
University of Iowa Health Care

PRESENTATION TO THE BOARD OF REGENTS, STATE OF IOWA

April 19 - 20, 2023

Agenda

- Opening Remarks
- Operating and Financial Performance
- Proposed Amended and Restated Bylaws

Opening Remarks

Presentation to The Board of Regents, State of Iowa | April 2023

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, NEA-BC

Interim Associate Vice President, UI Health Care
& CEO, UI Hospitals & Clinics

Mark Henrichs, CPA, MHA

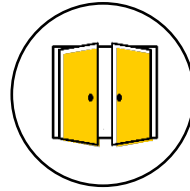
Associate Vice President
& Chief Financial Officer, UI Health Care



Innovating to Tackle Health Care Challenges

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Introducing the UIHC Short Stay Unit



Anticipated
opening
April 2023



**30 private
observation rooms**
Lower-level of John
Colloton Pavilion

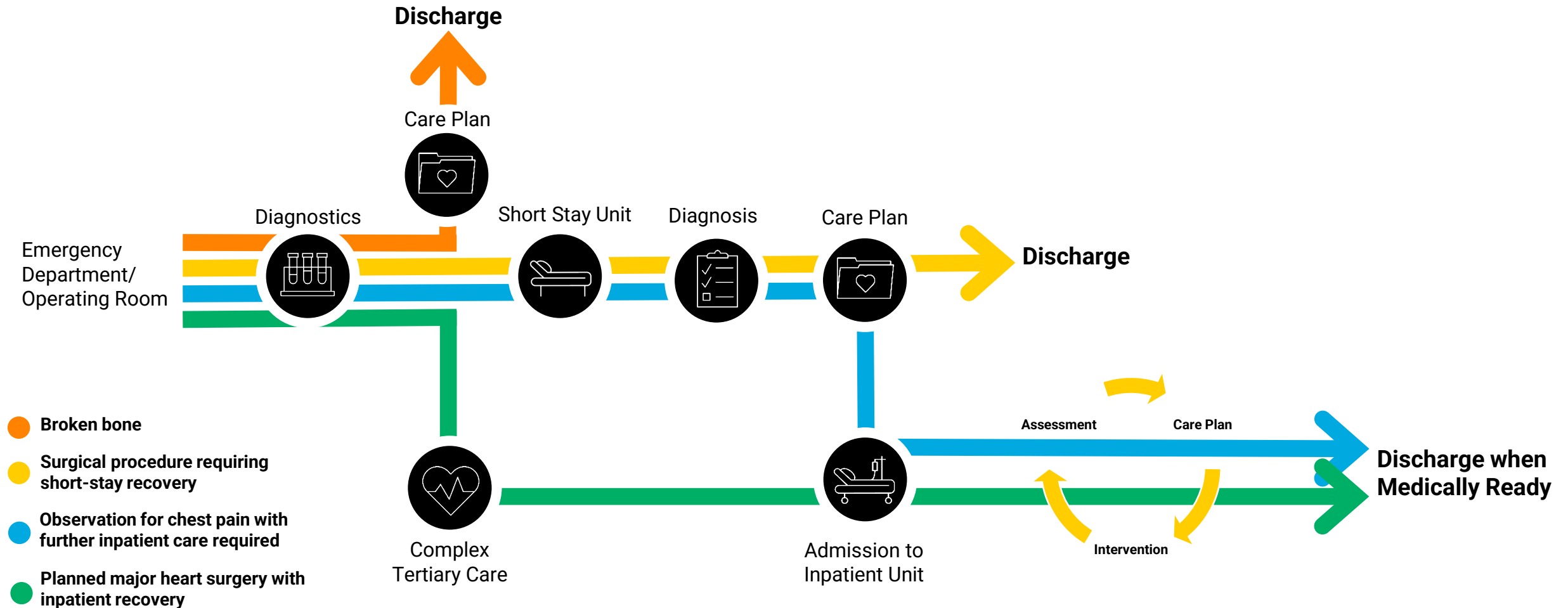
Patients requiring a short hospital stay to:

