University of Iowa Health Care

Presentation to

The Board of Regents, State of Iowa

April 20-21, 2016

Agenda

- Opening Remarks (Robillard)
- Operational and Financial Performance (Kates & Fisher)
- Managing High Census (Kates)
- FY 2017 Operating Budget (Kates & Fisher)

Opening Remarks

Jean Robillard, MD
Vice President for Medical Affairs

America's Best Health Care Employers

Health Care Ranking	Overall Forbes Ranking	Health Care System or Hospital	Location
1	7	University of Iowa Hospitals & Clinics	Iowa City, Iowa
2	9	Mayo Clinic	Rochester, Minnesota
3	10	Seattle Children's Hospital	Seattle, Washington
4	16	Sharp HealthCare	San Diego, California
5	28	Northside Hospital	Atlanta, Georgia
6	24	Partners HealthCare System	Boston, Massachusetts
7	25	Atlantic Health System	Morristown, New Jersey
8	27	Yale New Haven Health	New Haven, Connecticut
9	33	Houston Methodist	Houston, Texas
10	60	Fairview Health Services	Minneapolis, Minnesota

Forbes | 2016 AMERICA'S BEST LARGE EMPLOYERS POWERED BY STATISTA

America's Best Large Employers

Ranking	Company	Industries	Location
1	Marathon Petroleum	Construction, Oil & Gas	Findlay, Ohio
2	Google	IT, Internet, Software & Services	Mountain View, California
3	Costco Wholesale	Retail & Wholesale	Issaquah, Washington
4	Wegmans Food Markets	Retail & Wholesale	Rochester, New York
5	United Services Auto Assoc	Insurances	San Antonio, Texas
6	SAS	IT, Internet, Software & Services	Cary, North Carolina
7	University of Iowa Hospitals and Clinics	Healthcare & Social	Iowa City, Iowa
8	JetBlue Airways	Transportation & Logistics	Long Island City, New York
9	Mayo Clinic	Healthcare & Social	Rochester, Minnesota
10	Seattle Children's Hospital	Healthcare & Social	Seattle, Washington
11	Facebook	IT, Internet, Software & Services	Menlo Park, California
12	Massachusetts Institute of Technology	Education	Cambridge, Massachusetts
13	Southwest Airlines	Transportation and Logistics	Dallas, Texas
14	Duke University	Education	Durham, North Carolina
15	CBRE Group	Business Services & Supplies	Los Angeles, California
16	Sharp HealthCare	Healthcare & Social	San Diego, California
17	Publix Super Markets	Retail & Wholesale	Lakeland, Florida
18	Northside Hospital	Healthcare & Social	Atlanta, Georgia
19	John Deere	Engineering, Manufacturing	Moline, Illinois
20	Trader Joe's	Retail & Wholesale	Monrovia, California

Operational and Financial Performance

Ken Kates, Associate Vice President &
Chief Executive Officer, UI Hospitals & Clinics

Ken Fisher, Associate Vice President for Finance
and Chief Financial Officer, UI Hospitals & Clinics

Volume Indicators

Fiscal Year to Date February 2016

UNIVERSITY OF IOWA HEALTH CARE

Operating Review (YTD)	Actual	Budget	Prior Year *	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Discharges	22,019	21,817	20,815	202	0.9% ○	1,204	5.8% ●
Patient Days	144,476	139,638	136,033	4,838	3.5% ●	8,443	6.2% ●
Average Daily Census	592.11	572.29	559.81	19.82	3.5% ●	32.30	5.8% ●
Total Surgeries	20,200	20,443	19,529	(243)	-1.2% ○	671	3.4% ●
- Inpatient	9,818	8,215	7,844	1,603	19.5% ●	1,974	25.2% ●
- Outpatient	10,382	12,228	11,685	(1,846)	-15.1% ●	(1,303)	-11.2% ●
ED Visits	38,556	38,581	37,653	(25)	-0.1% ○	903	2.4% ○
Total Clinic Visits	571,801	579,403	541,948	(7,602)	-1.3% ○	29,853	5.5% ●

* **from ongoing operations**

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

Discharges by Type

Fiscal Year to Date February 2016

UNIVERSITY OF IOWA HEALTH CARE

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	6,096	5,979	5,710	117	2.0% ○	386	6.8% ●
Adult Surgical	11,858	11,261	10,748	597	5.3% ●	1,110	10.3% ●
Adult Psych	786	952	908	(166)	-17.4% ●	(122)	-13.4% ●
Subtotal – Adult	*18,740*	*18,192*	*17,366*	*548*	*3.0%* ●	*1,374*	*7.9%* ●
Pediatric Medical & Surgical	2,433	2,588	2,460	(155)	-6.0% ●	(27)	-1.1% ○
Pediatric Critical Care	534	590	562	(56)	-9.5% ●	(28)	-5.0% ●
Pediatric Psych	312	447	427	(135)	-30.2% ●	(115)	-26.9% ●
Subtotal – Pediatrics w/o newborn	*3,279*	*3,625*	*3,449*	*(346)*	*-9.5%* ●	*(170)*	*-4.9%* ●
Newborn	1,087	1,151	1,037	(64)	-5.6% ●	50	4.8% ●
TOTAL w/o Newborn	**22,019**	**21,817**	**20,815**	**202**	**0.9%** ○	**1,204**	**5.8%** ●

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

Discharge Days by Type

Fiscal Year to Date February 2016

UNIVERSITY OF IOWA HEALTH CARE

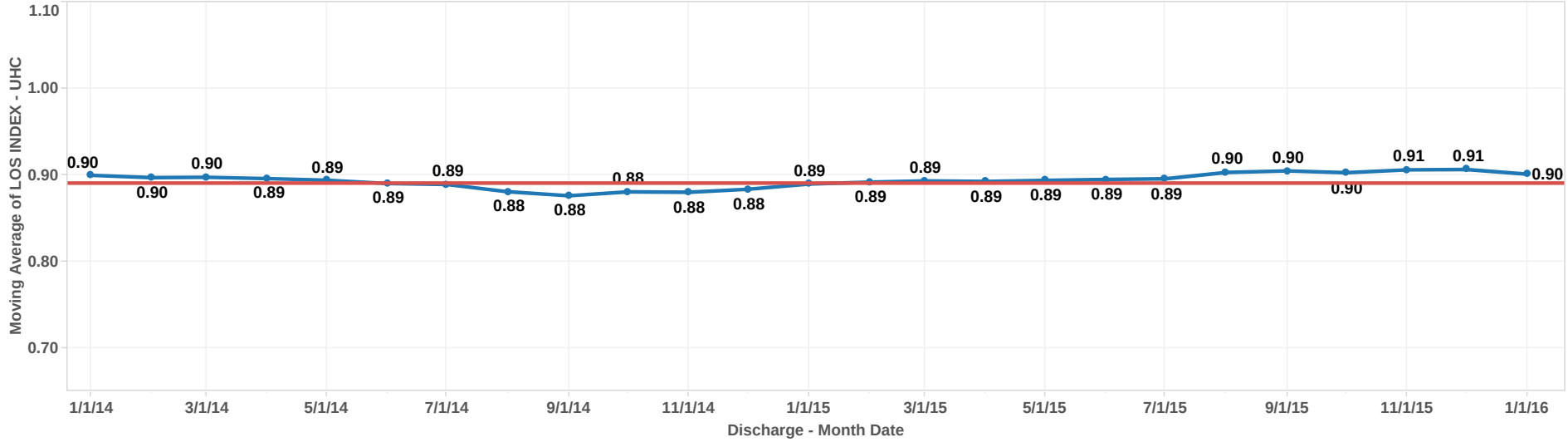
Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Adult Medical	35,543	33,434	32,561	2,109	6.3%	2,982	9.2%
Adult Surgical	63,434	59,951	58,400	3,483	5.8%	5,034	8.6%
Adult Psych	14,141	14,274	13,878	(133)	-0.9%	263	1.9%
Subtotal – Adult	*113,118*	*107,659*	*104,839*	*5,459*	*5.1%*	*8,279*	*7.9%*
Pediatric Medical & Surgical	13,334	12,391	12,114	943	7.6%	1,220	10.1%
Pediatric Critical Care	14,476	16,202	15,828	(1,726)	-10.7%	(1,352)	-8.5%
Pediatric Psych	3,351	3,590	3,487	(239)	-6.7%	(136)	-3.9%
Subtotal – Pediatrics w/o newborn	*31,161*	*32,183*	*31,429*	*(1,022)*	*-3.2%*	*(268)*	*-0.9%*
Newborn	2,465	2,482	2,345	(17)	-0.7%	120	5.1%
TOTAL w/o Newborn	**144,279**	**139,842**	**136,268**	**4,437**	**3.2%**	**8,011**	**5.9%**

Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

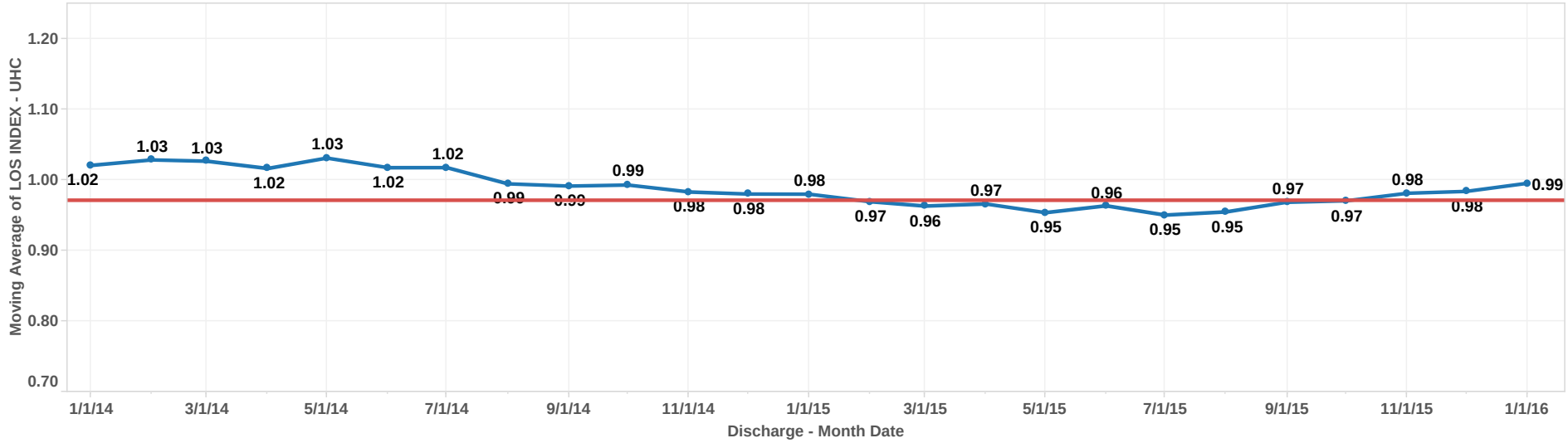
Length of Stay (January 2014 – January 2016)

UNIVERSITY OF IOWA HEALTH CARE

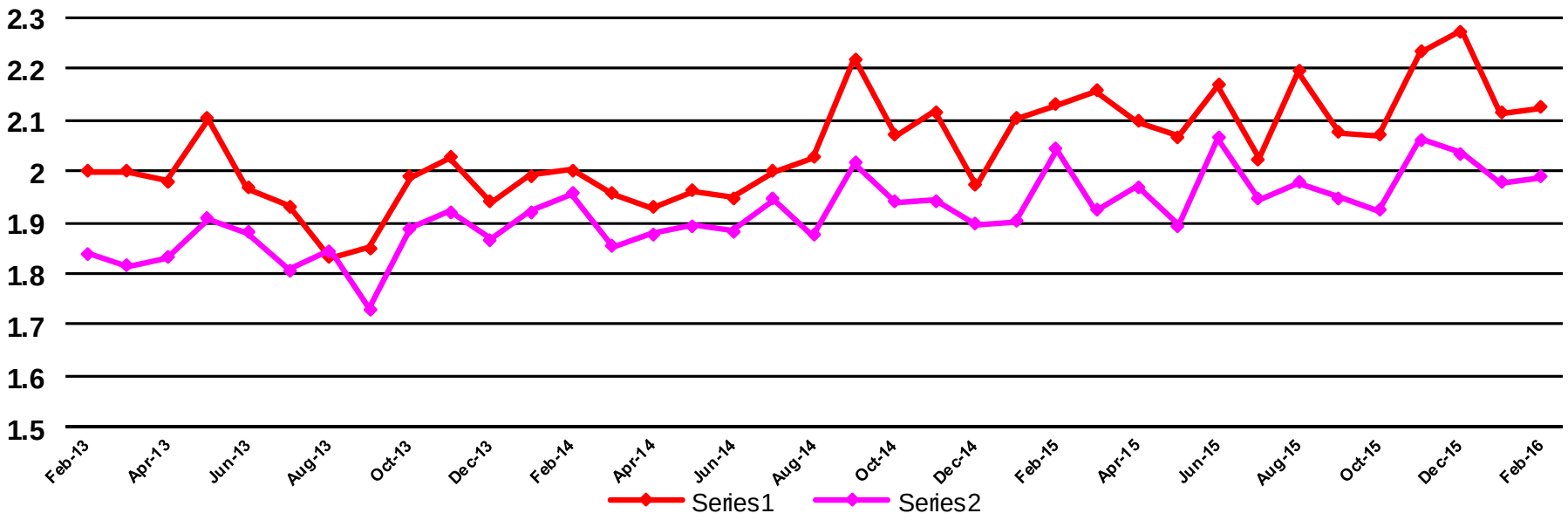
Length of Stay - Adult (excluding Psych & UHC Outliers) - 12 Month Moving Average



