



University of Iowa Health Care

***Presentation to
The Board of Regents, State of Iowa
April 25-26, 2012***

- Opening Remarks (Robillard)
- Operational and Financial Performance (Kates, Fisher)
- FY13 Budget (Kates, Fisher)
- Faculty Presentation (Paulsen)



Opening Remarks

Jean Robillard, MD
Vice President for Medical Affairs



Operating and Financial Performance Update

Ken Kates, Chief Executive Officer
UI Hospitals & Clinics

Ken Fisher, Associate Vice President for Finance
and Chief Financial Officer

Volume Indicators

Fiscal Year to Date March 2012

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Discharges	22,961	22,368	22,375	593	2.7% ●	586	2.6% ●
Patient Days	146,546	144,687	148,071	1,859	1.3% ○	(1,525)	-1.0% ○
Length of Stay	6.41	6.52	6.61	(0.11)	-1.7% ○	(0.20)	-3.1% ●
Average Daily Census	532.90	526.13	540.41	6.76	1.3% ○	(7.51)	-1.4% ○
Surgeries – Inpatient	8,539	8,510	8,407	29	0.3% ○	132	1.6% ○
Surgeries – Outpatient	12,218	11,340	11,475	878	7.7% ●	743	6.5% ●
ED Visits	44,771	42,874	41,796	1,897	4.4% ●	2,975	7.1% ●
Outpatient Clinic Visits	647,766	643,333	617,213	4,433	0.7% ○	27,578	4.5% ●

● Greater than 2.5% Favorable	○ Neutral	● Greater than 2.5% Unfavorable
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Discharges by Type

Fiscal Year to Date March 2012

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	7,825	7,602	7,630	223	2.9% ●	195	2.6% ●
Adult Surgical	10,472	10,043	9,993	429	4.3% ●	479	4.8% ●
Adult Psych	1,086	1,189	1,198	(103)	-8.7% ●	(112)	-9.3% ●
<i>Subtotal – Adult</i>	<i>19,383</i>	<i>18,834</i>	<i>18,821</i>	<i>549</i>	<i>2.9% ●</i>	<i>562</i>	<i>3.0% ●</i>
Pediatric Medical & Surgical	2,499	2,543	2,554	(44)	-1.7% ○	(55)	-2.2% ○
Pediatric Critical Care	601	588	594	13	2.2% ○	7	1.2% ○
Pediatric Psych	478	402	406	76	18.8% ●	72	17.7% ●
<i>Subtotal – Pediatrics w/o newborn</i>	<i>3,578</i>	<i>3,534</i>	<i>3,554</i>	<i>44</i>	<i>1.3% ○</i>	<i>24</i>	<i>0.7% ○</i>
Newborn	1,066	1,118	1,056	(52)	-4.6% ●	10	0.9% ○
TOTAL w/o Newborn	22,961	22,368	22,375	593	2.7% ●	586	2.6% ●

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

Discharge Days by Type

Fiscal Year to Date March 2012

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	45,426	44,780	45,476	646	1.4% ○	(50)	-0.1% ○
Adult Surgical	54,821	52,379	53,036	2,442	4.7% ●	1,785	3.4% ●
Adult Psych	15,249	15,054	15,318	195	1.3% ○	(69)	-0.5% ○
<i>Subtotal – Adult</i>	<i>115,496</i>	<i>112,213</i>	<i>113,830</i>	<i>3,283</i>	<i>2.9% ●</i>	<i>1,666</i>	<i>1.5% ○</i>
Pediatric Medical & Surgical	13,244	14,135	14,354	(891)	-6.3% ●	(1,110)	-7.7% ●
Pediatric Critical Care	14,894	16,390	16,684	(1,496)	-9.1% ●	(1,790)	-10.7% ●
Pediatric Psych	3,529	3,050	3,099	479	15.7% ●	430	13.9% ●
<i>Subtotal – Pediatrics w/o newborn</i>	<i>31,667</i>	<i>33,575</i>	<i>34,137</i>	<i>(1,908)</i>	<i>-5.7% ●</i>	<i>(2,470)</i>	<i>-7.2% ●</i>
Newborn	2,373	2,666	2,362	(293)	-11.0% ●	11	0.5% ○
TOTAL w/o Newborn	147,163	145,788	147,967	1,375	0.9% ○	(804)	-0.5% ○

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

Average Length of Stay by Type

Fiscal Year to Date March 2012

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	5.81	5.89	5.96	(0.09)	-1.5% ○	(0.15)	-2.6% ●
Adult Surgical	5.24	5.22	5.31	0.02	0.4% ○	(0.07)	-1.4% ○
Adult Psych	14.04	12.66	12.79	1.38	10.9% ●	1.26	9.8% ●
Subtotal – Adult	5.96	5.96	6.05	0.00	0.0% ○	(0.09)	-1.5% ○
Pediatric Medical & Surgical	5.30	5.56	5.62	(0.26)	-4.6% ●	(0.32)	-5.7% ●
Pediatric Critical Care	24.78	27.87	28.09	(3.09)	-11.1% ●	(3.31)	-11.8% ●
Pediatric Psych	7.38	7.58	7.63	(0.20)	-2.6% ●	(0.25)	-3.3% ●
Subtotal – Pediatrics w/o newborn	8.85	9.50	9.61	(0.65)	-6.9% ●	(0.75)	-7.9% ●
Newborn	2.23	2.39	2.24	(0.16)	-6.7% ●	(0.01)	-0.5% ○
TOTAL w/o Newborn	6.41	6.52	6.61	(0.11)	-1.7% ○	(0.20)	-3.1% ●

