

University of Iowa Health Care

*Presentation to
The Board of Regents, State of Iowa
August 5, 2009*

Agenda

- Opening Remarks (Robillard)
- CCOM Report: Department of Ophthalmology & Visual Sciences (Carter)
- Conflict of Interest Update (Thoman)
- Operating and Financial Performance (Fisher)
- Expense Moderation Update (Kates)



***Carver College of Medicine Report:
Department of Ophthalmology & Visual Sciences***

Keith Carter, M.D.
Professor and Head
Lillian C. O'Brien and Dr. C.S. O'Brien Chair in Ophthalmology
Department of Ophthalmology & Visual Sciences

Ophthalmology and Visual Sciences

dedicated to progress in ophthalmology

Strengths

- National Ranking- *US & World Report* - 6th Best
- Robust Research Programs
- Strong, Dedicated Faculty
- Excellent Teaching Programs

Research Funding

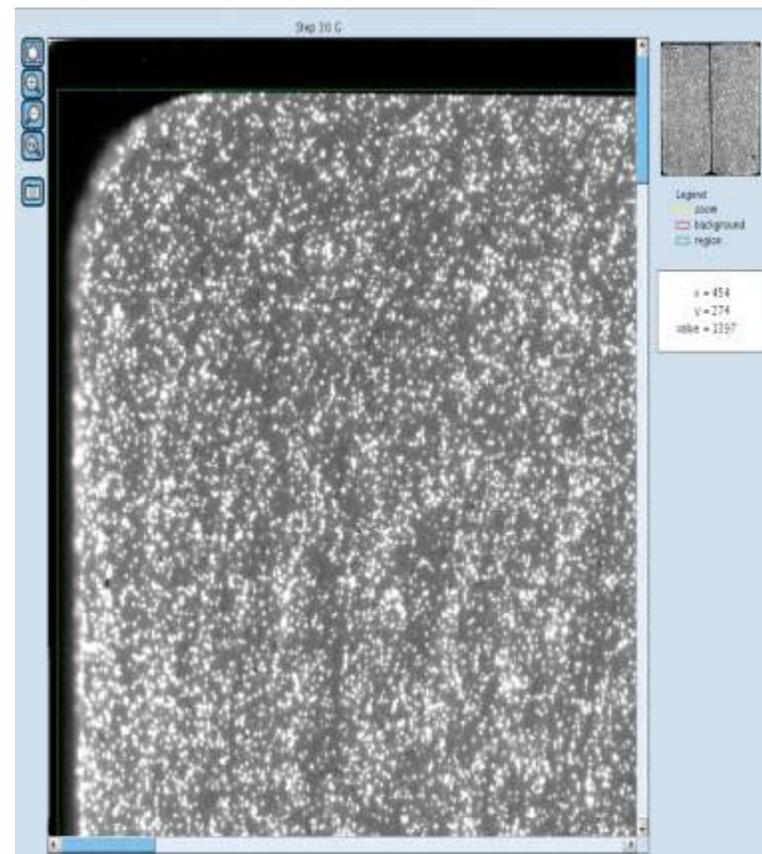
- Funded Peer Reviewed (NIH, DOD, NSF) Grants million dollars - \$11.4 million
- New grants in the past year - \$7.2 million
- Total anticipated funds - \$2.3 million
- Pending Grants million dollars – \$9.3 million

Research Mission – New Areas

- **Genetic Identification-** finding the genes that cause eye diseases – glaucoma and macular degeneration
- **Gene Therapy** – modification or replacement of the defect gene so normal function is restored.
- **Telediagnosis** – Using the internet to screen a larger number of patients that can be seen by individual physicians, for example diabetes

Roche 454 Pyrosequencing

Roche 454 Pyrosequencing (50 million base pairs of sequence per experiment)



Treatments for Blinding Eye Disease Under Investigation at the University of Iowa



- Gene Replacement
- Stem cells
- Small molecule drugs

(All of these will be aided by knowledge of individual patients' disease mechanisms)

BRIEF REPORT

Safety and Efficacy of Gene Transfer for Leber's Congenital Amaurosis

Albert M. Maguire, M.D., Francesca Simonelli, M.D., Eric A. Pierce, M.D., Ph.D.,
Edward N. Pugh, Jr., Ph.D., Federico Mingozzi, Ph.D., Jeannette Bennicelli, Ph.D.,
Sandro Banfi, M.D., Kathleen A. Marshall, C.O.T., Francesco Testa, M.D.,
Enrico M. Surace, D.V.M., Settimio Rossi, M.D., Arkady Lyubarsky, Ph.D.,
Valder R. Arruda, M.D., Barbara Konkle, M.D., Edwin Stone, M.D., Ph.D.,
Junwei Sun, M.S., Jonathan Jacobs, Ph.D., Lou Dell'Osso, Ph.D.,
Richard Hertle, M.D., Jian-xing Ma, M.D., Ph.D., T. Michael Redmond, Ph.D.,
Xiaosong Zhu, M.D., Bernd Hauck, Ph.D., Olga Zeleniaia, Ph.D.,
Kenneth S. Shindler, M.D., Ph.D., Maureen G. Maguire, Ph.D., J. Fraser Wright, Ph.D.,
Nicholas J. Volpe, M.D., Jennifer Wellman McDonnell, M.S., Alberto Auricchio, M.D.,
Katherine A. High, M.D., and Jean Bennett, M.D., Ph.D.

Carver Nonprofit Genetic Testing Laboratory



The Carver Nonprofit Genetic Testing Laboratory Offers Tests for More Than a Dozen Retinal Diseases

Retinitis Pigmentosa

Pattern Dystrophy

Leber Congenital Amaurosis

X-linked Retinoschisis

Leber Optic Neuropathy

Cone-rod Dystrophy

Stargardt Disease

Enhanced S Cone Syndrome

Best Disease

Sorsby Fundus Dystrophy

Norrie Disease

Choroideremia

Malattia Leventinese

2621 reports

673 different physicians

440 institutions

46 states

22 countries



- Identify every person in the United States affected with Leber Congenital Amaurosis
- Offer them a genetic test
- Collect detailed clinical information

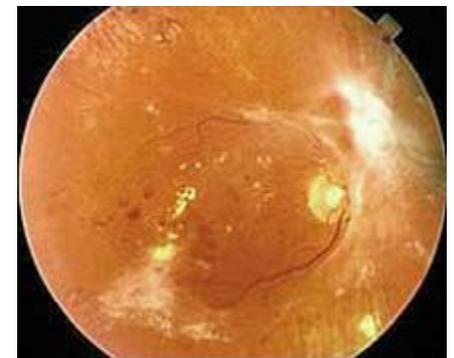
Benefits of Doing This

- Optimal selection of patients for enrollment in clinical trials
- Additional samples for gene discovery (enriched for patients whose genes have not yet been discovered)
- High resolution mutation-specific natural history information
- And . . .

\$1M in first 12 months
in fund raising and fees

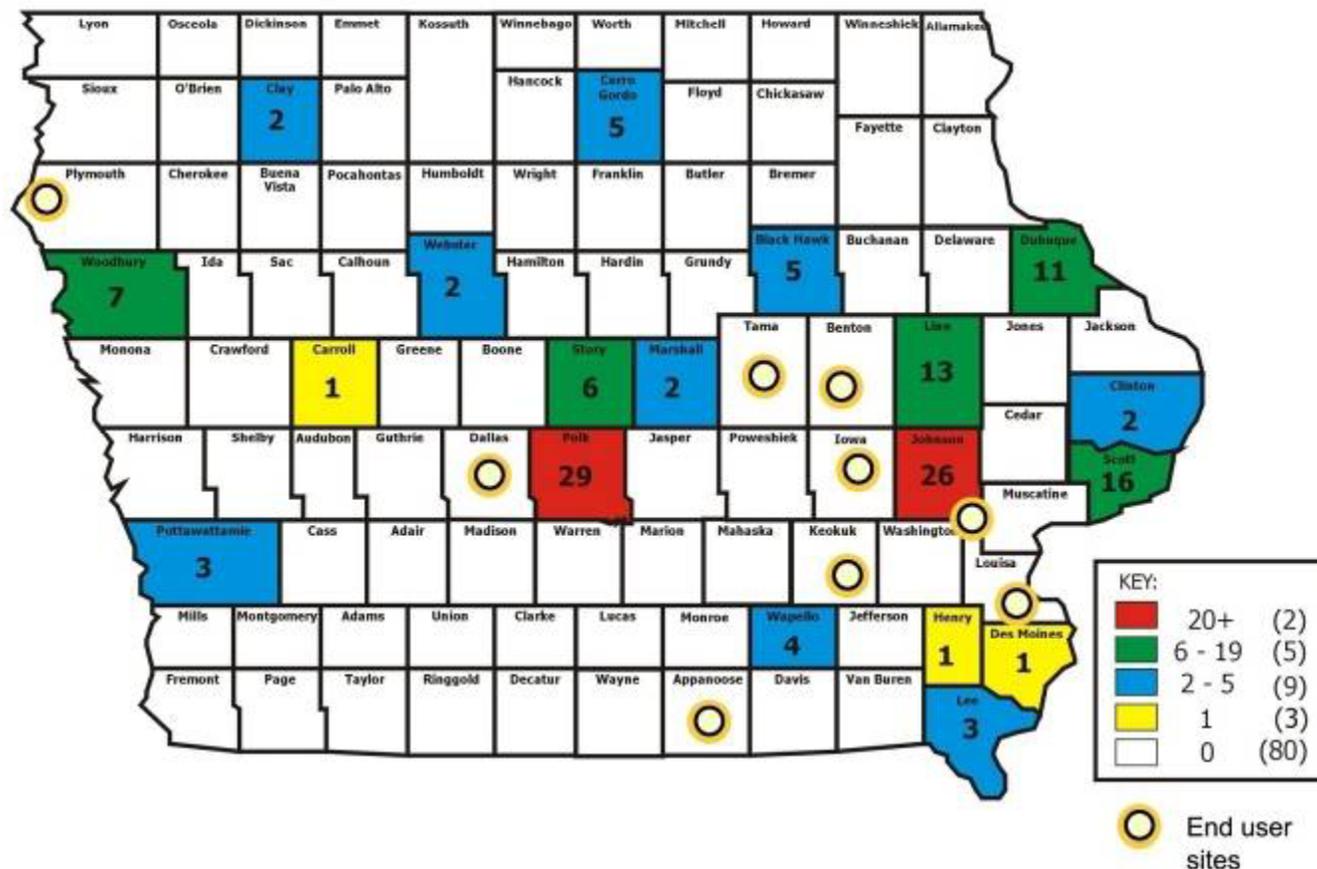
Diabetes Causes Diabetic Retinopathy

- 24,000 go blind from diabetic retinopathy (DR) every year
- 23.4 million Americans with diabetes
- 250,000 Iowans affected
- Primary cause of blindness and visual loss
- Diabetes incidence is rapidly rising
- 90% of blindness and visual loss is preventable with early detection
- 50% of patients get early detection (regular dilated eye exam)



Disparities in Eye Disease Distribution of Eye Care in Iowa

GEOGRAPHIC DISTRIBUTION OF IOWA PHYSICIANS Ophthalmologists (139)



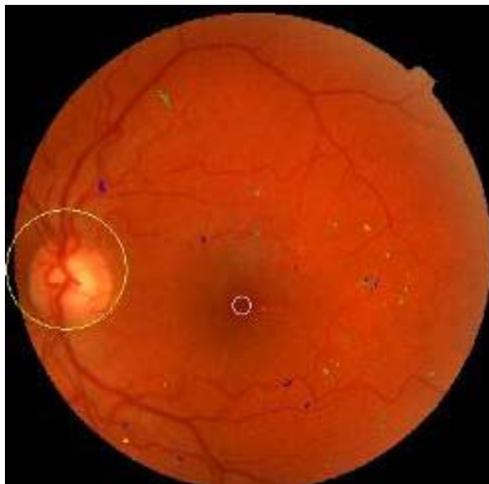
Source: Office of Statewide Clinical Education Programs, UI Carver College of Medicine, December 2004

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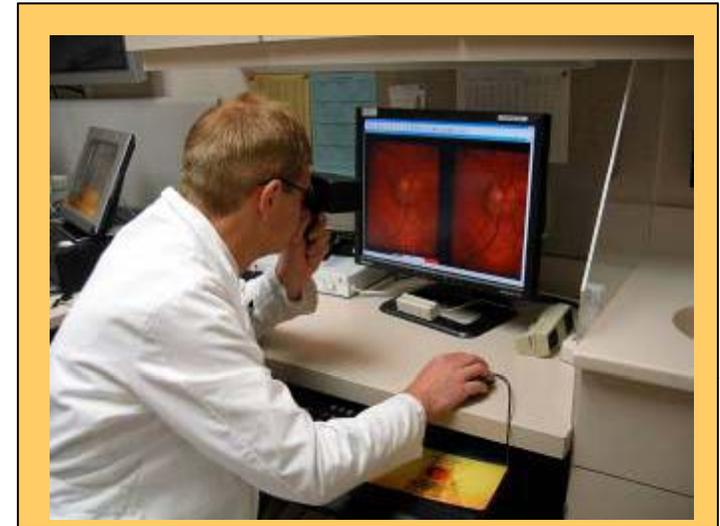
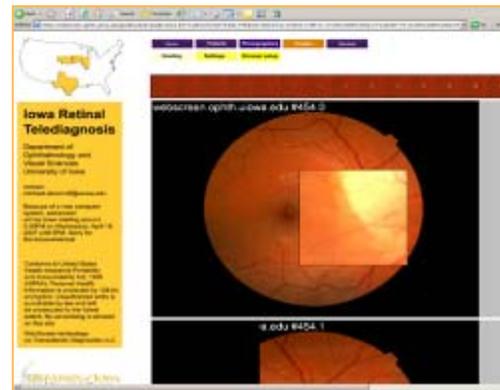
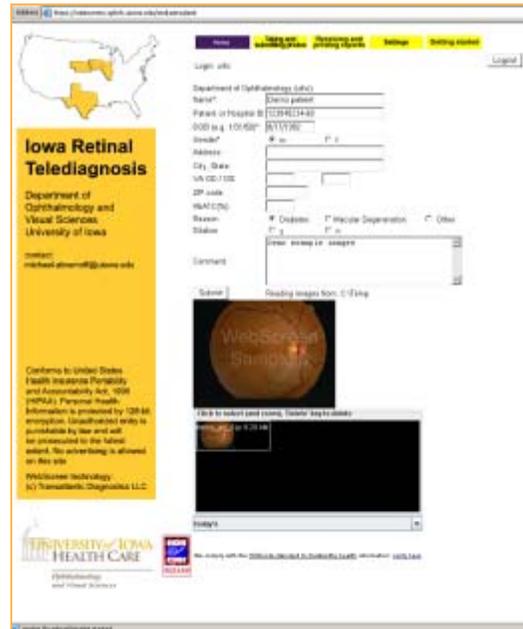
What Can We Do?