- Medically evaluate patient condition
- Determine if medically stable to be released or need to be admitted for further medical treatment

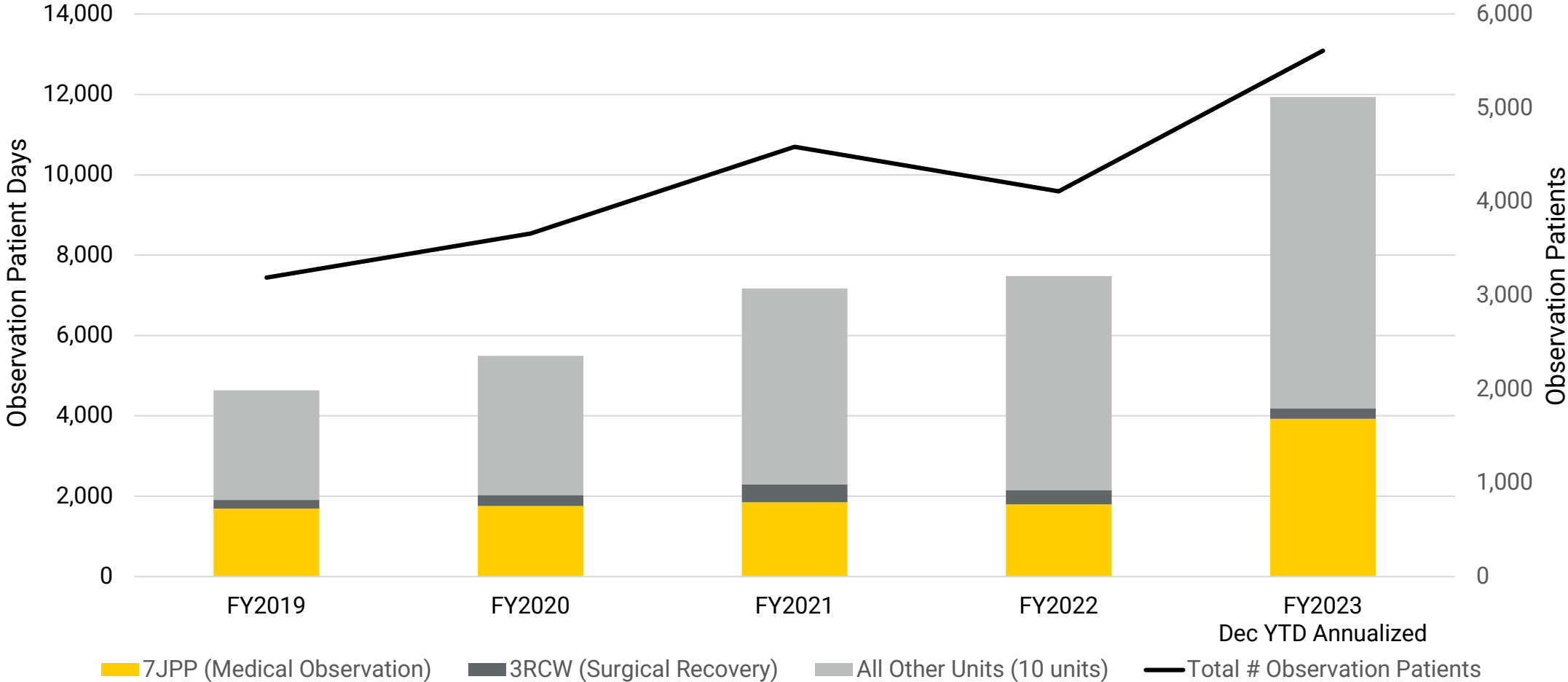
Two main patient types:

- Observation patients (from the Emergency Department)
- Post-surgical patients (from an operating room)

Journey of a Short-Stay Patient vs. Inpatient



UIHC Short-Stay Needs Continue to Increase



Short Stay Unit: Benefit to Patients and UIHC

Dedicated Short Stay Unit

- Singular focus of short-stay patients
- Centralized location for short-stay patients

Patient Experience

- Streamlined experience for short-stay patients
 - Shorter wait in the Emergency Department
 - Shorter stay in the hospital

Inpatient Bed Access

- Improved access for patients requiring complex inpatient care
 - Inpatient care teams focus on higher acuity, complex care
 - Increased inpatient bed availability due to short-stay patients not occupying inpatient beds

We are excited to open our Short Stay Unit and will share updates in future meetings.