Length of Stay - Peds (excluding Psych, NNB, Neonate & UHC Outliers) - 12 Month Moving Average



Case Mix Index



Inpatient Surgeries – by Clinical Department

Fiscal Year to Date February 2016

UNIVERSITY OF IOWA HEALTH CARE

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Cardiothoracic	729	714	689	15	2.1% ○	40	5.8% ●
Dentistry	297	202	171	95	47.0% ●	126	73.7% ●
General Surgery	2,810	2,360	2,189	450	19.1% ●	621	28.4% ●
Gynecology	600	517	522	83	16.1% ●	78	14.9% ●
Neurosurgery	1,696	1,236	1,174	460	37.2% ●	522	44.5% ●
Ophthalmology	192	87	72	105	120.7% ●	120	166.7% ●
Orthopedics	2,274	1,937	1,937	337	17.4% ●	337	17.4% ●
Otolaryngology	529	503	477	26	5.2% ●	52	10.9% ●
Radiology – Interventional	68	92	73	(24)	-26.1% ●	(5)	-6.9% ●
Urology *w/ Procedure Ste.*	623	567	540	56	9.9% ●	83	15.4% ●
Total	**9,818**	**8,215**	**7,844**	**1,603**	**19.5%** ●	**1,974**	**25.2%** ●

Solid Organ Transplants	206	222	217	(16)	-7.2% ●	(11)	-5.1% ●

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

Outpatient Surgeries – by Clinical Department

Fiscal Year to Date February 2016

UNIVERSITY OF IOWA HEALTH CARE

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Cardiothoracic	26	42	37	(16)	-38.1%	(11)	-29.7%
Dentistry	342	379	376	(37)	-9.8%	(34)	-9.0%
Dermatology	22	22	19	0	0.0%	3	15.8%
General Surgery	1,652	1,918	1,838	(266)	-13.9%	(186)	-10.1%
Gynecology	524	589	544	(65)	-11.0%	(20)	-3.7%
Internal Medicine	8	3	2	5	166.7%	6	300.0%
Neurosurgery	403	611	616	(208)	-34.0%	(213)	-34.6%
Ophthalmology	2,264	2,529	2,436	(265)	-10.5%	(172)	-7.1%
Orthopedics	2,272	2,941	2,846	(669)	-22.8%	(574)	-20.2%
Otolaryngology	1,534	1,717	1,606	(183)	-10.7%	(72)	-4.5%
Pediatrics	1	3	3	(2)	-66.7%	(2)	-66.7%
Radiology – Interventional	31	63	49	(32)	-50.8%	(18)	-36.7%
Urology *w/ Procedure Ste.*	1,303	1,411	1,313	(108)	-7.7%	(10)	-0.8%
Total	**10,382**	**12,228**	**11,685**	**(1,846)**	**-15.1%**	**(1,303)**	**-11.2%**

Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Emergency Department

Fiscal Year to Date February 2016

UNIVERSITY OF IOWA HEALTH CARE

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
ED Visits	38,556	38,581	37,653	(25)	-0.1% ○	903	2.4% ○
ED Admits	12,439	12,201	11,907	238	2.0% ○	532	4.5% ●
ED Conversion Factor	32.3%	31.6%	31.6%		2.2% ○		2.2% ○
ED Admits / Total Admits	56.9%	56.0%	57.2%		1.6% ○		-0.5% ○

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

Clinic Visits by Specialty

Fiscal Year to Date February 2016

UNIVERSITY OF IOWA HEALTH CARE

Operating Review (YTD)	Actual	Budget	Variance to Budget	% Variance to Budget
Burn Clinic	2,121	2,315	(194)	-8.4%
Center for Disabilities & Development	6,395	6,433	(38)	-0.6%
Center for Digestive Disease	14,693	12,966	1,727	13.3%
Clinical Cancer Center	34,836	36,144	(1,308)	-3.6%
Dermatology	16,085	15,343	742	4.8%
General Surgery	11,987	10,333	1,654	16.0%
Hospital Dentistry	11,331	10,932	399	3.6%
Internal Medicine	19,967	22,407	(2,440)	-10.9%
Neurology	10,230	9,912	318	3.2%
Neurosurgery	8,609	6,847	1,762	25.7%
Obstetrics/Gynecology	39,477	40,340	(863)	-2.1%
Ophthalmology	41,629	45,548	(3,919)	-8.6%
Orthopedics	46,492	49,762	(3,270)	-6.6%
Otolaryngology	12,996	15,516	(2,520)	-16.2%
Pediatrics	39,136	39,415	(279)	-0.7%
Primary Care (non-IRL)	121,311	118,605	2,706	2.3%
Psychiatry	24,494	23,221	1,273	5.5%
Urology	6,594	7,513	(919)	-12.2%
UI Heart Center	12,405	12,555	(150)	-1.2%
IRL	91,013	93,296	(2,283)	-2.5%
Total	**571,801**	**579,403**	**(7,602)**	**-1.3%**

Greater than 2.5% Favorable **Neutral** **Greater than 2.5% Unfavorable**

Total Clinic Visits by Location

Fiscal Year to Date February 2016

UNIVERSITY OF IOWA HEALTH CARE

	FY16 Actual				FY15 Actual *					
Operating Review (YTD)	**On-Site**	**IRL**	**UICMS & QuickCare**	**Total**	**On-Site**	**IRL**	**UICMS & QuickCare**	**Total**	**Variance to Prior Year**	**%**
Family Medicine	31,326		89,985	*121,311*	33,307		83,928	117,235	4,076	3.5%
General Internal Medicine		18,702		*18,702*		16,878		16,878	1,824	10.8%
Pediatrics		15,801		*15,801*		14,231		14,231	1,570	11.0%
Subtotal - Primary Care	*31,326*	*34,503*	*89,985*	*155,814*	*33,307*	*31,109*	*83,928*	148,344	*7,470*	*5.0%*
Burn Clinic	2,121			2,121	2,071			2,071	50	2.4%
Center for Disabilities & Development	6,395			6,395	5,928			5,928	467	7.9%
Center for Digestive Disease	14,693	2,821		17,514	13,150	2,397		15,547	1,967	12.7%
Clinical Cancer Center	36,973	1,225		38,198	36,416	977		37,393	805	2.2%
Dermatology	16,085	6,517		22,602	15,297	6,131		21,428	1,174	5.5%
General Surgery	11,987			11,987	10,852			10,852	1,135	10.5%
Hospital Dentistry	11,331			11,331	10,230			10,230	1,101	10.8%
Internal Medicine	19,964	5,184		25,148	19,737	4,247		23,984	1,164	4.9%
Neurology	10,230			10,230	9,678			9,678	552	5.7%
Neurosurgery	8,609			8,609	7,735			7,735	874	11.3%
Obstetrics/Gynecology	39,477	16,811		56,288	36,159	15,067		51,226	5,062	9.9%
Ophthalmology	41,629	6,269		47,898	41,368	5,542		46,910	988	2.1%
Orthopedics	46,492	481		46,973	46,917	188		47,105	(132)	-0.3%
Otolaryngology	12,996	4,041		17,037	12,993	3,088		16,081	956	5.9%
Pediatrics	39,121			39,121	35,864			35,864	3,257	9.1%
Psychiatry	24,494			24,494	22,850			22,850	1,644	7.2%
Urology	4,475	7,434		11,909	7,114	5,335		12,449	(540)	-4.3%
UI Heart Center	12,405	5,727		18,132	11,634	4,639		16,273	1,859	11.4%
Subtotal – Specialty Care	*359,477*	*56,510*		*415,987*	*345,993*	*47,611*		*393,604*	*22,383*	*5.7%*
Total	**390,803**	**91,013**	**89,985**	**571,801**	**379,300**	**78,720**	**83,928**	**541,948**	**29,853**	**5.5%**

* **from ongoing operations**

Greater than 2.5% Favorable **Neutral** **Greater than 2.5% Unfavorable**

Pediatrics Clinic Visits by Location

Fiscal Year to Date February 2016

UNIVERSITY OF IOWA HEALTH CARE

	FY16 Actual				FY15 Actual *					
Operating Review (YTD)	**On-Site**	**IRL**	**UICMS & QuickCare**	**Total**	**On-Site**	**IRL**	**UICMS & QuickCare**	**Total**	**Variance to Prior Year**	**%**
Family Medicine	2,878		23,823	26,701	3,074		21,889	24,963	1,738	7.0%
General Internal Medicine		11		11		15		15	(4)	-26.7%
Pediatrics		15,346		15,346		13,884		13,884	1,462	10.5%
Subtotal - Primary Care	*2,878*	*15,357*	*23,823*	*42,058*	*3,074*	*13,899*	*21,889*	*38,862*	3,196	*8.2%*
Burn Clinic					473			473	(473)	-100.0%
Center for Disabilities & Development	6,395			6,395	5,928			5,928	467	7.9%
Center for Digestive Disease	8	1		9	18			18	(9)	-50.0%
Clinical Cancer Center	57			57	58			58	(1)	-1.7%
Dermatology	1,376	1,399		2,775	1,354	1,397		2,751	24	0.9%
General Surgery	369			369	192			192	177	92.2%
Hospital Dentistry	1,424			1,424	1,297			1,297	127	9.8%
Internal Medicine	74	96		170	33	130		163	7	4.3%
Neurology	303			303	163			163	140	85.9%
Neurosurgery	1,392			1,392	1,242			1,242	150	12.1%
Obstetrics/Gynecology	481	76		557	499	115		614	(57)	-9.3%
Ophthalmology	6,993	333		7,326	6,429	373		6,802	524	7.7%
Orthopedics	7,884	6		7,890	8,569			8,569	(679)	-7.9%
Otolaryngology	2,175	2,484		4,659	2,463	1,756		4,219	440	10.4%
Pediatrics	34,092			34,092	33,791			33,791	301	0.9%
Psychiatry	6,253			6,253	5,845			5,845	408	7.0%
Urology	135	1,933		2,068	187	1,940		2,127	(59)	-2.8%
UI Heart Center	90	126		216	19	96		115	101	87.8%
Subtotal – Specialty Care	*69,501*	*6,454*	*0*	*75,955*	*68,560*	*5,807*	*0*	*74,367*	*1,588*	*2.1%*
Total	**72,379**	**21,811**	**23,823**	**118,013**	**71,634**	**19,706**	**21,889**	**113,229**	**4,784**	**4.2%**

