

Presentation to The Board of Regents, State of Iowa | April 2022

University of Iowa Health Care

PRESENTATION TO THE BOARD OF REGENTS, STATE OF IOWA

April 6 - 7, 2022

Agenda

- Opening Remarks
- Operating and Financial Performance

Opening Remarks

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Brooks Jackson, MD, MBA

Vice President for Medical Affairs

& Tyrone D. Artz, Dean, Carver College of Medicine

Operating and Financial Performance

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Kimberly Hunter, DNP, MBA, RN, NEABC
Interim Associate Vice President, UI Health Care
& CEO, UI Hospitals & Clinics

Mark Henrichs, CPA, MHA
Associate Vice President
& Chief Financial Officer, UI Health Care

Volume and Financial Highlights: FY22

THROUGH JAN 2022

Operating Margin

- Actual 6.5% vs goal of 3.9%

Key Volumes

- Inpatient Discharges
 - -6.5% vs budget | +2.4% vs prior year
- Acute Patient Days
 - +0.2% vs budget | +3.1% vs prior year
- Surgeries
 - -2.1% vs budget | 0% vs prior year
- Clinic Visits
 - +17.3% vs budget | -0.4% vs prior year (w/ ILI)

Acuity

- Case Mix Index 2.42

Length of Stay Index

- Adult at 1.01
- Pediatrics at 1.00

Gross Patient Revenue

- 2.0% above budget year-to-date
 - IP +0.4% vs budget | OP +3.2% vs budget

Government Pandemic Support

- \$15.2M received FYTD

Payer Mix

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

Accounts Receivable

- Days in Net AR– 49.4 days

Salary Expenses

- 0.5% Above budget

Non-Salary Expenses

- 3.5% above budget due to medical supplies and drugs

Comparative Financial Results

FY TO DATE: JAN 2022

NET REVENUES	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Patient Revenue	\$1,321,469	\$1,273,159	\$1,207,378	\$48,310	3.8%	\$114,091	9.4%
Other Operating Revenue	45,977	28,465	60,915	17,512	61.5%	(14,938)	-24.5%
Total Revenue	\$1,367,446	\$1,301,624	\$1,268,293	\$65,822	5.1%	\$99,153	7.8%
EXPENSES							
Salaries and Wages	\$536,227	\$533,432	\$530,357	\$2,795	0.5%	\$5,870	1.1%
General Expenses	669,458	646,968	621,077	22,490	3.5%	48,381	7.8%
Operating Expense before Capital	\$1,205,685	\$1,180,400	\$1,151,434	\$25,285	2.1%	\$54,251	4.7%
Cash Flow Operating Margin	\$161,761	\$121,224	\$116,859	\$40,537	33.4%	\$44,902	38.4%
Capital- Depreciation and Amortization	72,598	70,788	60,945	1,810	2.6%	11,653	19.1%
Total Operating Expense	\$1,278,283	\$1,251,188	\$1,212,379	\$27,095	2.2%	\$65,904	5.4%
Operating Income	\$89,163	\$50,436	\$55,914	\$38,727	76.8%	\$33,249	59.5%
Operating Margin %	6.5%	3.9%	4.4%		2.6%		2.1%
Gain (Loss) on Investments	11,780	23,345	70,355	(11,565)	-49.5%	(58,575)	-83.3%
Other Non-Operating	(7,893)	(7,356)	(7,206)	(537)	-7.3%	(687)	-9.5%
Net Income	\$93,050	\$66,425	\$119,063	\$26,625	40.1%	(\$26,013)	-21.8%
Net Margin %	6.8%	5.0%	8.9%		1.8%		-2.1%

Key Metrics

	FY22 YTD Through Jan	Moody's Median
Financial Operations		
Operating Margin	6.0%	1.1%
Financial – Liquidity		
Days Cash on Hand	226	305
Financial – Leverage		
Debt to Capitalization	16.8%	21.4%



Operating Update

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Inpatient Volume and Acuity

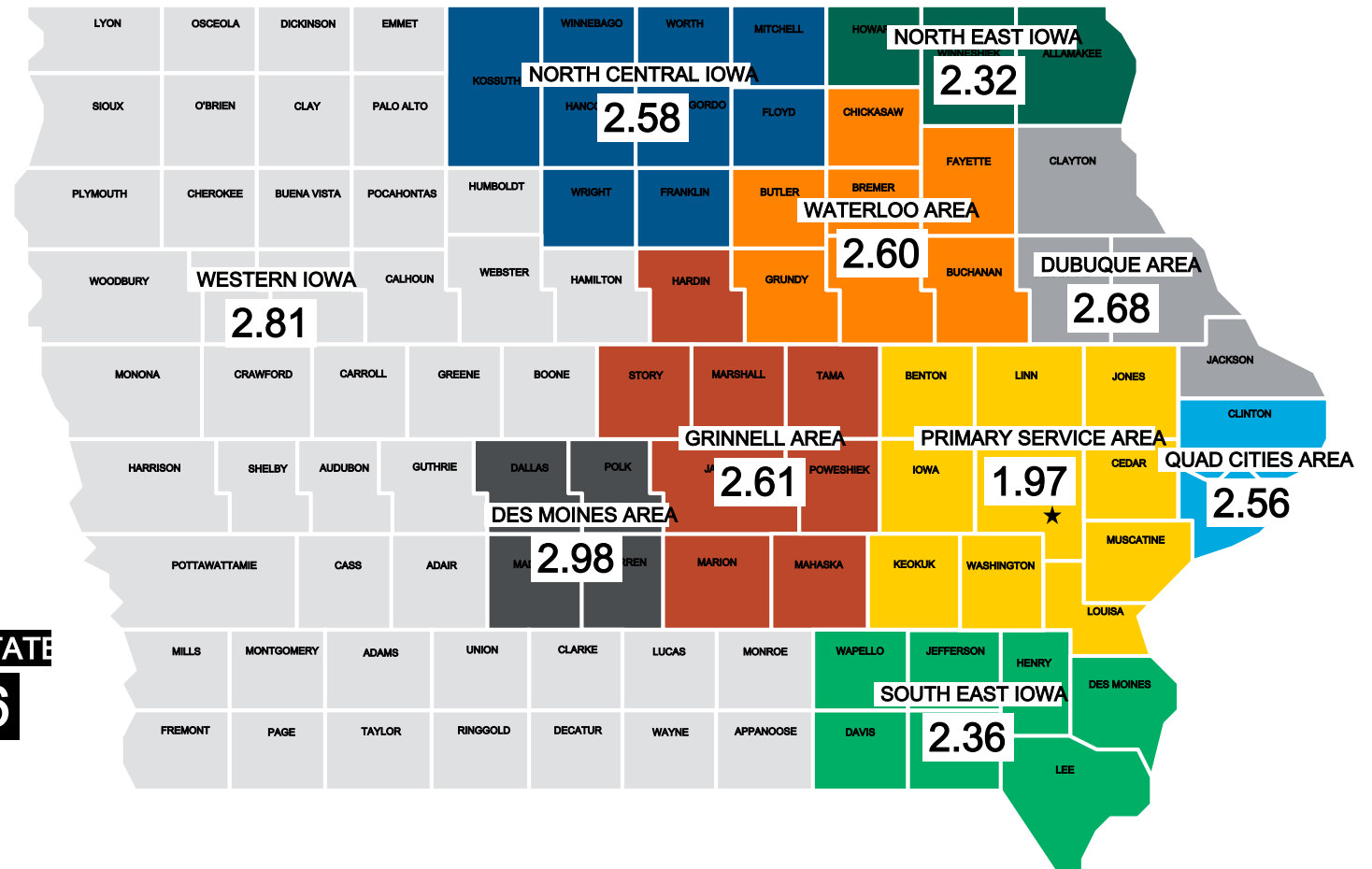
Geographic Area	CY2021 Average Case Mix Index	CY2021 Sum of Discharges	% of Discharges
Primary Service Area	1.97	14,394	44.4%
Quad Cities Area	2.56	2,961	9.1%
Dubuque Area	2.68	1,816	5.6%
Grinnell Area	2.61	1,387	4.3%
Waterloo Area	2.60	2,296	7.1%
South East Iowa	2.36	3,522	10.9%
North East Iowa	2.32	79	0.2%
North Central Iowa	2.58	470	1.5%
Des Moines Area	2.98	1,431	4.4%
Western Iowa	2.81	944	2.9%
Out of State	2.76	3,100	9.6%
Grand Total	2.33	32,400	100.0%