Requires same quality of care

- Internet based tele-ophthalmology
 - Initial cameras are > \$20k
- Computer assisted reading of retinal images
- Bargain cost retinal imaging
- Patient-directed retinal exam

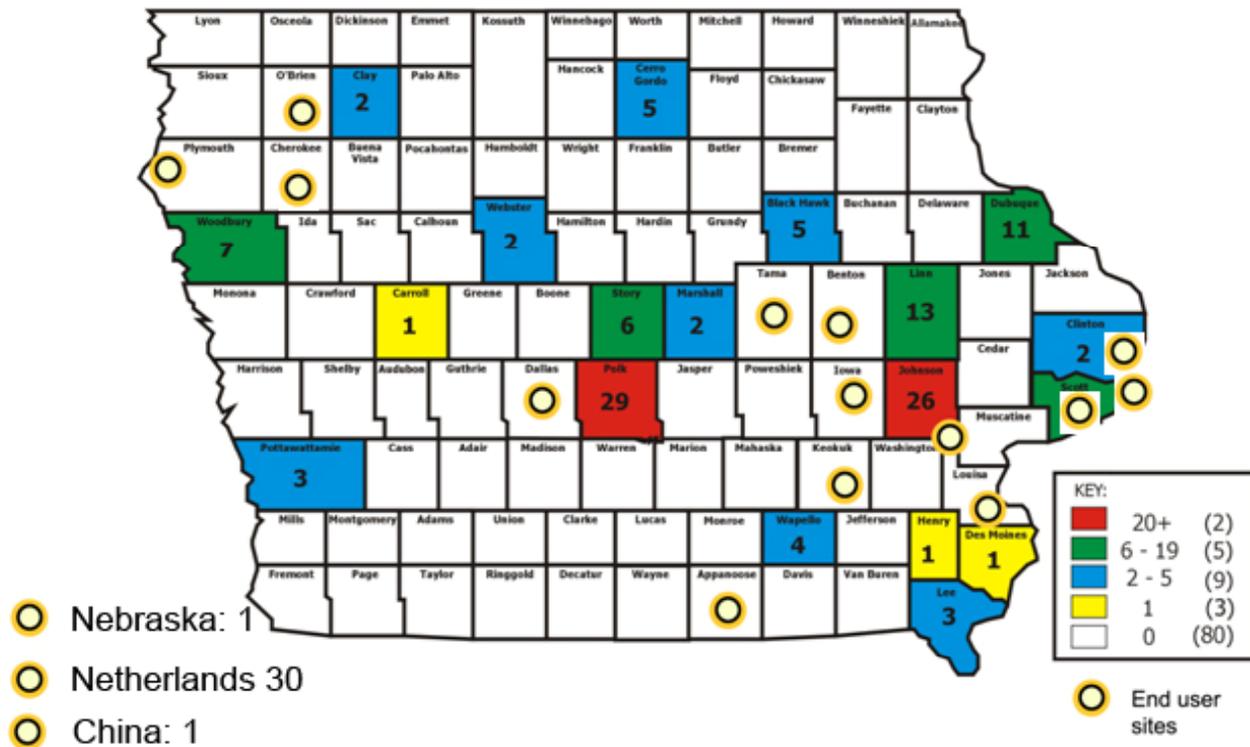


Webscreen: Tele-ophthalmology



- Stable since 2001
- XML/SNOMED based
- Any SQL database server, any OS (Java)
- Java client apps
- Multi-language for users
- Customizable for different reading protocols in different countries / groups
- Linkage to Microsoft HealthVault
- PACS with online reading
- DICOM, TIFF, JPEG
- Built in link in to the 5 most common retinal cameras

Distribution of Cameras for Webscreen

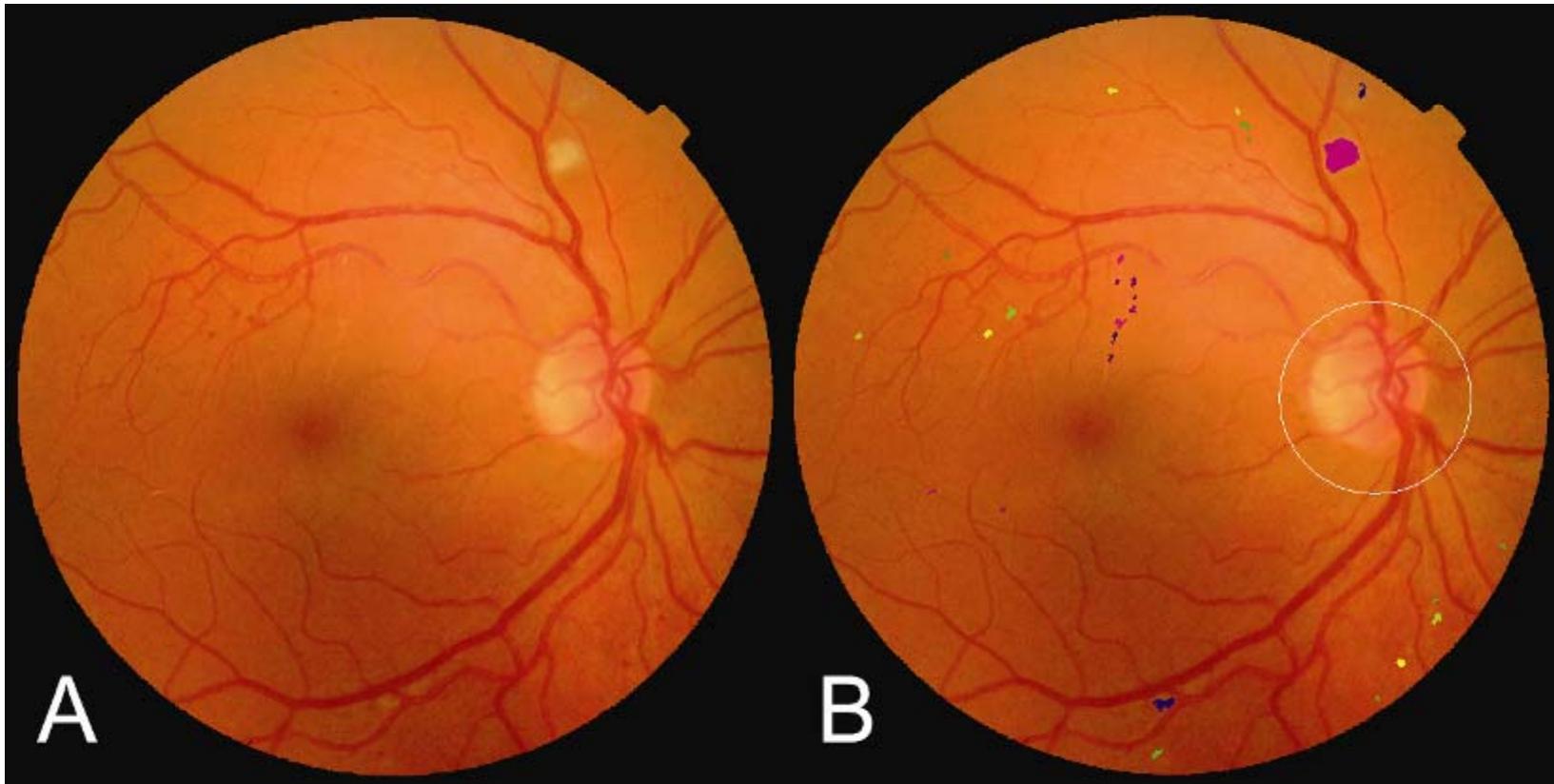


Source: Office of Statewide Clinical Education Programs, UI Carver College of Medicine, December 2004

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- Over 30,000 patients per year
- 6 -> 100 patients/hour

Automated Reading of Retinal Images



Probability of this patient having DR = 86%

Patient-directed Retinal Exam

- Self / partner/ nurse administered retinal exam
- Auditive feedback for image quality
- Within minutes, risk assessment
 - Diabetic Retinopathy
 - glaucoma
 - macular degeneration
 - stroke
- Physicians
 - > 1000 patients / hour
- Patients
 - 4 hour visit -> 5 minutes

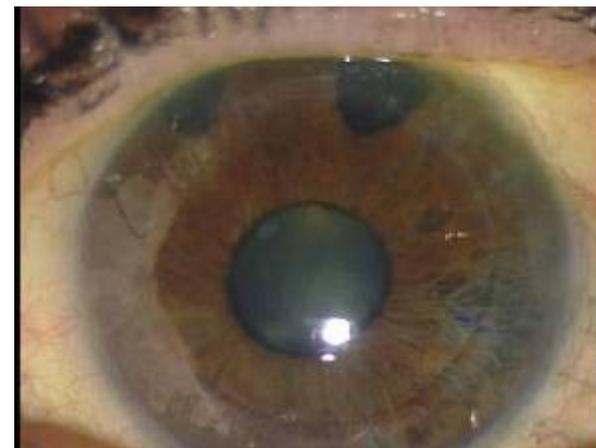
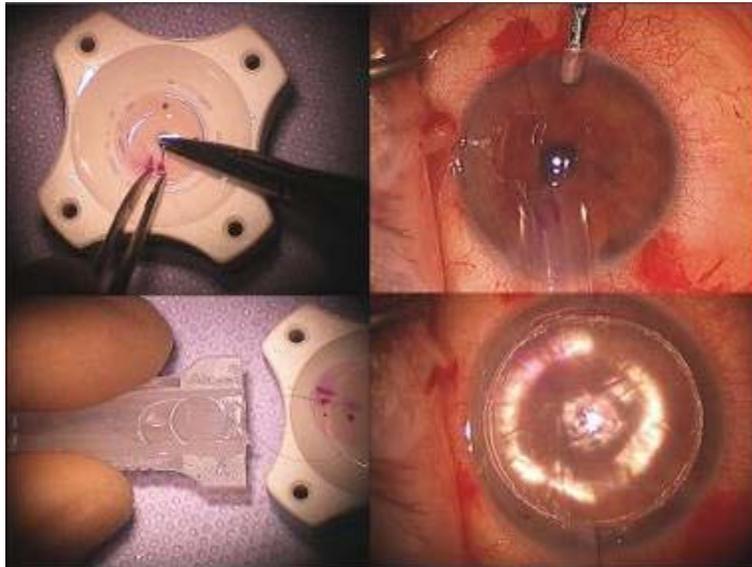


Latest Camera



- Experienced Support Staff
 - 15-30 years of service
- Patient Satisfaction
 - Based on survey
- Relationships With Referring Providers
 - Historical Dept. emphasis
- Technologies

Cornea- Transplants



Oculoplastics- Thyroid Eye Disease



- Top ranked residency program
 - Ranked in top 5 training programs
 - Daily morning rounds
- Competitive Fellowship program
- Popular medical student rotation
- Leader in Internet education
 - EyeRounds.org
 - Webeye.opth.uiowa.edu

Thank you!

Questions?





University of Iowa Health Care Conflict of Interest / Conflict of Commitment Policy

Deborah Thoman, MA, RHIA, CHP
Assistant Vice President for Compliance & Accreditation
UI Privacy Officer
Joint Office for Compliance
University of Iowa Health Care

- Conflict of Interest receiving increased scrutiny at the federal level
- Office of Internal Audit issued report May 2008
 - Recommendations: strengthen policy and require disclosure by faculty and staff of all outside activities and relationships
- Forty-member Task Force met to review current policy, consider policies from other institutions, and solicit/receive input from the enterprise
- New policy announced January 2009
- Conflict of Interest Office created under the Joint Office for Compliance
- Policy implementation date: July 1, 2009

Internal Audit Report

Status of Recommendations



- Recommendation #1: UI Health Care should create two more restrictive conflict of interest and commitment policies
 - Status: One policy developed which addresses aspects of both conflict of interest and commitment

Internal Audit Report

Status of Recommendations



- Recommendation #2: UI Health Care should require annual attestation by faculty for the disclosure of all outside activities
 - Status: UI Health Care database has been designed and requires disclosure

Internal Audit Report

Status of Recommendations



- Recommendation #3: An independent UI Health Care leader or new VP for Medical Affairs committee should develop a centralized process to review disclosures for conflict
 - Status: Committee has been formed and will make recommendations on management plans

Internal Audit Report

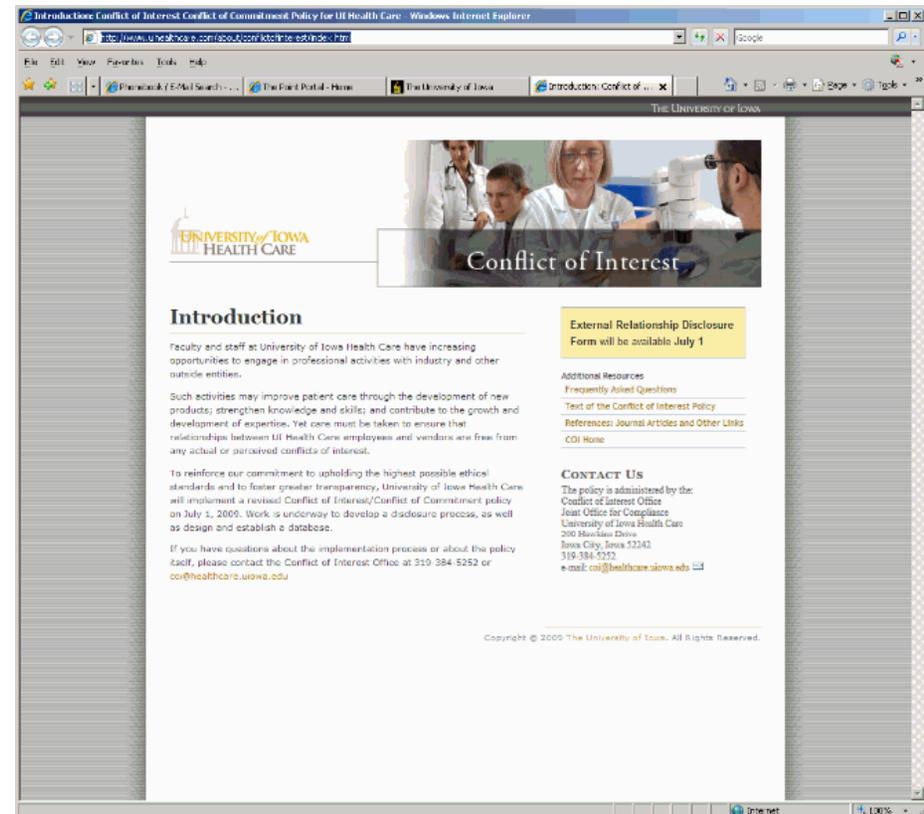
Status of Recommendations



- Recommendation #4: Senior Management in UI Health Care should communicate to faculty that all purchasing decisions should be funneled through UIHC Procurement Services
 - Status: Well underway
 - Have eliminated almost all blanket purchase orders, eliminated a large number of procurement cards (p-cards), and reduced the limit on p-cards to purchases under \$500
 - Other efforts are underway to improve product evaluation

- Twelve-person committee formed under the leadership of Jennifer Niebyl, MD
- Committee began meeting in April and meets twice monthly
- Committee Charge:
 - Implement and interpret policy
 - Monitor disclosures from faculty/staff
 - Review and recommend approval of employee Management Plans to the VP for Medical Affairs
 - Recommend consequences of policy violation to the VP for Medical Affairs
 - Annually review policy and make recommendations for revisions as appropriate

- Conflict of Interest web site is live:
<http://www.uihealthcare.com/about/conflictinterest/index.html>
- Web site includes:
 - Background and introduction
 - Answers to Frequently Asked Questions
 - Links to other academic medical centers' policies
 - Links to journal articles and news stories
 - Implementation information



External Relationships Disclosure Form



- Online form live July 1, 2009
- Completion of disclosure form required for all faculty and staff within UI Health Care by September 1, 2009
- Allow for disclosure to general public in October

- Conflict of Interest Office and Oversight Committee will:
 - Review disclosures made by faculty/staff
 - Review and recommend Management Plans to VP for Medical Affairs
 - Review and recommend disciplinary actions for faculty/staff who fail to disclose or to disclose truthfully

Recommendations for Policy Revisions

- Make conflict of commitment disclosure requirements stronger
- Clarify educational grants
- Clarify Management Plans for faculty/staff with conflicts – no guidance in the policy
- Clarify whether stock ownership, investments, etc. are to be disclosed
- Clarify approval process for non-medication free samples



Volume and Financial Performance

Ken Kates

Associate Vice President and CEO, UI Hospitals and Clinics

Ken Fisher

Associate Vice President for Finance and CFO, UI Hospitals and Clinics

Volume Indicators

July 2008 through June 2009



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Discharges	29,753	30,353	29,370	(600)	-2.0% ○	383	1.3% ○
Patient Days	193,196	193,884	191,487	(688)	-0.4% ○	1,709	0.9% ○
Length of Stay	6.58	6.37	6.50	0.21	3.3% ●	0.08	1.2% ○
Average Daily Census	529.30	531.19	523.19	(1.88)	-0.4% ○	6.12	1.2% ○
Surgeries – Inpatient	10,840	12,823	11,151	(1,983)	-15.5% ●	(311)	-2.8% ●
Surgeries – Outpatient	13,150	11,844	11,441	1,306	11.0% ●	1,709	14.9% ●
Emergency Treatment Center Visits	49,460	45,129	43,677	4,331	9.6% ●	5,783	13.2% ●
Outpatient Clinic Visits	742,312	729,845	701,966	12,467	1.7% ○	40,346	5.7% ●
Case Mix	1.8155	1.7722	1.7722	0.0433	2.4%	0.0433	2.4%
Medicare Case Mix	2.0346	1.9188	1.9171	0.1107	5.8%	0.1107	5.8%

