University of Iowa Health Care

Presentation to

The Board of Regents, State of Iowa

June 6, 2012

Agenda

- Opening Remarks (Jean Robillard)
- Operational and Financial Performance (Ken Kates and Ken Fisher)
- New University of Iowa Children's Hospital Planning Update (Jean Robillard, Ken Kates & Kimberly Stanley)

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 April 2012

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	25,461	24,894	24,927	567	2.3% ○	534	2.1% ○
Patient Days	162,282	160,803	163,959	1,479	0.9% ○	(1,677)	-1.0% ○
Length of Stay	6.39	6.51	6.61	(0.12)	-1.8% ○	(0.22)	-3.4% ●
Average Daily Census	532.07	527.22	539.34	4.85	0.9% ○	(7.27)	-1.3% ○
Surgeries – Inpatient	9,489	9,521	9,300	(32)	-0.3% ○	189	2.0% ○
Surgeries – Outpatient	13,574	12,824	12,771	750	5.8% ●	803	6.3% ●
ED Visits	49,723	47,910	46,542	1,813	3.8% ●	3,181	6.8% ●
Outpatient Clinic Visits	718,967	721,805	690,548	(2,838)	-0.4% ○	25,238	3.7% ●

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

Discharges by Type
Fiscal Year to Date April 2012

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	8,729	8,455	8,492	274	3.2%	237	2.8%
Adult Surgical	11,572	11,164	11,128	408	3.6%	444	4.0%
Adult Psych	1,209	1,326	1,335	(117)	-8.8%	(126)	-9.4%
Subtotal – Adult	*21,510*	*20,945*	*20,955*	*565*	*2.7%*	*555*	*2.6%*
Pediatric Medical & Surgical	2,775	2,839	2,853	(64)	-2.3%	(78)	-2.7%
Pediatric Critical Care	654	659	665	(5)	-0.8%	(11)	-1.7%
Pediatric Psych	522	451	454	71	15.8%	68	15.0%
Subtotal – Pediatrics w/o newborn	*3,951*	*3,949*	*3,972*	*2*	*0.0%*	*(21)*	*-0.5%*
Newborn	1,189	1,224	1,160	(35)	-2.9%	29	2.5%
TOTAL w/o Newborn	**25,461**	**24,894**	**24,927**	**567**	**2.3%**	**534**	**2.1%**

Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Discharge Days by Type

Fiscal Year to Date April 2012

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	50,194	49,879	50,780	315	0.6% ○	(586)	-1.2% ○
Adult Surgical	60,580	58,221	59,115	2,359	4.1% ●	1,465	2.5% ○
Adult Psych	17,176	16,805	17,140	371	2.2% ○	36	0.2% ○
Subtotal – Adult	*127,950*	*124,906*	*127,035*	*3,044*	*2.4%* ○	*915*	*0.7%* ○
Pediatric Medical & Surgical	14,669	15,823	16,110	(1,154)	-7.3% ●	(1,441)	-8.9% ●
Pediatric Critical Care	16,115	17,832	18,184	(1,717)	-9.6% ●	(2,069)	-11.4% ●
Pediatric Psych	3,934	3,425	3,490	509	14.8% ●	444	12.7% ●
Subtotal – Pediatrics w/o newborn	*34,718*	*37,081*	*37,784*	*(2,363)*	*-6.4%* ●	*(3,066)*	*-8.1%* ●
Newborn	2,630	2,920	2,575	(290)	-9.9% ●	55	2.1% ○
TOTAL w/o Newborn	**162,668**	**161,987**	**164,819**	**681**	**0.4%** ○	**(2,151)**	**-1.3%** ○

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

Average Length of Stay by Type

Fiscal Year to Date April 2012

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	5.75	5.90	5.98	(0.15)	-2.5% ○	(0.23)	-3.8% ●
Adult Surgical	5.24	5.21	5.31	0.02	0.4% ○	(0.08)	-1.5% ○
Adult Psych	14.21	12.68	12.84	1.53	12.1% ●	1.37	10.7% ●
Subtotal – Adult	5.95	5.96	6.06	(0.02)	-0.3% ○	(0.11)	-1.9% ○
Pediatric Medical & Surgical	5.29	5.57	5.65	(0.29)	-5.1% ●	(0.36)	-6.4% ●
Pediatric Critical Care	24.64	27.05	27.34	(2.41)	-8.9% ●	(2.70)	-9.9% ●
Pediatric Psych	7.54	7.60	7.69	(0.06)	-0.8% ○	(0.15)	-2.0% ○
Subtotal – Pediatrics w/o newborn	8.79	9.39	9.51	(0.60)	-6.4% ●	(0.73)	-7.6% ●
Newborn	2.21	2.39	2.22	(0.17)	-7.3% ●	(0.01)	-0.4% ○
TOTAL w/o Newborn	**6.39**	**6.51**	**6.61**	**(0.12)**	**-1.8%** ○	**(0.22)**	**-3.4%** ●

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

Outpatient Surgeries – by Clinical Department

April 2012

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	58	57	56	1	1.0%	2	3.6%
Dentistry	536	489	480	47	9.6%	56	11.7%
Dermatology	29	35	36	(6)	-17.5%	(7)	-19.4%
General Surgery	2,160	2,130	2,126	30	1.4%	34	1.6%
Gynecology	743	649	632	94	14.4%	111	17.6%
Internal Medicine	12	3	3	9	378.8%	9	300.0%
Neurosurgery	378	392	386	(14)	-3.5%	(8)	-2.1%
Ophthalmology	3,009	2,721	2,712	288	10.6%	297	11.0%
Orthopedics	3,245	3,157	3,095	88	2.8%	150	4.8%
Otolaryngology	1,970	2,026	1,986	(56)	-2.8%	(16)	-0.8%
Radiology – Interventional	35	27	26	8	31.5%	9	34.6%
Urology *w/ Procedure Ste.*	1,399	1,138	1,233	261	22.9%	166	13.5%
Total	**13,574**	**12,824**	**12,771**	**750**	**5.8%**	**803**	**6.3%**

Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Inpatient Surgeries – by Clinical Department

April 2012

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	950	940	903	10	1.0% ○	47	5.2% ●
Dentistry	129	104	103	25	23.5% ●	26	25.2% ●
Dermatology	1	0	0	1	●	1	●
General Surgery	2,744	2,704	2,619	40	1.5% ○	125	4.8% ●
Gynecology	613	651	628	(38)	-5.8% ●	(15)	-2.4% ○
Neurosurgery	1,380	1,394	1,358	(14)	-1.0% ○	22	1.6% ○
Ophthalmology	129	125	119	4	3.0% ●	10	8.4% ●
Orthopedics	2,135	2,279	2,232	(144)	-6.3% ●	(97)	-4.3% ●
Otolaryngology	650	632	641	18	2.9% ●	9	1.4% ○
Radiology – Interventional	108	93	95	15	15.6% ●	13	13.7% ●
Urology *w/ Procedure Ste.*	650	597	602	53	8.8% ●	48	8.0% ●
Total	**9,489**	**9,521**	**9,300**	**(32)**	**-0.3%** ○	**189**	**2.0%** ○

Solid Organ Transplants	229	268	246	(39)	-14.6% ●	(17)	-6.9% ●

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

Emergency Department
April 2012

Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
ED Visits	49,723	47,910	46,542	1,813	3.8%	3,181	6.8%
ED Admits	13,575	12,549	12,110	1,026	8.2%	1,465	12.1%
ED Conversion Factor	27.3%	26.2%	26.0%		4.2%		4.9%
ED Admits / Total Admits	53.7%	50.8%	48.7%		5.7%		10.3%

Greater than 2.5% Favorable	Neutral	Greater than 2.5% Unfavorable

Clinic Visits by Clinical Department

Fiscal Year to Date April 2012

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
Anesthesia	11,685	13,020	12,613	(1,335)	-10.3%	(928)	-7.4%
CDD	7,238	6,755	6,834	483	7.1%	404	5.9%
Clinical Research	7,888	9,078	8,589	(1,190)	-13.1%	(701)	-8.2%
Dermatology	21,701	26,309	21,563	(4,608)	-17.5%	138	0.6%
Emergency Department	49,723	47,910	46,541	1,813	3.8%	3,182	6.8%
General Surgery	21,367	20,519	19,584	848	4.1%	1,783	9.1%
Heart and Vascular	32,038	32,197	30,777	(159)	-0.5%	1,261	4.1%
Hospital Dentistry	12,870	11,034	11,180	1,836	16.6%	1,690	15.1%
Internal Medicine	92,549	91,767	87,202	782	0.9%	5,347	6.1%
Neurology	14,329	14,584	13,744	(255)	-1.7%	585	4.3%
Neurosurgery	7,832	7,773	7,526	59	0.8%	306	4.1%
Obstetrics/Gynecology	65,895	65,346	62,035	549	0.8%	3,860	6.2%
Ophthalmology	57,509	59,685	54,306	(2,176)	-3.6%	3,203	5.9%
Orthopedics	52,212	51,699	49,381	513	1.0%	2,831	5.7%
Otolaryngology	24,417	24,298	22,837	119	0.5%	1,580	6.9%
Pediatrics	38,566	37,888	36,368	678	1.8%	2,198	6.0%
Primary Care	201,571	199,554	197,230	2,017	1.0%	4,341	2.2%
Psychiatry	34,310	36,421	35,249	(2,111)	-5.8%	(939)	-2.7%
Urology	14,572	13,392	13,125	1,180	8.8%	1,447	11.0%
Other	418	485	406	(67)	-13.8%	12	3.0%
Total	**768,690**	**769,715**	**737,090**	**(1,025)**	**-0.1%**	**31,600**	**4.3%**