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

Outpatient Surgeries – by Clinical Department

March 2012



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Cardiothoracic	54	51	52	3	6.3%	2	3.8%
Dentistry	484	433	420	51	11.8%	64	15.2%
Dermatology	29	31	36	(2)	-6.6%	(7)	-19.4%
General Surgery	1,945	1,884	1,917	61	3.2%	28	1.5%
Gynecology	661	574	563	87	15.2%	98	17.4%
Internal Medicine	11	2	3	9	396.7%	8	266.7%
Neurosurgery	330	347	351	(17)	-4.8%	(21)	-6.0%
Ophthalmology	2,694	2,403	2,417	291	12.1%	277	11.5%
Orthopedics	2,955	2,790	2,795	165	5.9%	160	5.7%
Otolaryngology	1,791	1,791	1,793	0	0.0%	(2)	-0.1%
Radiology – Interventional	26	24	19	2	10.4%	7	36.8%
Urology w/ Procedure Ste.	1,238	1,012	1,109	226	22.4%	129	11.6%
Total	12,218	11,340	11,475	878	7.7%	743	6.5%

Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Inpatient Surgeries – by Clinical Department

March 2012



Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Cardiothoracic	857	840	806	17	2.0% ○	51	6.3% ●
Dentistry	113	93	90	20	21.0% ●	23	25.6% ●
Dermatology	1	0	0	1	●	1	●
General Surgery	2,455	2,418	2,361	37	1.5% ○	94	4.0% ●
Gynecology	550	582	567	(32)	-5.5% ●	(17)	-3.0% ●
Neurosurgery	1,253	1,247	1,235	6	0.5% ○	18	1.5% ○
Ophthalmology	113	112	112	1	1.0% ○	1	0.9% ○
Orthopedics	1,932	2,037	2,022	(105)	-5.2% ●	(90)	-4.5% ●
Otolaryngology	592	565	590	27	4.8% ●	2	0.3% ○
Radiology – Interventional	99	84	90	15	18.5% ●	9	10.0% ●
Urology w/ Procedure Ste.	574	532	534	42	7.8% ●	40	7.5% ●
Total	8,539	8,510	8,407	29	0.3% ○	132	1.6% ○

Solid Organ Transplants	211	238	222	(27)	-11.3% ●	(11)	-5.0% ●
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● Greater than 2.5% Favorable
 ○ Neutral
 ● Greater than 2.5% Unfavorable

Emergency Department

March 2012

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
ED Visits	44,771	42,874	41,796	1,897	4.4% ●	2,975	7.1% ●
ED Admits	12,175	11,259	10,865	916	8.1% ●	1,310	12.1% ●
ED Conversion Factor	27.2%	26.3%	26.0%		3.6% ●		4.6% ●
ED Admits / Total Admits	53.2%	50.7%	48.6%		5.0% ●		9.4% ●

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Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Clinic Visits by Clinical Department

Fiscal Year to Date March 2012

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget		Variance to Prior Year	% Variance to Prior Year
Anesthesia	10,572	11,578	11,345	(1,006)	-8.7%	●	(773)	-6.8% ●
CDD	6,438	6,094	6,149	344	5.6%	●	289	4.7% ●
Clinical Research	7,298	8,072	7,773	(774)	-9.6%	●	(475)	-6.1% ●
Dermatology	19,459	23,391	19,103	(3,932)	-16.8%	●	356	1.9% ○
Emergency Department	44,771	42,874	41,796	1,897	4.4%	●	2,975	7.1% ●
General Surgery	19,284	18,245	17,473	1,039	5.7%	●	1,811	10.4% ●
Heart and Vascular	28,837	28,629	27,439	208	0.7%	○	1,398	5.1% ●
Hospital Dentistry	11,539	9,797	9,798	1,742	17.8%	●	1,741	17.8% ●
Internal Medicine	83,166	81,598	77,616	1,568	1.9%	○	5,550	7.2% ●
Neurology	12,878	12,967	12,346	(89)	-0.7%	○	532	4.3% ●
Neurosurgery	7,061	6,912	6,736	149	2.2%	○	325	4.8% ●
Obstetrics/Gynecology	59,304	58,105	55,258	1,199	2.1%	○	4,046	7.3% ●
Ophthalmology	51,930	53,030	48,297	(1,100)	-2.1%	○	3,633	7.5% ●
Orthopedics	47,200	45,970	43,853	1,230	2.7%	●	3,347	7.6% ●
Otolaryngology	22,097	21,605	20,436	492	2.3%	○	1,661	8.1% ●
Pediatrics	34,689	33,689	32,403	1,000	3.0%	●	2,286	7.1% ●
Primary Care	181,784	178,940	177,856	2,844	1.6%	○	3,928	2.2% ○
Psychiatry	30,836	32,385	31,280	(1,549)	-4.8%	●	(444)	-1.4% ○
Urology	13,020	11,895	11,566	1,125	9.5%	●	1,454	12.6% ●
Other	374	431	486	(57)	-13.3%	●	(112)	-23.0% ●
Total	692,537	686,207	659,009	6,330	0.9%	○	33,528	5.1% ●



Greater than 2.5% Favorable



Neutral



Greater than 2.5% Unfavorable

Outpatient Activity Detail

Fiscal Year to Date March 2012

Primary Care Clinics

Operating Review (YTD)

