.
Acute to Chronic Pain Signatures Program: Partnership
Problem 2: Improve Use of Safe Non-Pharmacological Treatments for Chronic Pain

TENS activates central nervous system inhibitory processes to reduce central excitability
Fibromyalgia TENS in Physical Therapy Study (FM-TiPS): Pragmatic Trial

Goals

- Demonstrate feasibility of adding TENS to treatment of patients with fibromyalgia in a real-world Physical Therapy practice setting

- Determine if addition of TENS to standard Physical Therapy for fibromyalgia:
  - reduces movement pain
  - increases adherence to physical therapy
  - reach their functional goals

Randomize by PT clinic Site
22 clinics, n=600
TENS vs. no-TENS

TENS applied during activity in clinic and at home

Data collected at PT clinic visits electronically and over phone

Primary outcome at 2 months; follow-up 3 & 6 months
Partnerships

University Researchers

Physical Therapy Healthcare Systems

National Institutes of Health
Interdisciplinary Team Science

A2CPS Team

FM-TiPS Team

Thank you