Programmatic Highlight: Food and Nutrition Services

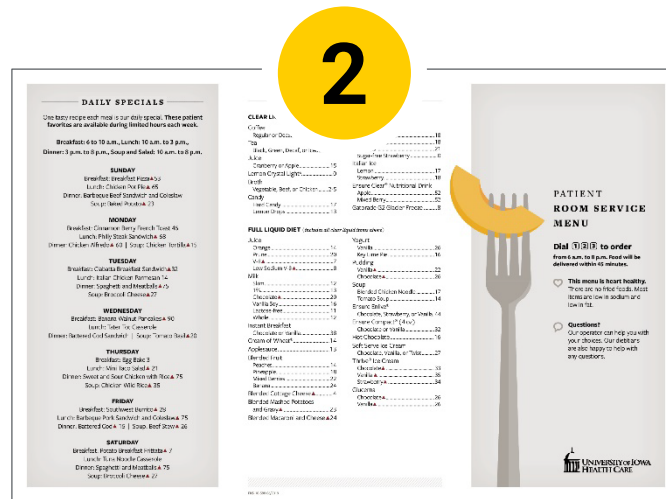
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About UIHC Food and Nutrition Services (FNS)

Food and Nutrition Services play an essential part in the comprehensive care of patients, as well as the overall experience at University of Iowa Health Care.



Retail Food Service



Patient Food Service



Clinical Nutrition Service

Retail and Patient Food Service



Retail Food Service

- Cafeterias and cafés
- Serves faculty, staff, students, visitors, guests and outpatients
- ~8,000 meals per day
- 4.3 million retail transactions per year
- 8 retail operations with options available 24 hours a day, 7 days a week



Patient Food Service

- Inpatient room service
- 1,600 meals per day from 6 a.m. to 8 p.m.
- More than 300 items on patient menu
- Patients can order on tablet or by phone for room service delivery

Clinical Nutrition Services

- 44 clinical dietitians
 - Serve all patient populations
 - Inpatient and outpatient
- 3 essential patient care functions:



Nutrition
Screening



Nutrition Assessment,
including risk of
nutritional deficit



Nutrition
Education



Impact of Nutritional Status on Overall Patient Health

- Proactive identification and treatment of nutritional deficits contribute to improved patient outcomes

| PATIENT OUTCOMES | EFFECT OF NUTRITIONAL DEFICITS |
|---------------------------------------|---|
| Patient Acuity/Complexity | Underestimated, if nutritional deficits are not identified or treated |
| Patient Outcomes | May be poor if nutritional deficits, which are comorbidities, are not identified or treated |
| Surgical Site Infection (SSI) | 3x the risk ¹ |
| Likelihood to Develop Pressure Ulcers | 2x the risk ² |
| Risk of Readmission | Increases if patients have untreated nutritional deficits ³ |
| Length of Stay | Increases if patients have untreated nutritional deficits ³ |