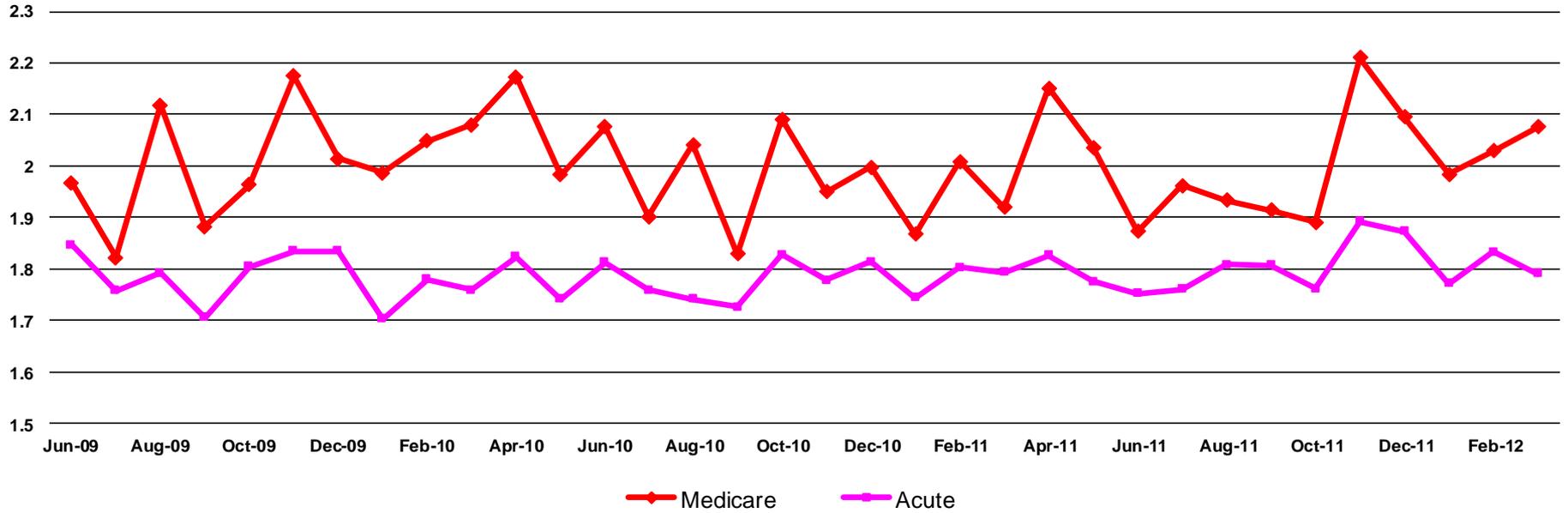
	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Employee Health Clinic	14,946	12,892	12,325	2,054	15.9% ●	2,621	21.3% ●
Family Care Center	65,492	78,548	66,893	(13,056)	-16.6% ●	(1,401)	-2.1% ○
Offsite Clinics	61,358	49,786	63,223	11,572	23.2% ●	(1,865)	-2.9% ●
Quick Care Clinics	22,350	21,051	19,274	1,299	6.2% ●	3,076	16.0% ●
Primary Care Clinic North	17,638	16,662	16,141	976	5.9% ●	1,497	9.3% ●
TOTAL	181,784	178,940	177,856	2,844	1.6% ○	3,928	2.2% ○

Clinical Cancer Center

Infusions	30,521	31,327	26,439	(806)	-2.6% ●	4,082	15.4% ●
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●	○	●
Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Case Mix Index



UIHC Comparative Financial Results

Fiscal Year to Date March 2012



Dollars in Thousands

NET REVENUES:	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Patient Revenue	\$773,285	\$775,573	\$733,698	(\$2,288)	-0.3%	\$39,587	5.4%
Other Operating Revenue	42,562	36,027	34,366	6,535	18.1%	8,196	23.8%
Total Revenue	\$815,847	\$811,600	\$768,064	\$4,247	0.5%	\$47,783	6.2%

EXPENSES:

Salaries and Wages	\$411,909	\$419,967	\$368,336	(\$8,058)	-1.9%	\$43,572	11.8%
General Expenses	324,799	310,934	303,817	13,865	4.5%	20,982	6.9%
Operating Expense before Capital	\$736,708	\$730,901	\$672,153	\$5,807	0.8%	\$64,555	9.6%
Cash Flow Operating Margin	\$79,139	\$80,699	\$95,911	(\$1,560)	-1.9%	(\$16,772)	-17.5%
Capital- Depreciation and Amortization	51,744	50,616	52,070	1,128	2.2%	(326)	-0.6%
Total Operating Expense	\$788,452	\$781,517	\$724,223	\$6,935	0.9%	\$64,229	8.9%

Operating Income	\$27,395	\$30,083	\$43,841	(\$2,688)	-8.9%	(\$16,447)	-37.5%
Operating Margin %	3.4%	3.7%	5.7%		-0.3%		-2.3%
Gain on Investments	23,432	16,477	26,751	6,956	42.2%	(3,319)	-12.4%
Other Non-Operating	(1,896)	(3,937)	(2,610)	2,041	51.8%	714	27.3%
Net Income	\$48,931	\$42,623	\$67,983	\$6,308	14.8%	(\$19,052)	-28.0%
Net Margin %	5.8%	5.2%	8.6%		0.7%		-2.7%

UIHC Comparative Financial Results

March 2012



Dollars in Thousands

NET REVENUES:	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Patient Revenue	\$91,382	\$87,942	\$84,282	\$3,440	3.9%	\$7,099	8.4%
Other Operating Revenue	5,701	4,003	4,103	1,698	42.4%	1,598	38.9%
Total Revenue	\$97,083	\$91,945	\$88,385	\$5,138	5.6%	\$8,697	9.8%

EXPENSES:

Salaries and Wages	\$45,888	\$47,277	\$41,551	(\$1,389)	-2.9%	\$4,337	10.4%
General Expenses	35,139	33,840	35,550	1,299	3.8%	(411)	-1.2%
Operating Expense before Capital	\$81,028	\$81,117	\$77,101	(89)	-0.1%	3,926	5.1%
Cash Flow Operating Margin	\$16,055	\$10,828	\$1,284	\$5,227	48.3%	\$4,771	42.3%
Capital- Depreciation and Amortization	6,394	5,624	5,786	770	13.7%	609	10.5%
Total Operating Expense	\$87,422	\$86,741	\$82,887	\$681	0.8%	\$4,535	5.5%