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

Outpatient Activity Detail

Fiscal Year to Date April 2012

UNIVERSITY OF IOWA HEALTH CARE

Primary Care Clinics

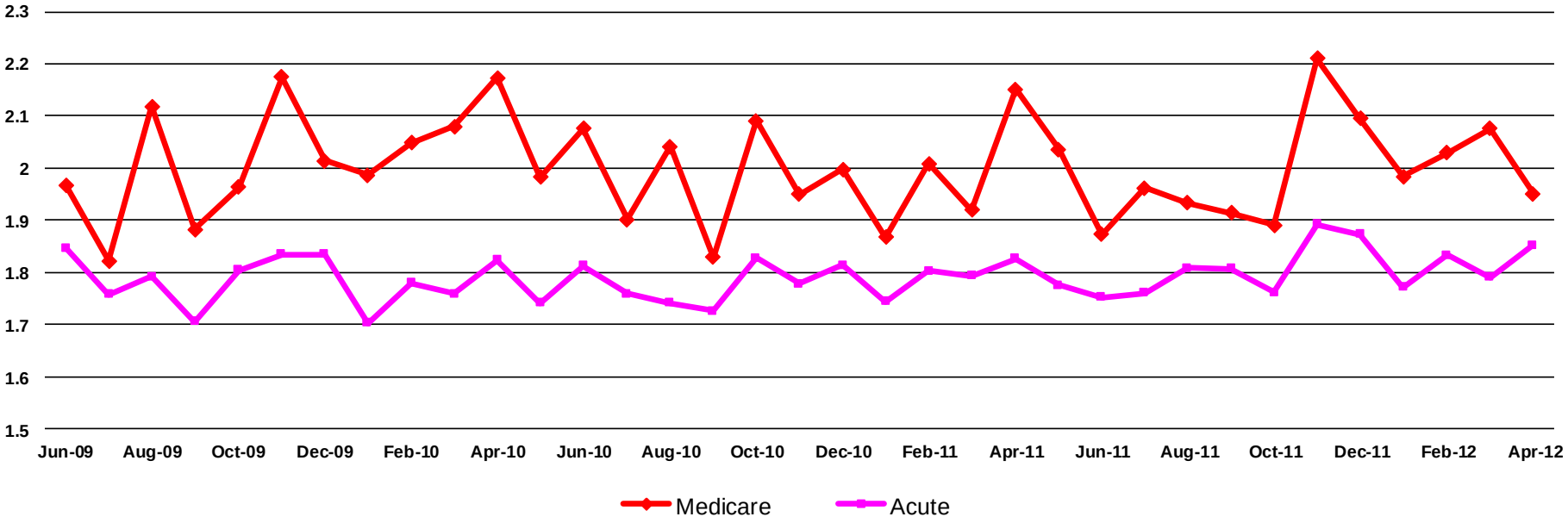
Operating Review (YTD)	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Employee Health Clinic	16,808	14,499	13,480	2,309	15.9% ●	3,328	24.7% ●
Family Care Center	71,894	86,983	74,409	(15,089)	-17.3% ●	(2,515)	-3.4% ●
Offsite Clinics	68,269	55,611	69,921	12,658	22.8% ●	(1,652)	-2.4 ○
Quick Care Clinics	24,975	23,722	21,375	1,253	5.3% ●	3,600	16.8% ●
Primary Care Clinic North	19,625	18,739	18,045	886	4.7% ●	1,580	8.8% ●
TOTAL	201,571	199,554	197,230	2,017	1.0% ○	4,341	2.2% ○

Clinical Cancer Center

Infusions	34,116	34,829	28,866	(713)	-2.0% ○	5,250	18.2% ●

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

Case Mix Index



UIHC Comparative Financial Results

Fiscal Year to Date April 2012

UNIVERSITY OF IOWA HEALTH CARE

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	$860,146	$865,547	$814,317	($5,401)	-0.6%	$45,830	5.6%
Other Operating Revenue	47,257	40,030	38,152	7,227	18.1%	9,105	23.9%
Total Revenue	**$907,403**	**$905,577**	**$852,469**	**$1,826**	**0.2%**	**$54,935**	**6.4%**
EXPENSES:							
Salaries and Wages	$457,251	$467,246	$409,377	($9,995)	-2.1%	$47,874	11.7%
General Expenses	358,472	345,837	335,131	12,635	3.7%	23,341	7.0%
Operating Expense before Capital	$815,724	$813,083	$744,508	$2,641	0.3%	$71,216	9.6%
Cash Flow Operating Margin	**$91,679**	**$92,494**	**$107,961**	**($815)**	**-0.9%**	**($16,281)**	**-15.1%**
Capital- Depreciation and Amortization	57,919	56,240	58,419	1,678	3.0%	(501)	-0.9%
Total Operating Expense	$873,642	$869,323	$802,927	$4,319	0.5%	$70,715	8.8%
Operating Income	**$33,761**	**$36,254**	**$49,541**	**($2,493)**	**-6.9%**	**($15,781)**	**-31.9%**
Operating Margin %	**3.7%**	**4.0%**	**5.8%**		**-0.3%**		**-2.0%**
Gain on Investments	22,817	18,307	35,829	4,509	24.6%	(13,013)	-36.3%
Other Non-Operating	(4,241)	(4,374)	(2,881)	134	3.1%	(1,360)	-47.2%
Net Income	**$52,337**	**$50,187**	**$82,489**	**($2,150)**	**4.3%**	**($30,153)**	**-36.6%**
Net Margin %	**5.7%**	**5.5%**	**9.3%**		**0.2%**		**-3.7%**