Greater than 2.5% Favorable
 Neutral
 Greater than 2.5% Unfavorable

Discharges by Type

July 2008 through June 2009



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	9,795	10,528	9,711	(733)	-7.0% ●	84	0.9% ○
Adult Surgical	13,577	13,255	12,823	322	2.4% ○	754	5.9% ●
Adult Psych	1,860	1,882	1,823	(22)	-1.2% ○	37	2.0% ○
<i>Subtotal – Adult</i>	25,232	25,665	24,357	(433)	-1.7% ○	875	3.6% ●
Pediatric Medical	3,116	3,309	3,677	(193)	-5.8% ●	(561)	-15.3% ●
Pediatric Surgical	164	168	163	(4)	-2.4% ○	1	0.6% ○
Pediatric Critical Care	782	790	765	(8)	-1.0% ○	17	2.2% ○
Pediatric Psych	459	421	408	38	9.0% ●	51	12.5% ●
<i>Subtotal – Pediatrics w/o newborn</i>	4,521	4,688	5,013	(167)	-3.6% ●	(492)	-9.8% ●
Newborn	1,342	1,280	1,240	62	4.8% ●	102	8.2% ●
TOTAL w/o Newborn	29,753	30,353	29,370	(600)	-2.0% ○	383	1.3% ○

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

Discharge Days by Type

July 2008 through June 2009



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	58,645	55,935	54,967	2,710	4.8% ●	3,678	6.7% ●
Adult Surgical	73,755	73,759	70,543	(4)	0.0% ○	3,212	4.6% ●
Adult Psych	20,051	18,403	19,307	1,648	9.0% ●	744	3.9% ●
<i>Subtotal – Adult</i>	<i>152,451</i>	<i>148,097</i>	<i>144,817</i>	<i>4,354</i>	<i>2.9% ●</i>	<i>7,634</i>	<i>5.3% ●</i>
Pediatric Medical	16,851	19,299	20,965	(2,448)	-12.7% ●	(4,114)	-19.6% ●
Pediatric Surgical	1,650	1,707	1,461	(57)	-3.3% ●	189	12.9% ●
Pediatric Critical Care	20,639	21,141	20,150	(502)	-2.4% ○	489	2.4% ○
Pediatric Psych	4,161	3,243	3,555	918	28.3% ●	606	17.1% ●
<i>Subtotal – Pediatrics w/o newborn</i>	<i>43,301</i>	<i>45,390</i>	<i>46,131</i>	<i>(2,089)</i>	<i>-4.6% ●</i>	<i>(2,830)</i>	<i>-6.1% ●</i>
Newborn	3,186	2,909	2,911	277	9.5% ●	275	9.5% ●
TOTAL w/o Newborn	195,752	193,487	190,948	2,265	1.2% ○	4,808	2.5% ●

 Greater than 2.5% Favorable
  Neutral
  Greater than 2.5% Unfavorable

Average Length of Stay by Type

July 2008 through June 2009



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	5.99	5.31	5.66	0.68	12.8% ●	0.33	5.8% ●
Adult Surgical	5.43	5.56	5.50	(0.13)	-2.3% ○	(0.07)	-1.3% ○
Adult Psych	10.78	9.78	10.59	1.00	10.2% ●	0.19	1.8% ○
Subtotal – Adult	6.04	5.77	5.95	0.27	4.7% ●	0.09	1.5% ○
Pediatric Medical	5.41	5.83	5.70	(0.42)	-7.2% ●	(0.29)	-5.1% ●
Pediatric Surgical	10.06	10.15	8.96	(0.09)	-0.9% ○	1.10	12.3% ●
Pediatric Critical Care	26.39	26.77	26.34	(0.38)	-1.4% ○	(0.05)	0.2% ○
Pediatric Psych	9.07	7.70	8.71	1.37	17.8% ●	0.40	4.1% ●
Subtotal – Pediatrics w/o newborn	9.58	9.68	9.20	(0.10)	-1.0% ○	0.38	4.1% ●
Newborn	2.37	2.27	2.35	0.10	4.4% ●	0.02	0.9% ○
TOTAL w/o Newborn	6.58	6.37	6.50	0.21	3.3% ●	0.08	1.2% ○

 Greater than 2.5% Favorable
  Neutral
  Greater than 2.5% Unfavorable

Outpatient Surgeries – by Clinical Department

July 2008 through June 2009



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Cardiothoracic	72	46	65	26	56.6% ●	7	10.8% ●
Dentistry	586	360	509	226	62.8% ●	77	15.1% ●
Dermatology	44	61	50	(17)	-28.4% ●	(6)	-12.0% ●
General Surgery	1,844	1,340	1,560	504	37.6% ●	284	18.2% ●
Gynecology	663	625	651	38	6.0% ●	12	1.8% ○
Internal Medicine	6	9	8	(3)	-36.6% ●	(2)	-25.0% ●
Neurosurgery	332	69	97	263	384.0% ●	235	242.3% ●
Ophthalmology	3,284	3,286	2,960	(2)	0.0% ○	324	10.9% ●
Orthopedics	3,017	2,823	2,673	194	6.9% ●	344	12.9% ●
Otolaryngology	1,986	1,648	1,722	338	20.5% ●	264	15.3% ●
Pediatrics	4	9	8	(5)	-55.6% ●	(4)	-50.0% ●
Radiology – Interventional	13	0	0	10	100.0% ●	10	100.0% ●
Urology w/ Procedure Ste.	1,299	1,567	1,138	(268)	-17.1% ●	161	14.1% ●
Total	13,150	11,844	11,441	1,306	11.0% ●	1,709	14.9% ●

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Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Inpatient Surgeries – by Clinical Department

July 2008 through June 2009



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Cardiothoracic	1,069	1,030	902	39	3.8% ●	167	18.5% ●
Dentistry	154	191	167	(37)	-19.2% ●	(13)	-7.8% ●
General Surgery	2,712	3,251	2,845	(539)	-16.6% ●	(133)	-4.7% ●
Gynecology	830	912	796	(82)	-9.0% ●	34	4.3% ●
Neurosurgery	1,624	2,019	1,768	(395)	-19.5% ●	(144)	-8.1% ●
Ophthalmology	133	186	157	(53)	-28.4% ●	(24)	-15.3% ●
Orthopedics	2,736	3,229	2,815	(493)	-15.3% ●	(79)	-2.8% ●
Otolaryngology	773	1,000	870	(227)	-22.7% ●	(97)	-11.1% ●
Pediatrics	1	0	0	1	100.0% ●	1	100.0% ●
Radiology – Interventional	67	0	0	67	100.0% ●	67	100.0% ●
Urology w/ Procedure Ste.	741	1,005	831	(264)	-26.3% ●	(90)	-10.8% ●
Total	10,840	12,823	11,151	(1,983)	-15.5% ●	(311)	-2.8% ●

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

Emergency Treatment Center

July 2008 through June 2009



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
ETC Visits	49,460	45,129	43,677	4,331	9.6% ●	5,783	13.2% ●
ETC Admits	13,071	12,397	11,807	674	5.4% ●	1,264	10.7% ●
Conversion Factor	26.4%	27.5%	27.0%		-3.8% ●		-2.2% ○
ETC Admits / Total Admits	44.2%	40.9%	40.2%		8.1% ●		10.0% ●

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

Clinic Visits by Clinical Department

July 2008 through June 2009



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Anesthesia	14,628	16,714	16,458	(2,086)	-12.5% ●	(1,830)	-11.1% ●
CDD	7,503	6,900	7,000	603	8.7% ●	503	7.2% ●
Clinical Research	8,302	7,951	7,829	351	4.4% ●	473	6.0% ●
Dermatology	24,826	26,128	24,503	(1,302)	-5.0% ●	323	1.3% ●
ETC	49,460	44,362	43,681	5,098	11.5% ●	5,779	13.2% ●
Employee Health Clinic	16,284	16,835	16,577	(551)	-3.3% ●	(293)	-1.8% ○
Family Care Center	97,409	106,575	99,518	(9,166)	-8.6% ●	(2,109)	-2.1% ○
General Surgery	26,481	26,425	26,020	56	0.2% ○	461	1.8% ○
Hospital Dentistry	23,400	24,755	23,043	(1,355)	-5.5% ●	357	1.6% ○
Internal Medicine	113,735	108,023	106,366	5,712	5.3% ●	7,369	6.9% ●
Iowa Care Clinic	15,066	6,438	8,026	8,628	132.0% ●	7,040	87.7% ●
Neurology	16,746	15,644	15,404	1,102	7.0% ●	1,342	8.7% ●
Neurosurgery	9,081	8,921	8,784	160	1.8% ○	297	3.4% ●
Obstetrics/Gynecology	71,418	66,603	65,581	4,815	7.2% ●	5,837	8.9% ●
Ophthalmology	66,981	75,199	63,422	(8,218)	-10.9% ●	3,559	5.6% ●
Orthopedics	53,688	52,704	51,895	984	1.9% ○	1,793	3.5% ●
Otolaryngology	27,949	27,529	27,107	420	1.5% ○	842	3.1% ●
Pediatrics	38,674	34,213	33,688	4,461	13.0% ●	4,986	14.8% ●
Psychiatry	41,527	39,629	39,021	1,898	4.8% ●	2,506	6.4% ●
Thoracic – Cardio Surgery	2,675	2,250	2,215	425	18.9% ●	460	20.8% ●
Urology	15,903	15,462	15,252	441	2.9% ●	651	4.3% ●
Other	576	585	576	(9)	-1.5% ○	0	0.0% ○
Total	742,312	729,845	701,966	12,467	1.7% ○	40,346	5.8% ●



Greater than 2.5% Favorable

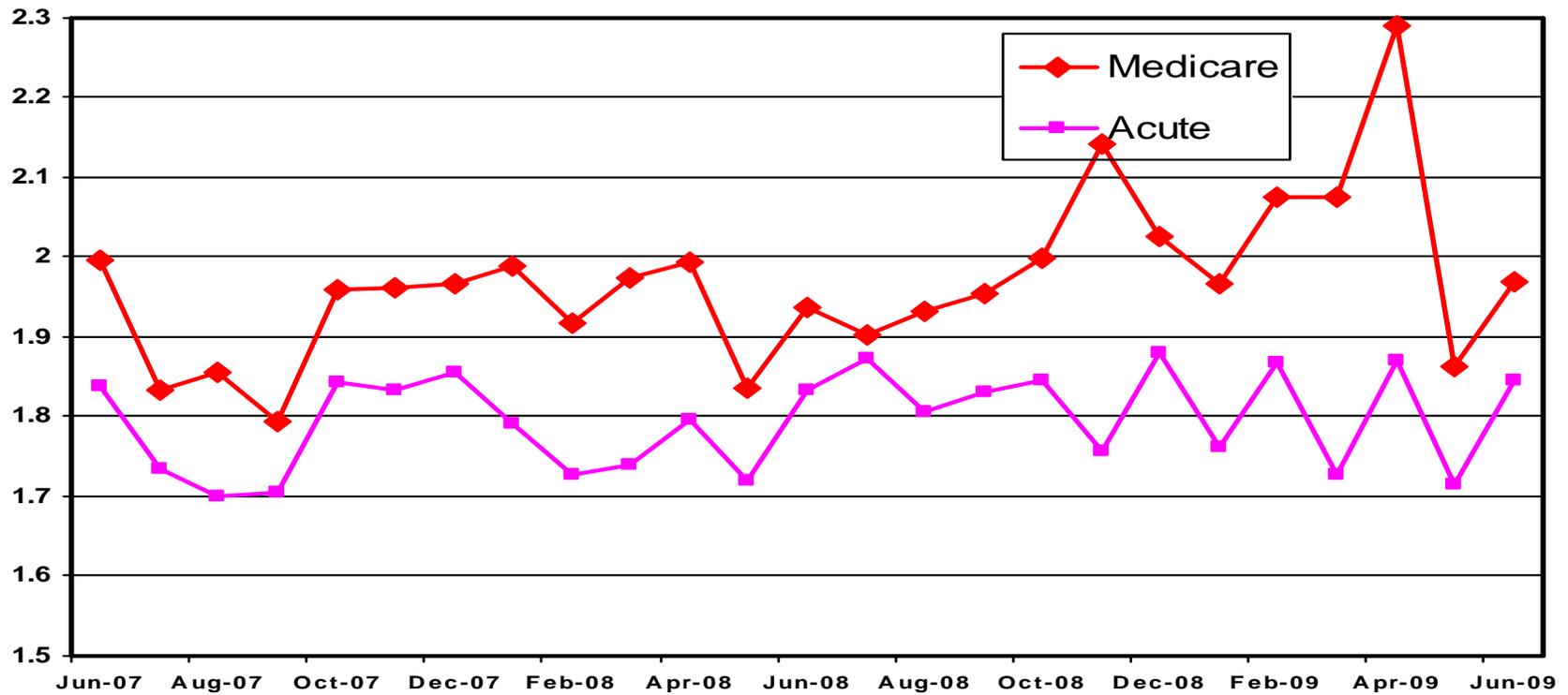


Neutral



Greater than 2.5% Unfavorable

Case Mix Index



UIHC Comparative Financial Results

Fiscal Year 2009 (preliminary)



NET REVENUES:	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Patient Revenue	\$874,801	\$917,382	\$819,636	(\$42,581)	-4.6%	\$55,165	6.7%
Appropriations	6,840	7,017	6,726	(177)	-2.5%	114	1.7%
Other Operating Revenue	47,456	43,240	46,589	4,216	9.8%	867	1.9%
Total Revenue	\$929,097	\$967,639	\$872,952	(\$38,542)	-4.0%	\$56,145	6.4%

EXPENSES:

Salaries and Wages	\$501,693	\$502,488	\$452,324	(\$795)	-0.2%	\$49,369	10.9%
General Expenses	362,947	360,279	331,900	2,668	0.7%	31,047	9.4%
Operating Expense before Capital	\$864,640	\$862,767	\$784,225	\$1,873	0.2%	\$80,415	10.3%
Cash Flow Operating Margin	\$64,457	\$104,872	\$88,728	(\$40,415)	-38.5%	(\$24,271)	-27.4%
Capital- Depreciation and Amortization	72,975	72,140	68,141	835	1.2%	4,834	7.1%
Total Operating Expense	\$937,615	\$934,907	\$852,365	\$2,708	0.3%	\$85,250	10.0%

Operating Income	(\$8,518)	\$32,732	\$20,587	(\$41,250)	-126.0%	(\$29,105)	-141.4%
Operating Margin %	-0.9%	3.4%	2.4%		-4.3%		-3.3%
Gain (Loss) on Investments	(6,844)	17,149	13,753	(23,993)	-139.9%	(20,597)	-149.8%
Other Non-Operating	(9,715)	(3,644)	(2,780)	(6,071)	166.6%	(6,935)	249.5%
Net Income	(\$25,077)	\$46,237	\$31,559	(\$71,314)	-154.2%	(\$56,636)	-179.5%
Net Margin %	-2.7%	4.7%	3.6%		-7.4%		-6.3%

UIHC Comparative Financial Results

June 2009 (preliminary)



NET REVENUES:	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Patient Revenue	\$68,995	\$76,634	\$73,361	(\$7,639)	-10.0%	(\$4,366)	-6.0%
Appropriations	543	585	(6,151)	(42)	-7.2%	6,694	-108.8%
Other Operating Revenue	4,989	3,635	6,864	1,354	37.3%	(1,875)	-27.3%
Total Revenue	\$74,527	\$80,854	\$74,074	(\$6,327)	-7.8%	\$453	0.6%

EXPENSES:

