

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

University of Iowa Health Care

PRESENTATION TO THE BOARD OF REGENTS, STATE OF IOWA

July 27, 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



University of Iowa Hospitals & Clinics:

**Supporting our Medicaid Patients as the
Hospital for the State of Iowa**

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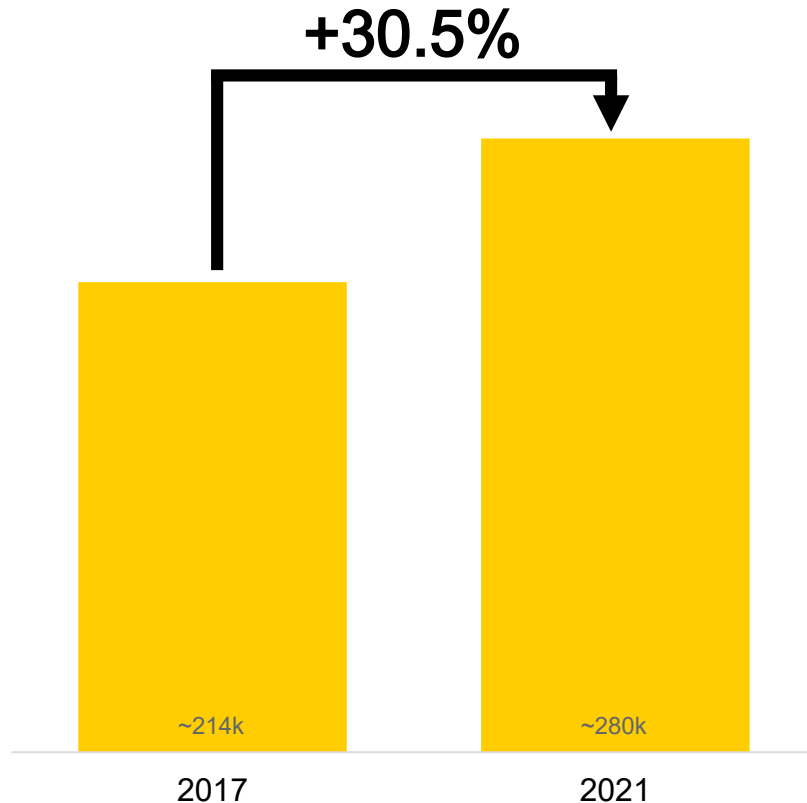
UIHC Key Factors to Support Iowa Medicaid Beneficiaries

- 1 At UIHC, Medicaid demand is growing faster than Medicaid access.
- 2 Iowa relies on UIHC to provide complex care for Iowa Medicaid beneficiaries.
- 3 UIHC cares for an increasing number of Iowa Medicaid beneficiaries but is constrained to serve more.
- 4 Increased access and space is necessary for UIHC to care for more Iowa Medicaid beneficiaries.
- 5 We have been granted enhanced Medicaid funding to increase access to UIHC services.
- 6 These funds will be used to increase access to UIHC services and improve quality of care.
- 7 UIHC is partnering with Iowa Medicaid to monitor access and quality improvements.

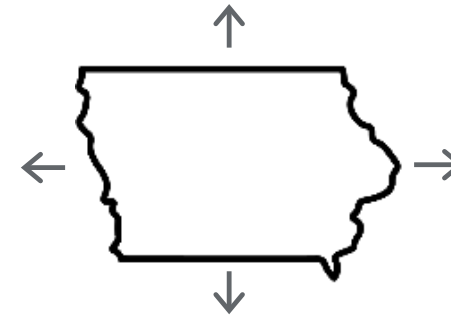
1

At UIHC, Medicaid demand is growing faster than Medicaid access.