UIHC Comparative Financial Results

April 2012

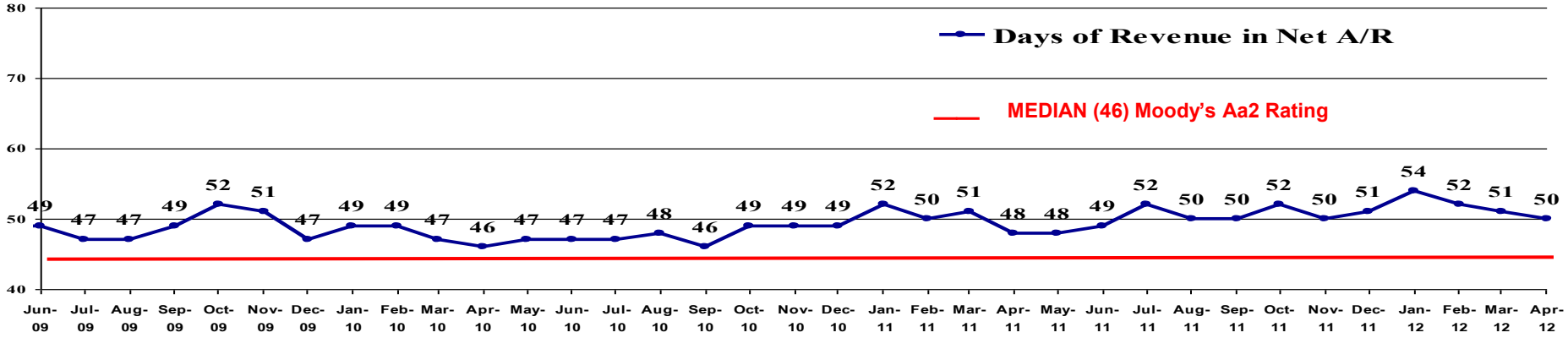
UNIVERSITY OF IOWA HEALTH CARE

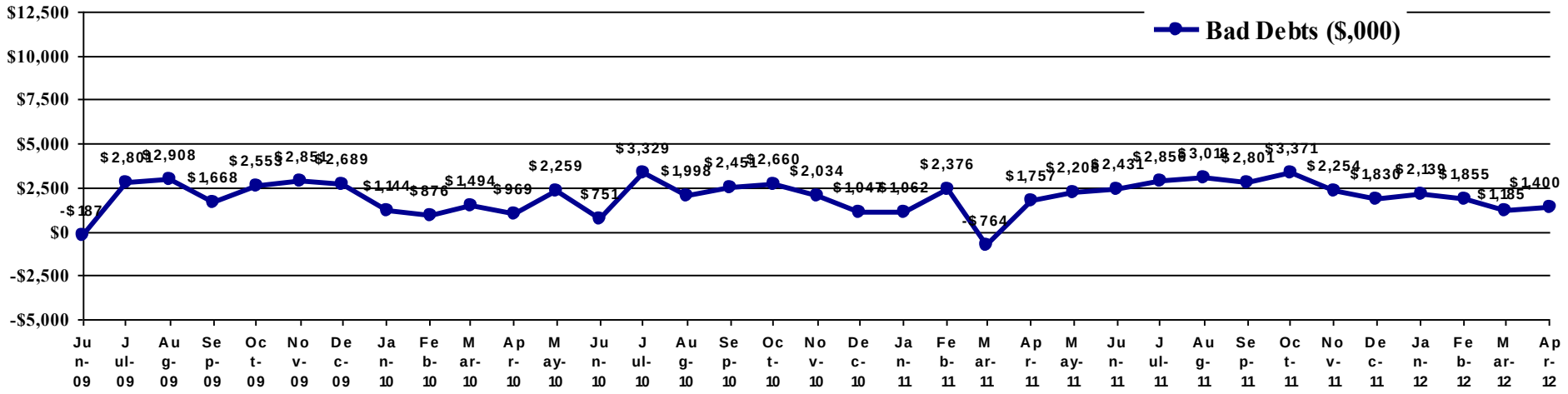
Dollars in Thousands

NET REVENUES:	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Patient Revenue	$86,861	$89,974	$80,618	($3,113)	-3.5%	$6,243	7.7%
Other Operating Revenue	4,695	4,003	3,786	692	17.3%	909	24.0%
Total Revenue	**$91,556**	**$93,977**	**$84,404**	**($2,421)**	**-2.6%**	**$7,152**	**8.5%**
EXPENSES:							
Salaries and Wages	$45,343	$47,280	$41,041	($1,937)	-4.1%	$4,302	10.5%
General Expenses	33,673	34,902	31,314	(1,229)	-3.5%	2,359	7.5%
Operating Expense before Capital	$79,016	$82,182	$72,355	($3,166)	-3.9%	$6,661	9.2%
Cash Flow Operating Margin	**$12,541**	**$11,795**	**$12,050**	**$746**	**6.3%**	**$491**	**4.1%**
Capital- Depreciation and Amortization	6,175	5,624	6,350	551	9.8%	(175)	-2.8%
Total Operating Expense	$83,191	$87,806	$78,704	($2,615)	-3.0%	$6,486	8.2%
Operating Income (Loss)	**$6,366**	**$6,171**	**$5,700**	**$195**	**3.2%**	**$666**	**11.7%**
Operating Margin %	**7.0%**	**6.6%**	**6.8%**		**0.4%**		**0.2%**
Gain on Investments	(616)	1,831	9,078	(2,446)	-133.6%	(9,694)	-106.8%
Other Non-Operating	(2,344)	(437)	(272)	(1,907)	-435.9%	(2,073)	-762.3%
Net Income	**$3,406**	**$7,564**	**$14,506**	**($4,158)**	**-55.0%**	**($11,100)**	**-76.5%**
Net Margin %	**3.8%**	**7.9%**	**15.6%**		**-4.1%**		**-11.7%**

Comparative Accounts Receivable
at April 30, 2012

	June 30, 2010	June 30, 2011	April 30, 2012
Net Accounts Receivable	$117,737,680	$136,477,870	$143,528,456
Net Days in AR	47	49	50





UNIVERSITY OF IOWA HEALTH CARE

New University of Iowa Children's Hospital Planning Update

Jean Robillard, MD
Vice President for Medical Affairs

Ken Kates, Chief Executive Officer
UI Hospitals & Clinics

Kimberly Stanley
Stanley Beaman & Sears

New University of Iowa Children's Hospital

UNIVERSITY OF IOWA HEALTH CARE

University of Iowa Children's Hospital

University of Iowa Health Care

New University of Iowa Children's Hospital: Creating a System of Care for Iowa's Children

The overarching vision of the University of Iowa Children's Hospital project is to create an integrated system of care for Iowa's children. This will be accomplished through the creation of a pediatric health "Center of Excellence" that embraces the principles of an Iowa specific children's system of care.

This vision will be realized through the construction of a new state-of-the-art children's hospital and the incorporation of sophisticated health information technology that will enhance coordination of pediatric care across the state.

System of Care: Existing Efforts to Achieve Triple Aim Objectives for Children across Iowa

UNIVERSITY OF IOWA HEALTH CARE

Better Health

- Reduce barriers to access resulting in disparities (e.g., Telehealth consults with Child Psychology)
- Enhance and grow programs to respond to community need (e.g., Pediatric Neurology, Pediatric Nephrology)

Better Care

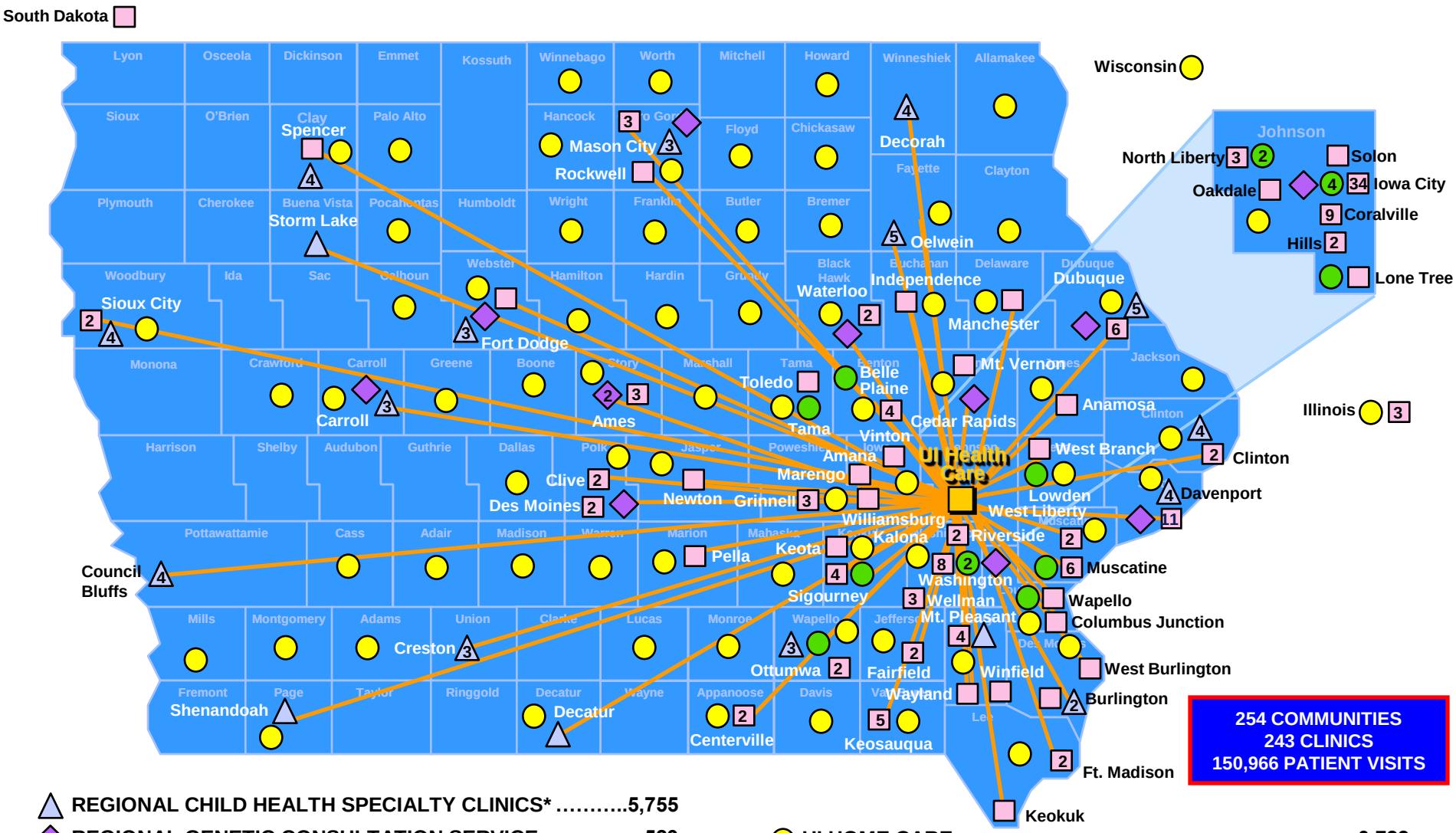
- Enhance capabilities for patients to receive care close to home (e.g., Peds Subspecialty Clinics at Lincoln Road in Quad Cities)
- Provide seamless care coordination and referrals between providers across communities (e.g., Continuity of Care Team, EPIC Care Link)

Greater Value

- Deliver high complexity services at quaternary center (e.g., Congenital Heart Services, Kidney Transplant, Peds Hem/Onc, Level IIIC NICU)
- Deliver services in the community appropriate to the level of complexity required (e.g., Neonatology at Genesis)

UI Health Care Service to Iowa Communities, 2009-2010

UNIVERSITY OF IOWA HEALTH CARE



REGIONAL CHILD HEALTH SPECIALTY CLINICS* 5,755

REGIONAL GENETIC CONSULTATION SERVICE 529

SPECIALTY CONSULTATION CLINICS.....36,081

UI HOME CARE 3,722

UI CMS 104,879

(NUMBER IN ICON INDICATES DIFFERENT CLINIC TYPES LOCATED AT SITE)

(TOTAL VISIT COUNT INCLUDES COMMUNITIES SERVED OUTSIDE OF IOWA)
(*CHILD HEALTH SPECIALTY CLINICS INCLUDES THE FORMER BIRTH TO 5 YEARS PROGRAM)

Iowa's Statewide Needs Assessment: Children's Health 2010

UNIVERSITY OF IOWA HEALTH CARE

Demonstrated need to unify the components of the children's health system so there is articulation, communication, integration, and synergy to create a seamless system of care for Iowa's children and families