* **from ongoing operations**

Greater than 2.5% Favorable **Neutral** **Greater than 2.5% Unfavorable**

Adult Clinic Visits by Location

Fiscal Year to Date February 2016

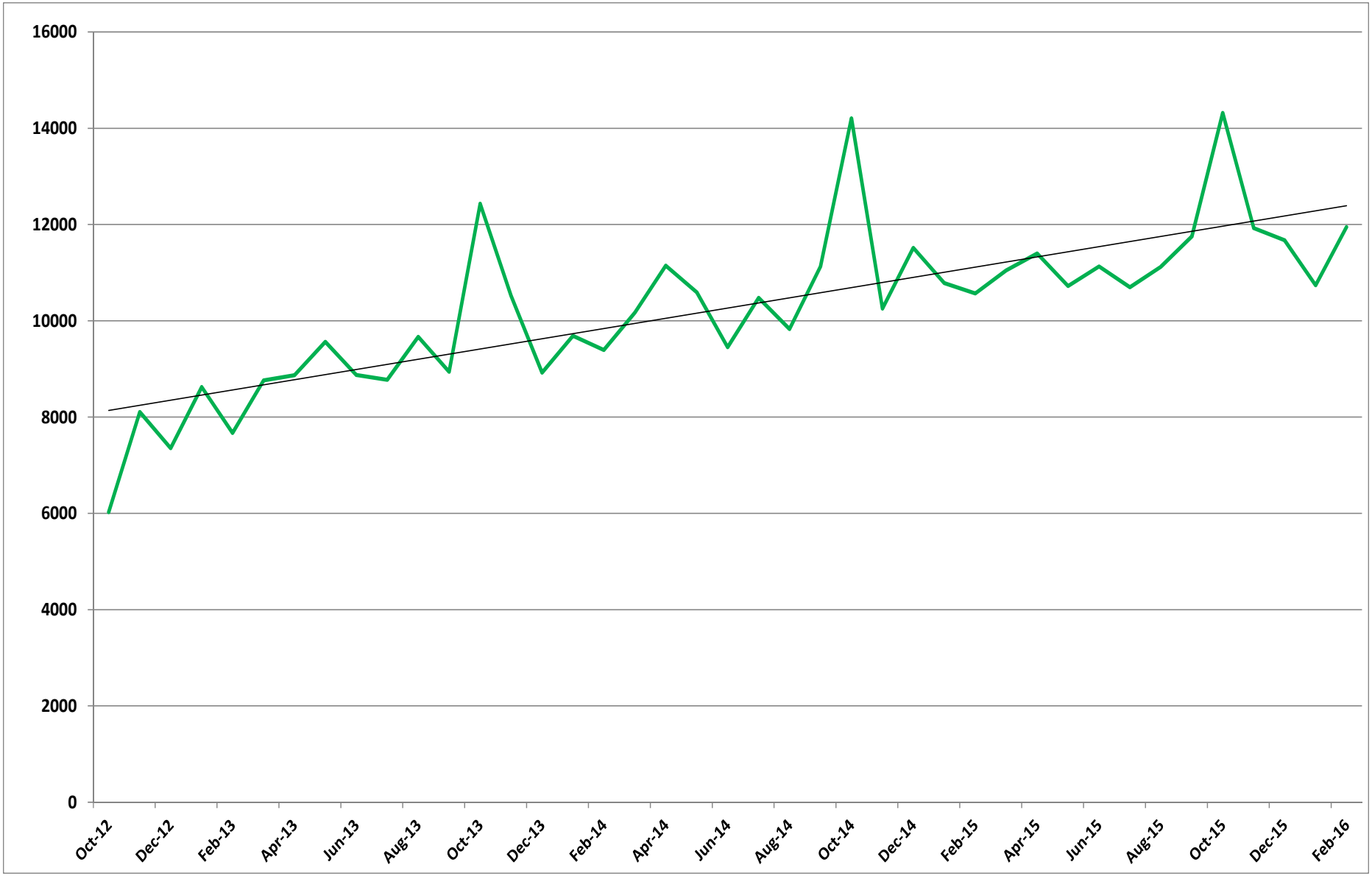
UNIVERSITY OF IOWA HEALTH CARE

	FY16 Actual				FY15 Actual *					
Operating Review (YTD)	**On-Site**	**IRL**	**UICMS & QuickCare**	**Total**	**On-Site**	**IRL**	**UICMS & QuickCare**	**Total**	**Variance to Prior Year**	**%**
Family Medicine	28,448		66,162	94,610	30,233		62,039	92,272	2,338	2.5%
General Internal Medicine		18,691		18,691		16,863		16,863	1,828	10.8%
Pediatrics		455		455		347		347	108	31.1%
Subtotal - Primary Care	*28,448*	*19,146*	*66,162*	*113,756*	*30,233*	*17,210*	*62,039*	*109,482*	*4,274*	3.9%
Burn Clinic	2,121			2,121	1,598			1,598	523	32.7%
Center for Digestive Disease	14,685	2,820		17,505	13,132	2,397		15,529	1,976	12.7%
Clinical Cancer Center	36,916	1,225		38,141	36,358	977		37,335	806	2.2%
Dermatology	14,709	5,118		19,827	13,943	4,734		18,677	1,150	6.2%
General Surgery	11,618			11,618	10,660			10,660	958	9.0%
Hospital Dentistry	9,907			9,907	8,933			8,933	974	10.9%
Internal Medicine	19,890	5,088		24,978	19,704	4,117		23,821	1,157	4.9%
Neurology	9,927			9,927	9,515			9,515	412	4.3%
Neurosurgery	7,217			7,217	6,493			6,493	724	11.2%
Obstetrics/Gynecology	38,996	16,735		55,731	35,660	14,952		50,612	5,119	10.1%
Ophthalmology	34,636	5,936		40,572	34,939	5,169		40,108	464	1.2%
Orthopedics	38,608	475		39,083	38,348	188		38,536	547	1.4%
Otolaryngology	10,821	1,557		12,378	10,530	1,332		11,862	516	4.4%
Pediatrics	5,029			5,029	2,073			2,073	2,956	142.6%
Psychiatry	18,241			18,241	17,005			17,005	1,236	7.3%
Urology	4,340	5,501		9,841	6,927	3,395		10,322	(481)	-4.7%
UI Heart Center	12,315	5,601		17,916	11,615	4,543		16,158	1,758	10.9%
Subtotal – Specialty Care	*289,976*	*50,056*		*340,032*	*277,433*	*41,804*		*319,237*	*20,795*	6.5%
Total	**318,424**	**69,202**	**66,162**	**453,788**	**307,666**	**59,014**	**62,039**	**428,719**	**25,069**	**5.9%**

* **from ongoing operations**

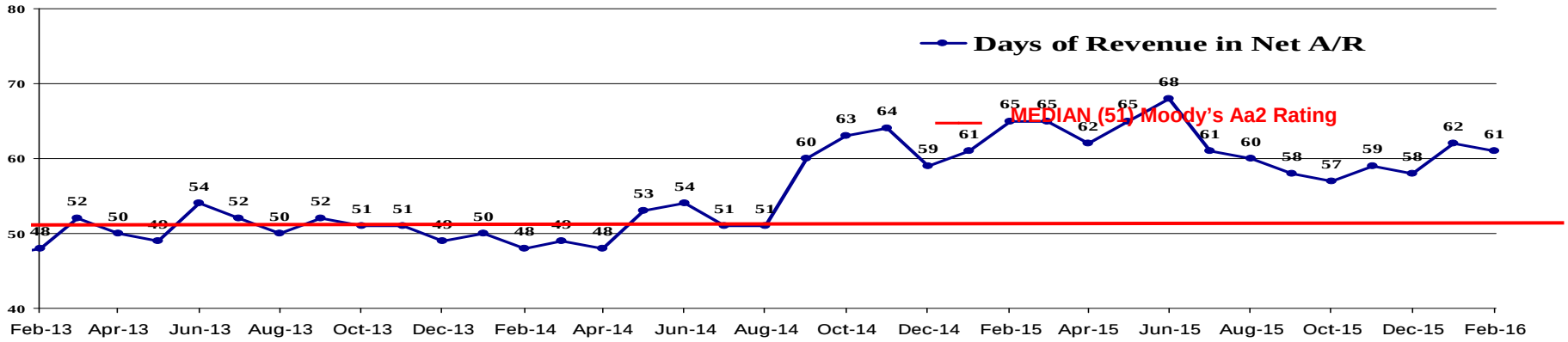
Greater than 2.5% Favorable **Neutral** **Greater than 2.5% Unfavorable**

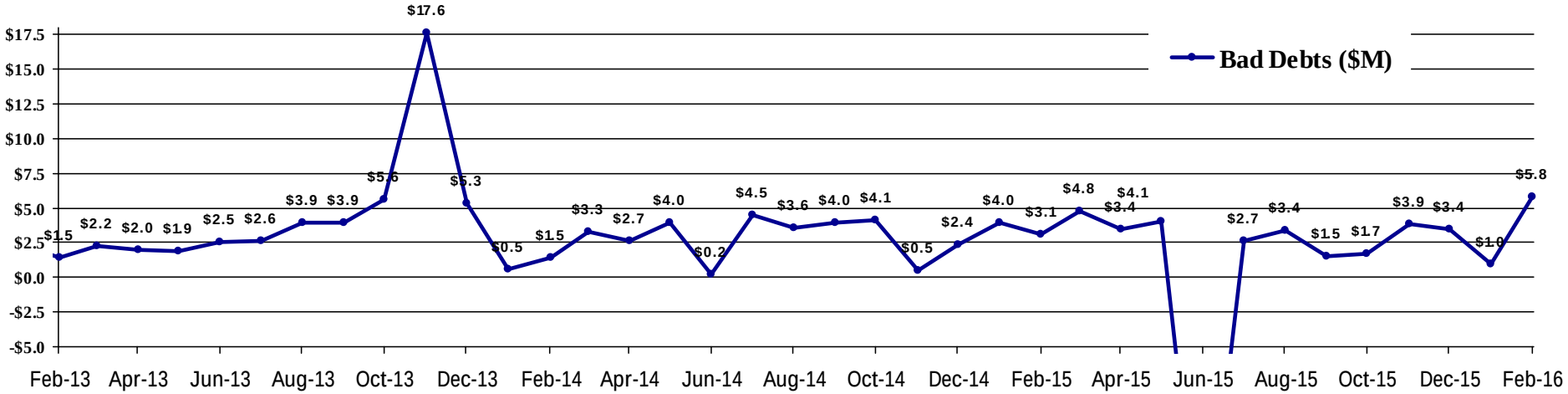
Iowa River Landing Ambulatory Visits



Comparative Accounts Receivable
at February 29, 2016

	June 30, 2014	June 30, 2015	February 29, 2016
Net Accounts Receivable	$176,695,824	$236,775,239	$230,622,666
Net Days in AR	54	68	61





UIHC Comparative Financial Results

Fiscal Year-to-Date February 2016

Dollars in Thousands

UNIVERSITY OF IOWA HEALTH CARE

NET REVENUES:	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Patient Revenue	$904,417	$898,943	$811,340	$5,474	0.6%	$93,077	11.5%
Other Operating Revenue	34,268	34,699	34,814	(431)	-1.2%	(546)	-1.6%
Total Revenue	**$938,685**	**$933,642**	**$846,154**	**$5,043**	**0.5%**	**$92,531**	**10.9%**
EXPENSES:							
Salaries and Wages	$435,119	$448,302	$400,150	($13,183)	-2.9%	$34,969	8.7%
General Expenses	393,587	402,505	349,597	(8,918)	-2.2%	43,990	12.6%
Operating Expense before Capital	$828,706	$850,807	$749,747	($22,101)	-2.6%	$78,959	10.5%
Cash Flow Operating Margin	**$109,979**	**$82,835**	**$96,407**	**$27,144**	**32.8%**	**$13,572**	**14.1%**
Capital- Depreciation and Amortization	51,954	53,804	49,493	(1,850)	-3.4%	2,461	5.0%
Total Operating Expense	$880,660	$904,611	$799,240	($23,951)	-2.7%	$81,420	10.2%
Operating Income	**$58,025**	**$29,031**	**$46,914**	**$28,994**	**99.9%**	**$11,111**	**23.7%**
Operating Margin %	**6.2%**	**3.1%**	**5.5%**		**3.1%**		**0.7%**
Gain (Loss) on Investments	(21,636)	14,796	10,245	(36,432)	-246.2%	(31,881)	-311.2%
Other Non-Operating	(8,034)	(6,168)	(5,656)	(1,866)	-30.3%	(2,378)	-42.0%
Net Income	**$28,355**	**$37,659**	**$51,503**	**($9,304)**	**-24.7%**	**($23,148)**	**-44.9%**
Net Margin %	**3.1%**	**4.0%**	**6.1%**		**-0.9%**		**-3.0%**

* Gain/(Loss) on Investments based on information available at close. Final investment return for this period is reflected in Fiscal Year to Date returns in the subsequent reporting cycle.

UNIVERSITY OF IOWA HEALTH CARE

Managing High Census

Ken Kates, Associate Vice President &
Chief Executive Officer, UI Hospitals & Clinics

State of Iowa Hospital Volumes

UNIVERSITY OF IOWA HEALTH CARE

January – December 2015 vs. January – December 2014

Metric	UIHC	All Iowa Hospitals (99)
Acute Discharges	5.77%	2.86%
Acute Patient Days	7.96%	1.94%
Total Patient Days	7.05%	-0.34%
Births	5.77%	6.14%
Inpatient Surgeries	19.08%	6.04%
Ambulatory Surgery Visits	-5.26%	-9.63%
Emergency Department Visits	4.97%	3.93%
Inpatient Admissions from ED	5.07%	2.74%
Observation Visits	20.71%	-0.74%
All Other Outpatient Visits	5.35%	9.76%
Total Outpatient Visits	5.21%	7.02%

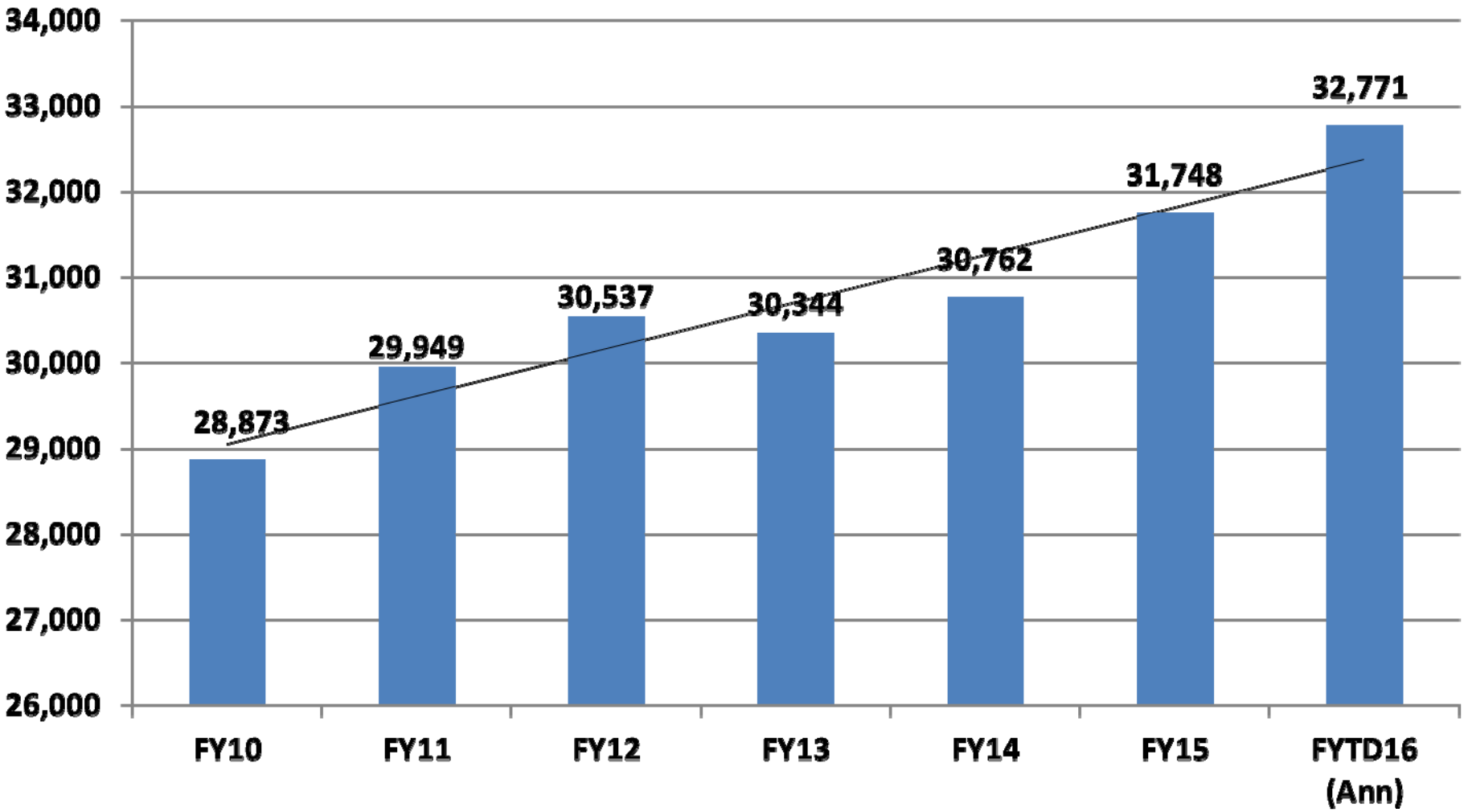
Source: IHA Databank

Admissions (excl. Newborns)