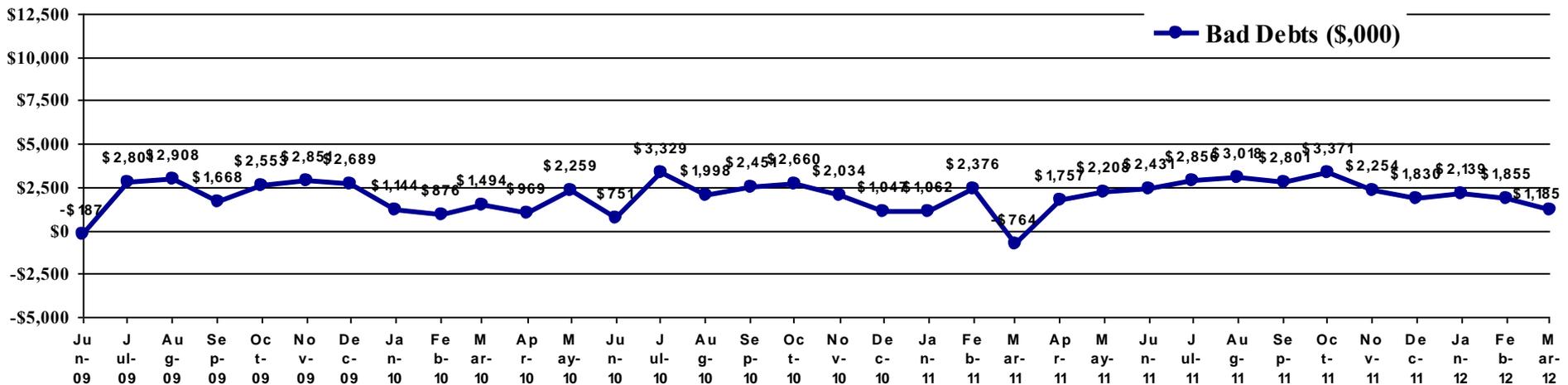
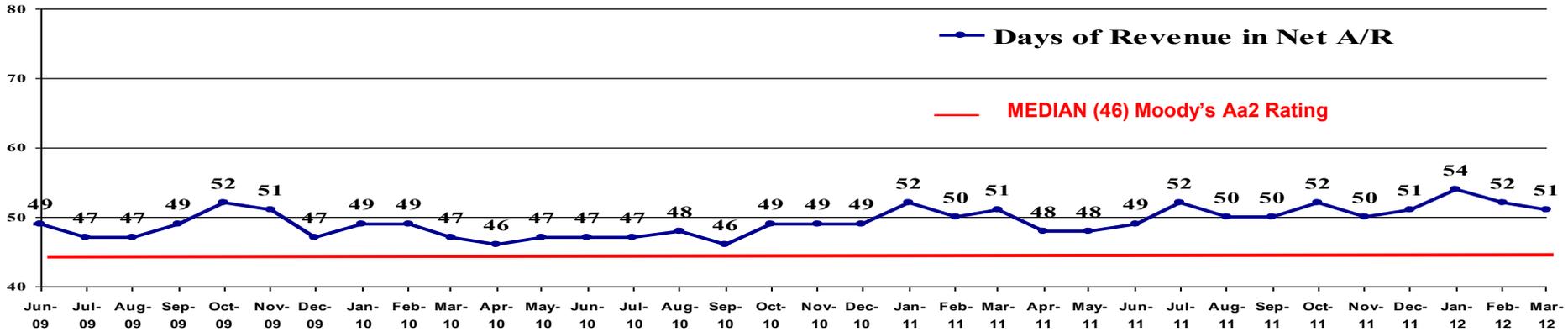
Operating Income (Loss)	\$9,661	\$5,204	\$5,498	\$4,457	85.6%	\$4,162	75.7%
Operating Margin %	10.0%	5.7%	6.2%		4.3%		3.7%
Gain on Investments	6,448	1,831	(11)	4,617	252.2%	6,458	57671.9%
Other Non-Operating	(1,779)	(437)	(345)	(1,342)	306.8%	(1,435)	-416.0%
Net Income	\$14,329	\$6,597	\$5,142	\$7,733	117.2%	\$9,187	178.7%
Net Margin %	14.1%	7.1%	5.8%		7.0%		8.2%

Comparative Accounts Receivable

at March 31, 2012



	June 30, 2010	June 30, 2011	March 31, 2012
Net Accounts Receivable	\$117,737,680	\$136,477,870	\$147,434,090
Net Days in AR	47	49	51





FY 2013 Budget

Ken Kates, Chief Executive Officer
UI Hospitals & Clinics

Ken Fisher, Associate Vice President for Finance
and Chief Financial Officer

Laying the groundwork – focus on the Strategic Plan

- The UI Health Care Integrated Strategic Plan encompasses UI Hospitals and Clinics, the Carver College of Medicine, and UI Physicians.
- The integrated strategic plan is built on the premise of “One Vision, One Future” articulated in early 2008.
- The plan is based upon the singular mission, “Changing Medicine. Changing Lives” and articulates a far-reaching vision of “World Class People. World Class Medicine. For Iowa and the World.”
- This emphasis on excellence and being the best possible provider of patient care, a recognized leader in medical education and a center for leading edge research is encompassed in the UI Health Care shared values of innovation, collaboration, accountability, respect and excellence.

Goals

Clinical Quality &
Service

Research

Education

People

Diversity

Growth &
Finance

1. Provide world-class health care and service to optimize health for everyone.
2. Advance world-class discovery through excellence and innovation in biomedical and health services research.
3. Develop world-class health professionals and scientists through excellent, innovative and humanistic educational curricula for learners at every stage.
4. Foster a culture of excellence that values, engages and enables our workforce.
5. Create an environment of inclusion where individual differences are respected and all feel welcome.
6. Optimize a performance-driven business model that assures financial success.