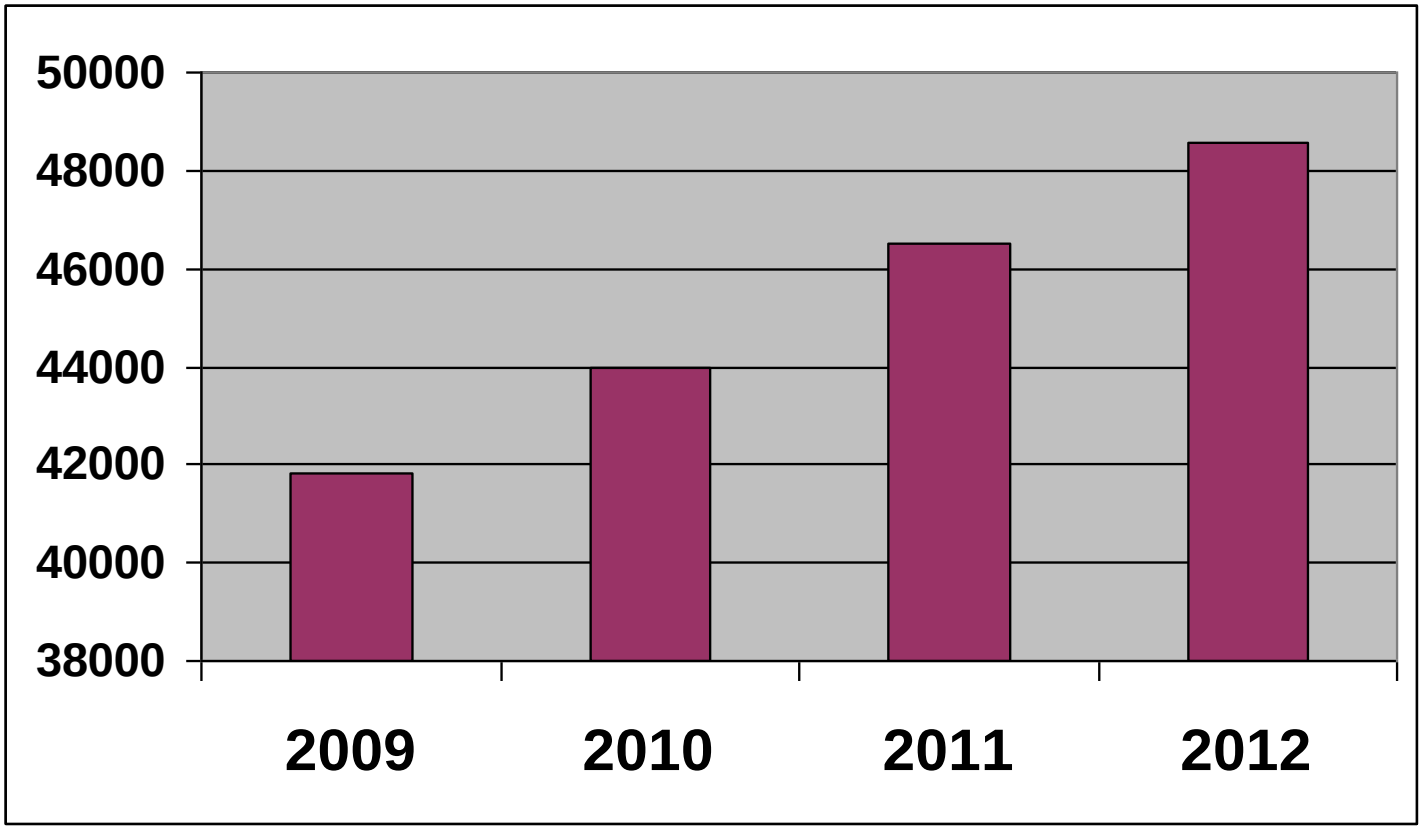
Only 22 % of families of Iowa children (0-11y) and 17% of families of Iowa children (12-17y) with special needs reported that their health care needs were being met by a coordinated system

- Access to pediatric specialty care
- Transition and care coordination services

Increasing Specialized Care

UNIVERSITY OF IOWA HEALTH CARE

UI Children's Hospital Specialty Clinic Visits



New University of Iowa Children's Hospital: Project Absolutes

UNIVERSITY OF IOWA HEALTH CARE

- **Children and families first**:
  The design and philosophy of the building will reflect the principles of patient and family-centered care where children and families come first

- **Foster academic achievement:**
  The building will support the teaching mission and facilitate academic achievement and medical excellence

- **Maintainable, friendly and secure:**
  The building will be durable, easy to clean, welcoming and secure

- **Architecturally and functionally integrated/environmentally sustainable:**
  The building will fit into the context of campus architecture, have good functional relationships to related parts of the Medical Center, and be designed to be environmentally sustainable

- **Grow pride and image:**
  The building will engender pride and positively affect the image of the University of Iowa

UI Children's Hospital Has Unique Considerations

UNIVERSITY OF IOWA HEALTH CARE

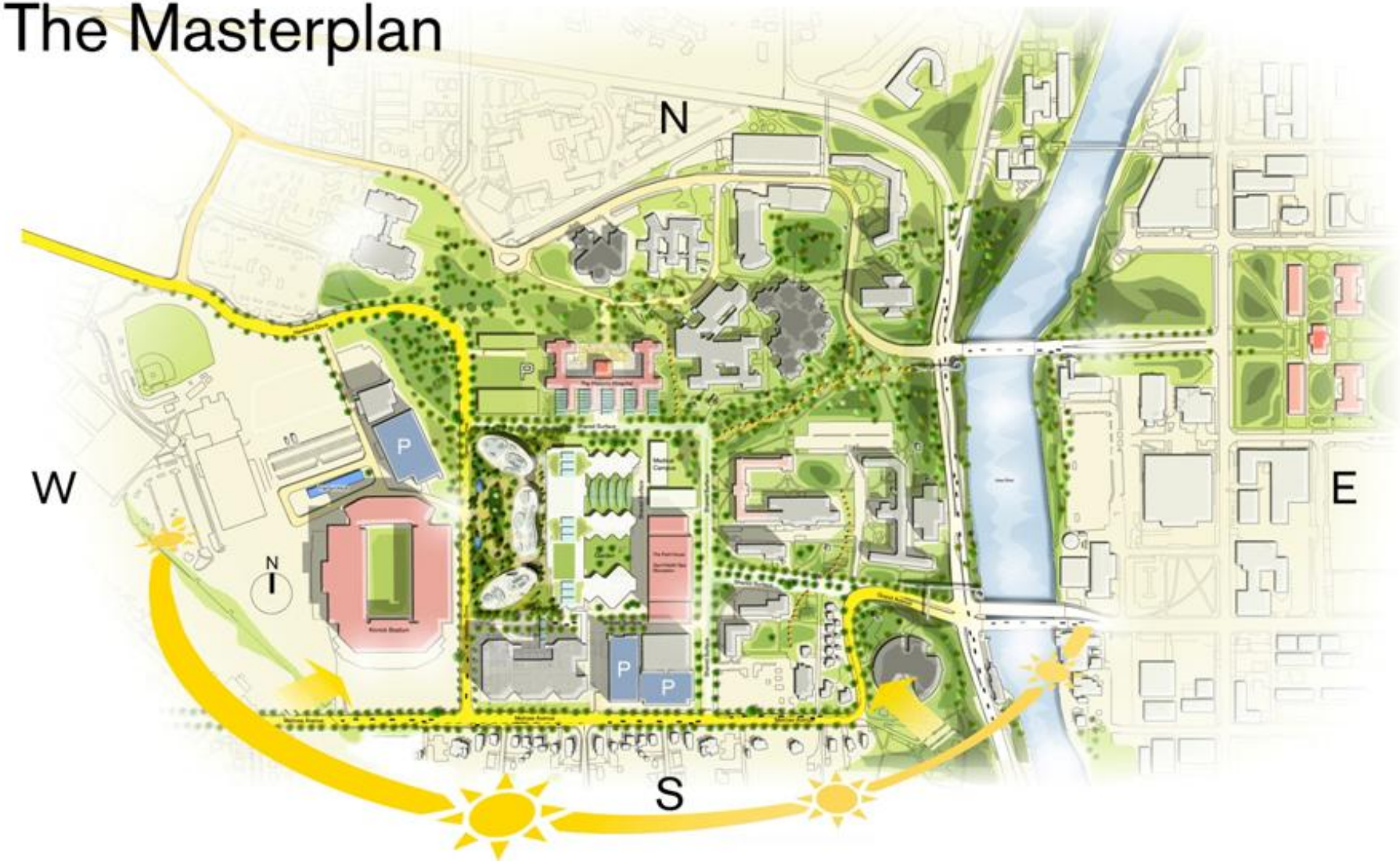
- Children require different health care that focuses on their unique needs, involves their parents from start to finish and is provided in places designed to be kid-sized and child friendly
- We must create the sizing, shape, color, organization and "feel" that lessen the anxiety and stress for children and their families during hospitalization
- Inpatient and specialty services for children must be provided in patient-centered areas
- We must integrate clinical services that are currently dispersed across multiple locations in a coordinated manner.
- We must meet the expected standard for academic medical center children's hospitals to aid in the recruitment of first class clinicians, nurses, researchers and other health care professionals