Why does Iowa depend on UIHC?

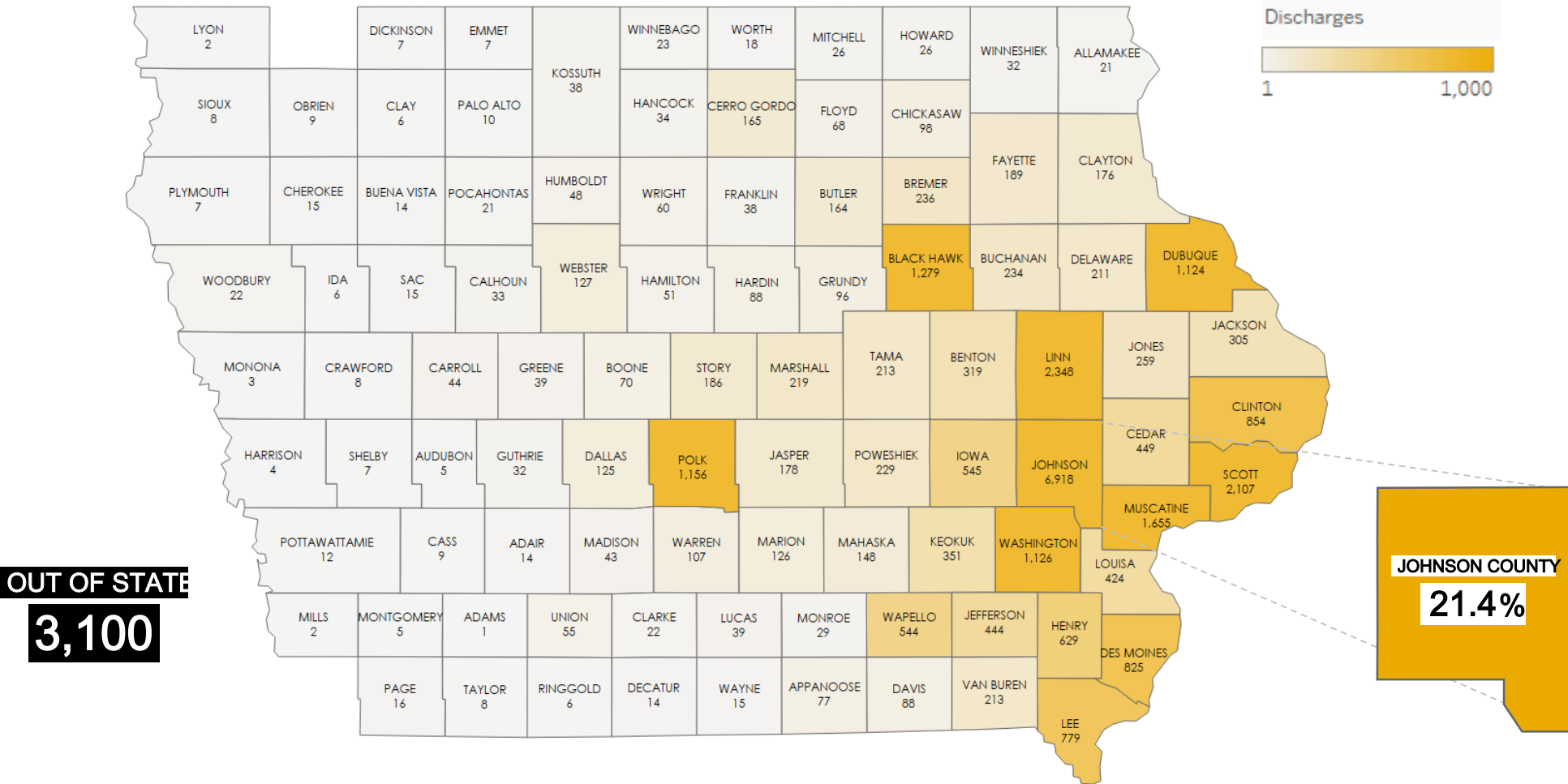
Iowans have ever more complex health care needs and UIHC is uniquely suited to meet those needs.

*Case Mix Index (CMI) is a measure of medical acuity and complexity. Higher case mix index is indicative of greater complexity.