UNIVERSITY OF IOWA HEALTH CARE

Over the past six years admissions have increased 3,898

Over the past two years admissions have increased 2,009

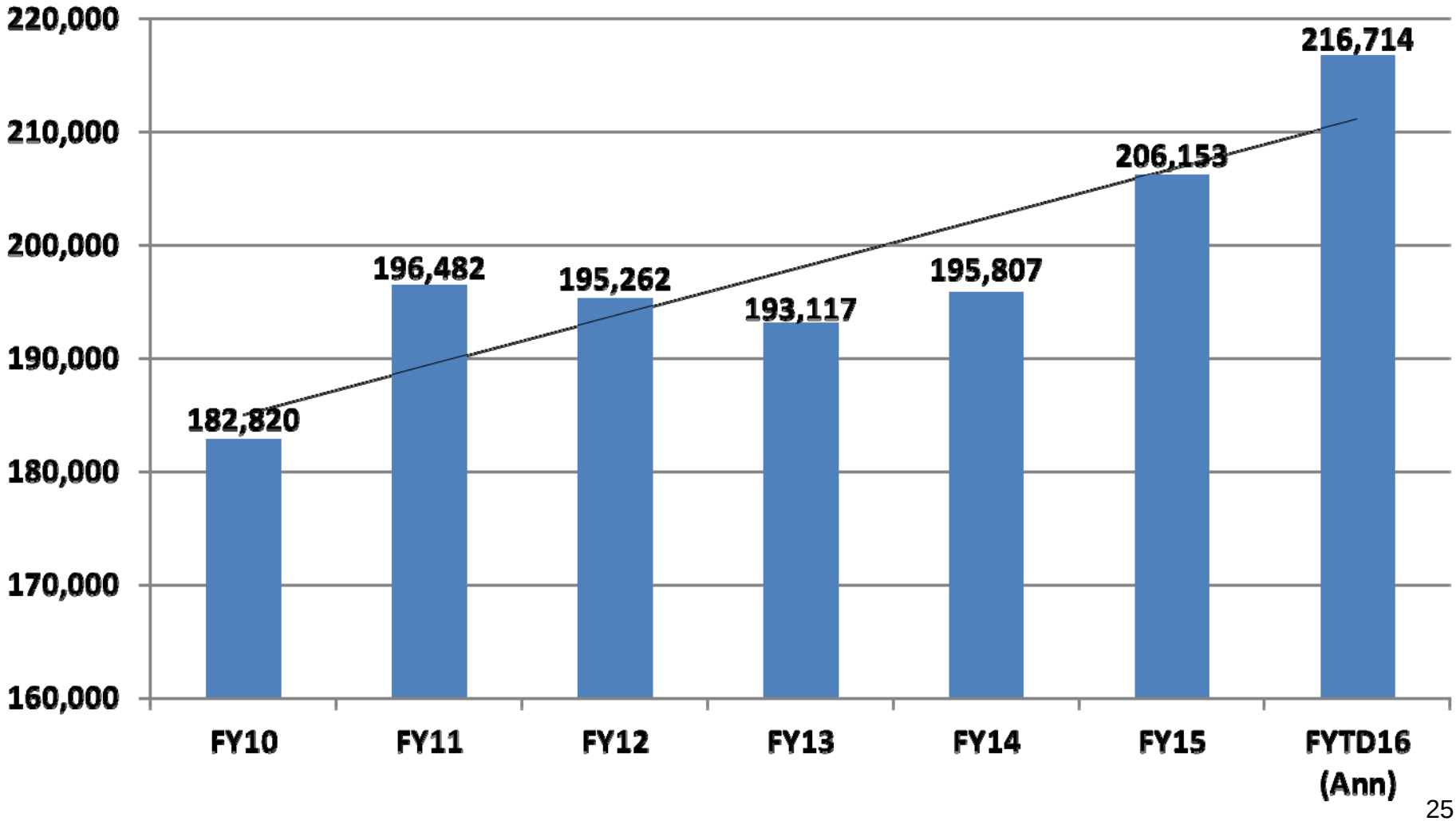


Patient Days (excl. Newborns)

UNIVERSITY OF IOWA HEALTH CARE

Over the past six years patient days have increased 33,894

Over the past two years, patient days have increased 20,907



Midnight Census for Monday – Friday
(excludes LDR, NNSY)

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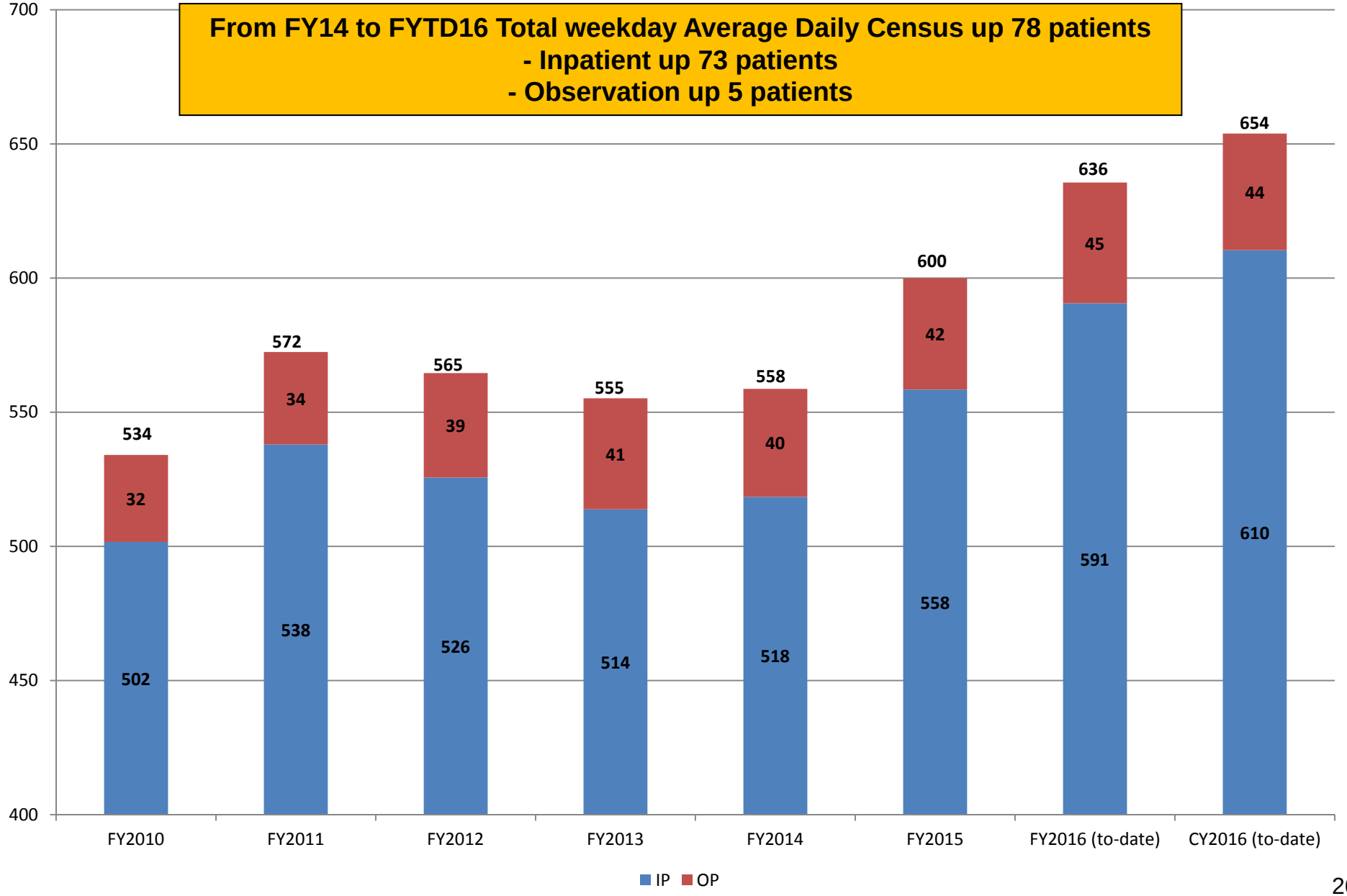
From FY14 to FYTD16 Total weekday Average Daily Census up 78 patients
- Inpatient up 73 patients
- Observation up 5 patients



Midnight Census for Monday – Friday All Units
(excludes LDR, NNSY)

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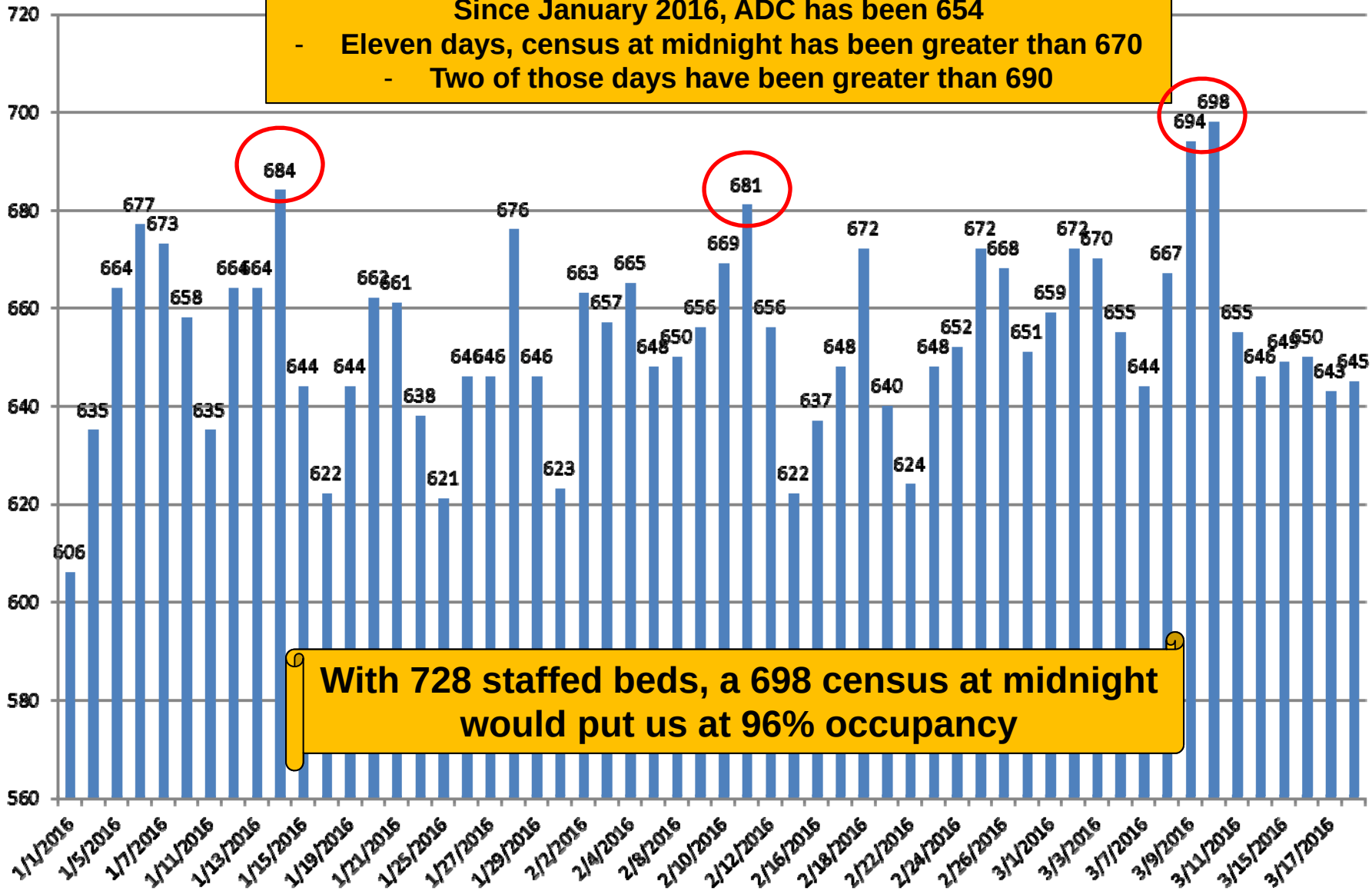
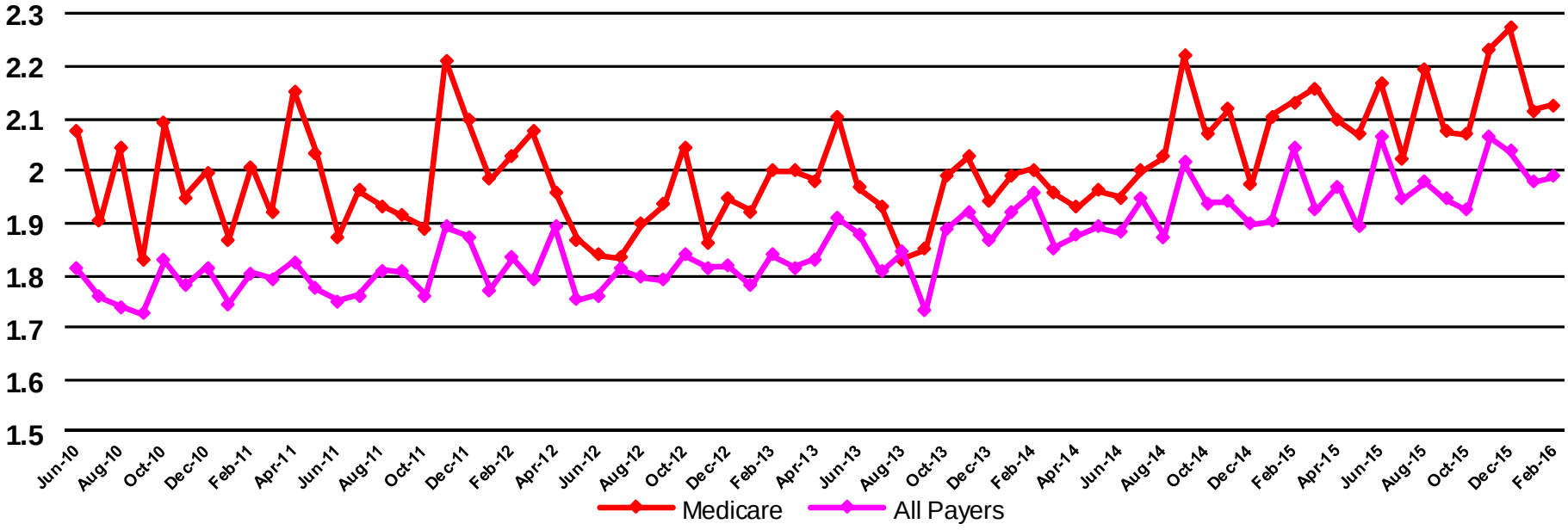
Since January 2016, ADC has been 654
- **Eleven days, census at midnight has been greater than 670**
- **Two of those days have been greater than 690**