Measuring Plan Performance

- The plan has a strong results orientation that identifies what UI Health Care will measure to determine progress against benchmarks and targets.
- Major indicators of success include:
 - UIHC is on the honor roll of best hospitals (*US News & World Report*)
 - The UI Children's Hospital is among the Top 25 children's hospitals (*US News & World Report*)
 - The CCOM is in the Top 10 among public medical schools
 - The CCOM is in the Top 10 for NIH funding among public medical schools
 - UI Health Care maintains its AA bond rating (*Moody's and S&P*)
- The UI Health Care operating and capital budgets are designed to enable measurable progress toward achieving the goals outlined in the strategic plan.

“Optimize a performance-driven business model that assures financial success”

Strategies:

- Deliver safe high quality patient care.
- Ensure sound financial position of clinical programs.
- Grow clinical programmatic priority areas.
- Ensure sound financial position of non-clinical programs.
- Ensure appropriate resources and facilities are available for clinical, education and research strategies.

Strategic Metrics - Creating linkages between all units

- Margin expectation
- State funding expectations
- Capital planning
- Physician workforce changes
- Clinical volumes
- Revenue
- Operating expense
- Non-operating revenue/expense

Margin Expectations

- Each CCOM department is expected to achieve breakeven at an “all funds” level
- UI Hospital and Clinics is expected to achieve an operating margin of 3% of net operating revenue

Capital Planning

- UI Hospital and Clinics will fund \$194.6 million in capital projects and routine equipment for FY2013.

Capital Planning: Preliminary FY2013 Budget Allocation

Capital Projects approved prior to FY2012	17,717,700
Strategic Projects:	
Childrens Hospital	42,600,000
Iowa River Landing	30,021,579
Heart and Vascular Intensive Care Unit	12,500,000
Surgical Platform Expansion	23,717,265
Off-Site Clinics	4,100,000
<u>Other</u>	<u>16,181,650</u>
Subtotal	129,120,494
FY13 New Capital Projects	27,669,015
Under \$100,000 Capital Requests	12,052,391
Administrative and Facilities Contingency	8,060,000
Total Capital Spending Forecast	194,619,600

Forecasting Clinical Volumes—Process

- Program Driven Assumptions from Clinical Leadership, Hospital Leadership and VPMA Cabinet
 - Admissions and visits
 - Case mix index (CMI)
 - RVU's
 - Surgical volume
 - Length of stay by clinical service (medical/surgical)
 - Ambulatory activity

Forecasting Clinical Volumes—Process (cont'd)

- Input from all key stakeholders
- Exploded key driving volumes, linking physician effort with hospital cost center level volumes for all areas.
- Enterprise-wide agreement and consistency in projections
- VPMA Cabinet validated and finalized

Revenue Forecast

- Exploded key driving volumes
 - Clinical RVU's (physician work effort)
 - Cost center level volumes for all hospital areas
- Volumes yield Gross Revenue
- Net Revenue Modeled with Assumptions
 - Payer Mix
 - Chargemaster Rate Change
 - Payer Rate changes
 - Case Mix Index changes
 - Type of Service (Inpatient or Outpatient)
- Net Revenue for all Clinical Departments and Hospital
- Reviewed with VPMA Cabinet and “locked down”

Expense Forecast

- Includes inflation assumptions on wages, supplies and UI pass-through or charge backs
- Includes known changes in funds flow between CCOM/UIP/UIHC
- Sensitive to volume changes
- Includes cost cutting initiatives necessary to meet operating margin

UI HEALTH CARE TRENDS AND BUDGET PROJECTIONS

REVENUE	
Volume Growth	
Inpatient	2.0%
Outpatient	4.5%
ALOS Reduction	-3.1%
Case Mix Increase	3.6%
Charge Increase	6.0%
Payor Inflation	1.8%
EXPENSE	
Salary Increase	
SEIU	3.0%
Merit	4.0%
P&S	3.0%
Faculty	2.0%
Blended Non-Salary Cost Inflation	3.0%

University of Iowa Hospitals and Clinics

Volume Drivers



	Budget	Projected						
VOLUME-PRICE DRIVERS	FY2013	FY2012	FY2011	FY2010	FY2009	FY2008	FY2007	
Inpatient Revenue	\$ 1,440,533	\$ 1,381,622	\$ 1,286,234	\$ 1,124,983	\$ 1,115,977	\$ 991,692	\$ 888,982	
Volume (Adj. Pt. Day)	-1.7%	1.4%	7.7%	-4.3%	7.8%	5.7%		
Price	6.0%	6.0%	6.6%	5.1%	4.7%	5.9%		
Total	4.3%	7.4%	14.3%	0.8%	12.5%	11.6%		
Outpatient Revenue	\$ 1,390,765	\$ 1,251,851	\$ 1,108,451	\$ 978,345	\$ 872,887	\$ 753,174	\$ 713,580	
Volume (Adj. Pt. Day)	5.1%	6.9%	8.2%	4.6%	7.9%	-0.6%		
Price	6.0%	6.0%	5.1%	7.5%	8.0%	6.1%		
Total	11.1%	12.9%	13.3%	12.1%	15.9%	5.5%		
Salaries	\$ 406,793	\$ 394,478	\$ 360,959	\$ 338,728	\$ 358,904	\$ 330,438	\$ 298,146	
Volume (FTE's)	0.7%	6.1%	4.0%	-8.6%	5.9%	4.7%		
Inflation	2.4%	3.2%	2.5%	3.0%	2.7%	6.1%		
Total	3.1%	9.3%	6.6%	-5.6%	8.6%	10.8%		
Benefits	\$ 168,392	\$ 156,894	\$ 127,587	\$ 126,855	\$ 142,136	\$ 121,489	\$ 105,808	
Volume (FTE's)	0.7%	6.1%	4.0%	-12.1%	14.3%	8.7%		
Inflation	6.6%	16.9%	-3.5%	1.3%	2.7%	6.1%		
Total	7.3%	23.0%	0.6%	-10.8%	17.0%	14.8%		
Supplies	\$ 134,949	\$ 133,011	\$ 123,514	\$ 114,097	\$ 113,795	\$ 103,557	\$ 96,932	
Volume (Adj. Pt. Day)	-0.5%	6.6%	1.4%	1.0%	7.7%	4.4%		
Inflation	2.0%	1.1%	6.8%	-0.7%	2.2%	2.5%		
Total	1.5%	7.7%	8.3%	0.3%	9.9%	6.8%		
Drugs	\$ 96,893	\$ 89,135	\$ 79,265	\$ 70,877	\$ 71,927	\$ 68,708	\$ 60,297	
Volume (Adj. Pt. Day)	2.3%	11.4%	5.0%	-0.7%	2.5%	11.5%		
Inflation	6.4%	1.1%	6.8%	-0.7%	2.2%	2.5%		
Total	8.7%	12.5%	11.8%	-1.5%	4.7%	13.9%		