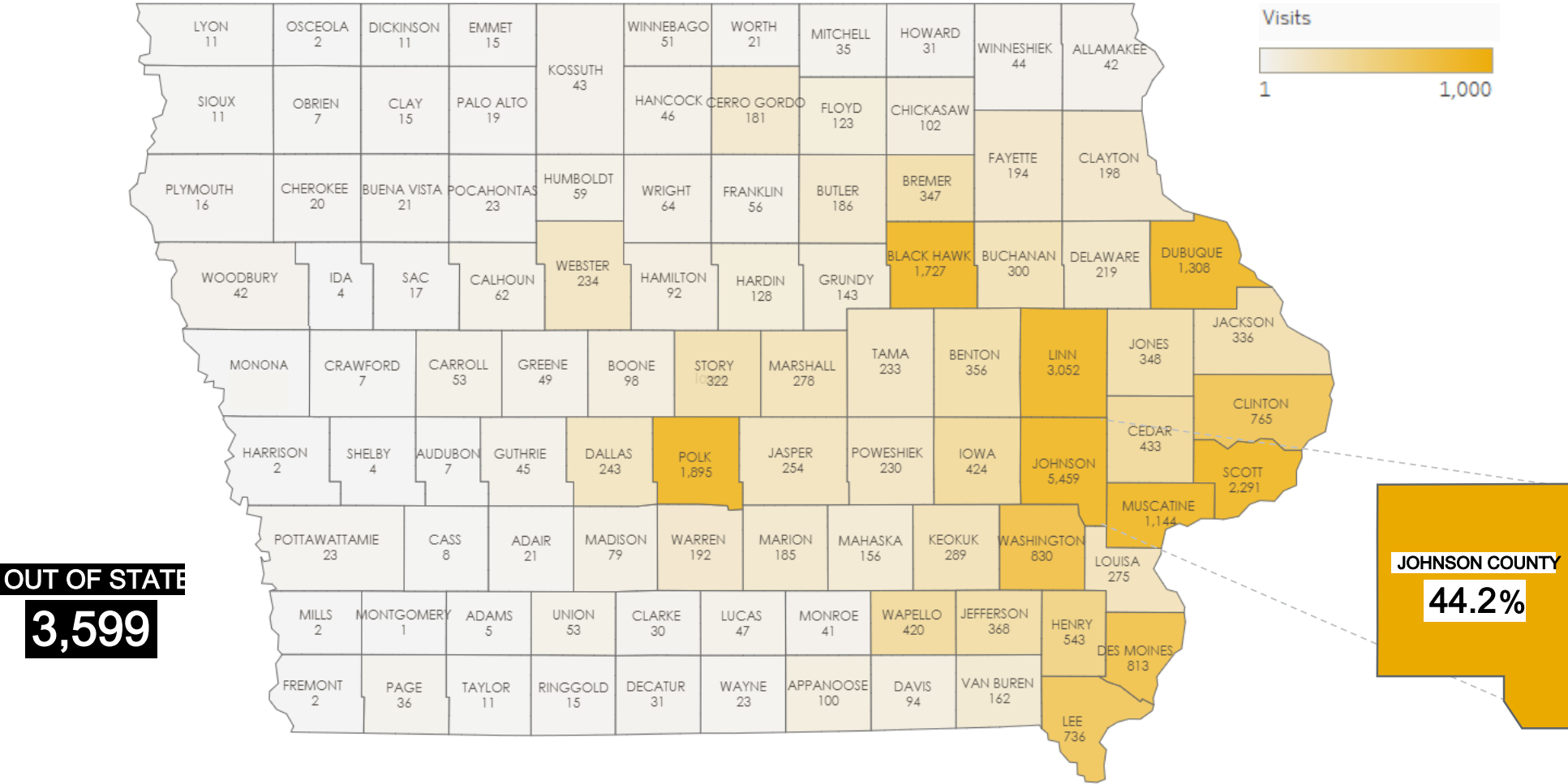
OUT OF STATE
2.76



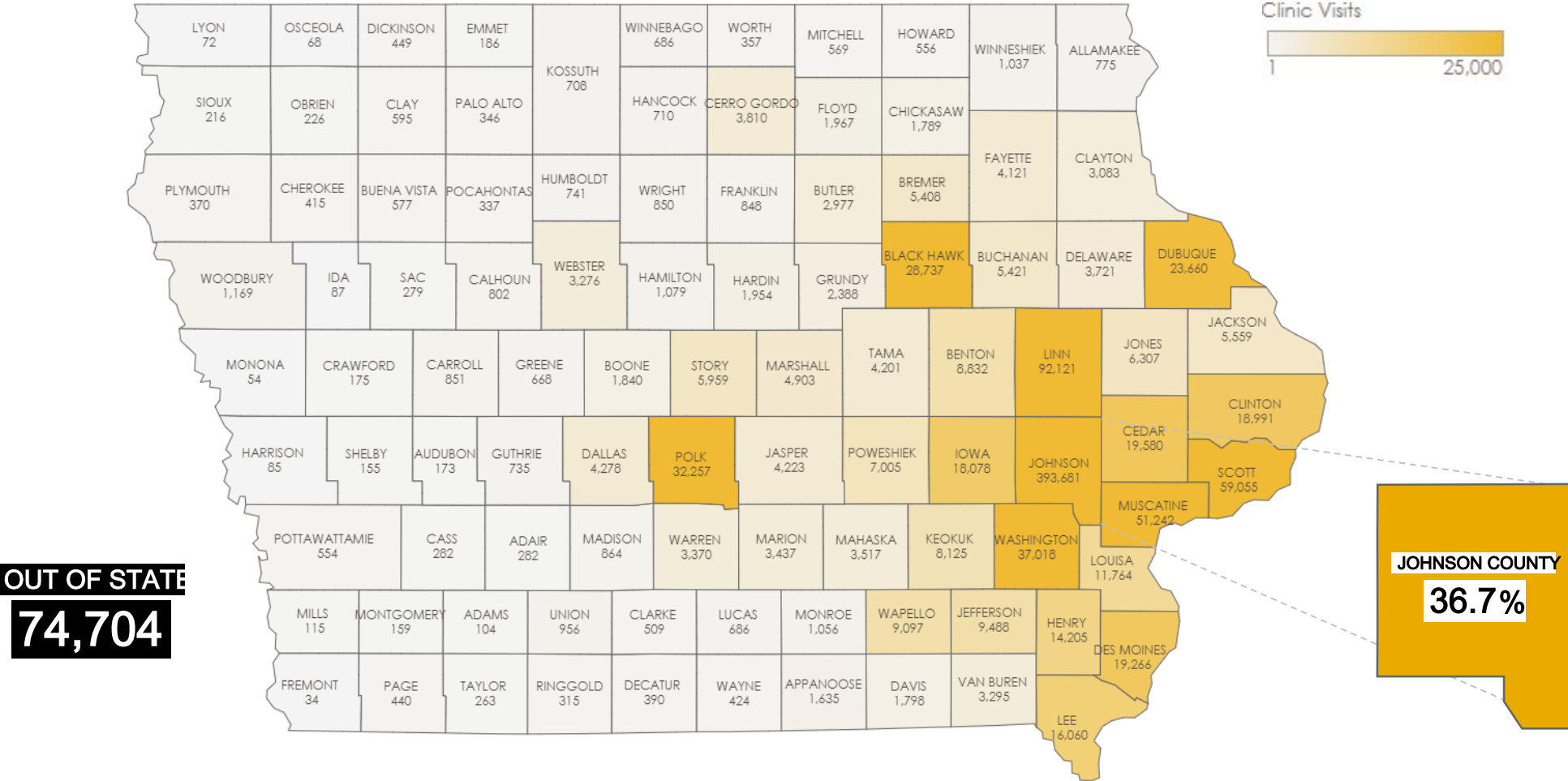
Inpatient Discharges CY2021: Patient Origin