With 728 staffed beds, a 698 census at midnight would put us at 96% occupancy

Patient Acuity Continues to Increase



Bed Capacity Today

UNIVERSITY OF IOWA HEALTH CARE

Presently have 728 inpatient beds (+ 14 observation beds)
Weekday average daily census since Jan. 2016 was 654 = 88.1% occupancy rate

		Today		
		Rooms		Beds
	Bed Type	Semiprivate	Private	Total
	General Adult	109	214	432
BHS	Psychiatric	26	36	88
CWS	MBCU		20	20
	MBCU 2	0	8	8
	NICU	9	60	78
	Non-NICU Peds	10	66	86
Short Stay	3RCW (SS)	6	4	16
	5S (Rossi Guest House)			0
	Total	**160**	**408**	**728**

		Rooms		Beds
	Bed Type	Semiprivate	Private	Total
Observation	CPRU		14	14

High Census Action Plan

33 Initiatives

High Census Action Plan			
General Action Items	**Timeline**		**Owner(s)**
	Initiatives in Process	Long-term Initiatives	
MRSA/VRE Isolation Precautions	●		Mike Edmond
Utilizing RNs with non-clinical roles to be on floors to provide clinical support	●		Joelle Jensen, Toni Mueller, Directors
Diagnostic tests (radiology, etc.) delaying discharge of patients	●		Toni Mueller/Joelle Jensen, Janet Roe
Utilization of volunteers to help with wayfinding and send Service Ambassadors to round on inpatient floors.	●		Garen Carpenter, Ami Gaarde
"High Census Alert" with occupancy percentages	●		Doug Van Daele, Lee Carmen, Maia Hightower
Discharge Lobby Development		○	Ken Kates, Michael Baca
Begin discharge process/rounding/consultations earlier	**pilot underway**		Teri Brennan
Expansion/Creation of 20-24 bed post-procedure/ED observation unit (see Oasis Unit below)	**Rossi House - Aug 16**		Sabi Singh, Kenneth Rempher
Evaluate the need/plan for a dedicated Patient Transportation Team		○	Jenn Thompson, Rebecca O'Rourke, Barb Schuessler, Elizabeth Moore, Emily Wynn
Backfill for clinical support services on weekends and holidays	●		Peggy O'Neill, Joelle Jensen, Josh Brewster, Tom Persoon
PICC Service resources	●		Elizabeth Moore
Clerical assistance for inpatient teams	**pilot underway**		Kevin Glenn, Peggy O'Neill
Earlier Phlebotomy	●		Amy O'Deen
Updated bed need volume projections	●		Mark Henrichs
Med reconciliation help on inpatient units with physicians for discharge		○	Mike Brownlee
Keep CPRU open as needed	●		Kenneth Rempher, Elizabeth Moore
Create an Oasis Unit to temporarily place patients from the ED or Operating Rooms while a bed is made available		○	Kenneth Rempher, Sabi Singh
Create a SWOT team to float to any area experiencing high volumes or the need to decompress	●		Kenneth Rempher
Patient regionalization to improve care efficiency	●		Teri Brennan
Collaborative admissions with Family Medicine	●		Teri Brennan
Surge Capacity Protocol revisions	●		Kenneth Rempher
Throughput Director role	●		Kenneth Rempher, Joelle Jensen
HCIS report to identify patients ready for discharge within 24 hours	●		Doug Van Daele, Lee Carmen, Maia Hightower
HCIS report to show which providers have patients in-house	●		Lee Carmen, Maia Hightower
Emergency Department Action Items	**Timeline**		**Owner(s)**
	Initiatives in Process	Long-term Initiatives	
Medication management related to high census	●		Barb Schuessler, Mike Brownlee
Additional Staffing in Emergency Department	●		Kenneth Rempher, Barb Schuessler
Station a Hospitalist in the Emergency Department to help care for patients waiting for a bed.	●		Teri Brennan
Psychiatric Social Worker in the Emergency Department	●		Kenneth Rempher
Operating Room Action Items	**Timeline**		**Owner(s)**
	Initiatives in Process	Long-term Initiatives	
Additional Staffing in the Operating Rooms	●		Sabi Singh, Kenneth Rempher
Patient representative to accompany OR staff when informing patients and families of significant delays or possible cancellation of procedures	●		Ami Gaarde, Javier Campos
Obtain data regarding surgical vs. non-surgical discharge times	●		Ken Kates, Javier Campos, Michael Baca
Explore the possibility of having early discharge surgical cases on Saturdays	●		Sabi Singh, Ben Hall
PACU Rooms		○	Sabi Singh, John Stark
Come via ● In Process ●	Last Revised: 3/25/2016		CRAFT

High Census Plan - New Investments

UNIVERSITY OF IOWA HEALTH CARE

- New Observation Bed Unit (temporary) to increase capacity by 13 beds
- Full time Senior Nursing Leader dedicated to manage access/throughput
- Enhanced Transition Care Program Support
- Implement Hospitalists Swing Team
- Additional Hospitalist for Emergency Department
- Additional Advance Practice Providers/Nurse Practitioners
- Additional Nurse Navigators
- Increased Staff - Nursing Units
- Increased Staff – Operating Rooms
- Increased Staff – Respiratory Therapy
- Increased Staff – Interventional Radiology
- Increased Staff – Rehab Therapies
- Increased Staff – Other Areas
- Initiatives to recruit hard to fill nursing positions
- Enhanced Palliative Care

High Census Action Plan - Highlight Two Key Initiatives

UNIVERSITY OF IOWA HEALTH CARE

- **Adding additional bed capacity**
  - Near term
  - Post new children's hospital
- **Running operating rooms for elective cases on the weekends**

Plans to Add Beds – 15 New Beds This Summer

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		Today			August (2016)		
		Rooms		Beds	Rooms		Beds
	Bed Type	Semiprivate	Private	Total	Semiprivate	Private	Total Beds
	General Adult	109	214	432	109	216	434
BHS	Psychiatric	26	36	88	26	36	88
CWS	MBCU		20	20		20	20
	MBCU 2	0	8	8	0	8	8
	NICU	9	60	78	9	60	78
	Non-NICU Peds	10	66	86	10	66	86
Short Stay	3RCW (SS)	6	4	16	6	4	16
	5S (Rossi Guest House)			0		13	13
	Total	**160**	**408**	**728**	**160**	**423**	**743**

		Rooms		Beds	Rooms		Beds
	Bed Type	Semiprivate	Private	Total	Semiprivate	Private	Total Beds
Observation	CPRU		14	14		14	14

- **Temporarily converting one floor of Rossi House to 13 new observation beds**
- **Opening of two additional private rooms (1 on 4RCP & 1 one 7JCP)**
- **This will allow observation patients now housed in inpatient beds to move to observation beds creating additional inpatient bed capacity**
- **Renting 14 rooms at a nearby hotel for our patient families who would have stayed in Rossi House**
- **Patients will not be charged for these rooms and we will provide 24 hour transportation to and from the hotel**

Plans to Add Beds – After Children's Hospital Opens

UNIVERSITY OF IOWA HEALTH CARE

		Semiprivate Rooms	Private Rooms	Total Beds	Private Beds converted by Summer 2018
Peds units opening up	2JCP (M/S)	5	25	35	0
	3JCP (M/S)	5	21	31	26
	7JPP (PICU)	0	20	20	20
	7RCP (NICU Bay 5)	9	6	24	15
	Total			**110**	**61**

- **110 Beds are freed up when new children's hospital opens**
- **Plans had been to convert all to private rooms**
- **Given high census and growth projections, plans are to utilize 2JCP as an adult unit**
  - **– this will add 35 beds**
- **Unit to be operational in March 2017**
- **61 Additional beds available in Summer of 2018 after the units are converted to all private rooms**

Total Bed Capacity Increases from 728 to 856

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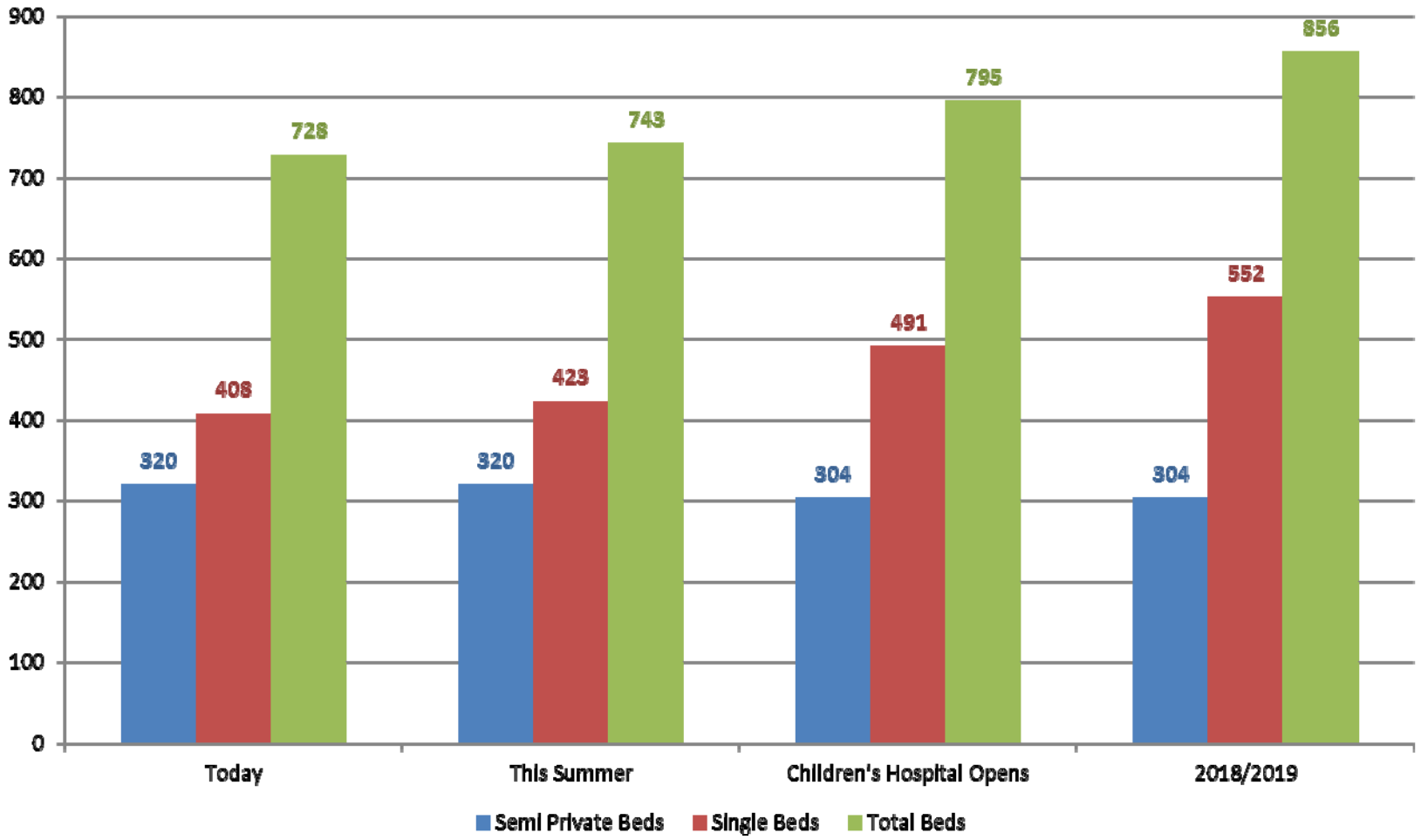
This Summer – an additional 15 beds
Next March – an additional 67 beds
Summer 2018– an additional 61 beds