Program Evolution

UNIVERSITY OF IOWA HEALTH CARE

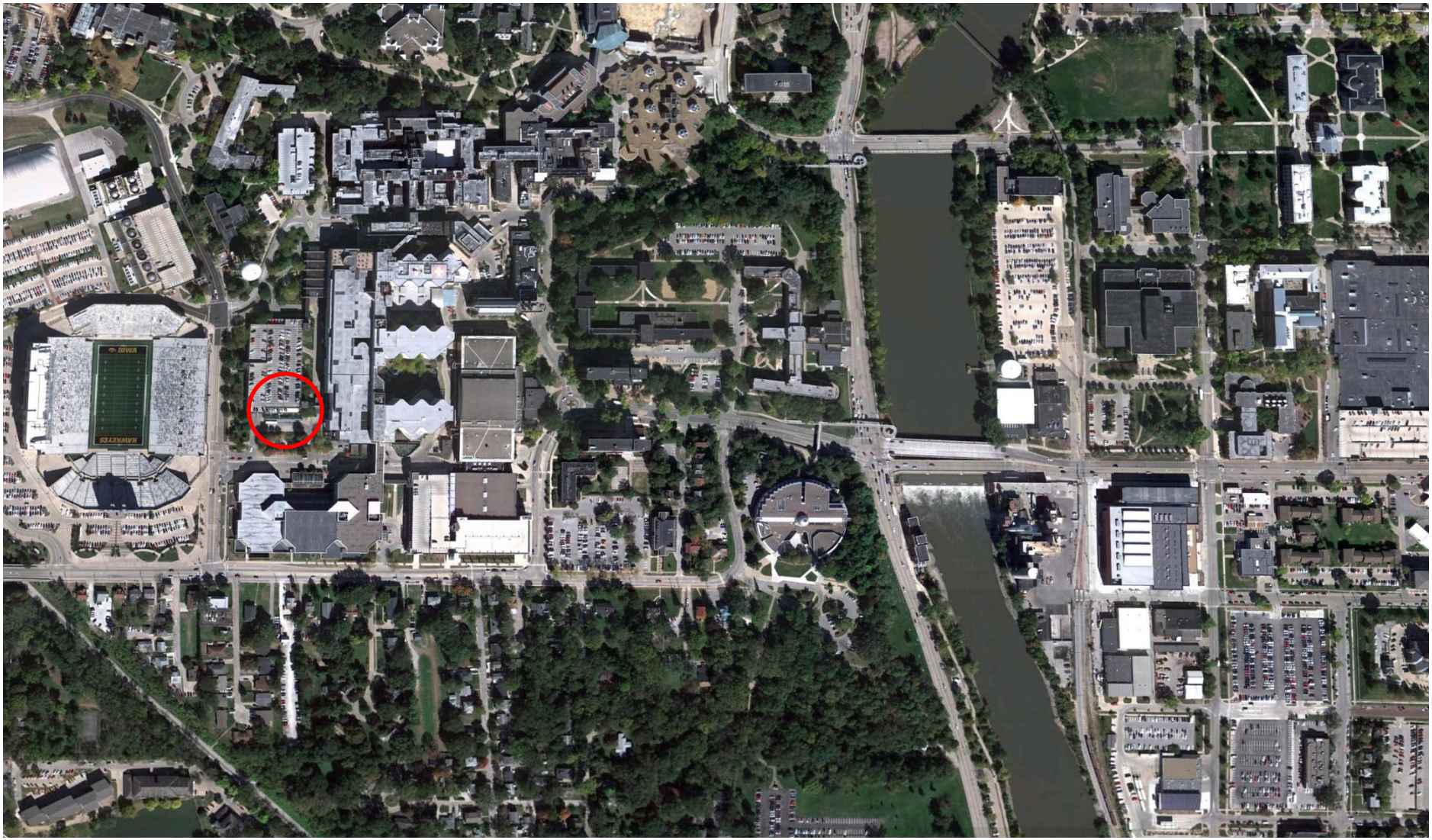
- UI Health Care campus master plan for next twenty years updated with plans for new children's hospital and two additional future patient care towers and support space
- Building shape and orientation on the site evolved from rectangular to oval to improve functionality, optimize efficiency and safety of patient care, enhance patient room views and increase amounts of natural light
- Traffic studies completed and new underground parking structure developed (to replace Ramp #2) to improve ease of access and parking convenience for patients, families and visitors and to allow for ideal use of the construction site for new children's facility
- Federal Aviation Administration (FAA) revised maximum building height allowing for two additional floors (to be shelled) to support future growth and flexibility
- Added mechanical penthouse to optimally support building systems
- Added rooftop healing garden and event space

The Masterplan



Site of the New Children's Hospital

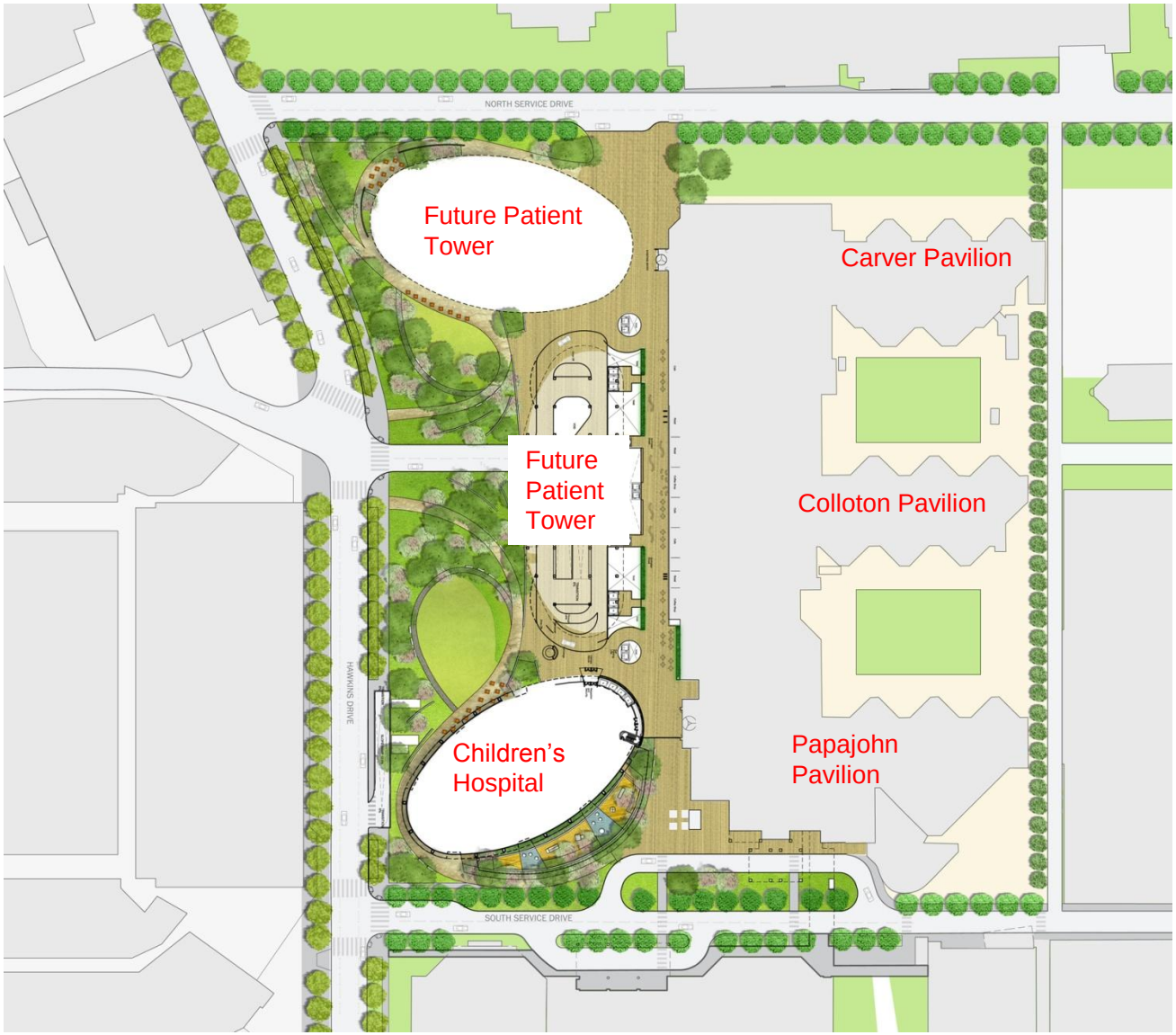
UNIVERSITY OF IOWA HEALTH CARE



Site of the New Children's Hospital

UNIVERSITY OF IOWA HEALTH CARE

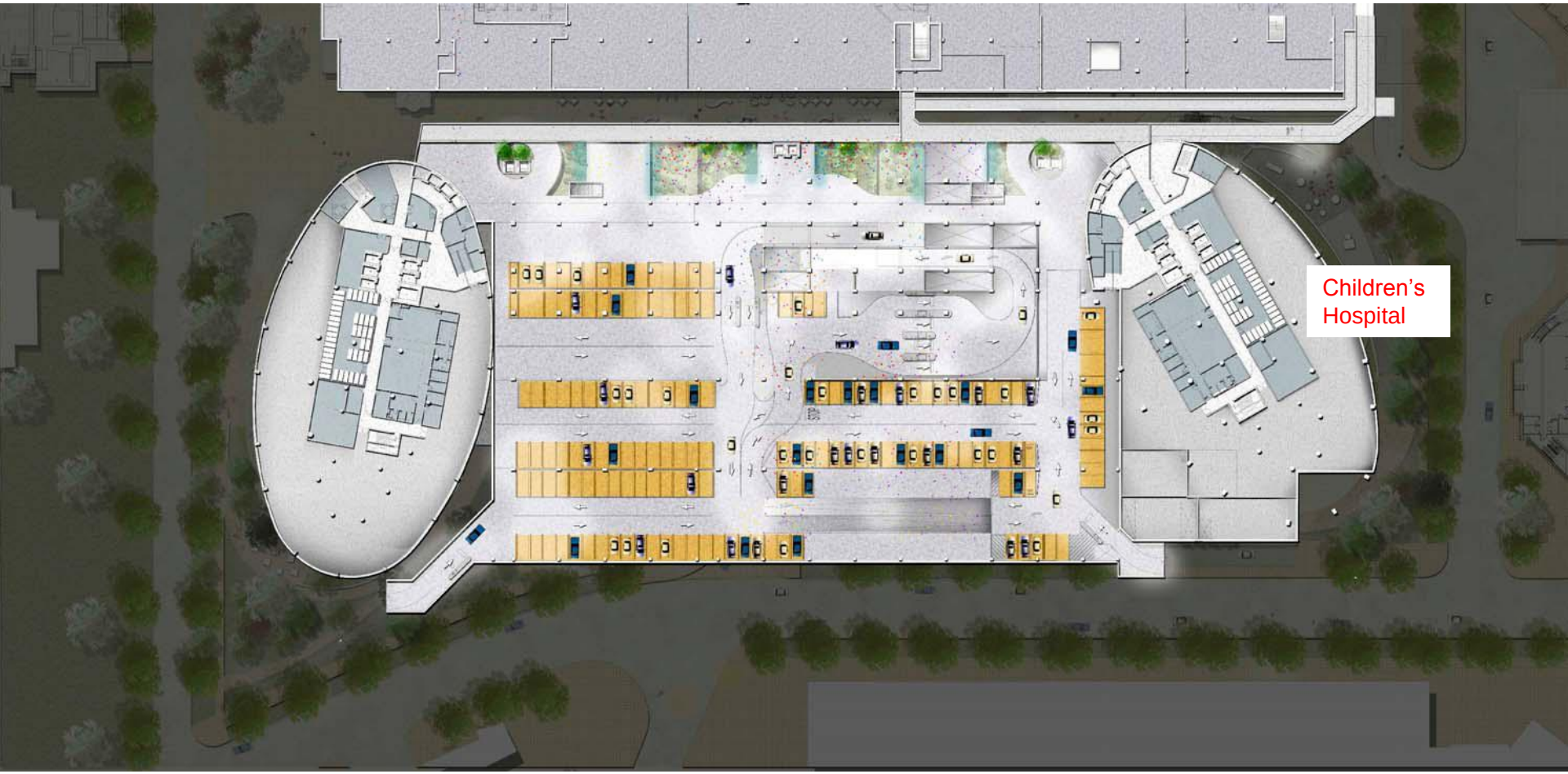
Master Plan – Children's Hospital and Future Towers