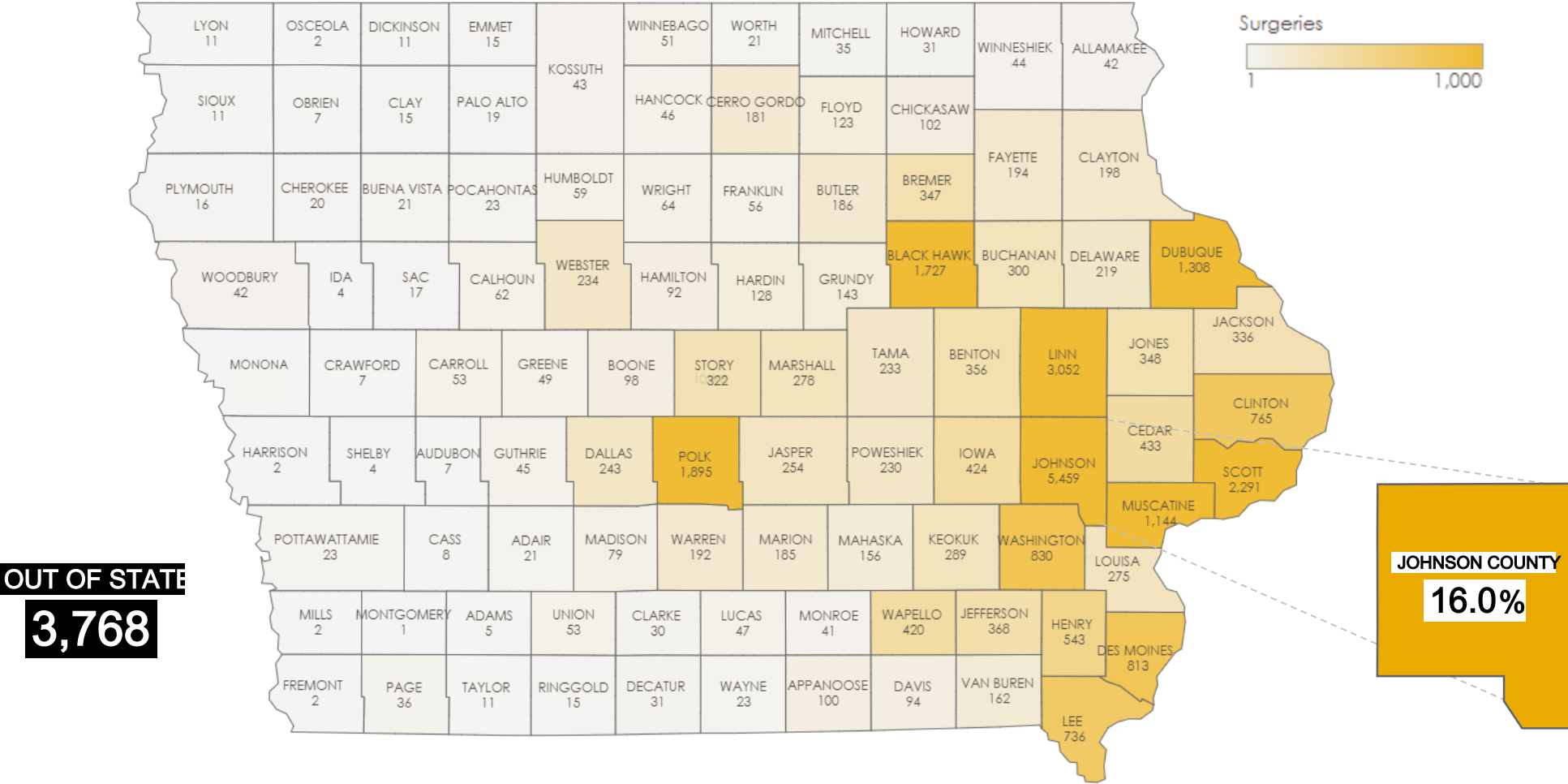
Emergency Visits CY2021: Patient Origin



Clinic Visits CY2021: Patient Origin



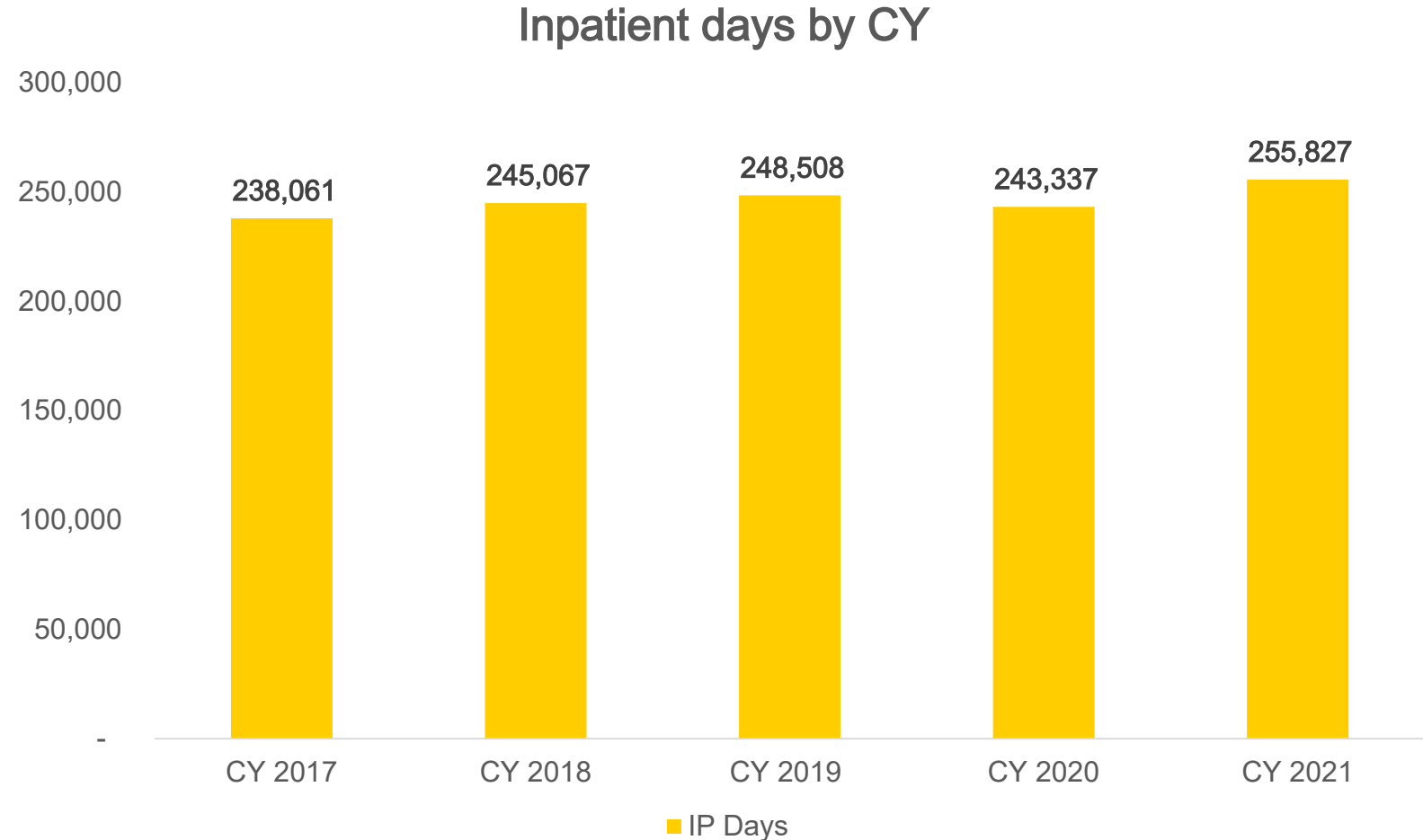
Surgeries CY2021: Patient Origin



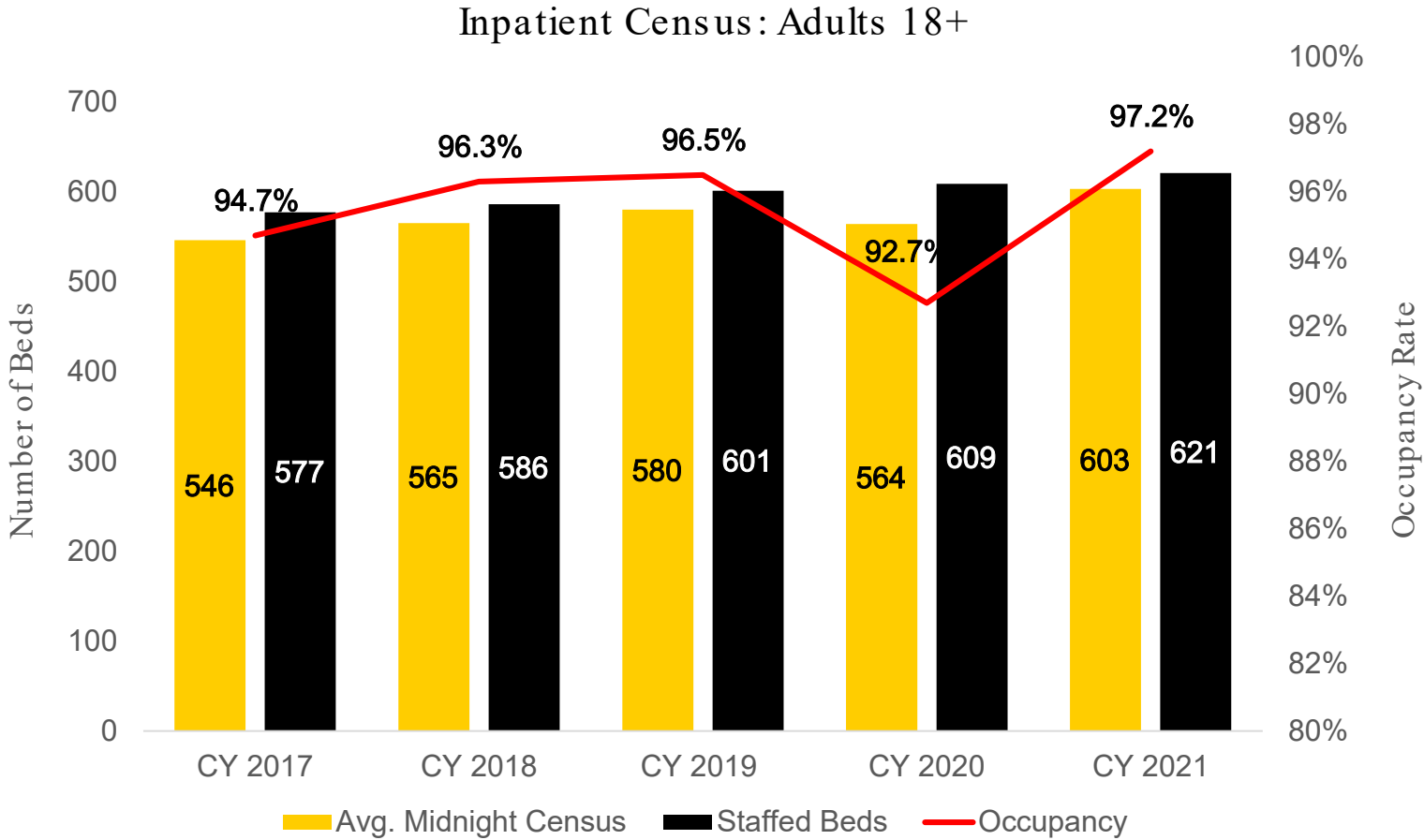
Total Inpatient Days Continue to Rise

Patients requiring admission at UIHC continue to increase.

Following a decrease in total inpatient days in CY20 due to COVID-19, inpatient days fully rebounded and resulted in a 5% increase in CY21.