Surgical Case Volume Growth

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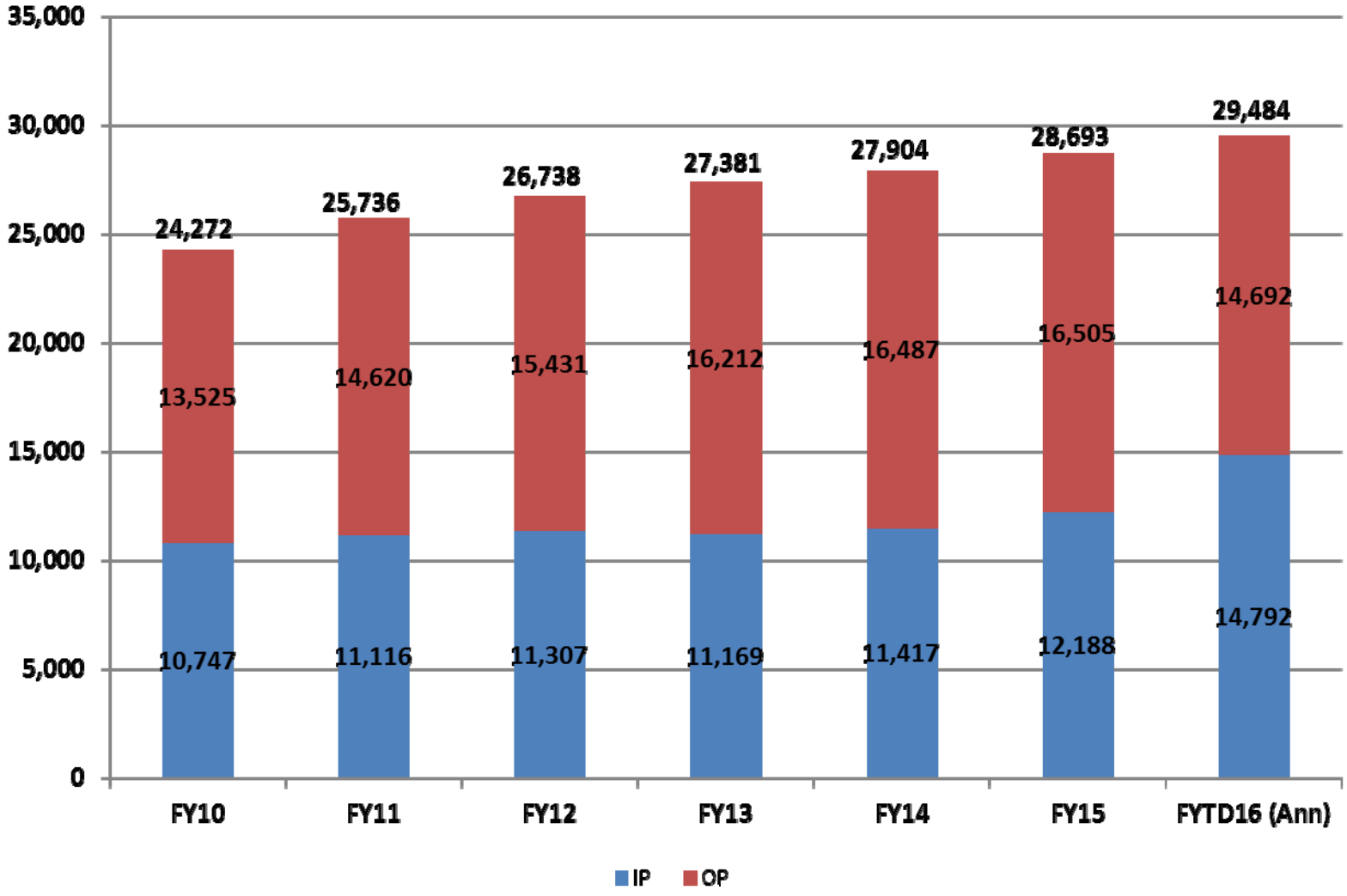
Over the past six years surgical cases have increased 5,212

Over the past two years surgical cases have increased 1,580



Additional Operating Rooms

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50 Operating Rooms Post Children's Hospital – an increase of 12 Operating Rooms since FY13

	FY13	FY15	FY16	FY17
Main	30	32	32	30
ASC	8	10	12	12
Childrens	0			8
Total	38	42	44	50

Saturday Elective OR Cases

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- Pilot to initially run two operating rooms on Saturdays for elective cases
- Goal to add additional OR capacity and perform cases that will free up inpatient beds on Mondays and Tuesdays
- To begin April 2016

Questions

FY 2017 Operating Budget

Ken Kates, Associate Vice President &
Chief Executive Officer, UI Hospitals & Clinics

Ken Fisher, Associate Vice President for Finance
and Chief Financial Officer, UI Hospitals & Clinics

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”.
- 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 for Iowans, a recognized leader in medical education and a center for leading edge research is rooted in the UI Health Care shared values of innovation, collaboration, accountability, respect and excellence.

UNIVERSITY OF IOWA HEALTH CARE

Goals

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

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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)*
  - Forbes list of America's Best Employers (7th overall, and 1st in health care)
- The UI Health Care operating and capital budgets are designed to enable measurable progress toward achieving the goals outlined in the strategic plan.

UI Health Care Operating Budget FY2017

UNIVERSITY OF IOWA HEALTH CARE

"Optimize a performance-driven business model that assures financial success"

Strategies:

- Ensure sound financial position of clinical programs.
- Support long-term growth of 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.
- Develop and implement a business model to support the evolving healthcare delivery system, including Population Health, ACO's, risk-sharing and other changes.

Strategic Metrics - Creating linkages among all units

- Margin expectation
- State and federal 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 3.5% of net operating revenue

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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)
  - Outpatient activity

UNIVERSITY OF IOWA HEALTH CARE

Capital Planning

- UI Hospital and Clinics will fund $237.2 million in capital projects and routine equipment for FY2017.
  - Major Projects
    - Children's Hospital – $65.0 M
    - Main OR additional rooms – $14.4 M
    - Pediatric Specialty Clinic Expansion – $12.5 M
    - Consolidation of UI Heart and Vascular Center clinic – $9.0 M
    - Offsite Clinical/Facility Development – $25.0 M
    - Clinical Equipment – $15.1 M
    - IT hardware and software – $10.4 M
    - Other routine renovation and equipment replacement – $85.8 M

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

UNIVERSITY OF IOWA HEALTH CARE

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

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-reduction initiatives necessary to meet operating margin

HOSPITAL & CLINICS BUDGET PROJECTIONS

UNIVERSITY OF IOWA HEALTH CARE

UI Health Care – Key Drivers

Revenue			
Volume Growth			
	Inpatient		3.80%
	Outpatient		5.65%
Physician Work RVUs			2.87%
Case Mix Increase			0.00%
Payor Rate Increase			0.20%
Charge Increase			6.00%
Expense			
Salary Increase Assumptions			
	SEIU		2.75%
	Merit		4.24%
	P&S		3.00%
	Faculty		2.00%
	Blended Fringe Benefit Rate		39.10%
Non-Salary Increase Assumptions			
	Drugs		7.50%
	Supplies		2.70%
	Utilities		4.00%
	Other Non-Salary Expenses		2.00%

UIHC FY2017 Operating Budget (Preliminary)

UNIVERSITY OF IOWA HEALTH CARE

	2017 Budget (Preliminary)	2016 Projected	2015 Actual
Net Operating Revenue			
Net Patient Revenue	$ 1,458,753	$ 1,353,001	$ 1,261,432
Other Operating Revenue	48,340	52,294	52,835
Total Net Operating Revenue	**$ 1,507,093**	**$ 1,405,295**	**$ 1,314,267**
Operating Expenses			
Salary, Benefits, and Contract Labor	$ 705,320	$ 650,715	$ 603,986
Supplies and Drugs	341,290	311,682	282,719
Services	191,249	165,383	155,746
Capital Expenses	38,838	37,451	40,369
Insurance	2,675	2,446	2,237
Licenses, Fees, and Other Expenses	86,068	74,387	70,413
Total Operating Expenses	**$ 1,365,440**	**$ 1,242,064**	**$ 1,155,470**
Cash Flow Operating Margin	**$ 141,653**	**$ 163,231**	**$ 158,797**
CFO Margin %	**9.4%**	**11.6%**	**12.1%**
Depreciation	$ 89,146	$ 78,847	$ 74,712
Operating Income	**$ 52,507**	**$ 84,384**	**$ 84,085**
Operating Margin %	**3.5%**	**6.0%**	**6.4%**

UNIVERSITY OF IOWA HEALTH CARE

Summary of Proposed Budget

- UI Hospitals and Clinics
  - Risks
    - Payment Risk:
      - Payer mix changes
      - Movement of volumes to the outpatient setting
      - Medicare OP payment methodology continues to bundle more services into single payment
  - Opportunities
    - Continue increasing access through centralized scheduling
    - Increased bed capacity (with the opening of the Children's Hospital)

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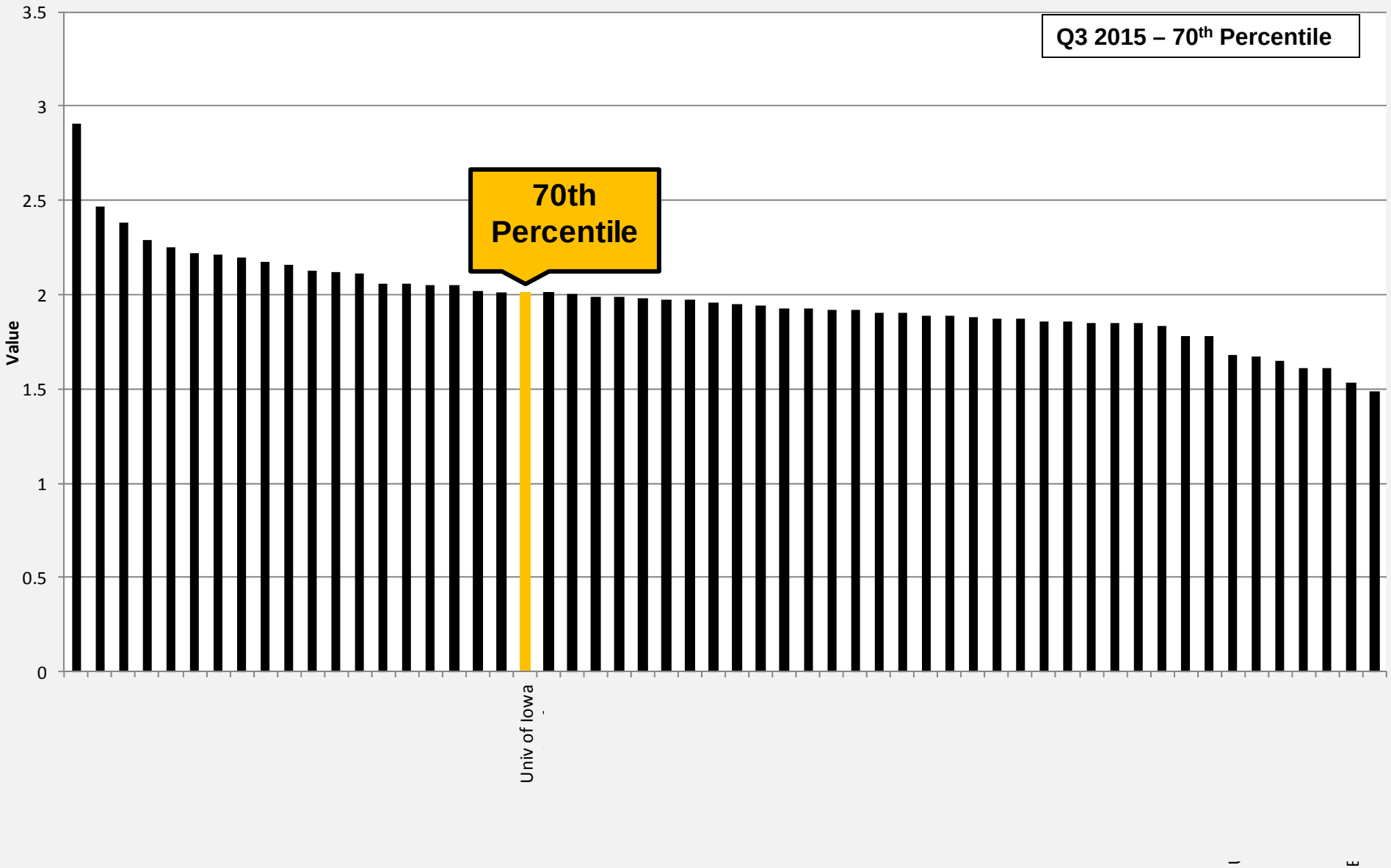
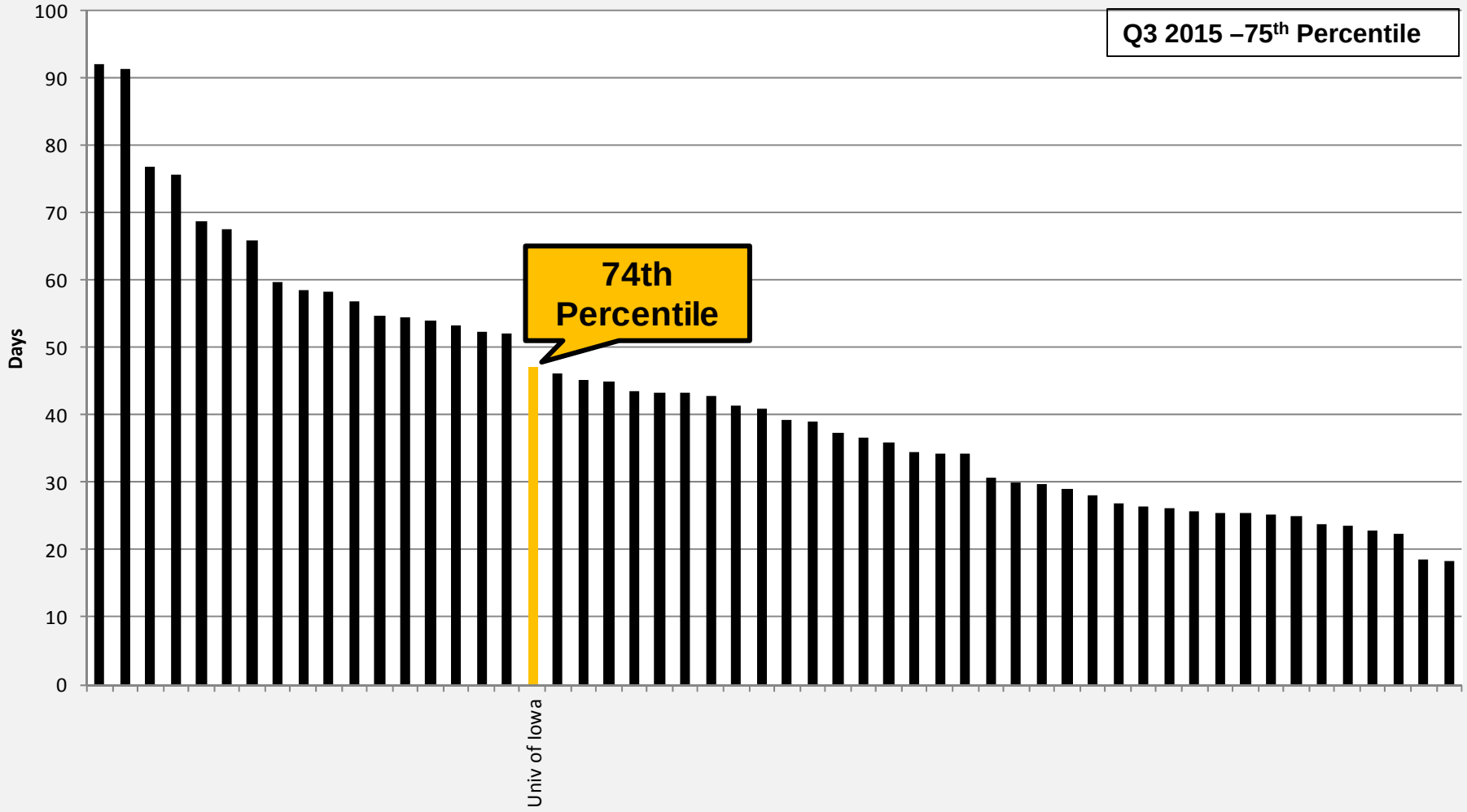
Headwinds