Master Plan Overview

New Underground Parking Garage is Key to Optimal Master Plan

New underground parking garage replaces Ramp #2

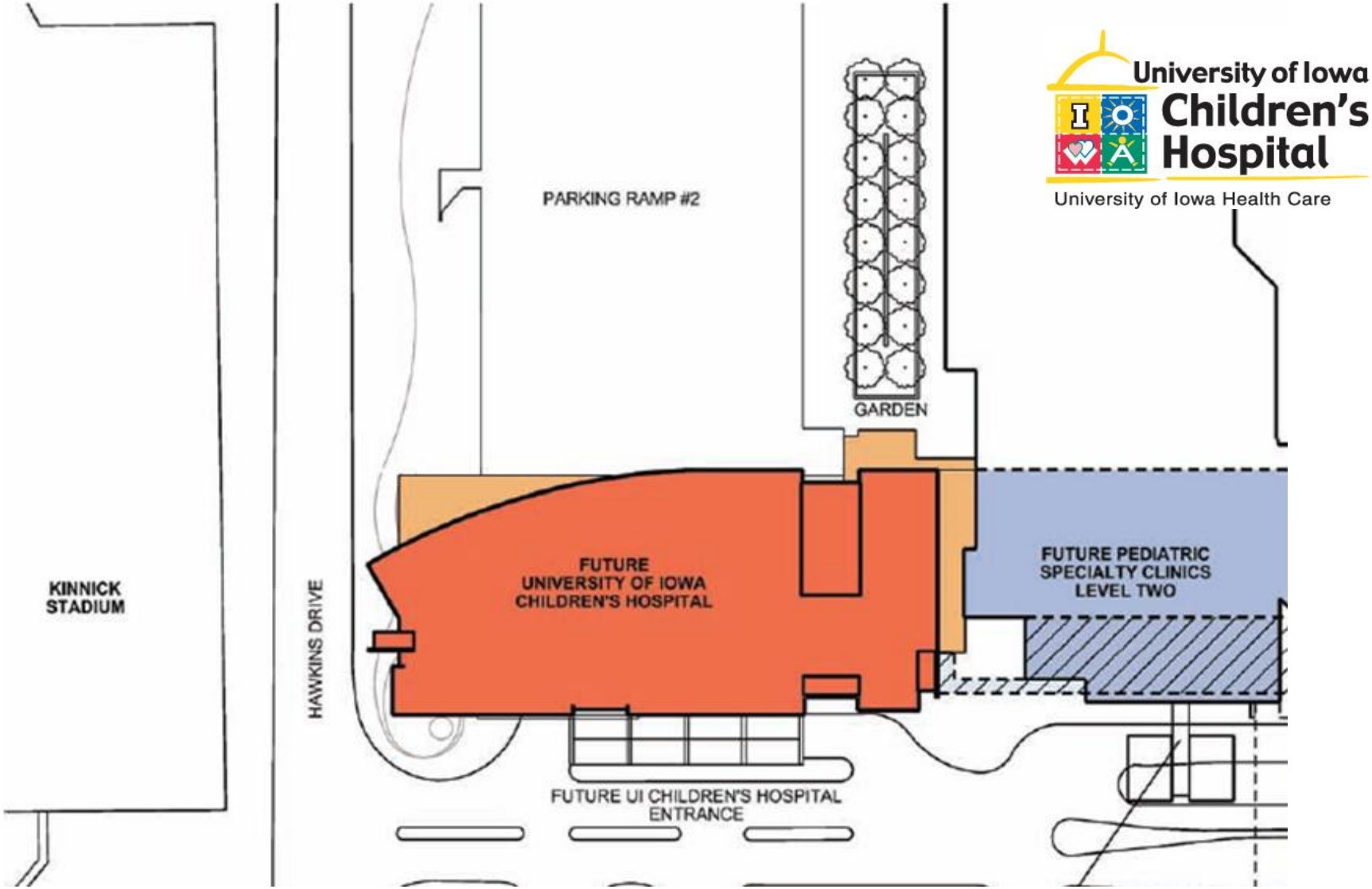


Master Plan – Phased Implementation of Three New Towers. First is New Children's Hospital

UNIVERSITY OF IOWA HEALTH CARE

Master Plan – Two Additional Towers

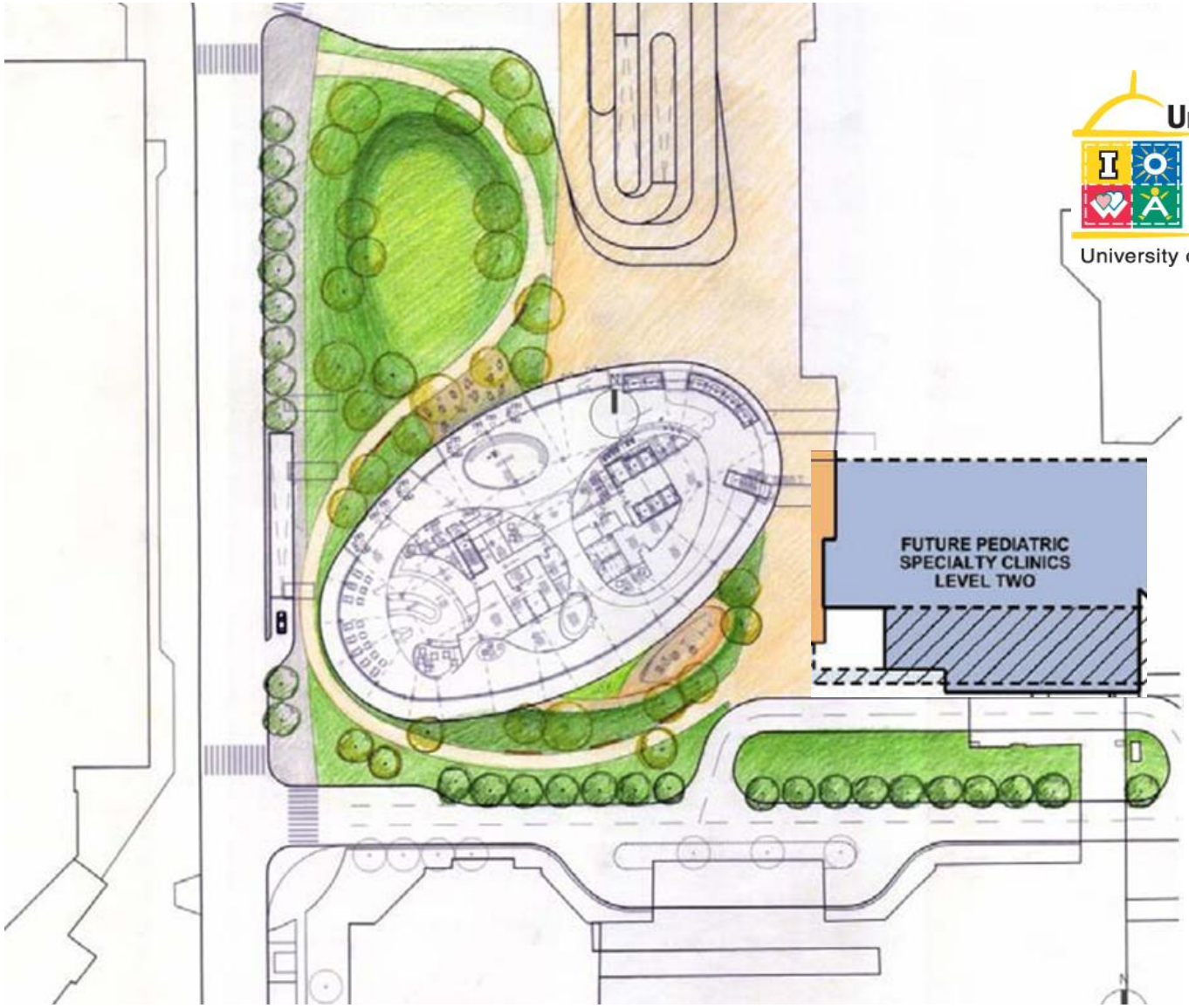
New Children's Hospital Planning: Original Plan