Inpatient Census Still Rising



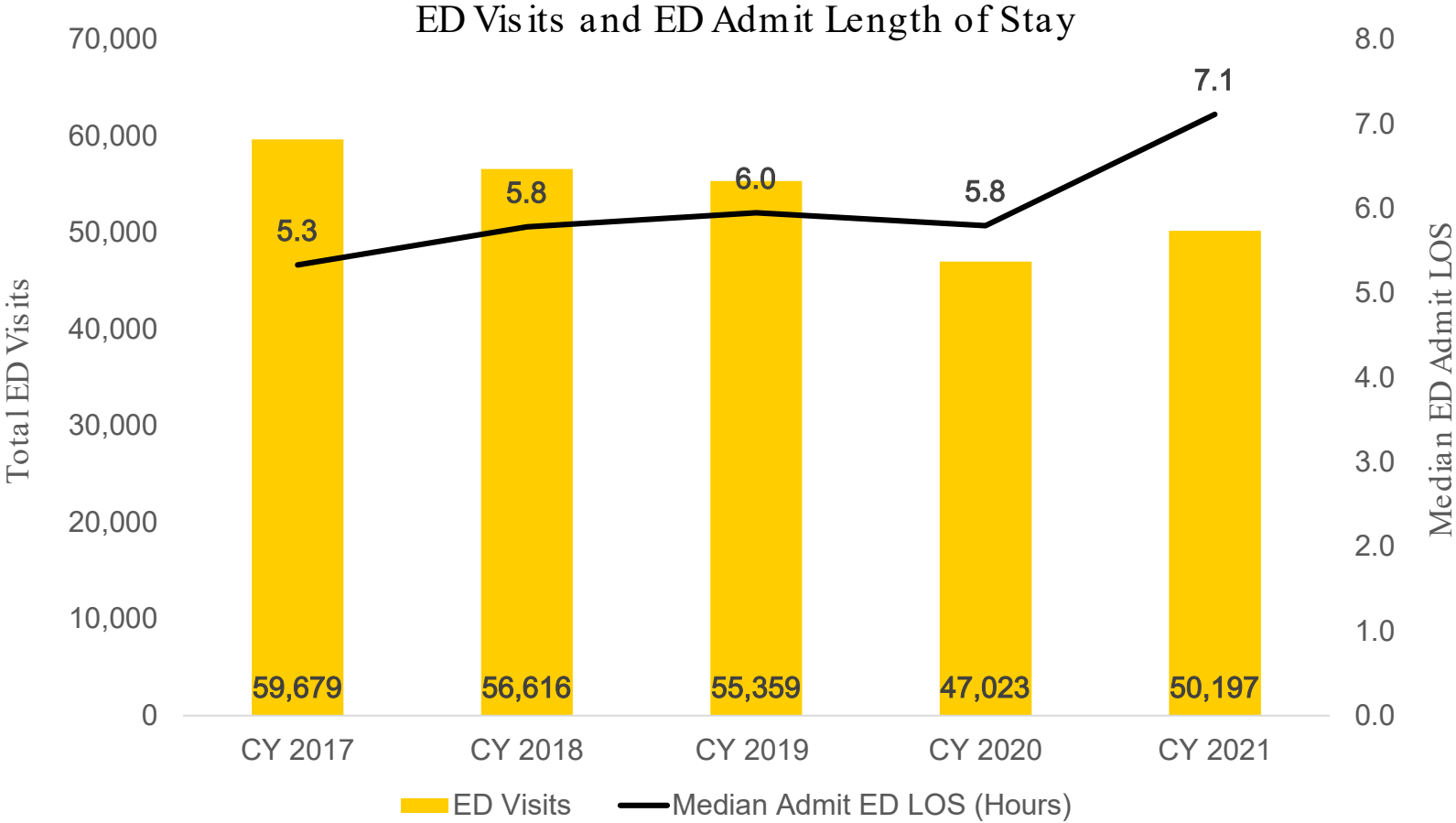
Inpatient Census is more challenging than ever.

Occupancy is again back to critical levels, and is up from CY19, following the COVID-19 dip.

Longer Stays in the Emergency Department

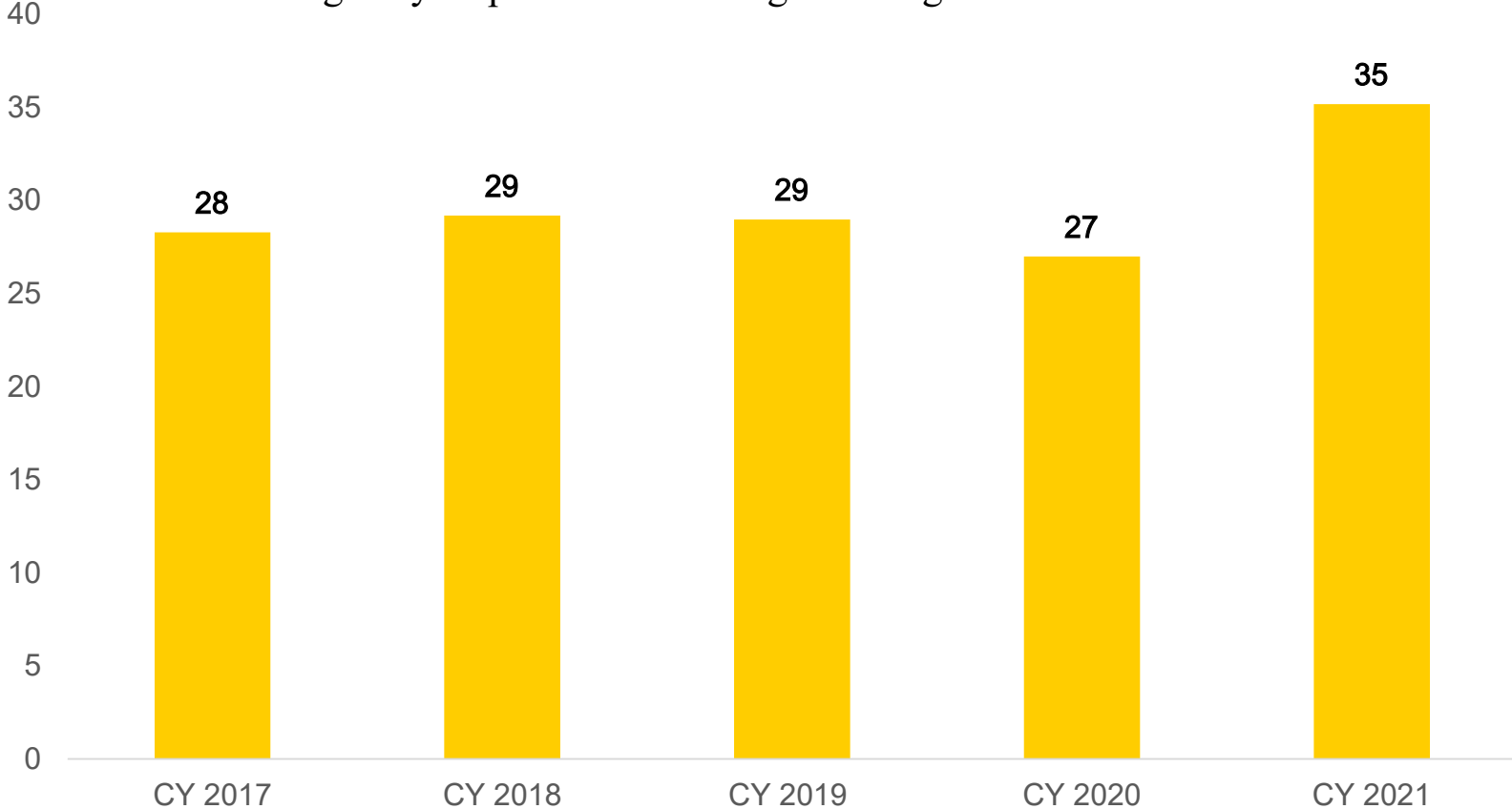
Patients requiring admission face longer stays in the Emergency Department.