- Governmental Payers – FY17 Projected Payment Reductions
- Medicare
  - Increased payment adjustment tied to defined quality measures
- Medicaid
  - Move towards Managed Care Medicaid effective April 1, 2016
- Other Payers
  - State exchange's future unclear
  - ACO's and changing marketplace of products

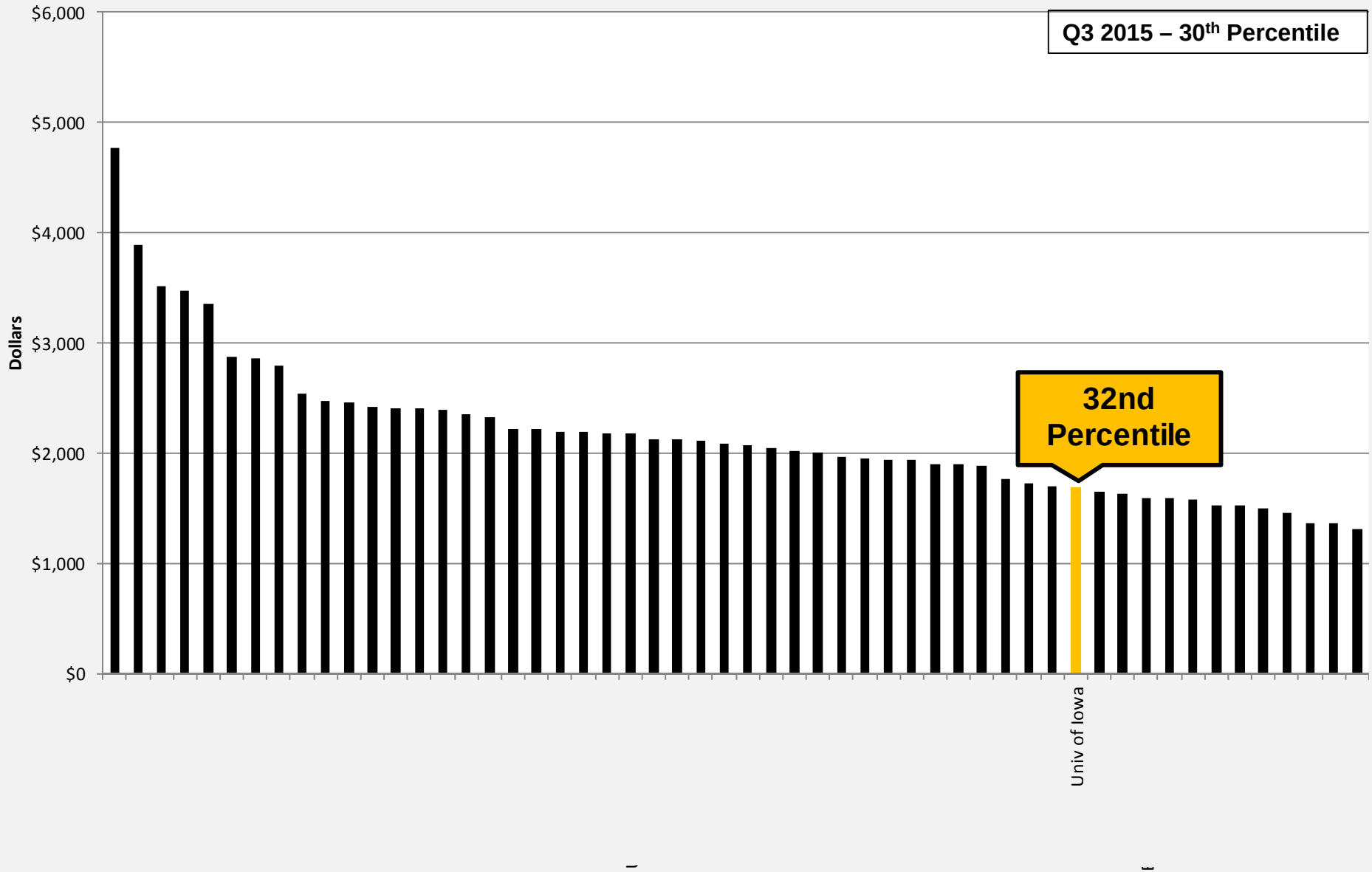
Hospital Case Mix Index



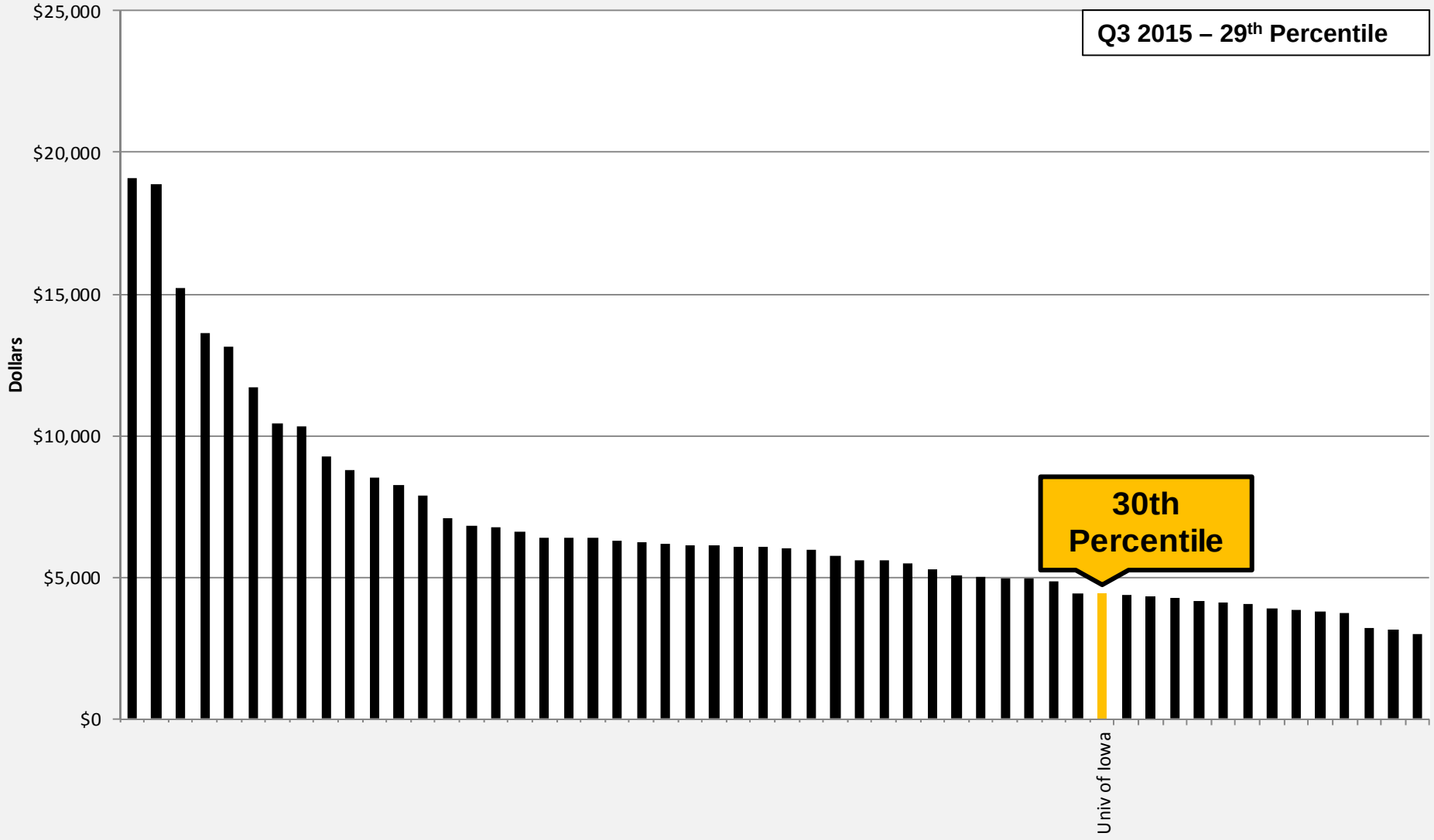
Critical Care Days as % of Total Patient Days



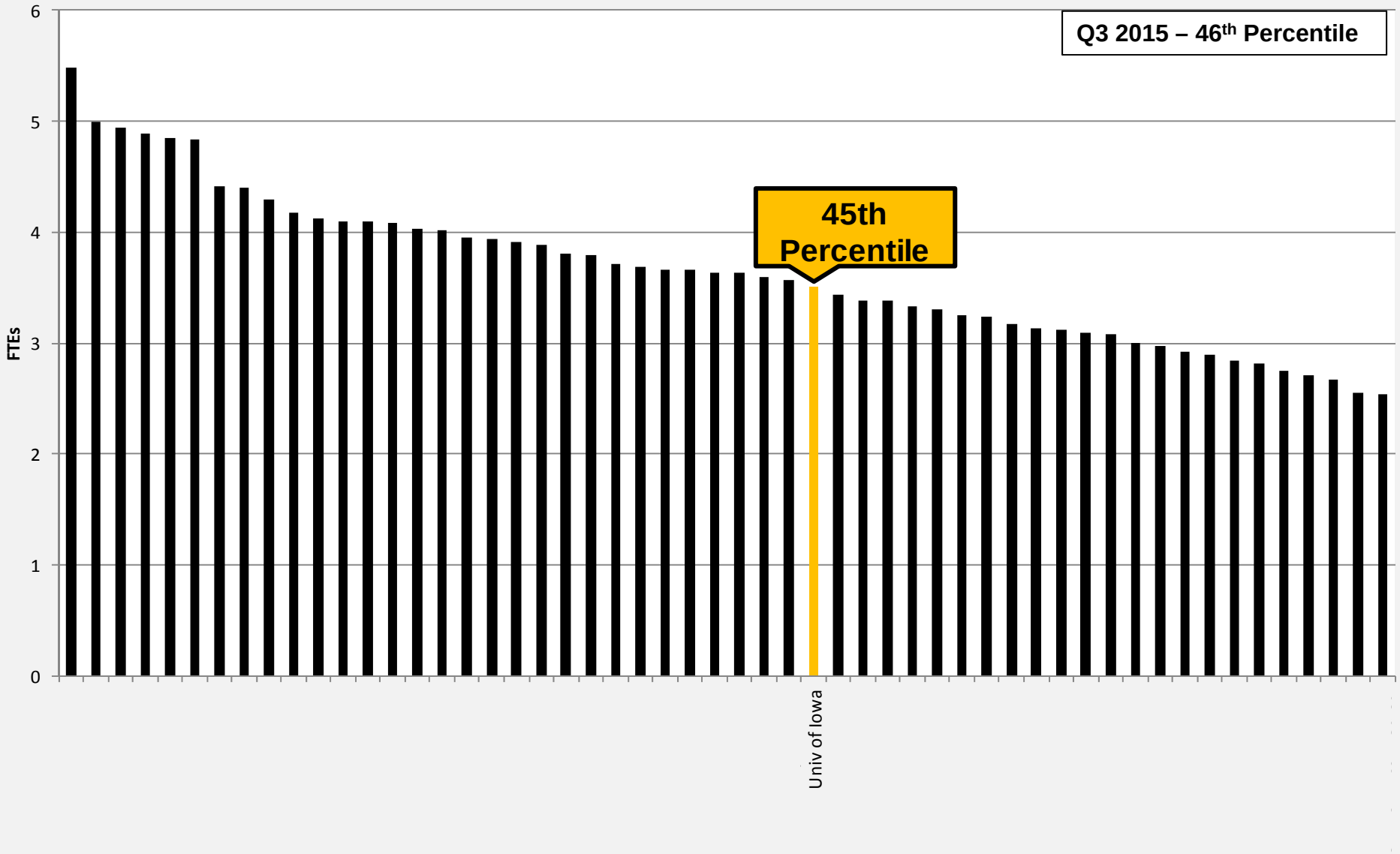
Net Operating Revenue per CMI Weighted Adjusted Patient Day



