Agenda

• Opening Remarks
• Operating and Financial Performance
Operating and Financial Performance
Presentation to The Board of Regents, State of Iowa | July 2022
UIHC Key Factors to Support Iowa Medicaid Beneficiaries

1. At UIHC, Medicaid demand is growing faster than Medicaid access.

2. Iowa relies on UIHC to provide complex care for Iowa Medicaid beneficiaries.

3. UIHC cares for an increasing number of Iowa Medicaid beneficiaries but is constrained to serve more.

4. Increased access and space is necessary for UIHC to care for more Iowa Medicaid beneficiaries.

5. We have been granted enhanced Medicaid funding to increase access to UIHC services.

6. These funds will be used to increase access to UIHC services and improve quality of care.

7. UIHC is partnering with Iowa Medicaid to monitor access and quality improvements.
At UIHC, Medicaid demand is growing faster than Medicaid access.

UIHC Medicaid Demand Growth

Statewide, Medicaid Access is still constrained

Before the pandemic, >6,500 Iowans on Medicaid left the state for inpatient care, up >50% from recent years
Iowa relies on UIHC to provide complex care for Iowa Medicaid beneficiaries.

UIHC is the single largest Medicaid and safety net provider for Iowa’s most vulnerable patients.

UIHC cares for ~1,100 Medicaid patients per day*

*Data based on average number of Medicaid patients seen per day per patient classification
UIHC cares for an increasing number of Iowa Medicaid beneficiaries but is constrained to serve more.

**Medicaid Clinic Volumes**
- 2017: 155,057
- 2018: 155,057
- 2019: 155,057
- 2020: 155,057
- 2021: 196,296

**Medicaid ED Visits**
- 2017: 17,578
- 2018: 17,578
- 2019: 17,578
- 2020: 14,372
- 2021: 14,372

**Medicaid Surgical Volumes**
- 2017: 5,956
- 2018: 5,956
- 2019: 5,956
- 2020: 5,956
- 2021: 6,220

**Medicaid Inpatient Days**
- 2017: 60,509
- 2018: 60,509
- 2019: 60,509
- 2020: 60,509
- 2021: 67,860

*Data includes <1% of patients who reside in Iowa with primary payor of out-of-state Medicaid*
Increased access and space is necessary for UIHC to care for more Iowa Medicaid beneficiaries.

99% of UIHC Square Footage is Being Used

Inpatient Census: Adults 18+

<table>
<thead>
<tr>
<th>Year</th>
<th>Avg. Midnight Census</th>
<th>Staffed Beds</th>
<th>Occupancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY 2017</td>
<td>546</td>
<td>604</td>
<td>94.7%</td>
</tr>
<tr>
<td>CY 2018</td>
<td>577</td>
<td>603</td>
<td>96.3%</td>
</tr>
<tr>
<td>CY 2019</td>
<td>586</td>
<td>601</td>
<td>96.5%</td>
</tr>
<tr>
<td>CY 2020</td>
<td>601</td>
<td>609</td>
<td>92.7%</td>
</tr>
<tr>
<td>CY 2021</td>
<td>621</td>
<td>614</td>
<td>97.2%</td>
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</table>
We have been granted enhanced Medicaid funding to increase access to UIHC services.

- With partnership from the State of Iowa, UIHC has secured participation in a federal directed payment program for safety net providers.

- UIHC will be provided supplemental funding to increase access for Iowa Medicaid beneficiaries and support Iowa’s Medicaid Quality Plan.

- The primary use of this funding will be to **expand access** and **increase capacity** for Iowa Medicaid beneficiaries through modernization and expansion of health care facilities.

- UIHC will also be identifying additional opportunities to increase access, further align with best practices, and improve quality of care for patients seeking maternal and mental health services.

- Continued participation in this program will require UIHC to submit an annual reapplication and review of performance metrics.
These funds will be used to increase access to UIHC services and improve quality of care.

Increase Access to Care through Facility Expansion
- Inpatient Tower with private patient rooms
- Surgical Platform
- Patient Care Clinical Research Building
- Ambulatory Tower

Further Alignment with Best Practices
- Convert semi-private to private inpatient rooms (40+% semi-private now)
- Emergency Department expansion
- Observation unit expansion
- Larger and state-of-the-art operating rooms and catheterization labs

Improve Quality of Care for Maternal and Mental Health
- Timeliness of care
- Focused efforts to address high-risk populations
- Increasing providers
UIHC is partnering with Iowa Medicaid to monitor access and quality improvements.

UIHC will increase Medicaid access through added capacity.