	<u>Inpatient</u>	<u>Outpatient</u>
FY08	4.2%	4.1%
FY09	1.8%	3.2%
FY10	1.0%	3.3%
FY11	3.3%	1.6%
FY12	0.5%	1.8%

University of Iowa Hospitals and Clinics

Key Statistics

KEY STATISTICS	Budget	Projected	FY2011	FY2010	FY2009	FY2008	FY2007
	FY2013	FY2012					
Volumes							
Acute discharges	31,005	30,397	29,987	28,973	29,753	29,400	27,872
Acute discharge days	191,455	193,628	196,716	181,259	195,752	190,980	182,244
Length of stay	6.17	6.37	6.56	6.26	6.54	6.52	6.55
Surgeries							
Inpatient surgeries	11,650	11,422	11,215	10,907	10,840	11,151	10,856
Outpatient surgeries	17,490	16,737	15,487	14,279	13,150	11,441	11,096
Total Surgeries	29,141	28,159	26,702	25,186	23,990	22,592	21,952
Outpatient Visits							
Outpatient visits (excluding ETC)	801,043	766,548	722,380	701,957	692,852	658,289	649,312
ETC visits	63,913	61,161	56,409	51,866	49,460	43,677	38,766
Total Visits	864,956	827,709	778,789	753,823	742,312	701,966	688,078
Case Mix Index							
Case mix index (w/o newborn nursery)	1.86	1.79	1.79	1.78	1.82	1.77	1.80

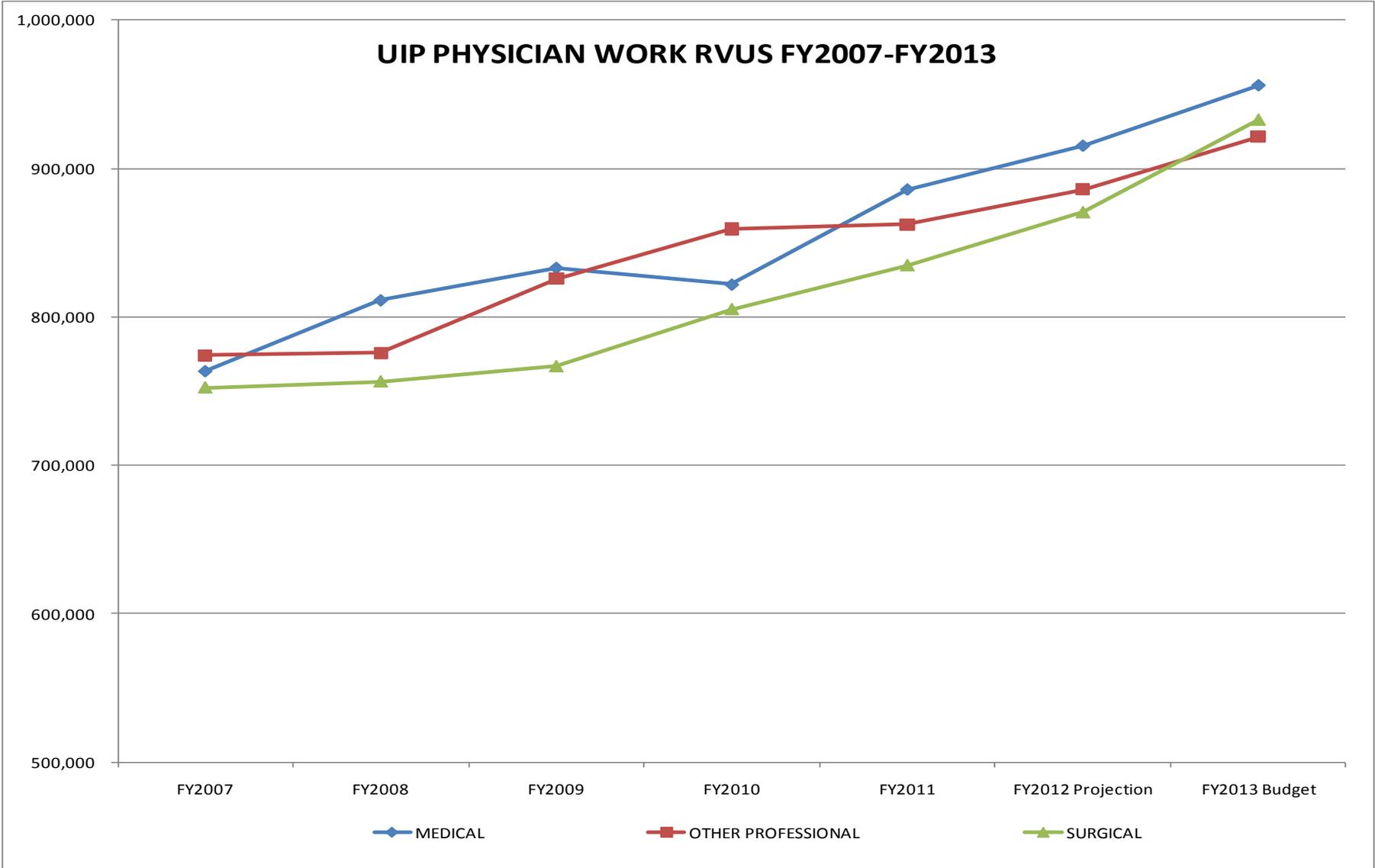
University of Iowa Hospitals and Clinics