¹ Fry DE, et al. *Arch Surg*

² Banks M et al. *Nutrition*

³ Lim S, et al. *Clin Nutr.*

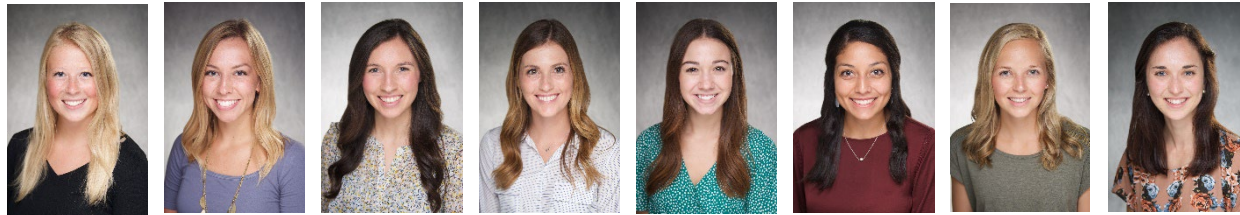
Mother's Milk Bank of Iowa

- Opened August 1, 2002
- 5th milk bank in the U.S. and 1st in the Midwest
- 2022 statewide and regional footprint:
 - 41 milk collection depots in 5 states
 - UIHC pasteurized 250,000 oz (1,953 gallons) of donor milk
 - Only 23% dispensed to the UIHC NICU
 - Remaining milk dispensed to 48 hospitals across 10 states, including 19 Iowa hospitals



Serving our Educational Mission

First class of UI Master of Clinical Nutrition
graduated in May 2021



- Degree conferred by the UI Carver College of Medicine
- Program managed by the UIHC Department of Food and Nutrition
- Builds on success of the Dietetic Internship program that has trained future dietitians since the 1920s

100%

- Degree completion within the 20-month program
- Employment rate in nutrition and dietetics fields within 3 months of graduation
- Pass rate on the first attempt for the Registration Examination for Dietitians
- Scored above the 85th percentile rank on the exam and 50% scored above the 97th percentile rank



Recognition

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Patient Satisfaction: Top 10% Recognition



- Recognizes providers rated in **top 10% nationally** for patient experience
- Based upon Press Ganey patient satisfaction scores with providers
- 174 providers honored across 16 clinical departments



Financial Update

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Volume and Financial Highlights

FISCAL YEAR TO DATE: FEBRUARY 2023

Key Volumes

- Discharges: – 2.3% vs budget | + 0.6% vs prior year
- Patient Days: – 4.9% vs budget | – 3.3% vs prior year
- Surgeries: – 0.7% vs budget | + 4.5% vs prior year
- Clinic Visits: – 2.7% vs budget | – 5.5% vs prior year

Acuity

- Case Mix Index: 2.47

Length of Stay Index

- Adult: 1.00
- Pediatrics: 0.99

Gross Patient Revenue

- -1.4% below budget year-to-date
 - Inpatient: -4.4% vs budget
 - Outpatient: +0.9% vs budget

Accounts Receivable

- Days in Net AR – 47.3 days

Salary Expenses

- -2.0% below budget

Non-Salary Expenses

- 1.7% above budget

Operating Margin

- Actual 12.8% vs goal of 11.5%
- Actual 1.2% vs goal of -1.0% (Without Directed Payment)

Comparative Financial Results

FISCAL YEAR TO DATE: FEBRUARY 2023

| | Actual | Budget | Prior Year | Variance to Budget | % Variance to Budget | Variance to Prior Year | % Variance to Prior Year |
|--|----------------|----------------|----------------|--------------------|----------------------|------------------------|--------------------------|
| Operating Revenues | | | | | | | |
| Net Patient Revenue | 1,572.8 | 1,538.0 | 1,496.4 | 34.8 | 2.3% | 76.4 | 5.1% |
| Directed Payment Revenue | 214.8 | 221.7 | 203.1 | (7.0) | -3.1% | 11.6 | 5.7% |
| Other Operating Revenue | 37.9 | 36.3 | 64.2 | 1.7 | 4.7% | (26.2) | -40.9% |
| Net Operating Revenue | 1,825.5 | 1,796.0 | 1,763.7 | 29.5 | 1.6% | 61.8 | 3.5% |
| Operating Expenses | | | | | | | |
| Salaries & Wages | 674.4 | 688.5 | 618.8 | (14.1) | -2.0% | 55.5 | 9.0% |
| General Expenses | 834.3 | 816.7 | 760.9 | 17.6 | 2.2% | 73.4 | 9.6% |
| Depreciation & Amortization | 82.3 | 84.9 | 82.9 | (2.6) | -3.1% | (0.6) | -0.8% |
| Total Operating Expenses | 1,591.0 | 1,590.1 | 1,462.7 | 0.9 | 0.1% | 128.3 | 8.8% |
| Operating Income | 234.5 | 205.9 | 301.0 | 28.6 | 13.9% | (66.5) | -22.1% |
| Operating Margin % | 12.8% | 11.5% | 17.1% | 1.4% | | -4.2% | |
| Operating Income w/o Dir Pmts | 19.8 | (15.8) | 97.9 | 35.6 | 224.7% | (78.1) | -79.8% |
| Operating Margin % w/o Dir Pmts | 1.2% | -1.0% | 6.3% | 2.2% | | -5.0% | |
| Gain (Loss) on Investments | 32.2 | 16.7 | (13.9) | 15.5 | 92.6% | 46.2 | -331.7% |
| Other Non-Operating Gain (Loss) | (15.3) | (12.7) | (8.8) | (2.6) | -20.6% | (6.5) | -73.5% |
| Net Income | 251.5 | 210.0 | 278.3 | 41.5 | 19.8% | (26.8) | -9.6% |
| Net Margin | 13.6% | 11.7% | 16.0% | 2.0% | | -2.3% | |