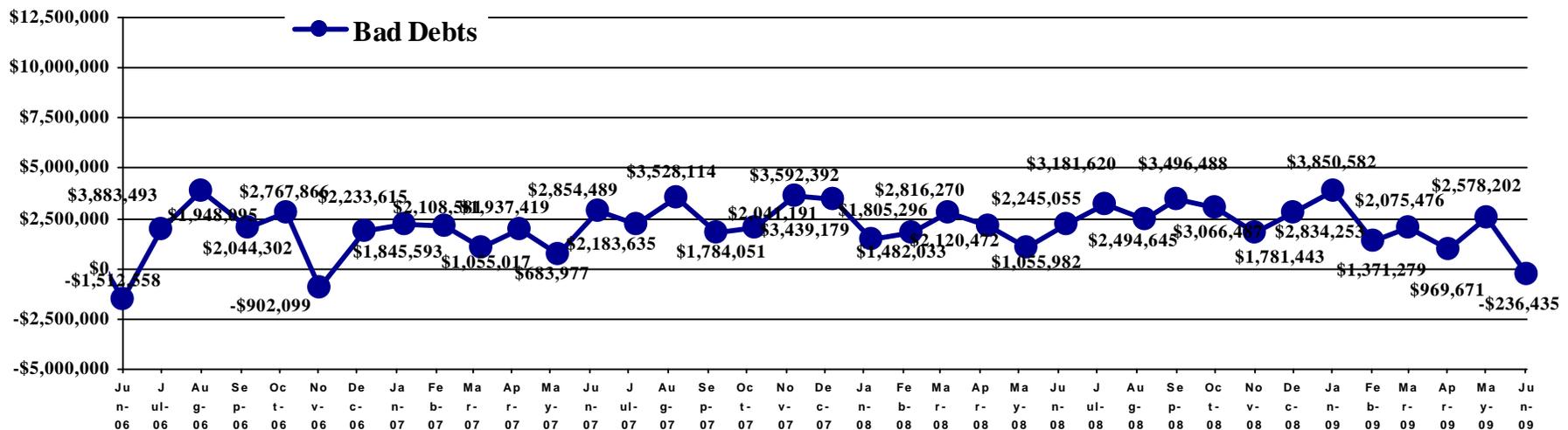
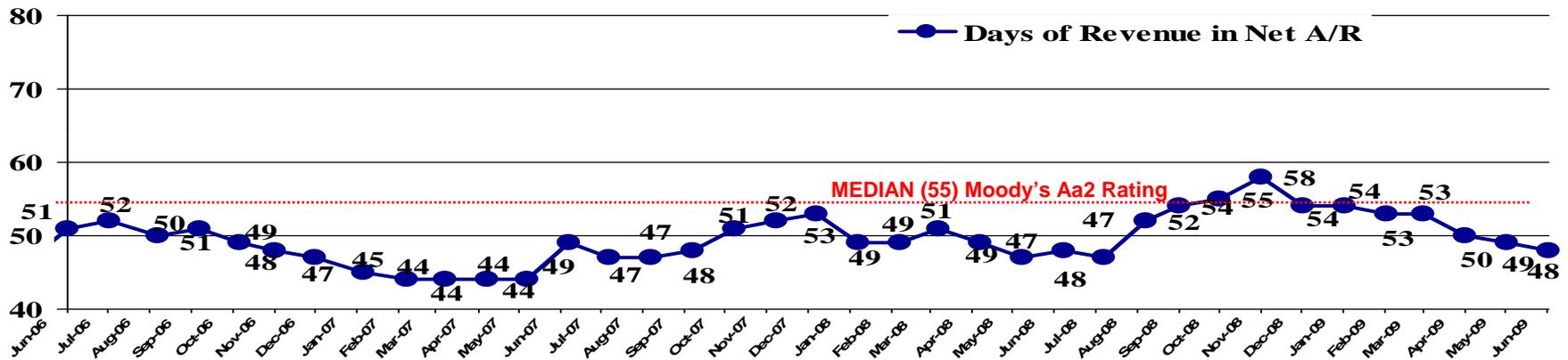
Salaries and Wages	\$38,181	\$42,149	\$42,735	(\$3,968)	-9.4%	(\$4,554)	-10.7%
General Expenses	27,596	30,387	29,991	(2,791)	-9.2%	(2,395)	-8.0%
Operating Expense before Capital	\$65,777	\$72,536	\$72,726	(\$6,759)	-9.3%	(\$6,949)	-9.6%
Cash Flow Operating Margin	\$8,750	\$8,318	\$1,348	\$432	5.2%	\$7,402	549.1%
Capital- Depreciation and Amortization	7,495	6,012	6,122	1,483	24.7%	1,373	22.4%
Total Operating Expense	\$73,272	\$78,548	\$78,848	(\$5,276)	-6.7%	(\$5,576)	-7.1%

Operating Income	\$1,255	\$2,306	(\$4,774)	(\$1,051)	-45.6%	\$6,029	-126.3%
Operating Margin %	1.7%	2.9%	-6.4%		-1.2%		8.1%
Gain (Loss) on Investments	(945)	1,429	238	(2,374)	-166.1%	(1,183)	-497.1%
Other Non-Operating	(5,135)	(304)	(843)	(4,831)	1,589.1%	(4,292)	509.1%
Net Income	\$4,825	\$3,431	(\$5,379)	\$1,394	40.6%	\$10,204	-189.7%
Net Margin %	-6.6%	4.2%	-7.2%		-10.8%		0.6%

Comparative Accounts Receivable at June 30, 2009 (preliminary)



	June 30, 2007	June 30, 2008	June 30, 2009
Net Accounts Receivable	\$101,254,328	\$111,208,325	\$119,694,082
Net Days in AR	49	48	48





Expense Moderation and Improvement Initiatives

Ken Kates

Associate Vice President and CEO, UI Hospitals and Clinics

***For the Twentieth Consecutive Year,
University of Iowa Health Care Specialties
Earned High Rankings In U.S. News & World Report***

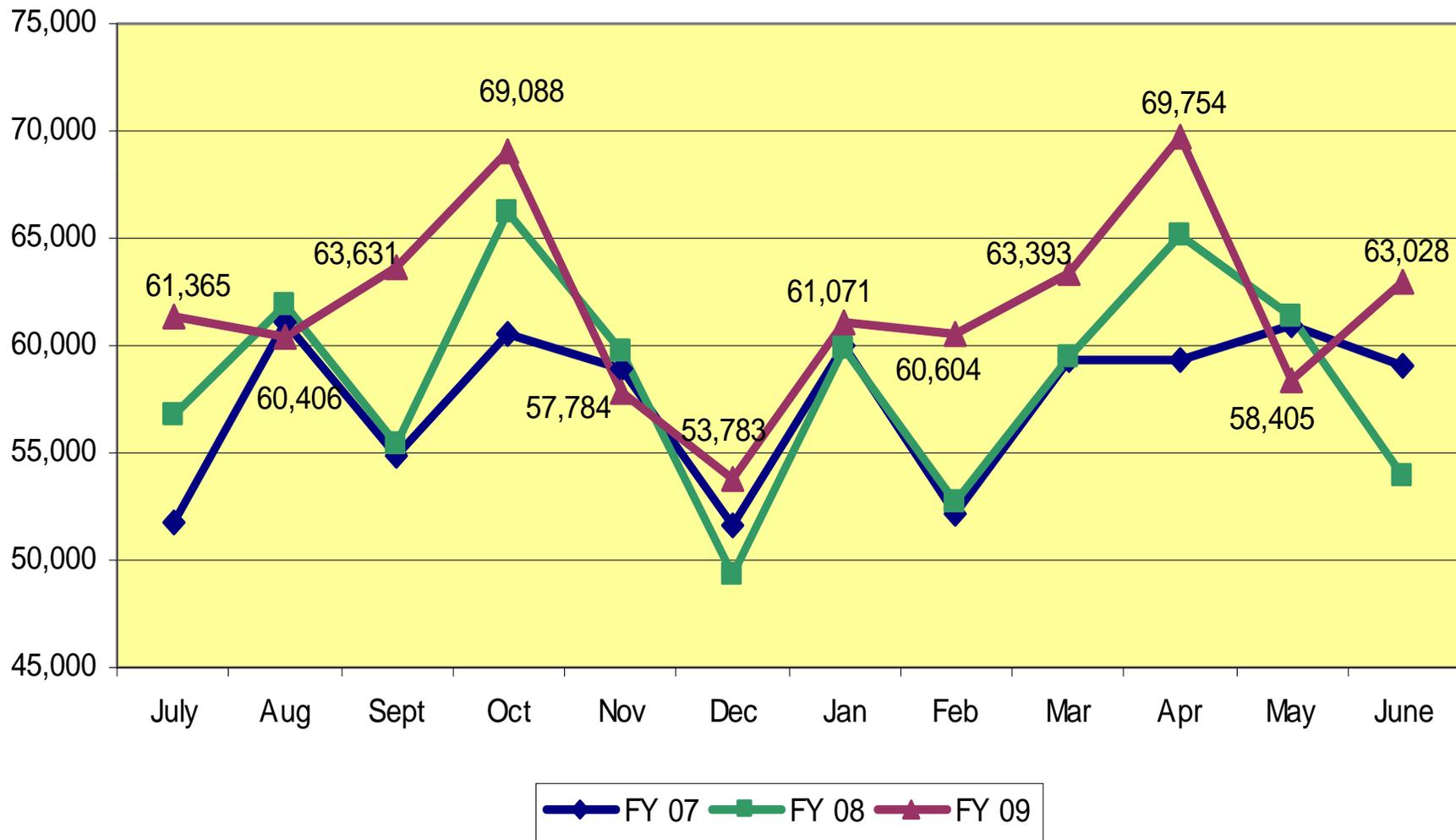


- 3rd Otolaryngology***
- 6th Ophthalmology & Visual Sciences***
- 8th Orthopaedic Surgery***
- 22nd Neurology/Neurosurgery***
- 27th Cancer***
- 34th Kidney Disease***
- 36th Gynecology***

Clinic Visits by Month- FY09

Clinic visit volumes rebounded from the May decline that was primarily related to the Epic Information System implementation. We finished the year with an increase of 40,346 visits (6%) compared to FY08.

Clinic Visits

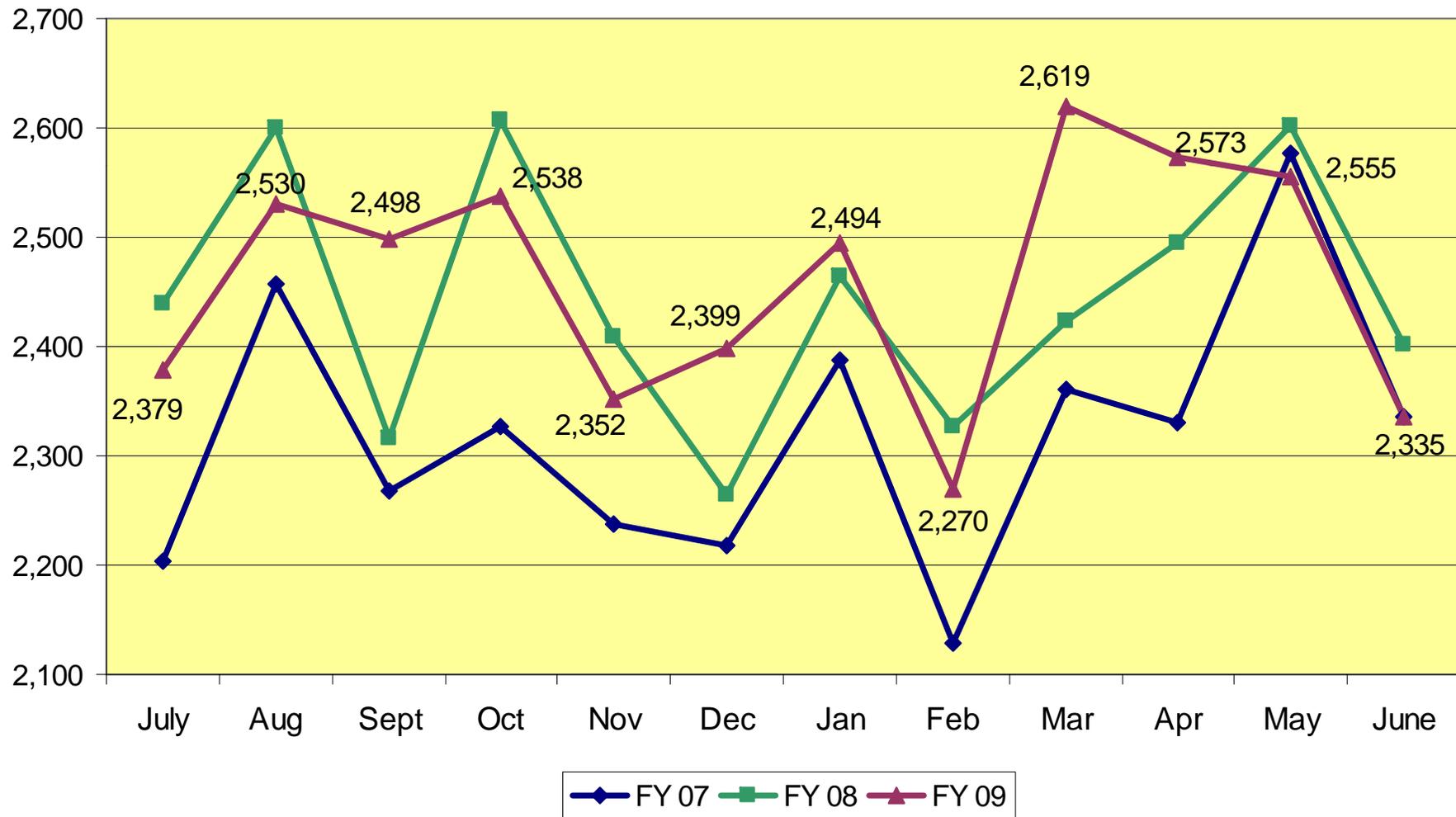


Admissions by Month- FY09



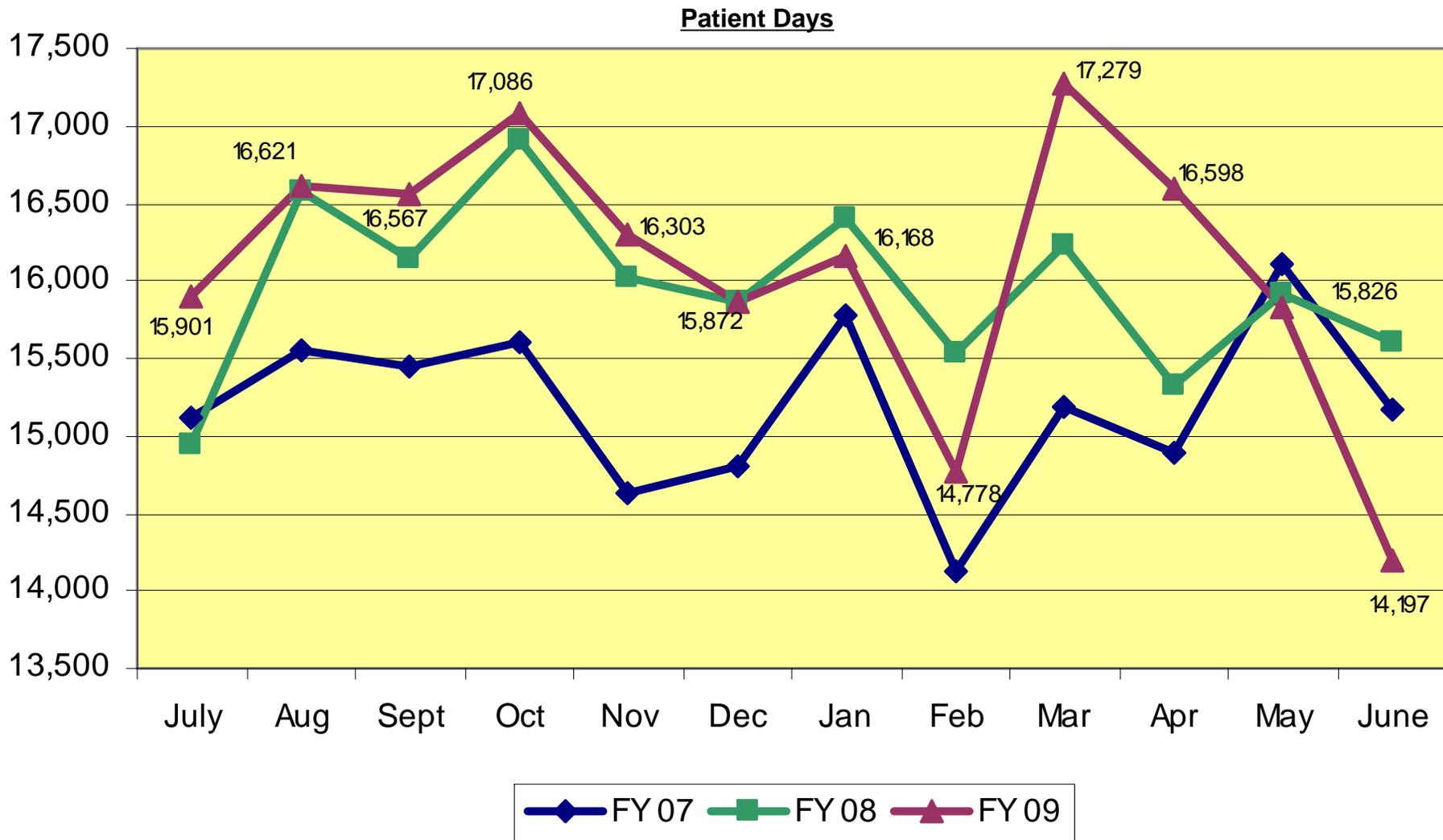
Inpatient admission volumes continued to fluctuate throughout the fiscal year. Compared to last fiscal year, volumes are up by 193 admissions (1%).