UIHC Medicaid Demand Growth



Statewide, Medicaid Access is still constrained



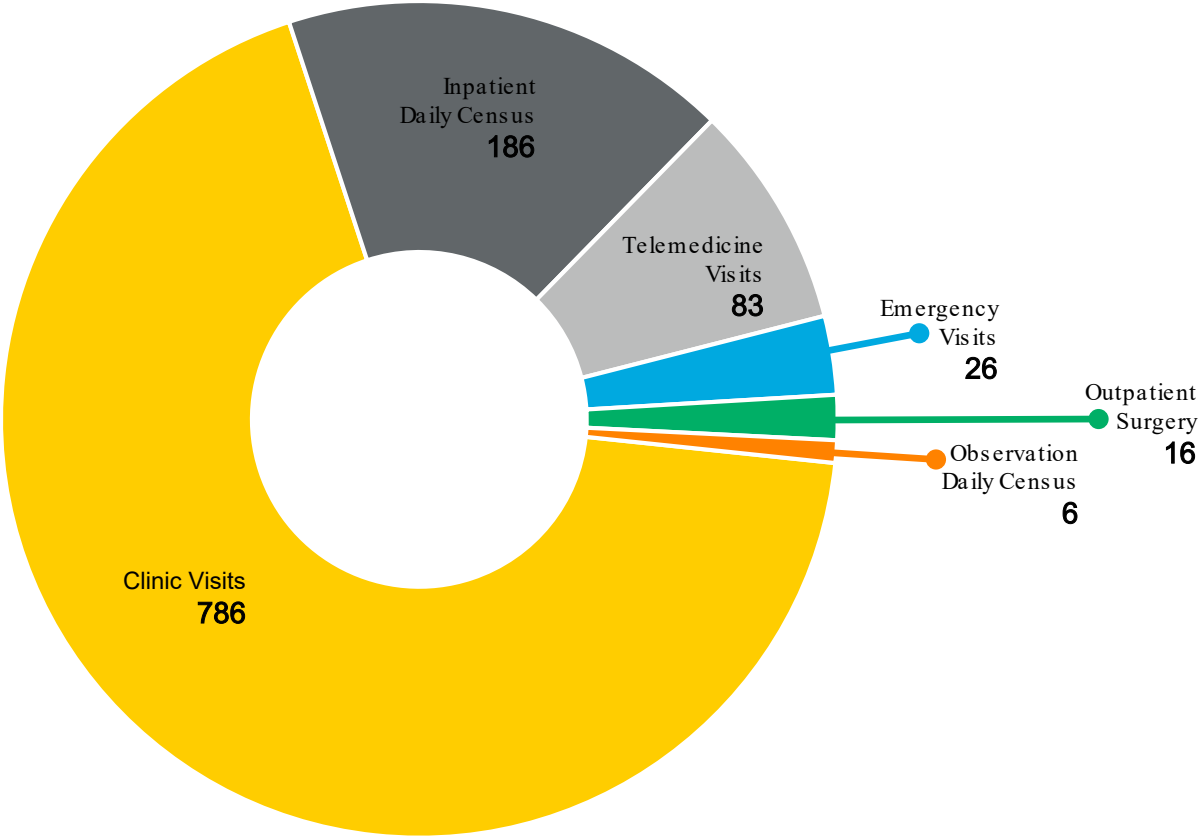
Before the pandemic, >6,500 Iowans on Medicaid left the state for inpatient care, up >50% from recent years

2

Iowa relies on UIHC to provide complex care for Iowa Medicaid beneficiaries.