Key Metrics

FISCAL YEAR TO DATE: FEBRUARY 2023

| | FY23 YTD through February | Moody's Medians |
|------------------------------|---------------------------|-----------------|
| Financial Operations | | |
| Operating Margin | 12.0%* | 4.1% |
| Financial – Liquidity | | |
| Days Cash on Hand | 247 | 341 |
| Financial – Leverage | | |
| Debt to Capitalization | 20.6% | 20.6% |

* 0.3% through February without Directed Payment

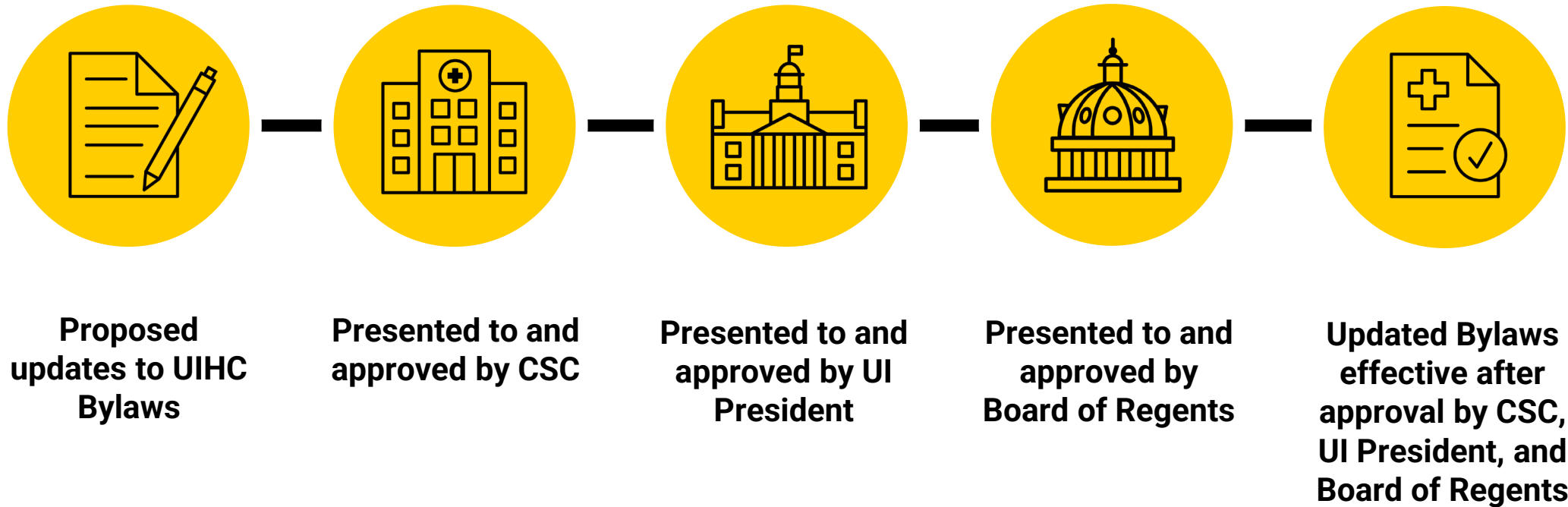
Proposed Amended and Restated Bylaws

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Joseph Clamon, JD

Associate Vice President for Legal Affairs,
UI Health Care

Approval process for updated bylaws



Substantive Changes

Summary of most significant proposed changes

UIHC Strategic Initiatives

Article II,
Section 2.3.1,
“Organization”

Add “Cardiothoracic Surgery” to the list of Clinical Services at UIHC because it was recently re-recognized as a distinct clinical department.