Admissions



Patient Days by Month- FY09

Patient days are up 1,709 (1%) over FY08. Much of the decrease in the last quarter is due to the focused efforts to actively manage length of stay.



Actively Managing Length of Stay (LOS)- Key Initiatives

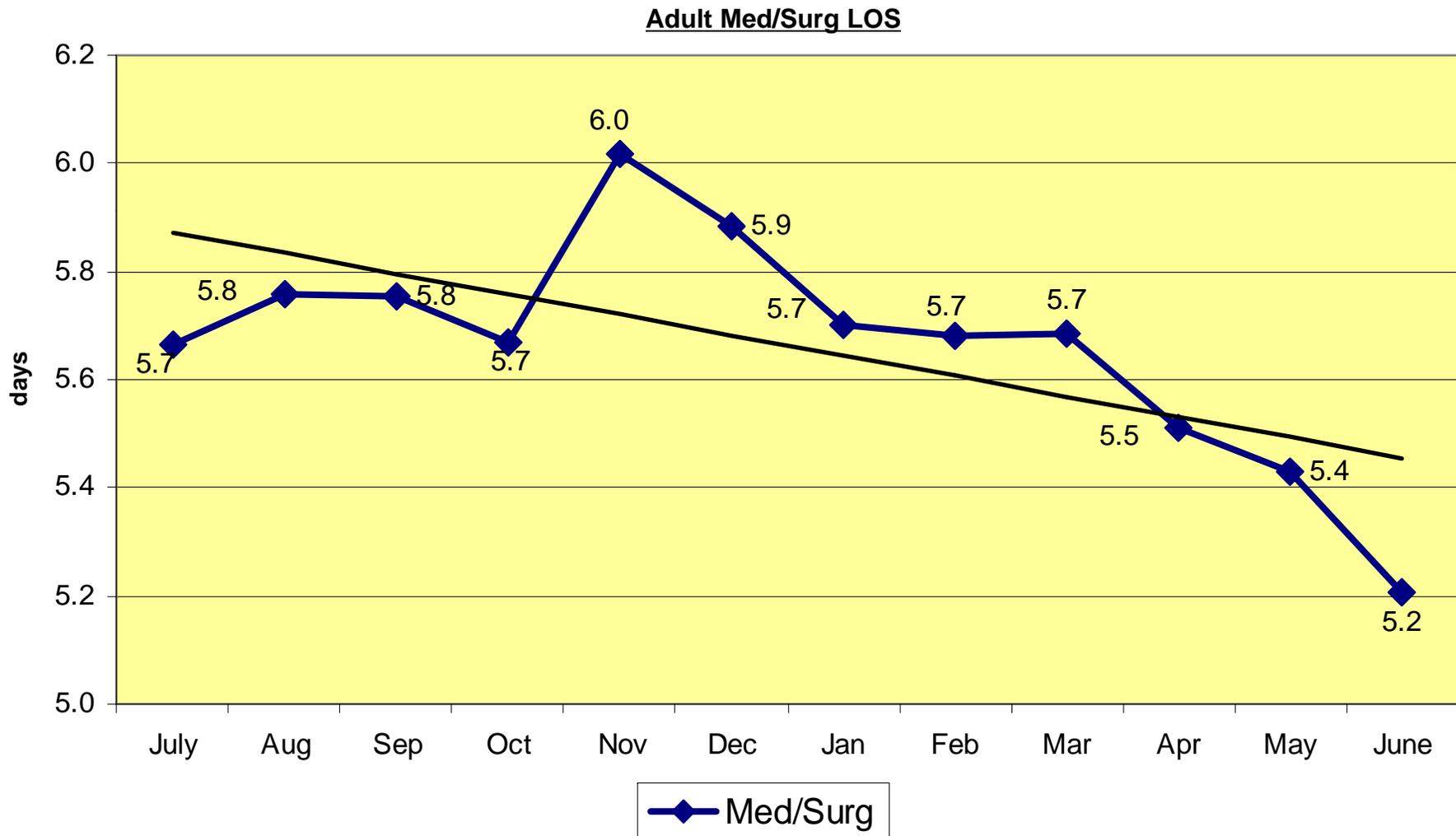


- Daily Bed Huddles
 - Multidisciplinary teams meet Mondays through Fridays for 15-30 minutes to discuss pending discharges
- Discharge checklist
 - Guides the discharge process for the interdisciplinary team
- Ticket Home
 - Guides the discharge process for patients and families
- Daily census report by unit and/or service
 - Displays expected and actual length of stay based on working DRG
- Barrier codes entered in IDX
 - Tracking delays to discharging patients by 1100 a.m. and barriers to discharging within their estimated LOS
- SharePoint Site

<https://thepoint.healthcare.uiowa.edu/sites/Administration/dischargeplanning/default.aspx>

Adult Med/Surg Length of Stay (LOS)

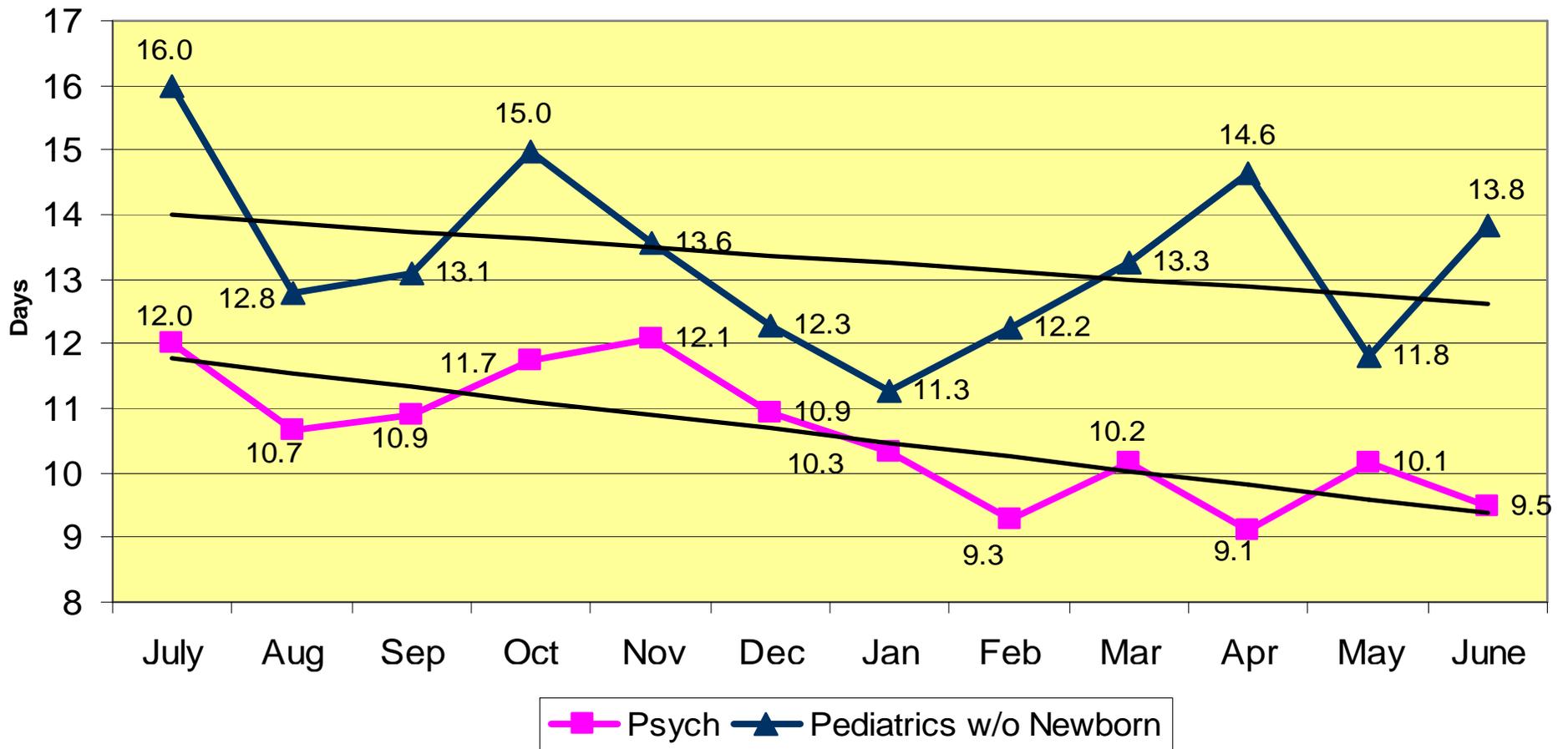
Over the past several months, multidisciplinary teams have focused on managing length of stay. The adult medical and surgical units have shown tremendous progress.



Pediatric and Psychiatric Length of Stay (LOS)

Length of stay improvements have also been experienced on pediatric and psychiatric units.

Pediatric and Psychiatric LOS



UHC Benchmark Abbreviations and Definitions

Acute adjusted patient days- A method of adjusting inpatient days to account for outpatient activity. Because approximately 40% of UIHC activity is in the outpatient setting, this gives a more accurate picture of volume. Calculated as: Inpatient days X (gross charges/ gross inpatient charges).

Area wage index (AWI)- Used by Medicare to adjust inpatient payment rates based on relative wage costs of an area. The Wage Index adjusts for differences in wage levels of a geographic area compared to the national average. (A .94 wage index means that wages in this region are 94% of the average in the US.)

Case Mix Index (CMI)- Used to measure relative resource intensity of a given DRG. The higher the CMI, the greater the resource consumption. Ratios are often CMI adjusted (Weighted) for a more even comparison of patient days or discharges.

Each Medicare patient is classified into a Diagnostic Related Group (DRG) on the basis of clinical information. CMS assigns a relative weight to each group. The average DRG weight for all of a hospital's Medicare volume is the hospital's CMI.

Below are examples of DRGs and their weights:

MS-DRG	MS-DRG Title	Weight
001	Heart transplant or implant heart assist device w/ major complications or comorbidities (MCC)	31.239
007	Lung transplant	9.5998
103	Headaches w/o major complications or comorbidities (MCC)	0.6239
313	Chest Pain	0.5314
795	Normal newborn	0.1084

List of UHC Comparison Hospitals



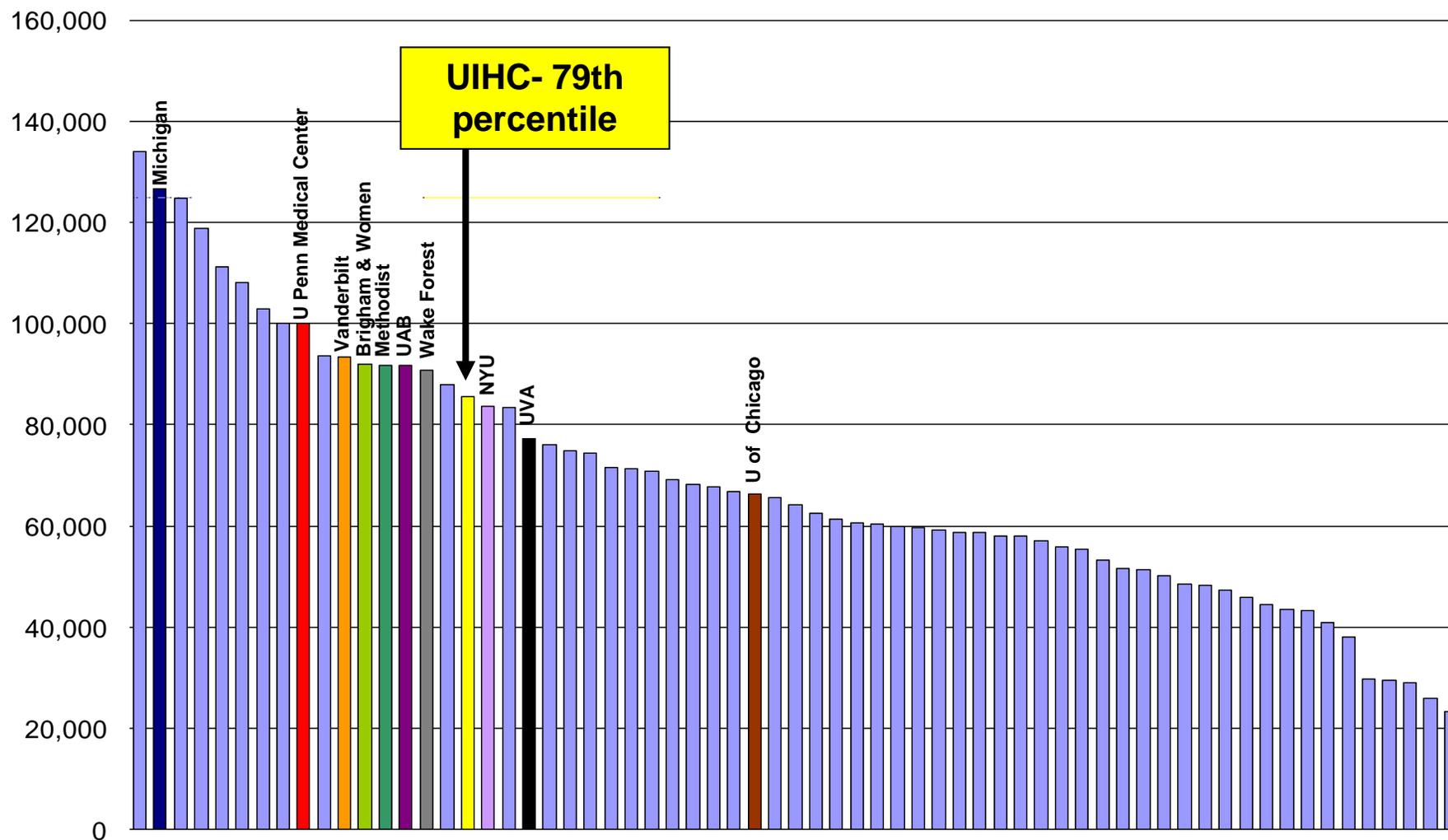
Hospital Name	City	State
Barnes-Jewish Hospital	St. Louis	Missouri
Baystate Medical Center	Springfield	Massachusetts
Brigham & Women's Hospital		Massachusetts
Cedars-Sinai Medical Center	Los Angeles	California
Emory University Hospital Midtown	Atlanta	Georgia
Denver Health	Denver	Colorado
Duke University Medical Center	Durham	North Carolina
Emory University Hospital	Atlanta	Georgia
Froedtert Hospital (& Medical College of Wisconsin)	Milwaukee	Wisconsin
Georgetown University Hospital	Washington, D.C.	
Greenville Memorial Hospital	Greenville	South Carolina
Harborview Medical Center (University of Washington Medical Center)	Seattle	Washington
Howard University Hospital	Washington, D.C.	
Johns Hopkins Hospital	Baltimore	Maryland
Loyola University Medical Center	Chicago	Illinois
Massachusetts General Hospital	Boston	Massachusetts
Medical College of Georgia	Augusta	Georgia
Medical University of South Carolina	Charleston	South Carolina
The Methodist Hospital System		
Penn State Milton S. Hershey Medical Center	Hershey	Pennsylvania
New York University Langone Medical Center		
Oregon Health & Science University	Portland	Oregon
The Ohio State University Medical Center	Columbus	Ohio
Parkland Health & Hospital System	Dallas	Texas
Pitt County Memorial Hospital	Greenville	North Carolina
Rush University Medical Center	Chicago	Illinois
Shands Jacksonville	Jacksonville	Florida
Shands at the University of Florida	Gainesville	Florida
St. Luke's Episcopal Hospital	Houston	Texas
University of Minnesota Medical Center, Fairview	Minneapolis	Minnesota
NewYork-Presbyterian Hospital	New York	New York
Stony Brook University Medical Center	Stony Brook	New York