Total Emergency Department volume is decreasing, but patient length of stay is increasing due to delays in our ability to admit patients when the hospital is full.



Emergency Department Census Sharply Increased

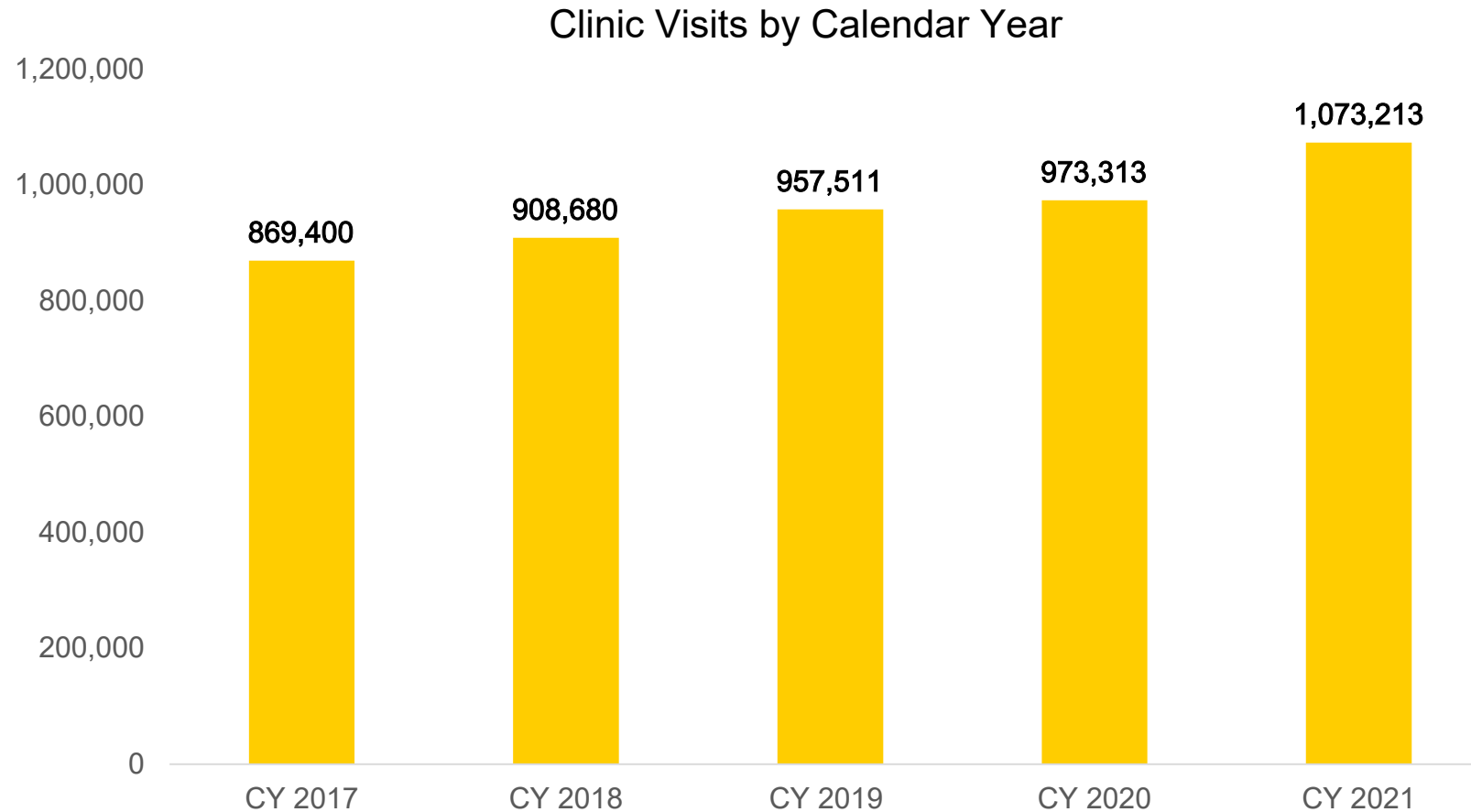
Emergency Department Average Midnight Census: Adults 18+



Patients boarding in the Emergency Department while waiting for an inpatient bed has dramatically increased.

The average number of patients boarding in the Emergency Department overnight has rebounded and grown sharply in CY2021 following a decrease in CY2020 due to COVID.