1. Improve overall timely access to care for both inpatient and outpatient services.

1. Focus on expanding maternal health services for this population.

1. Focus on expanding mental health services for this population.
Volume and Financial Highlights – FY22

Key Volumes
- Inpatient Discharges: -7.0% vs budget | +1.4% vs prior year
- Acute Patient Days: +0.1% vs budget | +4.0% vs prior year
- Surgeries: -1.3% vs budget | -1.1% vs prior year
- Clinic Visits: +14.5% vs budget | -3.8% vs prior year (w/ ILI)

Acuity
- Case Mix Index 2.42

Length of Stay Index
- Adult at 1.02
- Pediatrics at 1.02

Gross Patient Revenue
- 1.1% above budget year-to-date
  - IP -1.4% vs budget | OP +3.1% vs budget

Government Pandemic Support
- $29.2M received FYTD

Payer Mix
- Medicare below historical average since pandemic
- FY20: 38.0% | FY21: 37.2% | FY22: 37.1%

Accounts Receivable
- Days in Net AR – 46.5 days

Salary Expenses
- 1.8% above budget

Non-Salary Expenses
- 2.4% above budget due to medical supplies and drugs

Operating Margin
- Actual 16.8% vs goal of 3.9%
## Comparative Financial Results

**FISCAL YEAR TO DATE: April 2022**

<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>1,857.8</td>
<td>1,823.8</td>
<td>1,754.6</td>
<td>34.0</td>
<td>1.9%</td>
<td>103.2</td>
<td>5.9%</td>
</tr>
<tr>
<td>Directed Payment Revenue *</td>
<td>270.8</td>
<td>0.0</td>
<td>0.0</td>
<td>270.8</td>
<td>-</td>
<td>270.8</td>
<td>-</td>
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<tr>
<td>Other Operating Revenue</td>
<td>73.3</td>
<td>40.7</td>
<td>72.5</td>
<td>32.7</td>
<td>80.3%</td>
<td>0.9</td>
<td>1.2%</td>
</tr>
<tr>
<td><strong>Net Operating Revenue</strong></td>
<td><strong>2,202.0</strong></td>
<td><strong>1,864.5</strong></td>
<td><strong>1,827.1</strong></td>
<td><strong>337.5</strong></td>
<td><strong>18.1%</strong></td>
<td><strong>374.9</strong></td>
<td><strong>20.5%</strong></td>
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<table>
<thead>
<tr>
<th>Operating Expenses</th>
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<tbody>
<tr>
<td>Salaries &amp; Wages</td>
<td>778.3</td>
<td>764.6</td>
<td>742.4</td>
<td>13.6</td>
<td>1.8%</td>
<td>35.9</td>
<td>4.8%</td>
</tr>
<tr>
<td>General Expenses</td>
<td>951.8</td>
<td>925.9</td>
<td>892.1</td>
<td>25.9</td>
<td>2.8%</td>
<td>59.7</td>
<td>6.7%</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>101.0</td>
<td>102.1</td>
<td>99.0</td>
<td>(1.1)</td>
<td>-1.1%</td>
<td>12.0</td>
<td>13.5%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>1,831.1</strong></td>
<td><strong>1,792.7</strong></td>
<td><strong>1,723.5</strong></td>
<td><strong>38.4</strong></td>
<td><strong>2.1%</strong></td>
<td><strong>107.7</strong></td>
<td><strong>6.2%</strong></td>
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<table>
<thead>
<tr>
<th>Operating Income</th>
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<tbody>
<tr>
<td>Operating Margin %</td>
<td>16.8%</td>
<td>3.9%</td>
<td>5.7%</td>
<td>103.6</td>
<td>13.0%</td>
<td>299.0</td>
<td>416.3%</td>
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<tr>
<td><strong>Operating Income w/o Dir Pmts</strong></td>
<td><strong>100.0</strong></td>
<td><strong>71.8</strong></td>
<td><strong>103.6</strong></td>
<td><strong>28.2</strong></td>
<td><strong>39.2%</strong></td>
<td><strong>35.8</strong></td>
<td><strong>34.5%</strong></td>
</tr>
<tr>
<td>Operating Margin % w/o Dir Pmts</td>
<td>5.2%</td>
<td>3.9%</td>
<td>5.7%</td>
<td>1.3%</td>
<td>-0.5%</td>
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| Gain (Loss) on Investments  | (46.8)   | 33.4     | 75.6       | (80.2)             | -240.5%               | (122.5)                | -161.9%                  |
| Other Non-Operating Gain (Loss) | (11.3) | (10.5) | (9.7) | (0.8) | 7.3% | (1.6) | 16.4% |

<table>
<thead>
<tr>
<th>Net Income</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Net Margin</td>
<td>14.6%</td>
<td>5.0%</td>
<td>9.0%</td>
<td>9.6%</td>
<td>143.2</td>
<td>84.4%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

*Directed payment revenues will be invested in expanding Medicaid access.*
### Key Metrics

<table>
<thead>
<tr>
<th>Financial Operations</th>
<th>FY22 YTD Through Apr</th>
<th>Moody’s Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Margin</td>
<td>16.3%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

#### Financial – Liquidity

<table>
<thead>
<tr>
<th>Financial – Liquidity</th>
<th>FY22 YTD Through Apr</th>
<th>Moody’s Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days Cash on Hand</td>
<td>243</td>
<td>341</td>
</tr>
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</table>

#### Financial – Leverage

<table>
<thead>
<tr>
<th>Financial – Leverage</th>
<th>FY22 YTD Through Apr</th>
<th>Moody’s Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt to Capitalization</td>
<td>23.2%</td>
<td>19.6%</td>
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</table>
UIHC remains committed to supporting Iowa Medicaid beneficiaries

Federal directed payment programs are designed to support increased access for Medicaid beneficiaries

UIHC will partner with the State of Iowa to increase access to care for Iowa Medicaid beneficiaries

UIHC will create additional access through alignment with best practices and future facility expansion