Hospital Name	City	State
State University of New York Upstate Medical University	Syracuse	New York
Thomas Jefferson University Hospital	Philadelphia	Pennsylvania
University of Illinois Medical Center at Chicago	Chicago	Illinois
University of Kentucky Hospital	Lexington	Kentucky
University of Missouri Hospital and Clinics	Columbia	Missouri
University of New Mexico Hospital	Albuquerque	New Mexico
Hospital of the University of Pennsylvania		Pennsylvania
University of Alabama at Birmingham Hospital	Birmingham	Alabama
University of Arkansas for Medical Sciences (UAMS) Medical Center	Little Rock	Arkansas
UC Davis Medical Center	Sacramento	California
UC San Diego Medical Center	San Diego	California
UC San Francisco	San Francisco	California
University Medical Center	Tucson	Arizona
University of Chicago Medical Center		
University of Colorado Hospital	Aurora	Colorado
University of Kansas	Kansas City	Kansas
University of Michigan Health System		Michigan
University of Mississippi Medical Center	Jackson	Mississippi
University of Toledo Medical Center	Toledo	Ohio
University of Utah Hospitals and Clinics	Salt Lake City	Utah
University of Virginia Health System		
University of Wisconsin Hospital and Clinics	Madison	Wisconsin
University of Louisville	Louisville	Kentucky
University of Connecticut John Dempsey Vanderbilt	Farmington	Connecticut
Vanderbilt		Tennessee
Vanderbilt University Hospital	Nashville	Tennessee
Virginia Commonwealth University Health System	Richmond	Virginia
Wake Forest University Baptist Medical Center		
Washington Hospital Center	Washington, D.C.	
West Virginia University Hospitals	Morgantown	West Virginia
Wishard Health Services	Indianapolis	Indiana
William Beaumont Hospital	Royal Oak	Michigan

Acute Adjusted Patient Days- Peer Benchmark Ranking

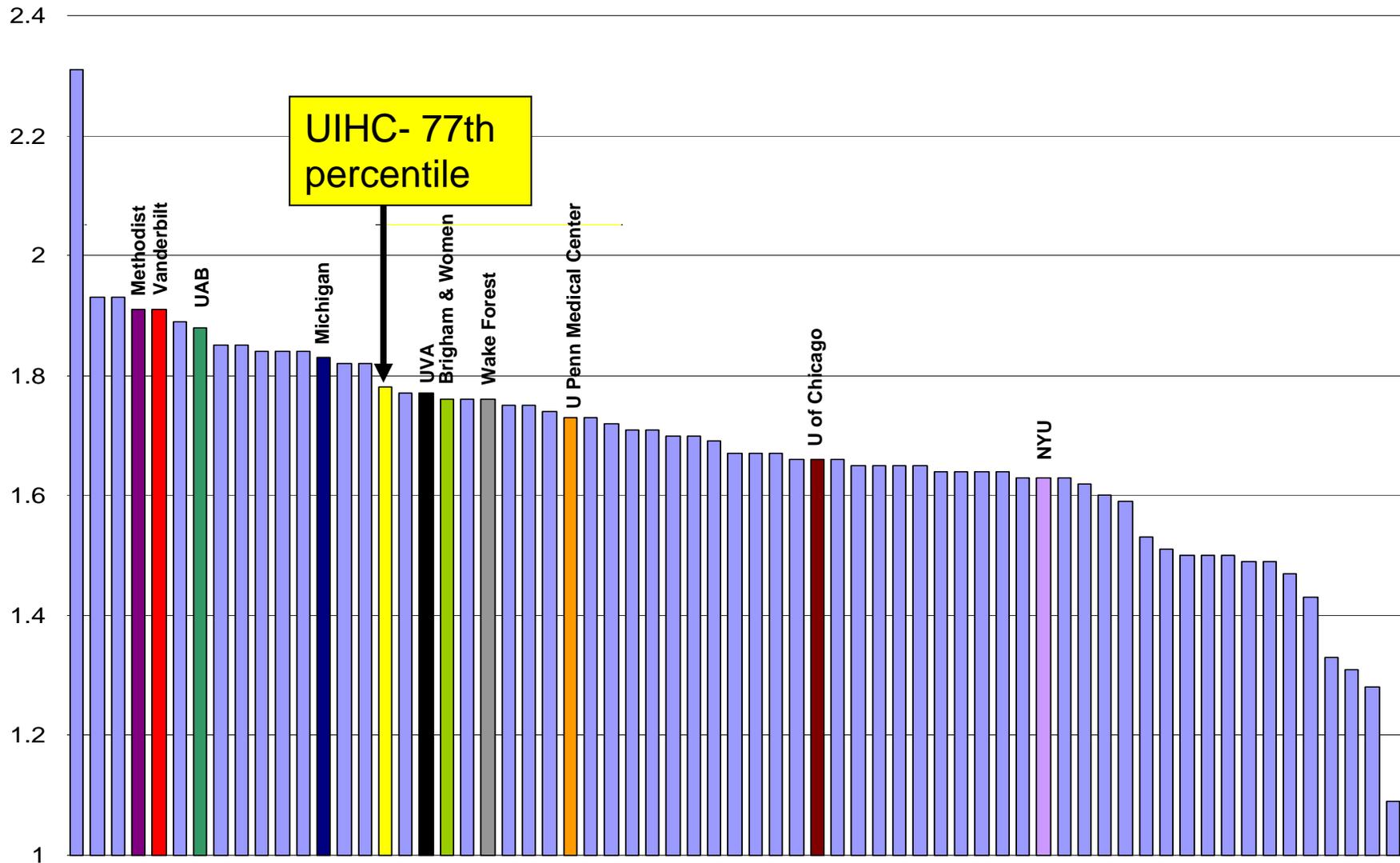


UIHC's clinical volumes are high compared to most other academic medical centers.



Hospital CMI- Peer Benchmark Ranking

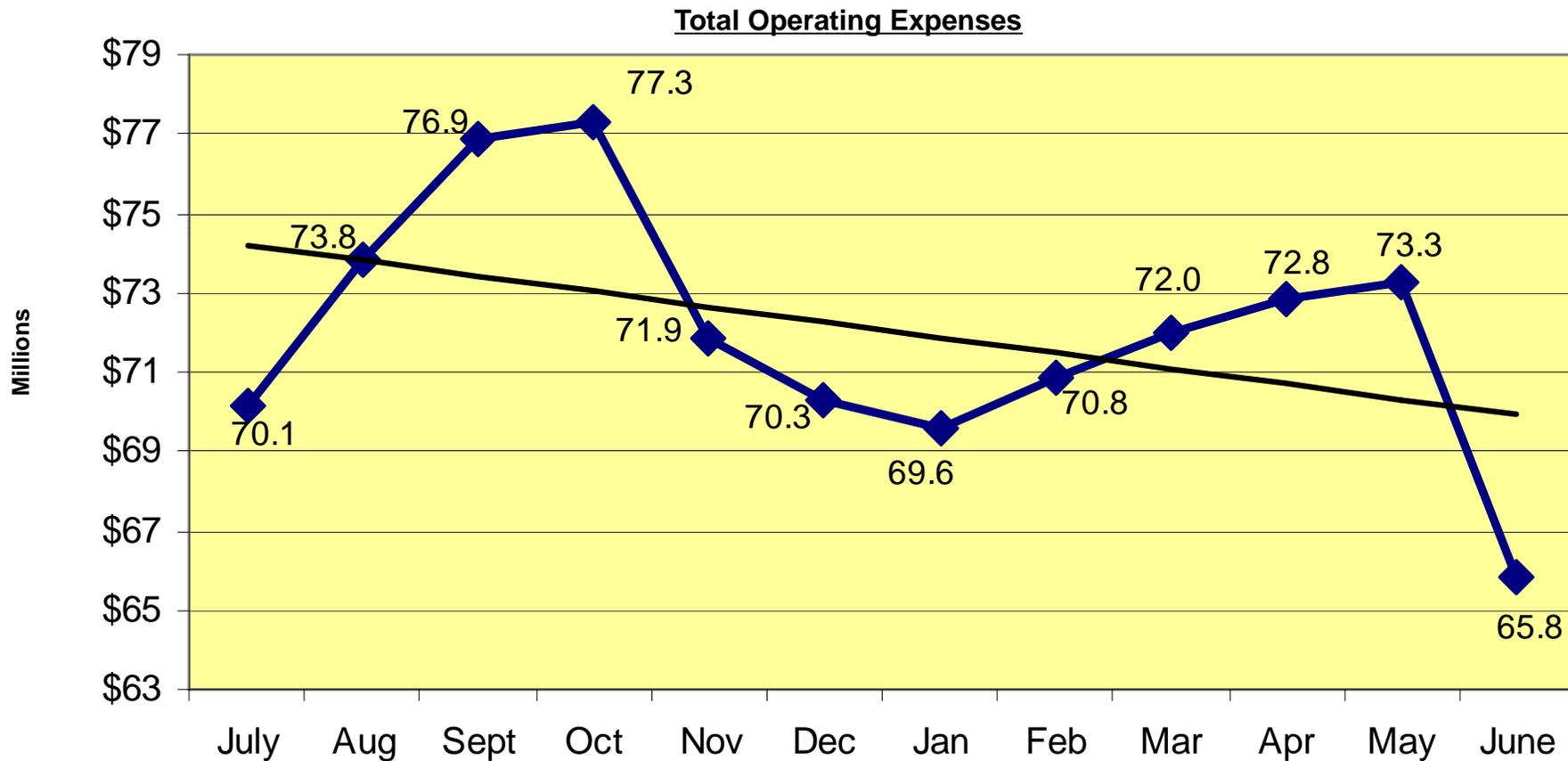
Compared to many hospitals, UIHC has a higher patient acuity, as indicated by our ranking at the 77th percentile for Case Mix Index (CMI). CMI is a measure of resource intensity of patients.



Total Operating Expenses



Progress continues to be achieved in reducing total operating expenses.

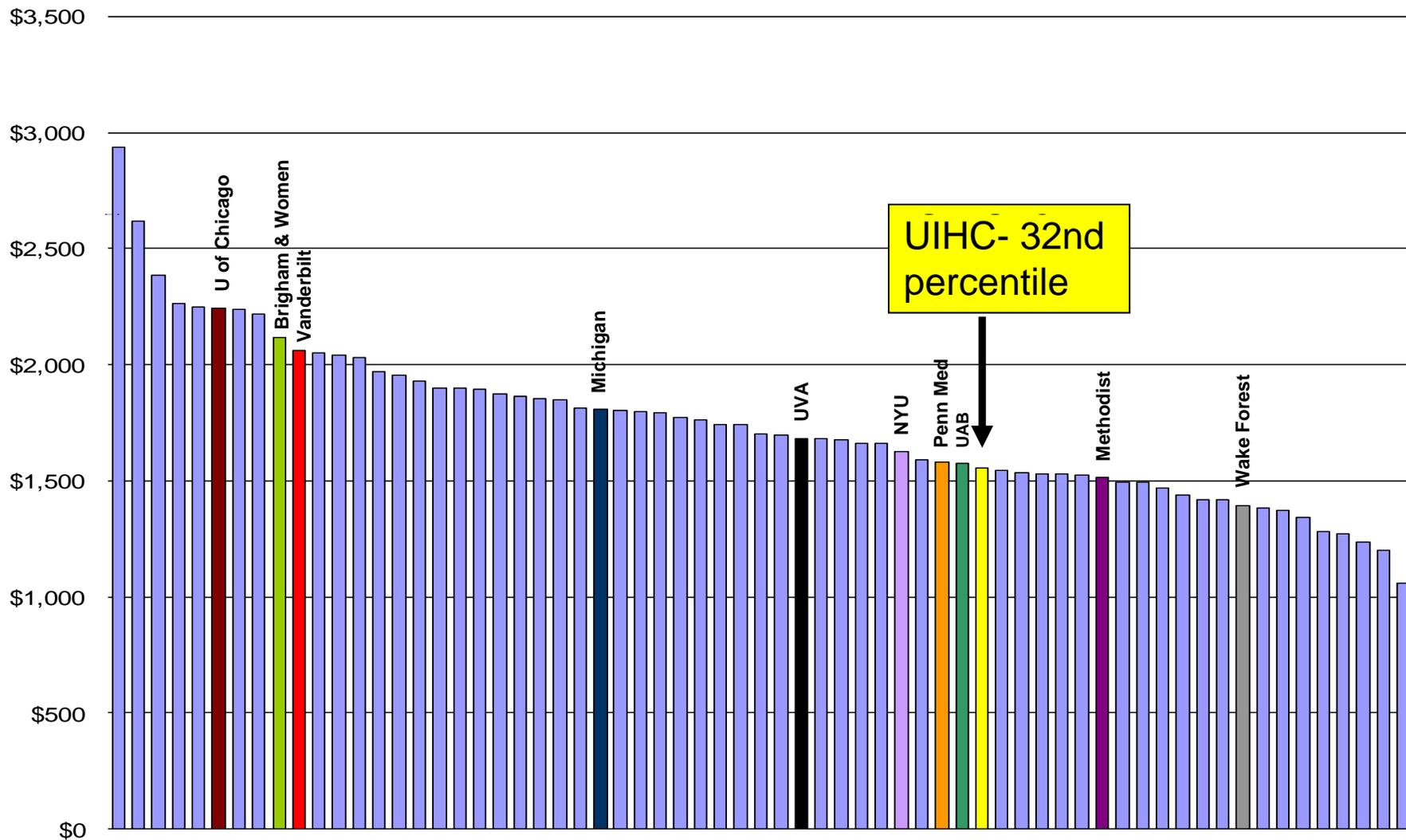


* As part of the normal year end closing procedures, a significant adjustment in accruals to benefits and medical services is seen in June.