Income Statements



	FY13 BUDGET	FY12 PROJECTION	FY11 ACTUAL	FY10 ACTUAL	FY09 ACTUAL	FY08 ACTUAL	FY07 ACTUAL
Patient Revenues:							
Total Patient Revenues.....	\$ 2,831,298	\$ 2,633,473	\$ 2,394,685	\$ 2,103,328	\$ 1,988,864	\$ 1,744,866	\$ 1,602,562
Total Allowances/Adjustments.....	(1,734,356)	(1,586,340)	(1,406,451)	(1,203,622)	(1,112,288)	(925,230)	(839,945)
Net Patient Revenue.....	\$ 1,096,942	\$ 1,047,133	\$ 988,234	\$ 899,706	\$ 876,577	\$ 819,636	\$ 762,617
Other Operating Revenue	\$ 54,115	\$ 55,373	\$ 45,214	\$ 43,752	\$ 51,617	\$ 51,536	\$ 52,077
Total Net Operating Revenue.....	\$ 1,151,057	\$ 1,102,506	\$ 1,033,448	\$ 943,458	\$ 928,193	\$ 871,173	\$ 814,693
Operating Expenses:							
Salaries and Fringe Benefits							
Faculty Salary	\$ 18,699	\$ 15,387	\$ 14,078	\$ 11,620	\$ 13,840	\$ 12,255	\$ 11,207
P&S Salary	87,791	81,132	72,281	67,355	71,985	63,066	56,716
SEIU Salary	164,887	166,646	149,647	140,522	150,560	137,088	120,991
Merit Salary	105,126	98,516	90,681	86,212	94,049	89,698	83,216
Other Salary and Contract Labor	31,815	34,292	36,666	33,246	29,763	28,728	26,121
Employee Benefits	168,392	156,894	127,587	126,855	142,136	121,489	105,808
Subtotal Personnel Expense.....	\$ 576,710	\$ 552,867	\$ 490,939	\$ 465,811	\$ 502,334	\$ 452,324	\$ 404,060
Supplies	\$ 134,949	\$ 133,011	\$ 123,514	\$ 114,097	\$ 113,795	\$ 103,557	\$ 96,932
Drugs	96,893	89,135	79,265	70,877	71,927	68,708	60,297
Medical Services	85,411	76,175	70,944	78,731	69,486	59,231	50,402
Other Operating Expenses	152,080	137,210	138,377	113,040	106,437	100,404	97,095
Subtotal Other Operating Expense....	\$ 469,333	\$ 435,531	\$ 412,100	\$ 376,746	\$ 361,645	\$ 331,900	\$ 304,727
Oper Exp Excl Capital & Other.....	\$ 1,046,043	\$ 988,398	\$ 903,039	\$ 842,556	\$ 863,979	\$ 784,225	\$ 708,787
CFOM.....	\$ 105,014	\$ 114,108	\$ 130,409	\$ 100,902	\$ 12,598	\$ 86,948	\$ 105,906
CFOM Margin%.....	9.1%	10.3%	12.6%	10.7%	1.4%	10.0%	13.0%
Depreciation & Amortization	70,114	69,627	70,062	74,812	72,975	68,141	57,168
Total Operating Expense.....	\$ 1,116,157	\$ 1,058,025	\$ 973,101	\$ 917,368	\$ 936,954	\$ 852,365	\$ 765,955
Operating Income (Loss).....	\$ 34,900	\$ 44,481	\$ 60,347	\$ 26,090	\$ (8,760)	\$ 18,807	\$ 48,738
Operating Margin%.....	3.0%	4.0%	5.8%	2.8%	-0.9%	2.2%	6.0%