Clinic Volumes Increasing

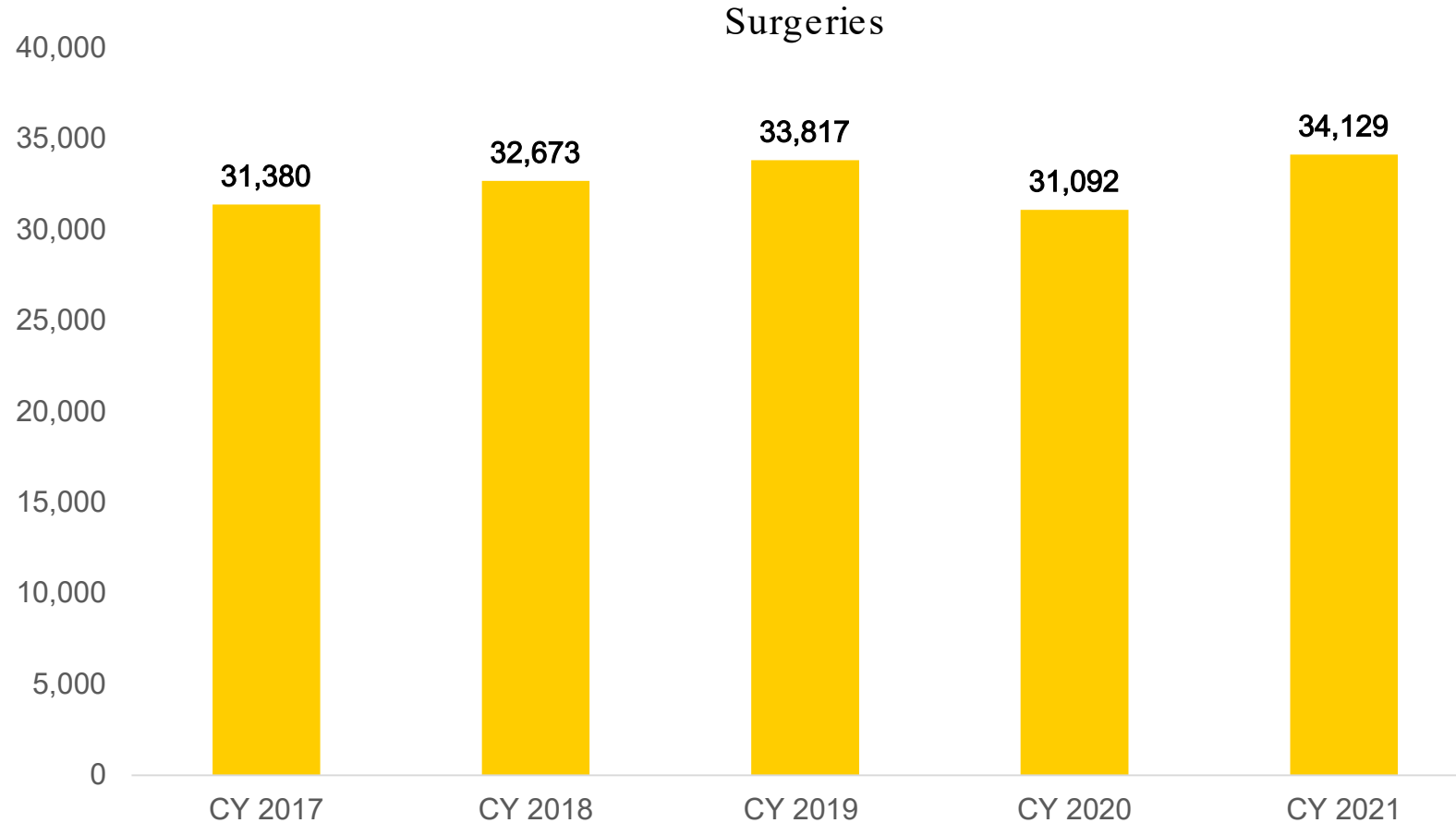


Total clinic visit volume has increased 23% over the past five years .

Largest visit growth in Cancer, Neurology, Digestive Disease, Community Clinics, and Urology.

NOTE: CY2020 and CY2021 volumes inclusive of influenza-like illness visits

Surgical Volumes Increasing



Surgical needs at UIHC has surpassed pre-COVID levels.

Surgical volumes have rebounded and increased following the CY20 drop due to COVID-19.

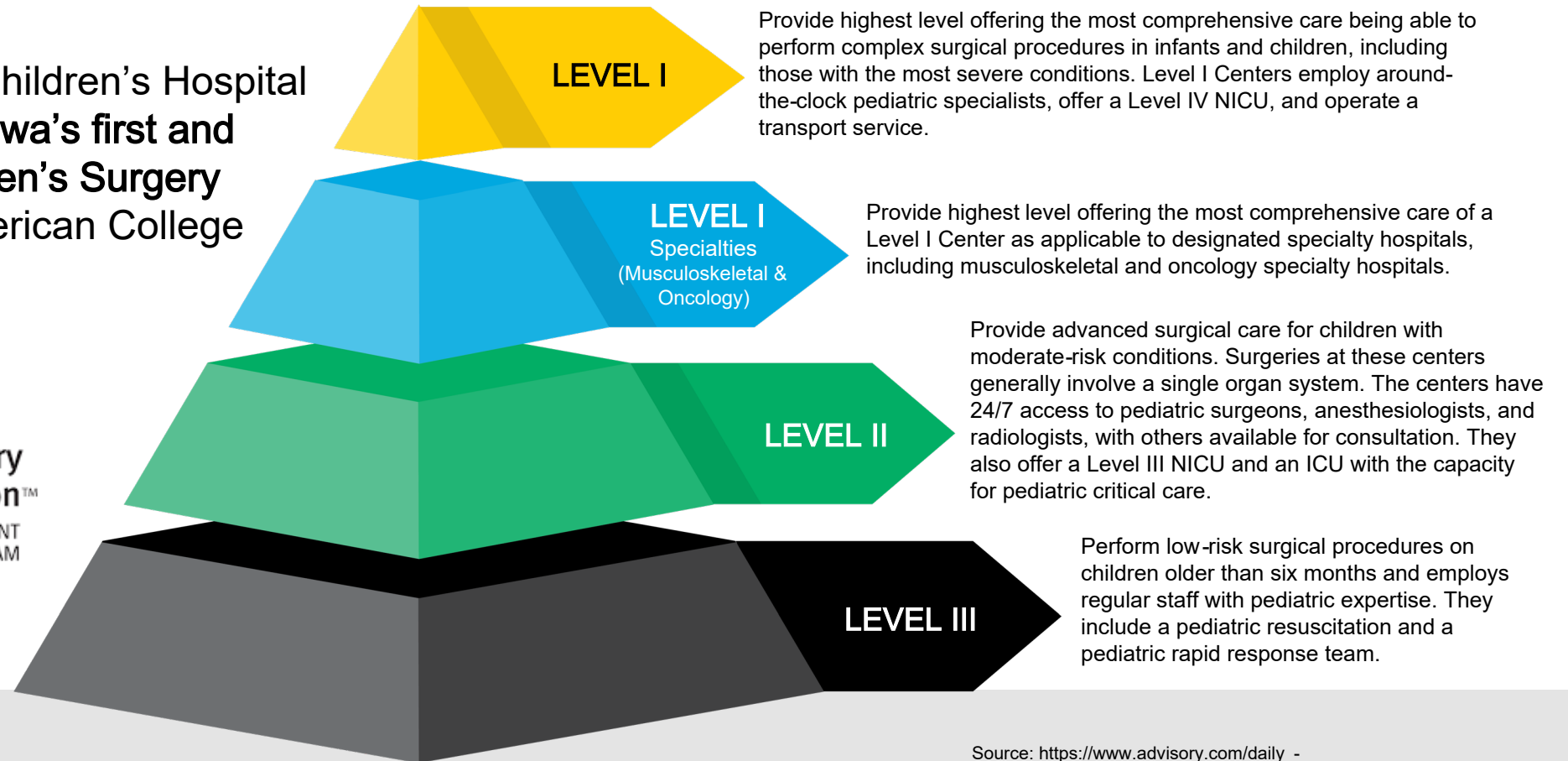


Recognition

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Level I Children's Surgery Center

UI Stead Family Children's Hospital was certified as Iowa's first and only Level I Children's Surgery Center by the American College of Surgeons



Source: <https://www.advisory.com/daily-briefing/2014/09/05/hospitals-get-classified-for-pediatric-surgery>

Other Level I Children's Surgery Centers



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Thank you

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