New Children's Hospital Planning: Revised Plan

UNIVERSITY OF IOWA HEALTH CARE

Kinnick Stadium

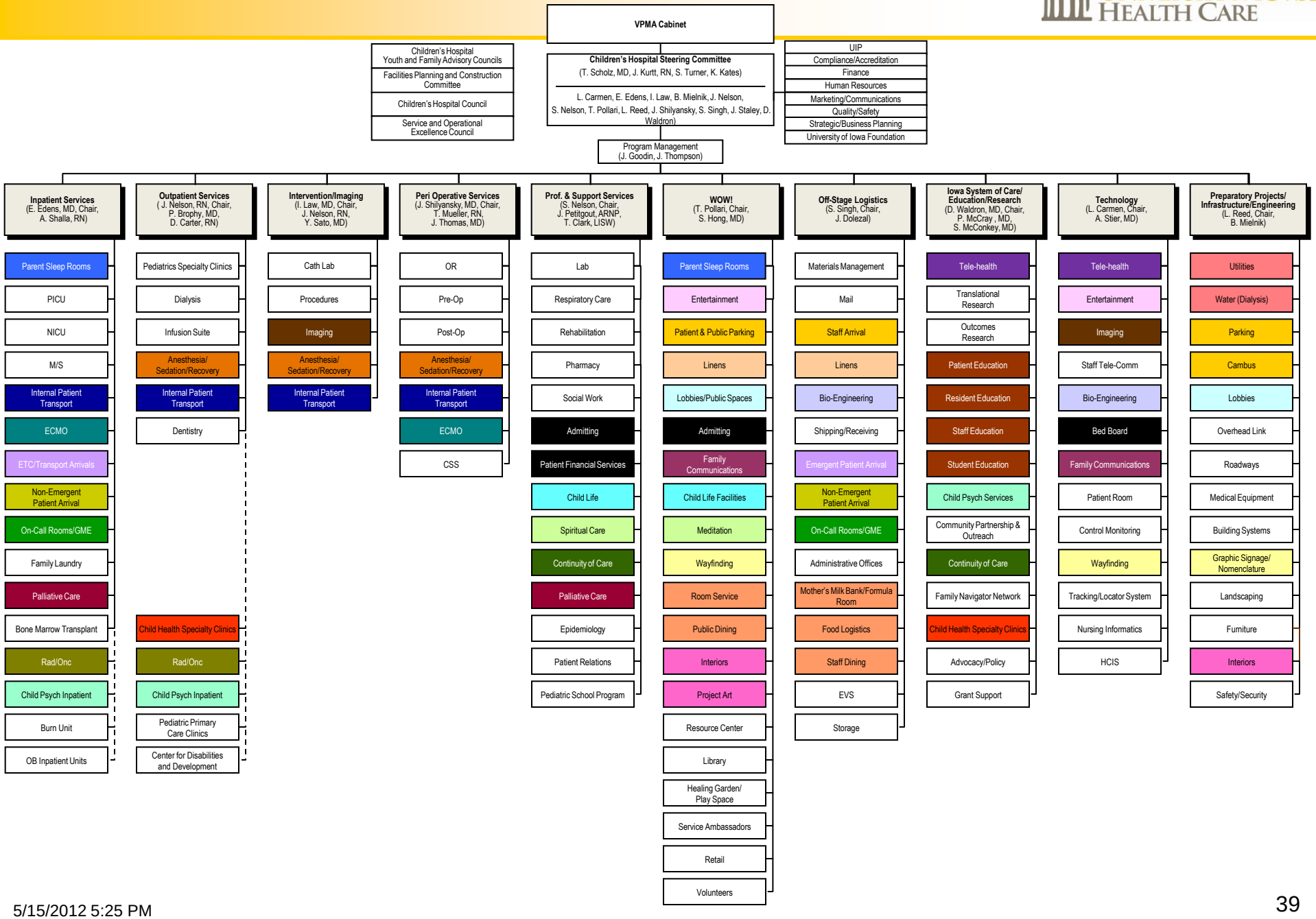


University of Iowa Children's Hospital
University of Iowa Health Care

New Children's Hospital – View from Melrose Avenue

UNIVERSITY OF IOWA HEALTH CARE

Steering Committee and Planning Committees



Program & Design Participation

UNIVERSITY OF IOWA HEALTH CARE

Faculty, Staff & Family Involvement

- Executive Committee
- Steering Committee
- 10 User Groups
- Family & Child Advisory Councils
- Service Excellence Team
- Community partners (Dance Marathon, Children's Miracle Network,
- UI Children's Hospital Council, etc.)
- Collaborative planning process from start to finish
- ***Over 450 people involved!***

Building Program Highlights

UNIVERSITY OF IOWA HEALTH CARE

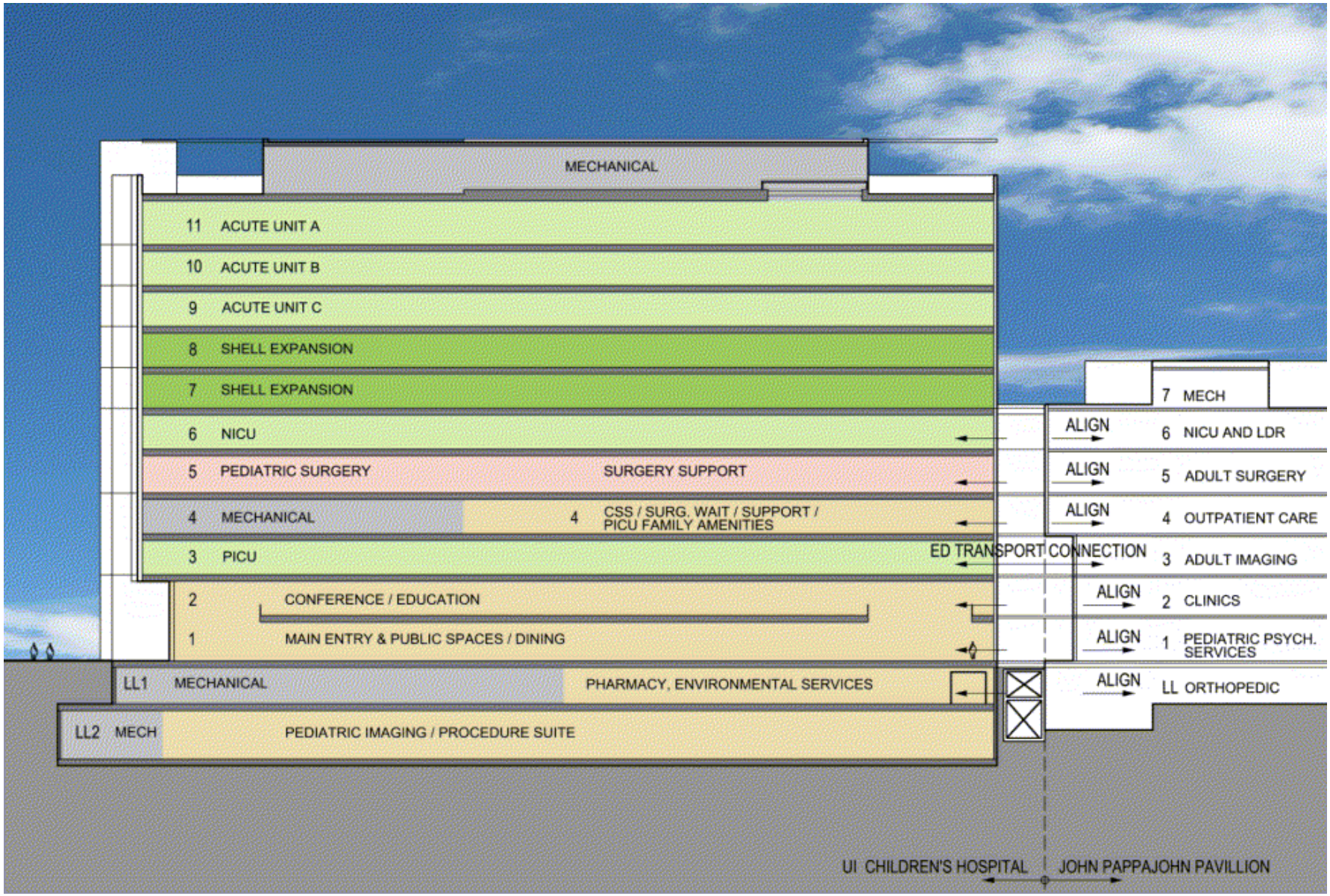
- **General Building Statistics**
  - Approximately 480,000 gross square feet
  - Fourteen stories (Potential for rooftop terrace; eleven floors above ground; two floors below ground; two shelled floors)
- **Medical Surgical Inpatient Units**
  - Increasing capacity by 19 beds (from 65 to 84)
- **Neonatal Intensive Care Unit (NICU)**
  - Increasing capacity by 14 beds (from 69 to 83 beds)
  - 55 beds will remain in existing facility
- **Pediatric Intensive Care Unit (PICU)**
  - Increasing capacity by 8 beds (from 20 to 28 beds)
- **Pediatric Operating Suites**
  - Eight dedicated pediatric operating rooms

Building Program Highlights (continued)

UNIVERSITY OF IOWA HEALTH CARE

- **Radiology**
  - General radiography, fluoroscopy and ultrasound
  - CT and MRI
- **Patient and Family Amenities**
  - Playrooms
  - Classroom
  - Outdoor space for “healing garden”
  - Parent sleep rooms
  - Meditation space
  - Family resource center
  - Family kitchenettes
  - Laundry facilities
- **Education Amenities**
  - Resident training program facilities
  - Interdisciplinary conference rooms