UIHC cares for ~1,100 Medicaid patients per day*



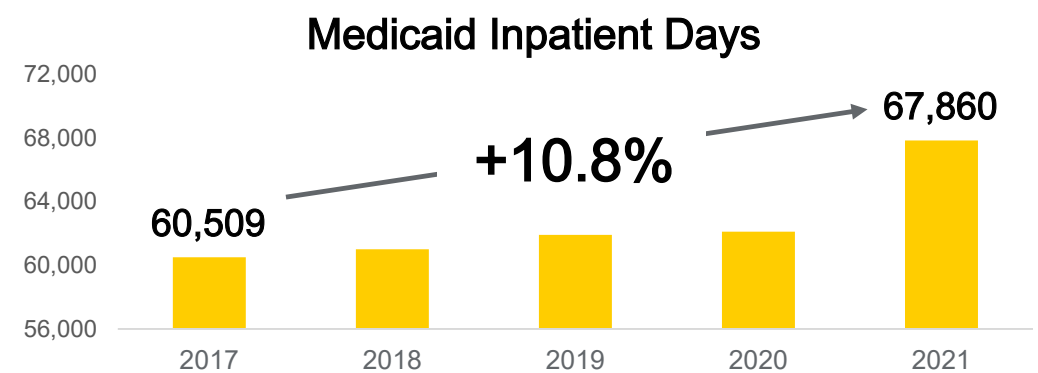
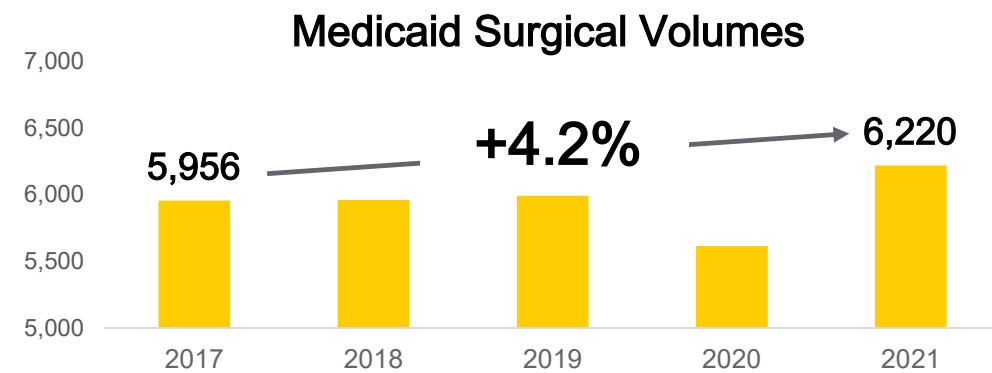
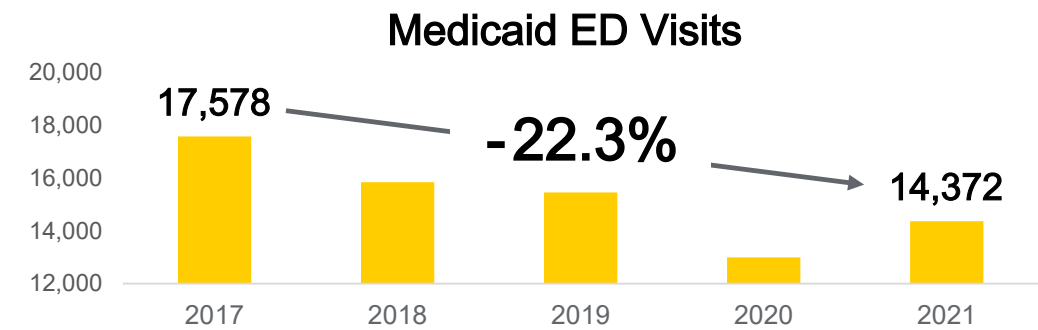
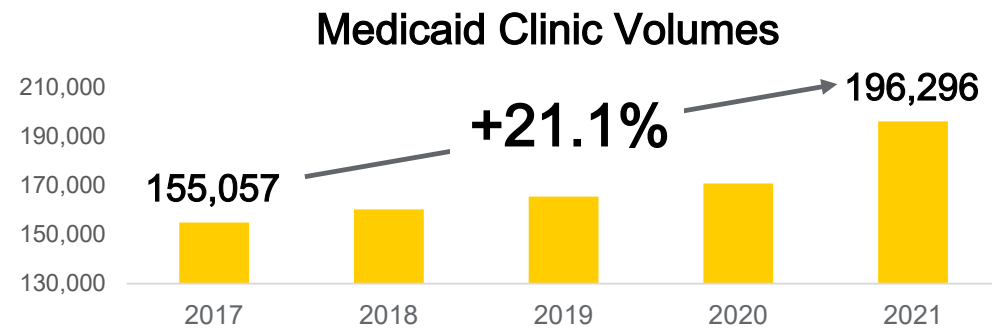
*Data based on average number of Medicaid patients seen per day per patient classification

3

UIHC cares for an increasing number of Iowa Medicaid beneficiaries but is constrained to serve more.