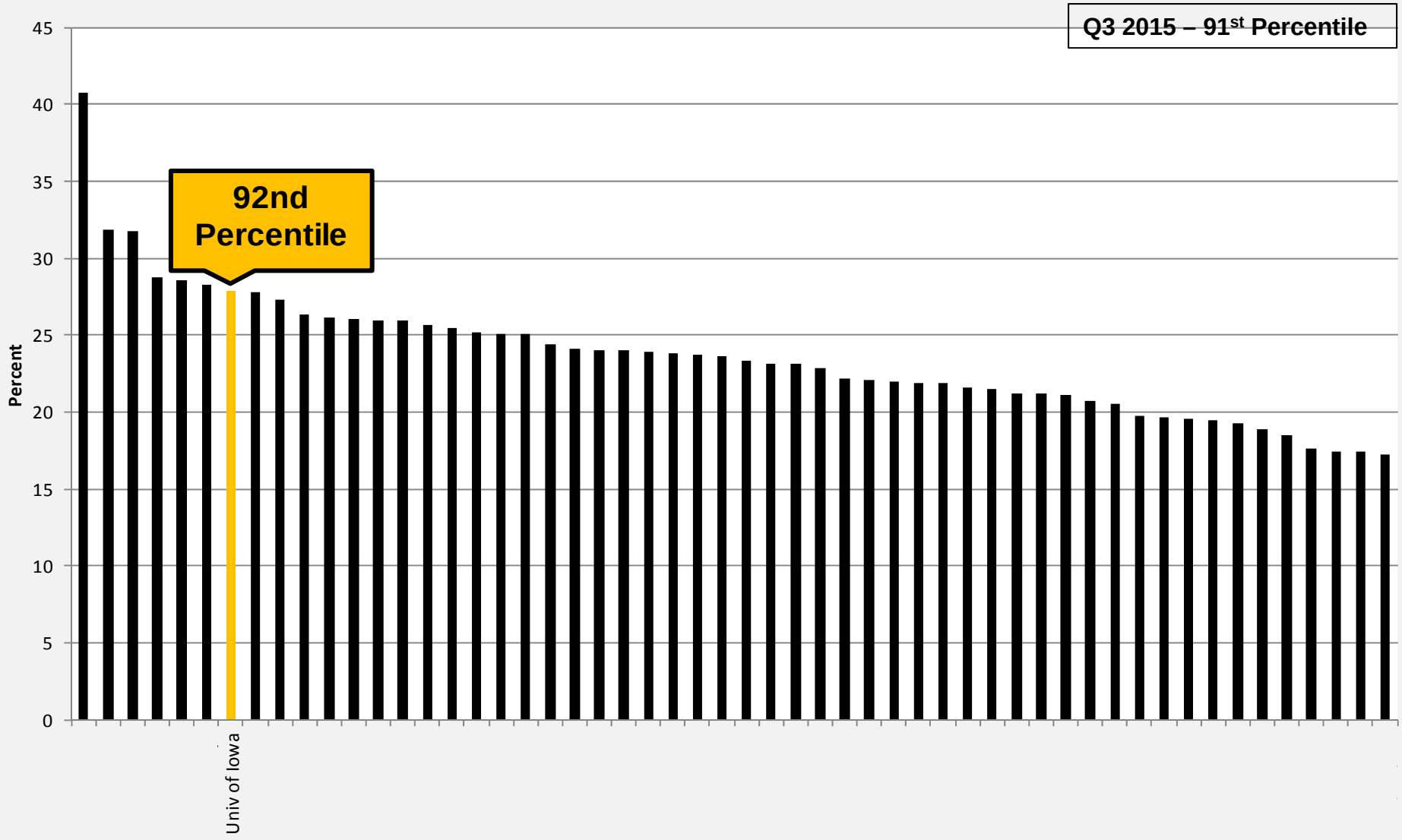
Gross Revenue per CMI Weighted Adjusted Patient Day



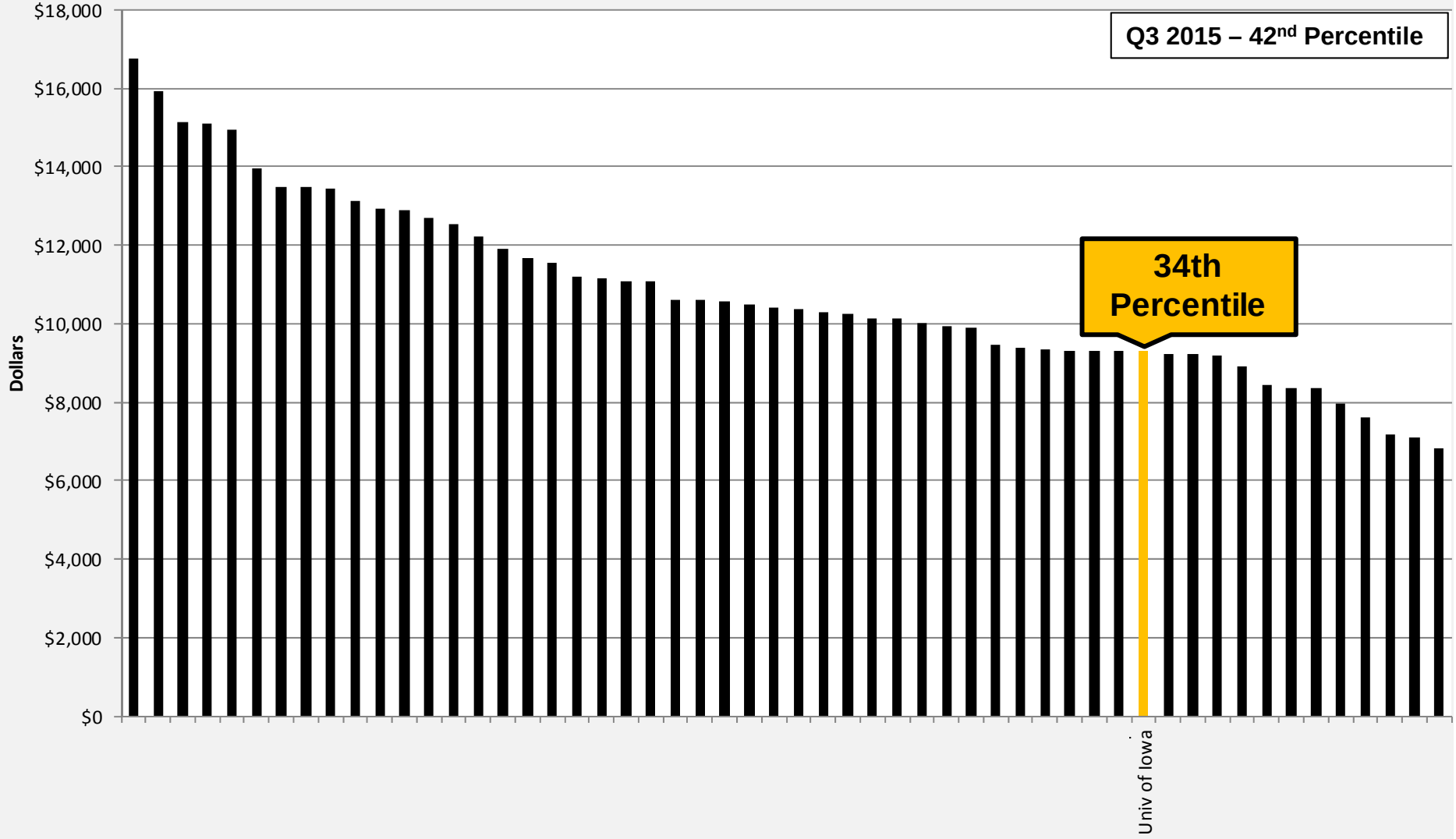
Total FTEs per CMI Weighted Adjusted Occupied Bed



Benefits as % of Total Employee Labor Expense

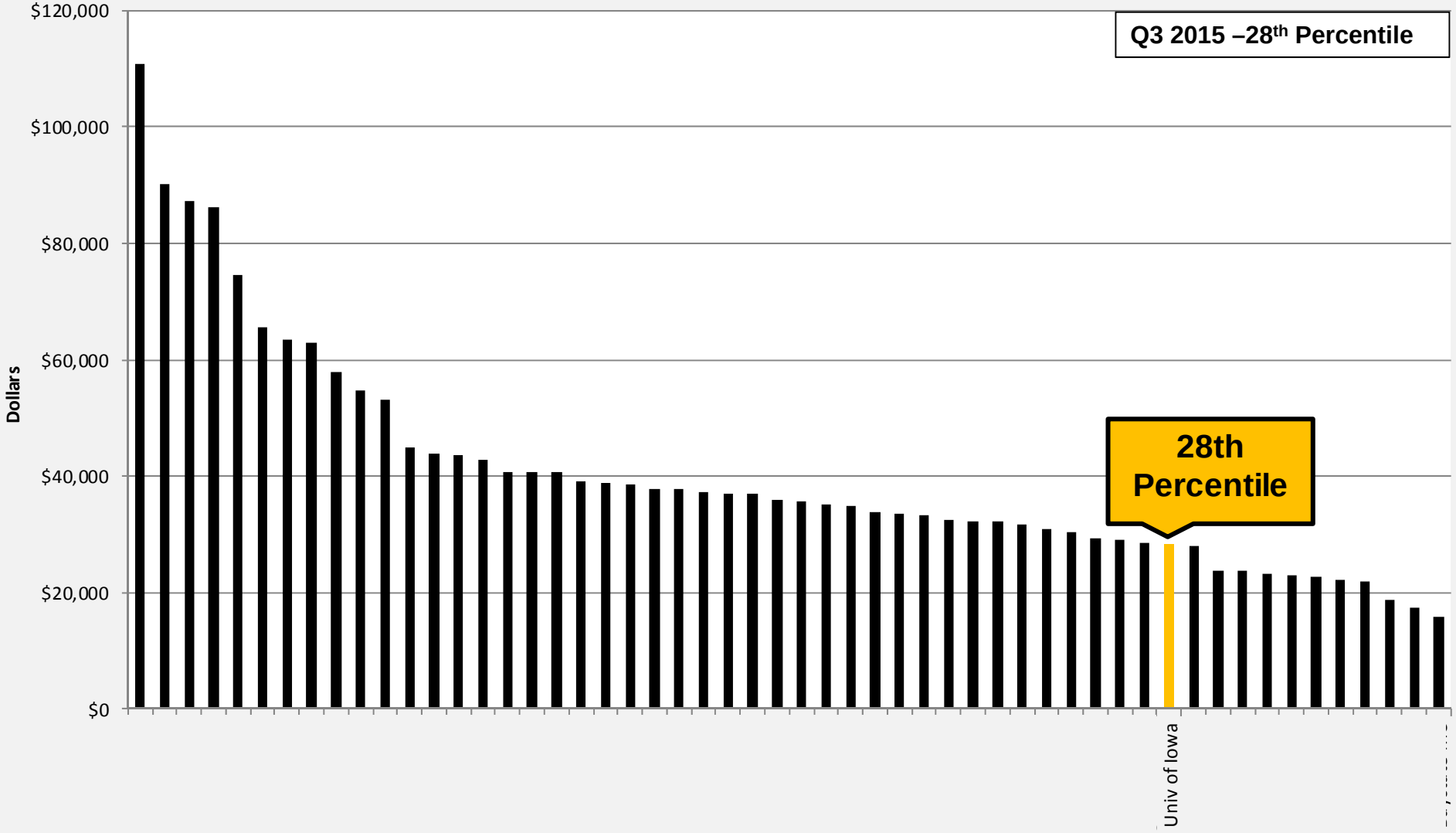


Total Expense AWI Adjusted (Excluding Provider) per CMI Weighted Adjusted Discharge



Action OI Data – CY 2015 Quarter 4

Gross Revenue per CMI Weighted Adjusted Discharge



UNIVERSITY OF IOWA HEALTH CARE

Chargemaster Price Increase

- Proposed: A 6% rate increase at University of Iowa Hospital and Clinics effective July 1, 2016.
- Background
  - A detailed analysis has been done looking at all available benchmarks and cost data. Inflation, contract structures, and other related details were specifically reviewed in determining the proposed rate change.

Thank You!