University of Iowa Physicians RVU trend



	FY13 Top Down	FY12 Projected	FY11	FY10	FY09	FY08	FY07
Net Patient Revenue	\$ 216,261,754	\$ 213,709,782	\$ 202,638,959	\$ 186,242,352	\$ 187,034,829	\$ 172,929,128	\$ 153,493,136
Other Operating Revenue	19,843,094	19,776,544	19,112,334	14,560,355	12,041,052	12,245,995	16,303,045
Total Net Operating Revenue	\$ 236,104,849	\$ 233,486,327	\$ 221,751,293	\$ 200,802,708	\$ 199,075,881	\$ 185,175,123	\$ 169,796,182
Operating Expenses							
Faculty Salary	\$ 88,915,936	\$ 85,123,753	\$ 73,234,054	\$ 65,452,340	\$ 65,431,475	\$ 59,245,852	\$ 52,908,478
P&S Salary	12,022,161	11,749,208	10,409,299	8,697,956	8,486,365	8,285,069	7,677,358
SEIU Salary	9,117,178	8,851,629	8,652,171	6,906,488	6,550,476	5,989,149	6,126,403
Merit Salary	12,338,766	11,805,061	12,390,432	12,829,618	13,664,429	13,412,563	12,869,576
Other Salary and Contact Labor	7,566,612	7,338,492	7,781,194	6,267,254	7,732,383	7,613,709	6,550,046
Employee Benefits	32,880,234	33,655,130	31,218,845	28,501,699	29,145,252	25,034,182	22,802,181
Personnel Expense	\$ 162,840,886	\$ 158,523,272	\$ 143,685,995	\$ 128,655,355	\$ 131,010,380	\$ 119,580,524	\$ 108,934,042
Supplies	\$ 3,518,478	\$ 3,460,454	\$ 2,973,659	\$ 2,757,649	\$ 2,902,104	\$ 2,893,262	\$ 2,476,186
Drugs	54,814	53,910	25,984	29,755	17,817	19,046	6,329
Other Operating Expenses	13,111,900	12,895,668	13,350,679	12,132,612	10,816,246	11,301,046	7,008,812
Non-Personnel Expenses	\$ 16,685,192	\$ 16,410,032	\$ 16,350,322	\$ 14,920,016	\$ 13,736,166	\$ 14,213,353	\$ 9,491,327
Subtotal Oper. Exp. Excl Cap and Other	\$ 179,526,078	\$ 174,933,304	\$ 160,036,316	\$ 143,575,371	\$ 144,746,547	\$ 133,793,877	\$ 118,425,369
Overhead Expense	50,788,066	49,835,941	46,603,710	42,740,531	45,419,620	41,341,081	40,630,893
Total Expenses	\$ 230,314,144	\$ 224,769,245	\$ 206,640,026	\$ 186,315,902	\$ 190,166,166	\$ 175,134,958	\$ 159,056,262
Operating Income	\$ 5,790,705	\$ 8,717,082	\$ 15,111,266	\$ 14,486,806	\$ 8,909,715	\$ 10,040,165	\$ 10,739,920

	FY13 Top Down	FY12 Projected	FY11	FY10	FY09	FY08	FY07
Net Patient Revenue	\$ 225,518,888	\$ 223,906,347	\$ 209,508,077	\$ 189,954,059	\$ 187,165,367	\$ 169,003,086	\$ 159,235,815
Gen Ed Funds and/or Special Appropriations	65,387,777	64,105,663	63,799,185	67,912,891	66,206,187	63,485,912	62,171,500
UIHC Transfers	56,961,498	55,853,076	54,652,108	61,774,179	53,389,941	56,057,765	29,484,982
Gifts and Grants	192,050,935	187,680,333	204,559,354	204,470,629	187,012,467	175,752,084	174,962,534
Other Revenue	65,001,890	63,036,847	65,802,923	67,392,697	62,627,743	55,334,599	73,104,966
Total Net Operating Revenue	\$ 604,920,987	\$ 594,582,266	\$ 598,321,648	\$ 591,504,456	\$ 556,401,706	\$ 519,633,446	\$ 498,959,797
Operating Expenses							
Faculty Salary	\$ 202,641,673	\$ 198,044,907	\$ 181,022,557	\$ 170,955,428	\$ 167,313,890	\$ 157,273,770	\$ 146,794,395
P&S Salary	67,733,179	66,166,560	64,654,956	62,665,394	64,353,291	59,902,776	57,183,051
SEIU Salary	12,694,365	12,324,626	12,113,797	10,534,576	10,735,115	9,650,041	10,804,697
Merit Salary	17,620,513	16,986,295	19,481,155	20,467,196	22,041,479	21,998,221	21,581,984
Other Salary and Contact Labor	35,641,554	35,461,076	35,799,163	33,429,128	35,322,046	33,057,722	29,423,177
Employee Benefits	87,394,242	88,754,551	84,238,812	83,273,926	82,707,108	70,608,093	66,735,548
Personnel Expense	\$ 423,725,526	\$ 417,738,016	\$ 397,310,439	\$ 381,325,648	\$ 382,472,929	\$ 352,490,623	\$ 332,522,851
Supplies	\$ 38,314,615	\$ 36,857,251	\$ 40,150,057	\$ 40,436,085	\$ 37,959,268	\$ 36,310,709	\$ 34,184,149
Drugs	550,138	529,212	576,492	536,858	412,607	491,093	495,742
Medical Services	2,332,722	2,243,993	2,444,470	1,580,632	1,613,768	711,218	581,353
Other Operating Expenses	66,917,252	64,367,073	73,542,384	76,575,506	70,013,620	62,168,796	63,771,946
Non-Personnel Expenses	\$ 108,114,727	\$ 103,997,530	\$ 116,713,403	\$ 119,129,082	\$ 109,999,263	\$ 99,681,817	\$ 99,033,191
Subtotal Oper. Exp. Excl Cap and Other	\$ 531,840,253	\$ 521,735,546	\$ 514,023,842	\$ 500,454,730	\$ 492,472,193	\$ 452,172,440	\$ 431,556,041
Overhead Expense	72,053,772	70,902,652	70,719,853	69,472,829	67,153,546	62,830,210	62,809,963
Total Expenses	\$ 603,894,025	\$ 592,638,198	\$ 584,743,695	\$ 569,927,559	\$ 559,625,739	\$ 515,002,651	\$ 494,366,005
Operating Income	\$ 1,026,962	\$ 1,944,067	\$ 13,577,953	\$ 21,576,897	\$ (3,224,033)	\$ 4,630,795	\$ 4,593,793

Factors influencing reduced CCOM operating margin

- With research support falling, costs are shifting to non-grant resources.
- Payor reimbursement increases significantly lower than expense inflation to provide patient care.
- Faculty expansion to meet clinical demand and re-invest in research. Expenses must be incurred before growth is realized.



Faculty Presentation

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Professor of Psychiatry, Neurology, Neurosciences,
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