Total Expense AWI (Excluding Provider) per CMI Weighted Adjusted Pt Day- Peer Benchmark Ranking



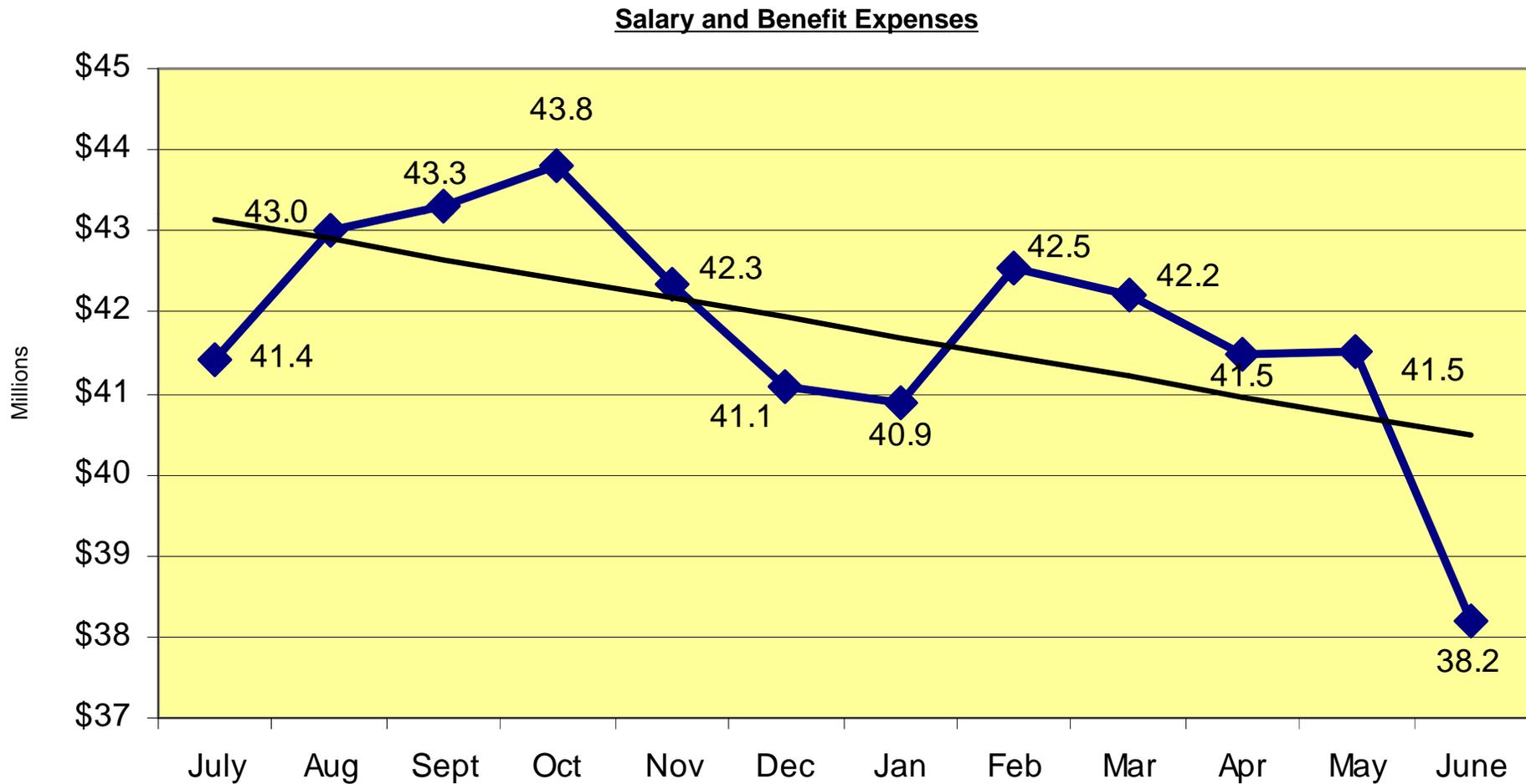
When looking at total expenses, UIHC is a strong performer; better than almost 70% of other academic medical centers.



Salary and Benefit Expenses



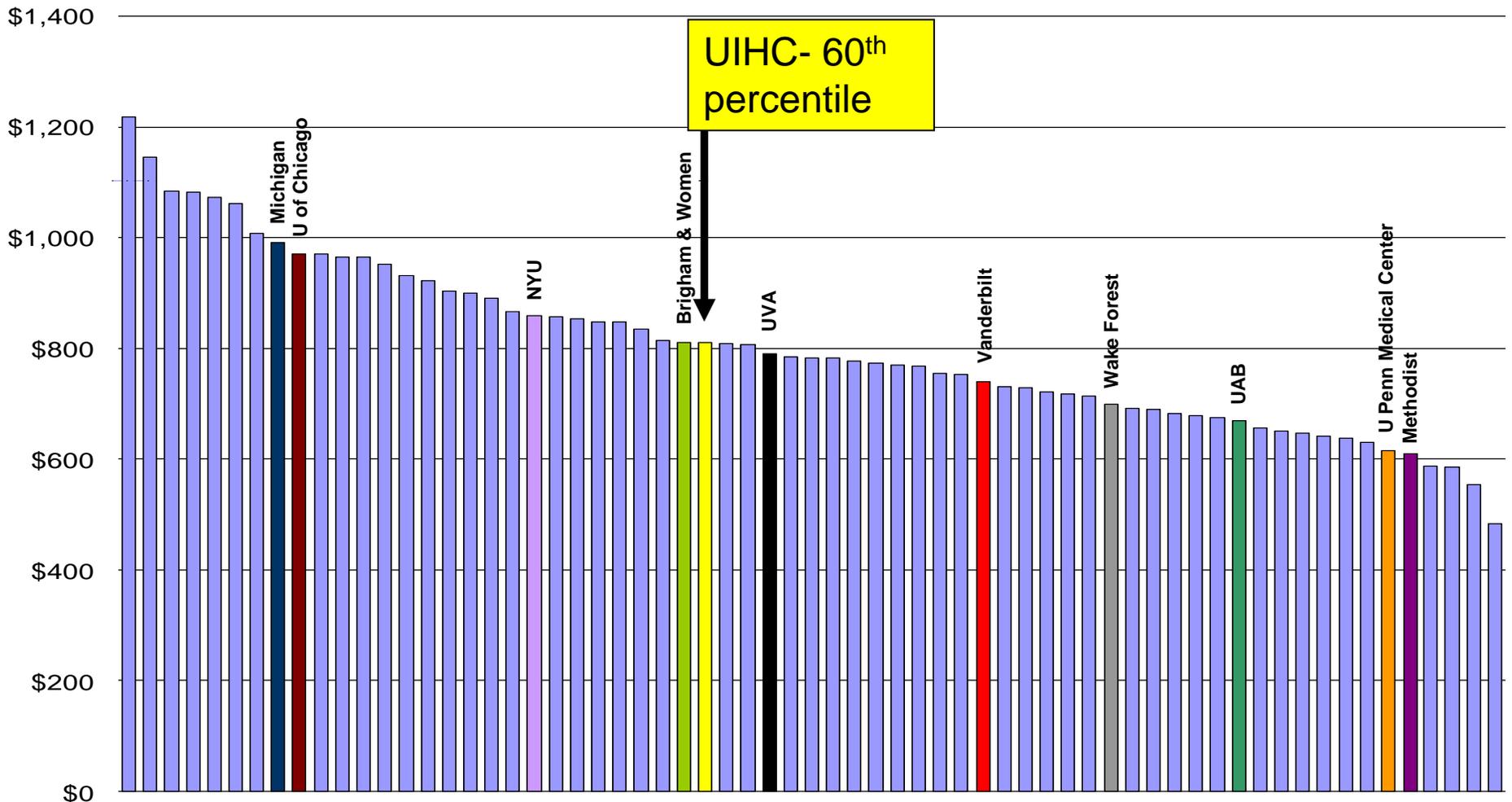
Salary and benefit expenses trended down this fiscal year, with the lowest expenses occurring in June.



Total Labor Expense per CMI Weighted Adjusted Patient Day- Peer Benchmark Ranking

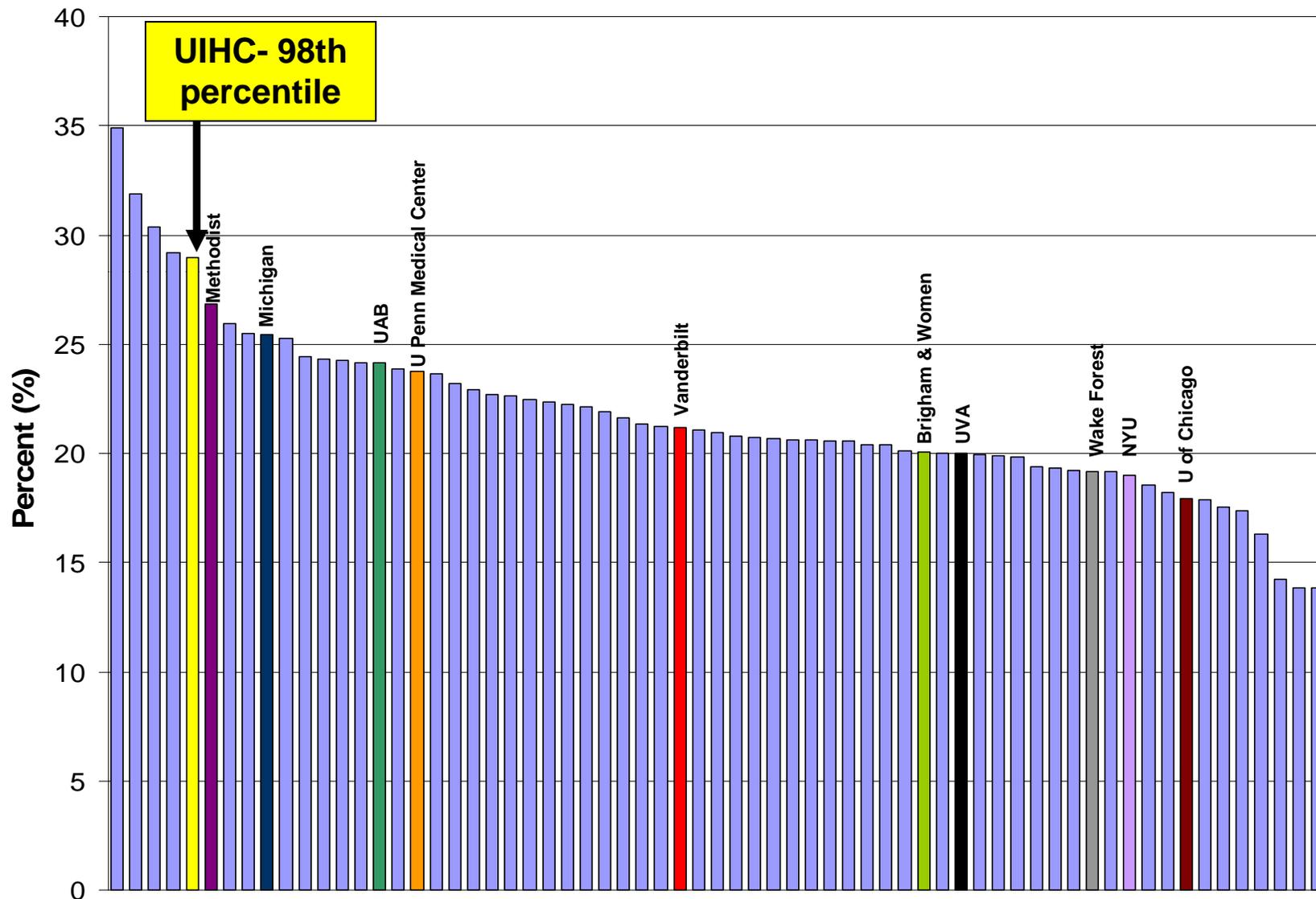


When compared to other academic medical centers, UIHC is at the 60th percentile in total labor expenses for the first quarter of calendar year 2009. This is due primarily to our high benefit costs.



Benefits as % of Total Employee Labor Expense- Peer Benchmark Ranking

UIHC's benefit expenses are very high compared to peer institutions.

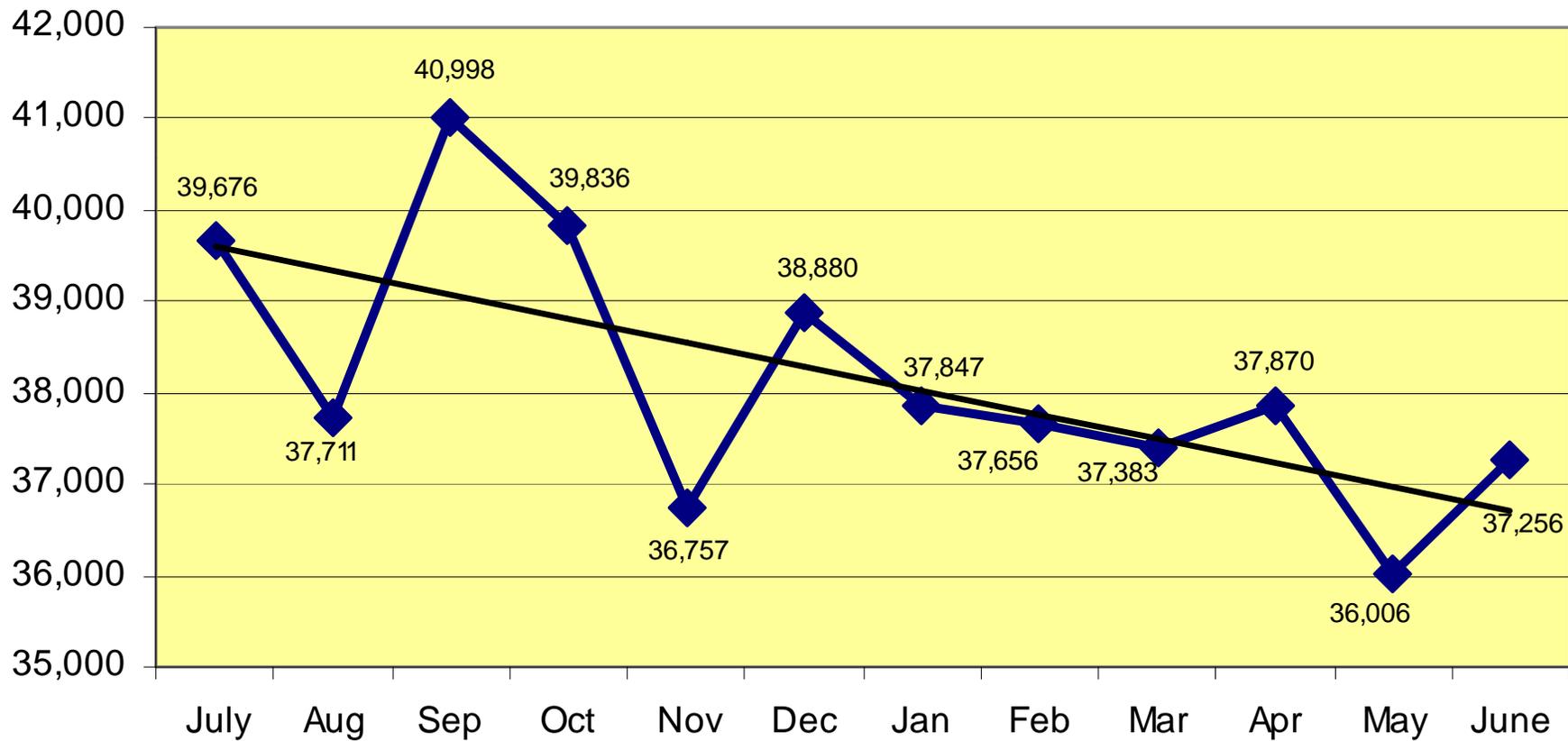


Paid Hours per Calendar Day



UIHC continues to improve operational efficiencies throughout the organization. This has resulted in a steady decline in staff paid hours per day.