Article III,
Section 3.9.5(H),
“People & Culture
Subcommittee”

Create the People and Culture Subcommittee to create a single platform to coordinate UI Health Care’s efforts to create, promote, and maintain a healthy culture and environment for all people within UI Health Care, including addressing issues related to organizational culture, team development, recruitment, retention, diversity, equity and inclusion, and safety that are currently handled in a more disparate, less coordinated manner.

The People and Culture Subcommittee will have the following working groups for specific areas of focus: (i) Employee Engagement and Well-Being Working Group; (ii) Patient Experience Working Group; (iii) Staff Development Working Group, and (iv) Workplace Safety Working Group.

UIHC Strategic Initiatives

Article IV,
Section 4.5.6,
“Physical and Mental
Examinations”

Remove language permitting the chair of the applicable Credentials Panel or the Clinical Service Head to automatically terminate a clinical staff member’s clinical privileges if such staff member refuses to undergo a physical or mental examination and replace it with language permitting such individuals to summarily suspend the staff member’s clinical privileges under Section 4.6.6.

Article IV,
Section 4.6.7,
“Automatic Suspension”

Remove the sentence that denied procedural rights to any member or practitioner whose privileges were automatically suspended for failure to complete medical records.

These changes better afford the clinical staff member due process by permitting such individual to appeal the decision in accordance with the hearing and appeal procedures.

Governance Efficiency

Article III,
Section 3.6.1,
“Failure to Attend Meetings”

To encourage attendance, change the ability of a member or representative to be removed from the CSC after any four (4) unexcused absences during an academic year (July 1-June 30) instead of after three (3) consecutive absences.

Article III,
Section 3.9.1(F),
“Quality and Safety
Oversight Subcommittee”

Remove the “Performance Improvement Working Group” from the Quality and Safety Oversight Subcommittee and incorporate its existing working group charge into the charge of the Quality and Safety Oversight Subcommittee.

Article III,
Section 3.9.3,
“Annual Reports”

Add language clarifying that each subcommittee and working group will submit an annual report summarizing actions taken during the prior year to the CSC for inclusion in the CSC’s annual report to the Board of Regents, State of Iowa.

Clarity and Readability

Article III,
Section 3.8.5(C),
“Vacancy”

Add language permitting the Vice President for Medical Affairs to select a replacement for the unexpired term if a vacancy occurs in the CSC co-chair position appointed by the Vice President for Medical Affairs. This process was not explicitly addressed in prior versions of the Bylaws.

Article III,
Section 3.9.1(A)(4)(b),
“Health Care Professional
Subpanel” and
Appendix II, “Practitioners
Credentialed by Health Care
Professionals Subpanel”

Add a non-exhaustive list of illustrative examples of the types of health care professionals credentialed by the health care professionals subpanel and create a list of the professionals currently credentialed by this subpanel in Appendix II.

Clarity and Readability

Article III,
Section 3.9.5,
“Standing Subcommittee
Charges”

Add an organizational chart with the Clinical Systems Committee and its standing subcommittees and working groups to more readily and clearly communicate to UIHC stakeholders the Clinical Systems Committee’s role in governance and oversight of the various subcommittees and working groups.

Article IV,
Section 4.3.3,
“Categories of Clinical Staff”

Add a chart to clearly and succinctly communicate the relationship among: (i) a practitioner’s medical staff category; (ii) the faculty track at the medical or dental school; and (iii) the title/status at the medical and dental schools.

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Thank you

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CHANGING LIVES.®