Stacking Diagram



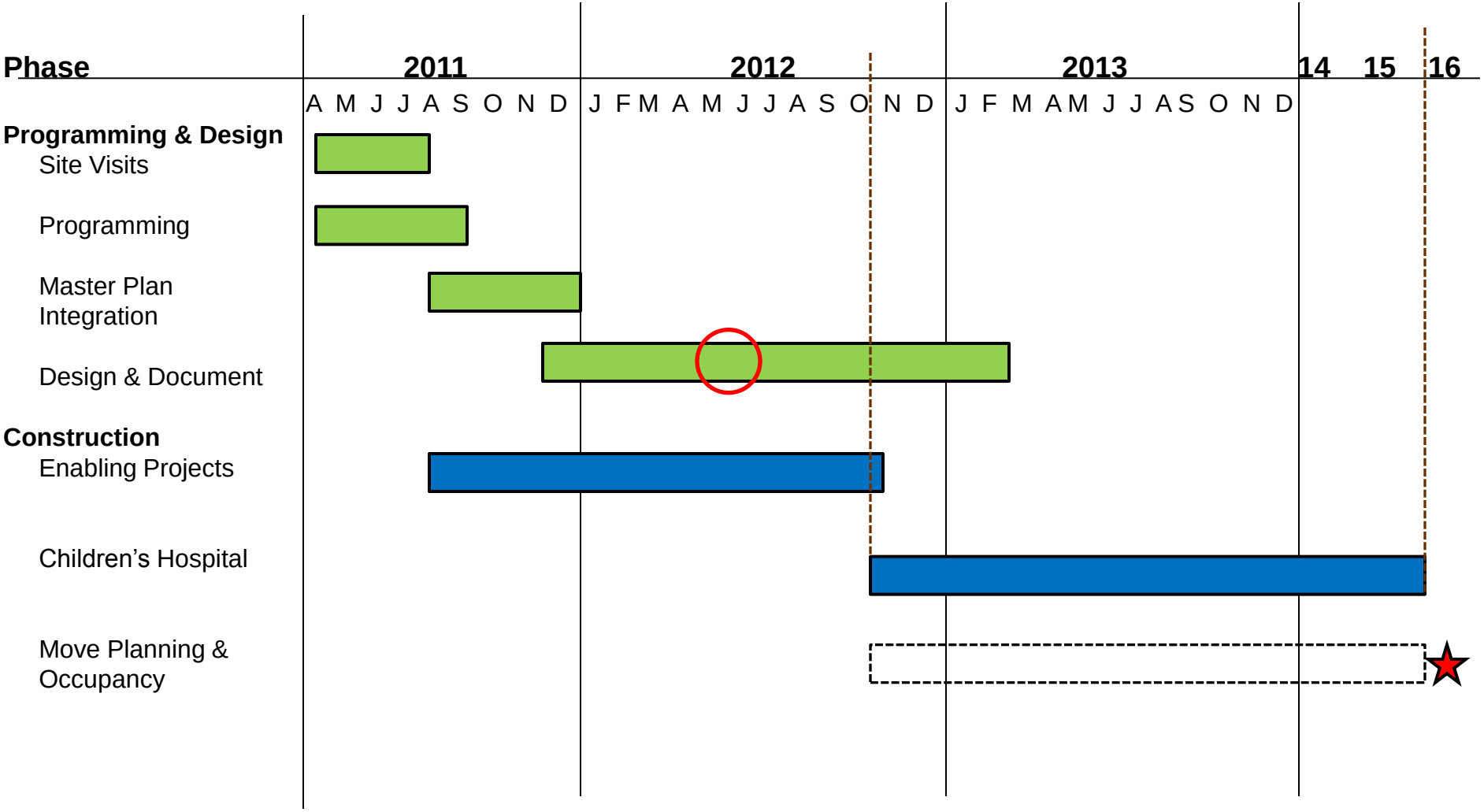
Children's Beds

UNIVERSITY OF IOWA HEALTH CARE

Bed Capacity when the new Children's Hospital is open will increase by 19% consistent with projected need.

Beds	Today	New Hospital	Remain in Present Hospital	Future Total
Medical/Surgical	66	84	0	**84**
Pediatric Intensive Care	20	28	0	**28**
Neonatal Intensive Care	79	28	55	**83**
Total	165	140	55	**195**

Project Schedule



New Children's Hospital – Revised Project Budget(*) with Source of Funds

UNIVERSITY OF IOWA HEALTH CARE

Original Cost Estimate

Construction	$181,945,533
Professional Fees	$23,334,975
Project Contingencies	$18,889,564
Planning and Supervision	$8,056,345
Equipment	$38,524,000
Total	$270,750,417

Revised Cost Estimate

Construction	$219,389,000
Professional Fees	$26,123,000
Project Contingencies	$18,900,000
Planning and Supervision	$8,175,000
Equipment	$19,400,000
Total	$291,987,000

Summary of Major Cost Revisions:

- Two additional shelled floors
- Rooftop Terrace
- Rooftop utilities penthouse
- Increased procedure/high technology areas

This project's source of funds will be:

- University Hospital's Building Usage Funds – G/P# 68010532
- UIHC Revenue Bonds
- Hospital Gift Funds

*excludes financing costs

Multi-Year Projection: Summary of Key Assumptions

	Projection	Current
Admissions Growth % (Average)	2.3%	1.8%
Visits Growth % (Average)	3.3%	5.8%
Operating Expense Annual Increase % (Average)	5.1%	5.4%
Length of Stay by 2018	5.90	6.40
Case Mix Index by 2018	1.93	1.81
Days Cash on Hand by 2018	208.60	256.00

Multi-Year Projection: Summary Income Statement

UNIVERSITY OF IOWA HEALTH CARE

	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Adjusted Admissions	58,292	61,027	62,601	64,278	65,841	68,259	70,482
Patient Days	193,670	191,446	195,353	197,222	201,168	205,192	207,234
Average daily census	529	525	535	540	550	562	568
Average length of stay	6.4	6.2	6.2	6.1	6.1	6.0	5.9
Admissions growth	4.5%	4.7%	2.6%	2.7%	2.4%	3.7%	3.3%
Patient day growth	-1.4%	-1.1%	2.0%	1.0%	2.0%	2.0%	1.0%
(In Millions)							
Net Revenues	$ 1,102	$ 1,150	$ 1,196	$ 1,248	$ 1,297	$ 1,363	$ 1,428
Operating Expenses	$ 988	$ 1,042	$ 1,084	$ 1,126	$ 1,171	$ 1,230	$ 1,290
EBITDA*	**$ 114**	**$ 108**	**$ 112**	**$ 122**	**$ 126**	**$ 133**	**$ 138**
Depreciation	$ 71	$ 73	$ 76	$ 76	$ 81	$ 90	$ 95
Non-operating (interest activity)	$ 14	$ 14	$ 8	$ 10	$ 62	$ 14	$ 16
Net Income	**$ 57**	**$ 49**	**$ 44**	**$ 56**	**$ 107**	**$ 57**	**$ 59**

* *Earnings before interest, depreciation, and amortization*

Multi-Year Projection: Cash Sources and Uses Summary

UNIVERSITY OF IOWA HEALTH CARE

(In Millions)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	Total
Operating Income	**$43**	**$34**	**$36**	**$45**	**$45**	**$43**	**$42**	**$288**
Depreciation	$71	$73	$76	$76	$81	$90	$95	$562
Interest earnings (net of interest expense)	13	13	8	10	12	14	16	85
Fundraising					50			50
Proceeds from new bond issue	27	175						202
Sources of Cash	**$111**	**$261**	**$84**	**$86**	**$143**	**$104**	**$111**	**$899**
Principal repayment	$5	$6	$7	$13	$14	$14	$14	$73
Regular capital spending	72	70	134	87	103	75	75	616
Children's Hospital	20	71	87	73	12	29		292
Iowa River Landing Ambulatory Clinic	29	30						59
Operating Room renovation	25	23	2					50
Uses of Cash	**$151**	**$200**	**$230**	**$173**	**$129**	**$118**	**$89**	**$1,090**
Net (inclusive of Operating Income)	**$3**	**$96**	**($110)**	**($42)**	**$59**	**$28**	**$64**	**$97**

Multi-Year Projection: Key Financial Ratios

UNIVERSITY OF IOWA HEALTH CARE

Debt to Capitalization

(lower values are better)

	FY12	FY13	FY14	FY15	FY16	FY17	FY18
UI Health Care	13.2%	22.3%	21.3%	19.9%	18.1%	16.8%	15.6%
Moody's AA (2010)	33.8%	33.8%	33.8%	33.8%	33.8%	33.8%	33.8%
Moody's A (2010)	38.9%	38.9%	38.9%	38.9%	38.9%	38.9%	38.9%
Moody's Baa (2010)	51.5%	51.5%	51.5%	51.5%	51.5%	51.5%	51.5%

Debt Service Coverage

(higher values are better)

	FY12	FY13	FY14	FY15	FY16	FY17	FY18
UI Health Care	9.70	8.00	5.10	4.40	4.65	4.97	5.20
Moody's AA (2010)	6.40	6.40	6.40	6.40	6.40	6.40	6.40
Moody's A (2010)	4.70	4.70	4.70	4.70	4.70	4.70	4.70
Moody's Baa (2010)	3.20	3.20	3.20	3.20	3.20	3.20	3.20

Children's Hospital: Role of Philanthropy

UNIVERSITY OF IOWA HEALTH CARE

- Under the direction of University of Iowa Foundation, as part of its $500 million "Iowa First" campaign on behalf of UI Hospitals and Clinics/Carver College of Medicine

- $50 million capital goal for UI Children's Hospital tower
  - Over $6 million has been committed to date
  - Recognition opportunities at multiple dollar levels have been finalized and approved
  - Development staff is meeting with donors and presenting proposals for lead gifts

- Additional funds are being raised to support programmatic work of UI Children's Hospital and Department of Pediatrics
  - $70 million secured to date (exceeding goal of $50 million)
  - New commitment of $17 million for programmatic support secured this spring

Conclusion

- Success requires growth and market differentiation
- We have strong demand for our programs and a strong brand
- We need to continue to build clinical faculty and programs to assure the success of clinical, education and research strategies
- At the same time, continue to aggressively manage costs against benchmarks
- Risks of projects can be well managed and are substantially less than the risks of not proceeding

New University of Iowa Children's Hospital

UNIVERSITY OF IOWA HEALTH CARE

University of Iowa Children's Hospital

University of Iowa Health Care