Paid Hours per Calendar Day

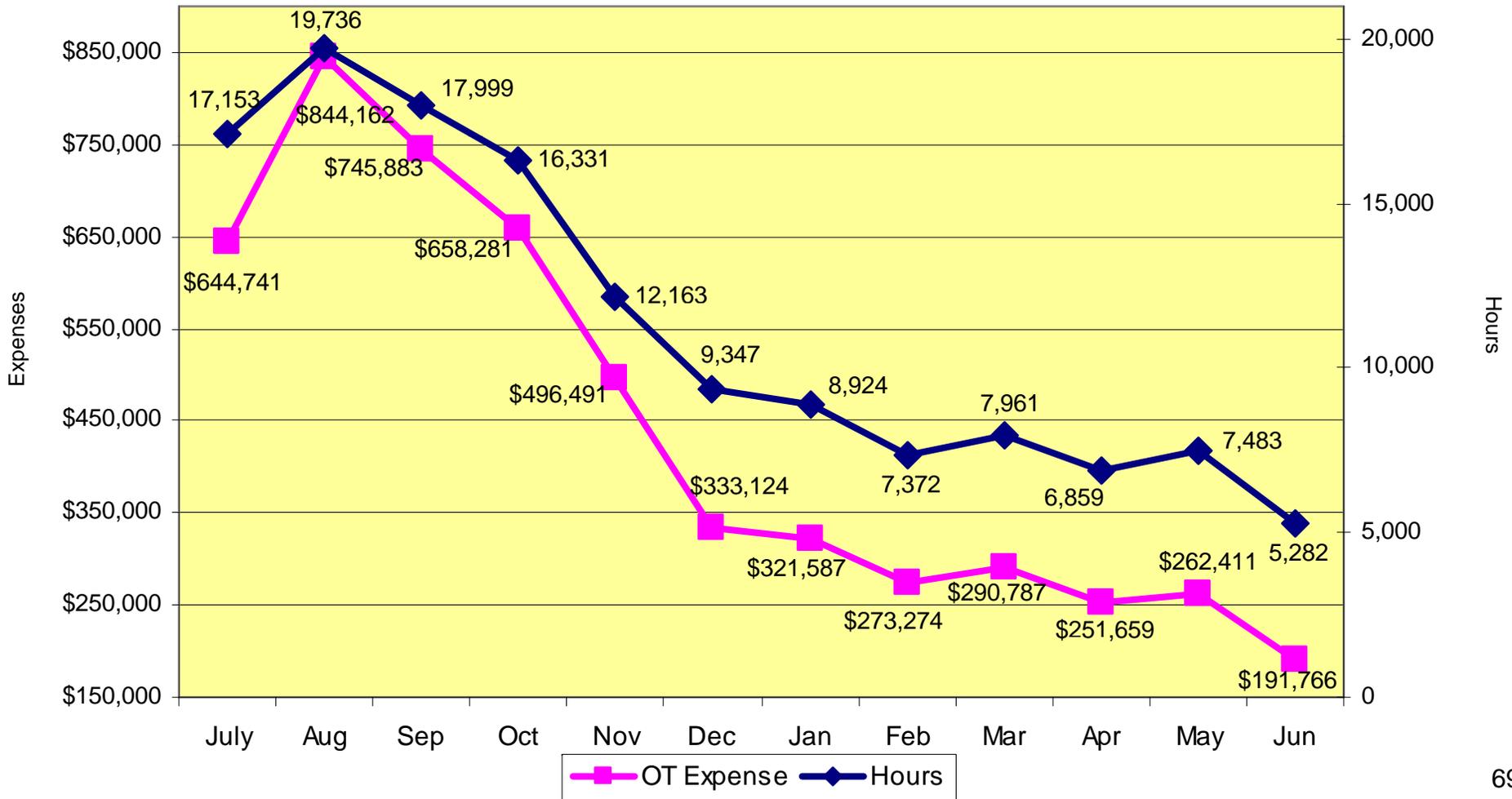


Overtime Hours and Expenses



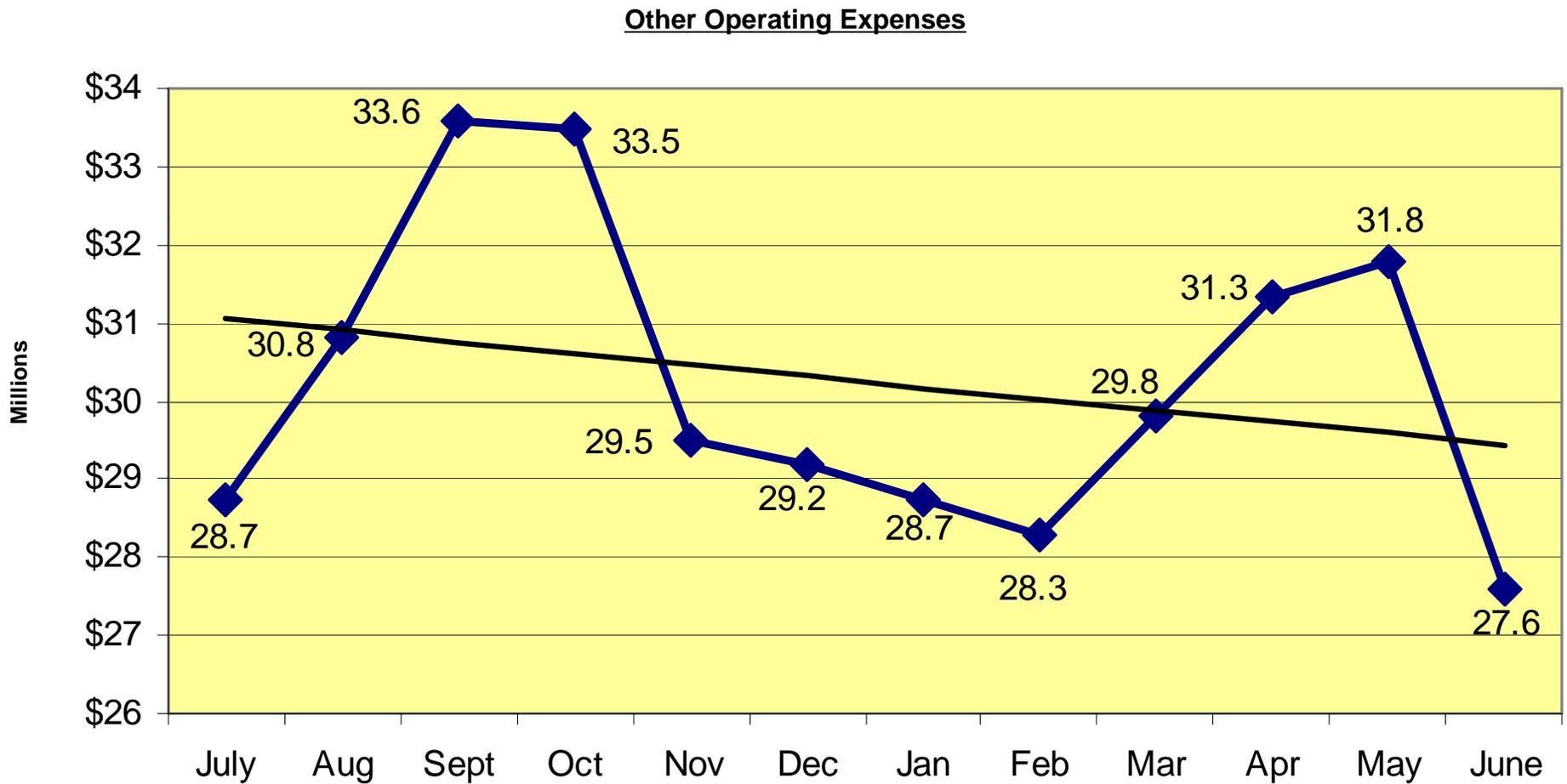
Overtime hours and expenses continue to decline. UIHC is one of the best performers compared to peer institutions.

Overtime Hours and Expenses



Other Operating Expenses

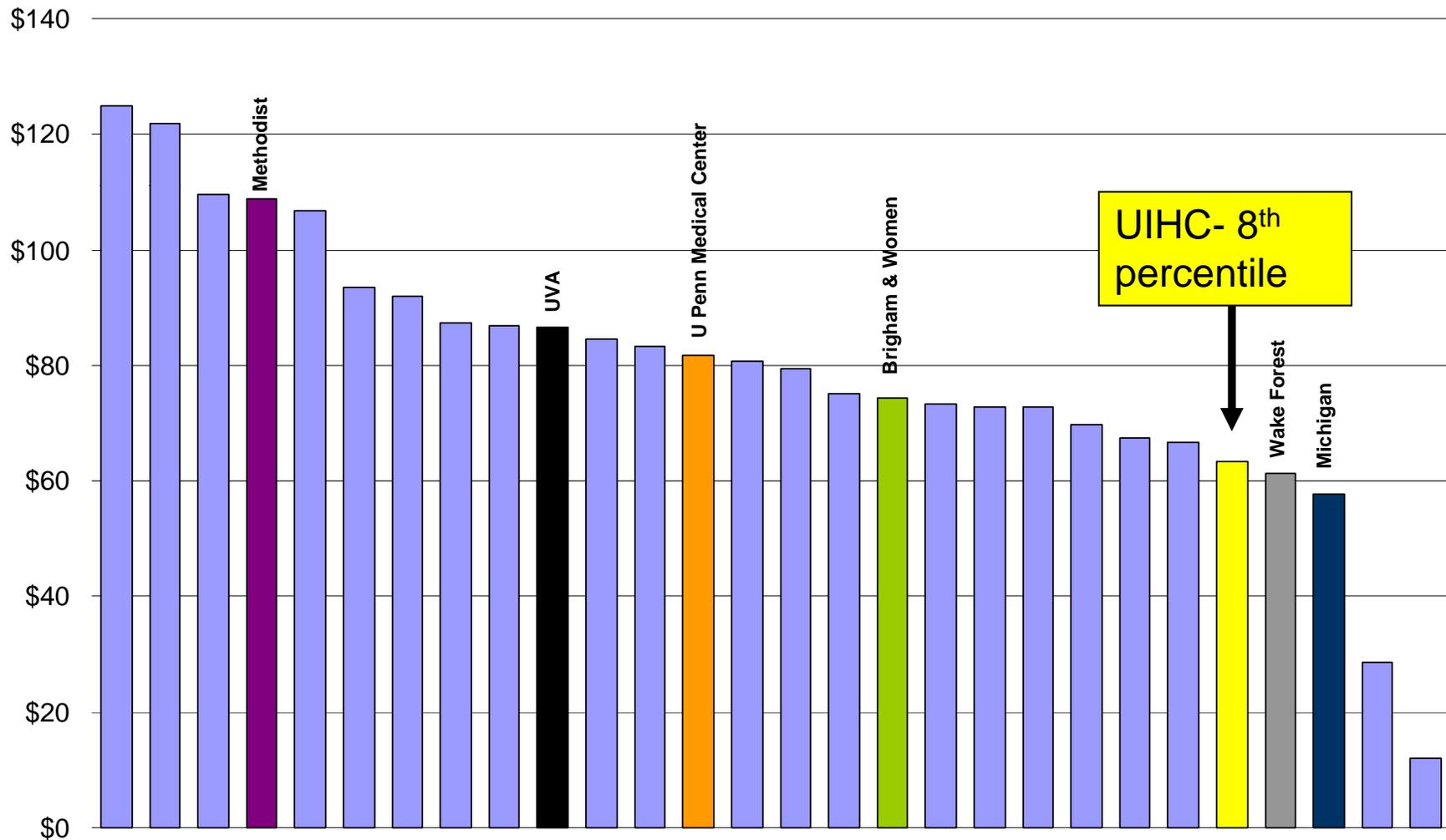
Due to significant work in the areas of supply chain and drug costs, we have seen a decrease in other operating expenses over the past 12 months.



Inpatient Drug Expense per CMI Weighted Adjusted Patient Day- Peer Benchmark Ranking



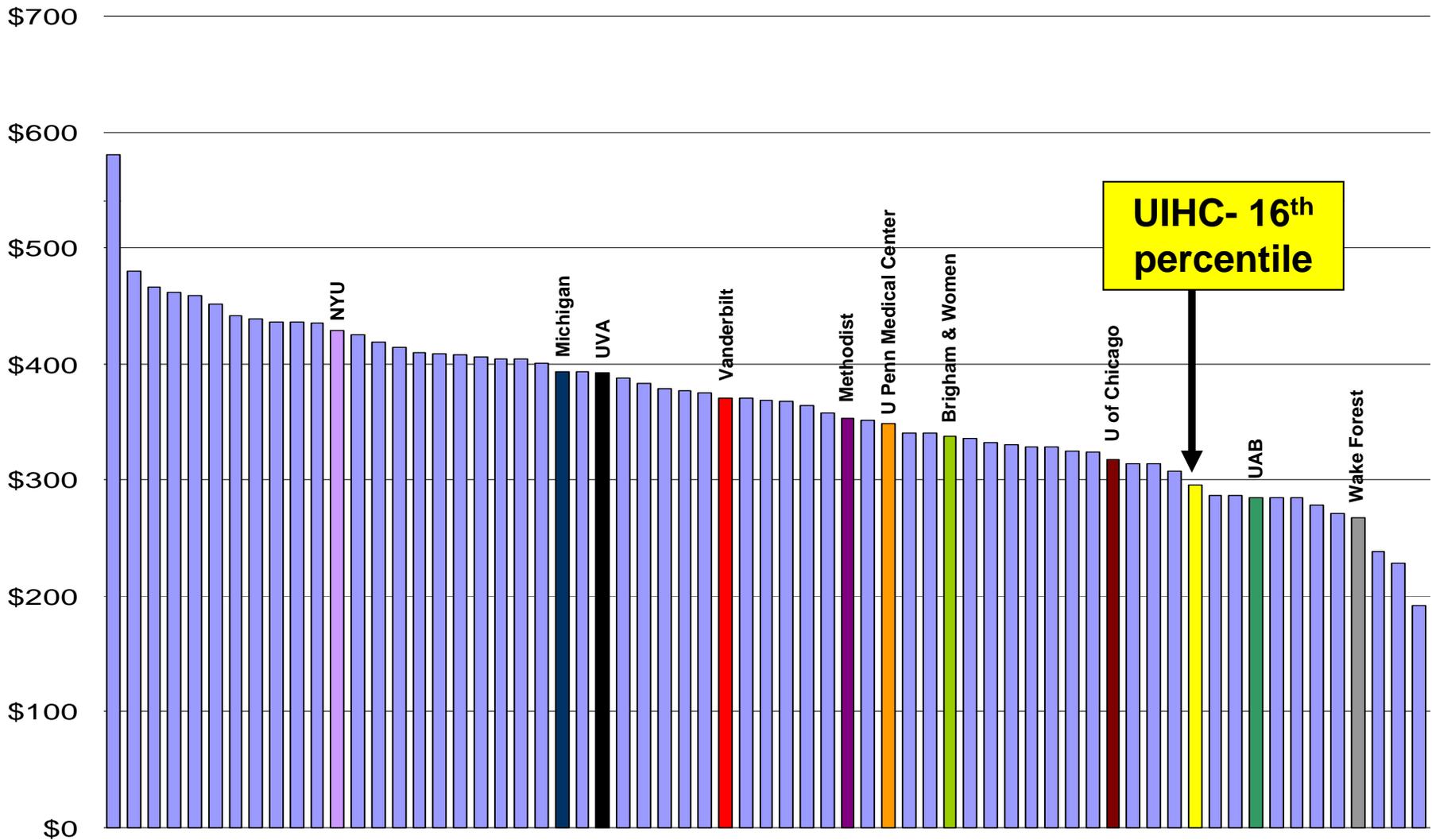
UIHC is among the best in the nation among peer institutions in managing inpatient drug expenses. For the first quarter in 2009, we are at the 8th percentile.



Total Supply Cost per CMI Weighted Adjusted Patient Day- Peer Benchmark Ranking



UIHC is managing supply chain expenses well. We are at the 16th percentile among U.S. academic medical centers.



FY09 Success Examples



- 25th in the nation for the specialty area of kidney disorders by *U.S. News & World Report's* 2009 edition of "America's Best Children's Hospitals"
- UI Children's Hospital ranked in the nation's top 25 Children's Hospitals by *Parents Magazine*
- Listed as a Top 5 Supply Chain performer by University Health System Consortium
- Fourth consecutive year UIHC has received the Medal of Honor for Organ Donation from the U.S. Department of Health and Human Services
- 18 UIHC Nurses honored among "100 Great Iowa Nurses"
- 267 physicians listed in the "Best Doctors in America" database

FY09 Success Examples

- Magnet Re-designation
- Level I Trauma Center re-verified for adults
- Pediatric Trauma Center Designation
- Transplant Letter of Approval - 20% growth in transplants over FY08
- Burn Center Re-verification
- Operating rooms are the first in Iowa to incorporate single and biplane X-ray imaging for minimally invasive heart surgeries and interventional neuroradiology, endovascular or neurosurgery cases