CY2021

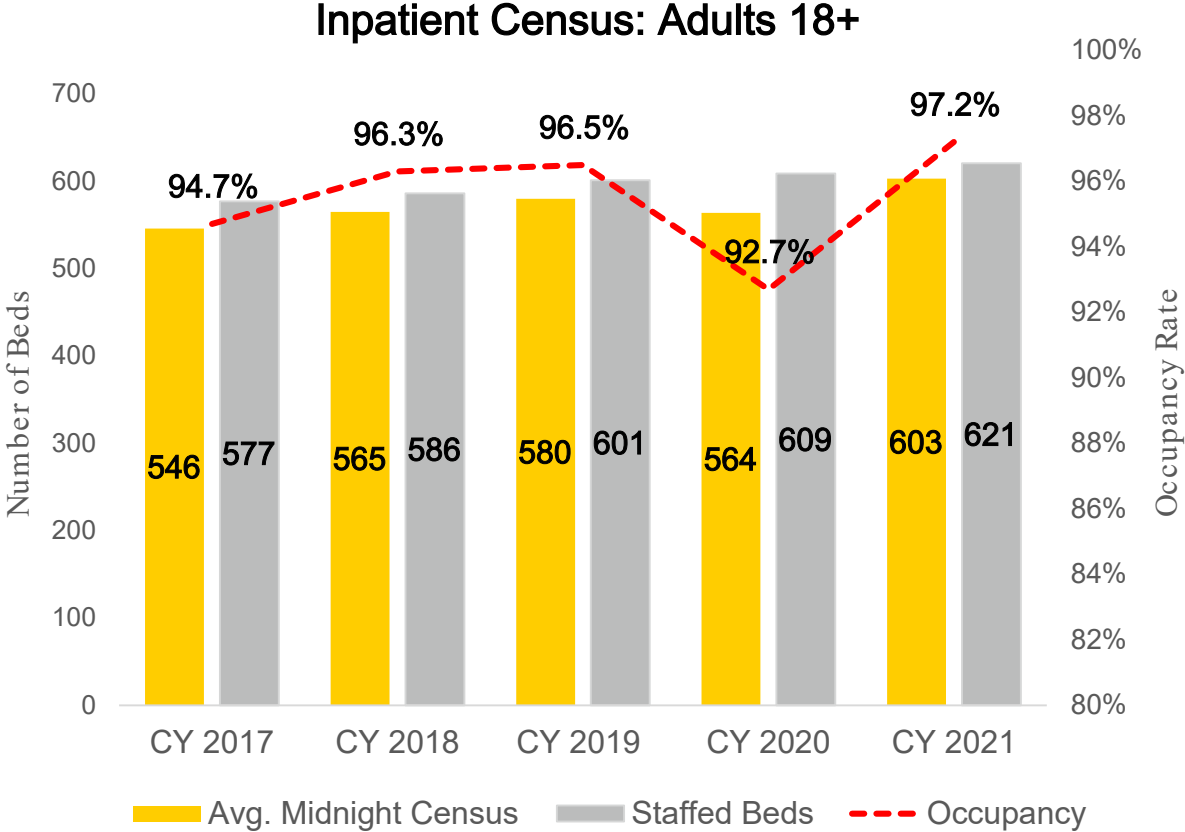
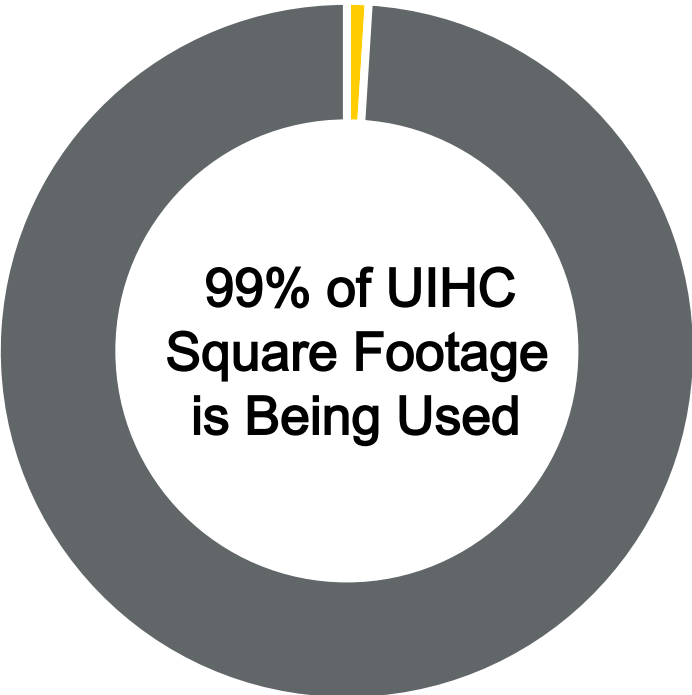
IOWA MEDICAID BENEFICIARIES



*Data includes <1% of patients who reside in Iowa with primary payor of out-of-state Medicaid

4

Increased access and space is necessary for UIHC to care for more Iowa Medicaid beneficiaries.



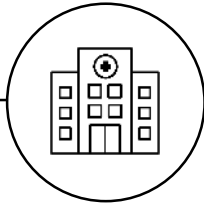
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We have been granted enhanced Medicaid funding to increase access to UIHC services.

- With partnership from the State of Iowa, UIHC has secured participation in a federal directed payment program for safety net providers.
- UIHC will be provided supplemental funding to increase access for Iowa Medicaid beneficiaries and support Iowa's Medicaid Quality Plan.
- The primary use of this funding will be to **expand access** and **increase capacity** for Iowa Medicaid beneficiaries through modernization and expansion of health care facilities.
- UIHC will also be identifying additional opportunities to increase access, further align with best practices, and improve quality of care for patients seeking maternal and mental health services.
- Continued participation in this program will require UIHC to submit an annual reapplication and review of performance metrics.

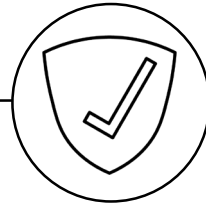
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These funds will be used to increase access to UIHC services and improve quality of care.



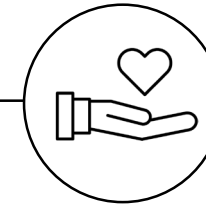
Increase Access to Care through Facility Expansion

- Inpatient Tower with private patient rooms
- Surgical Platform
- Patient Care Clinical Research Building
- Ambulatory Tower



Further Alignment with Best Practices

- Convert semi-private to private inpatient rooms (40+% semi-private now)
- Emergency Department expansion
- Observation unit expansion
- Larger and state-of-the-art operating rooms and catheterization labs

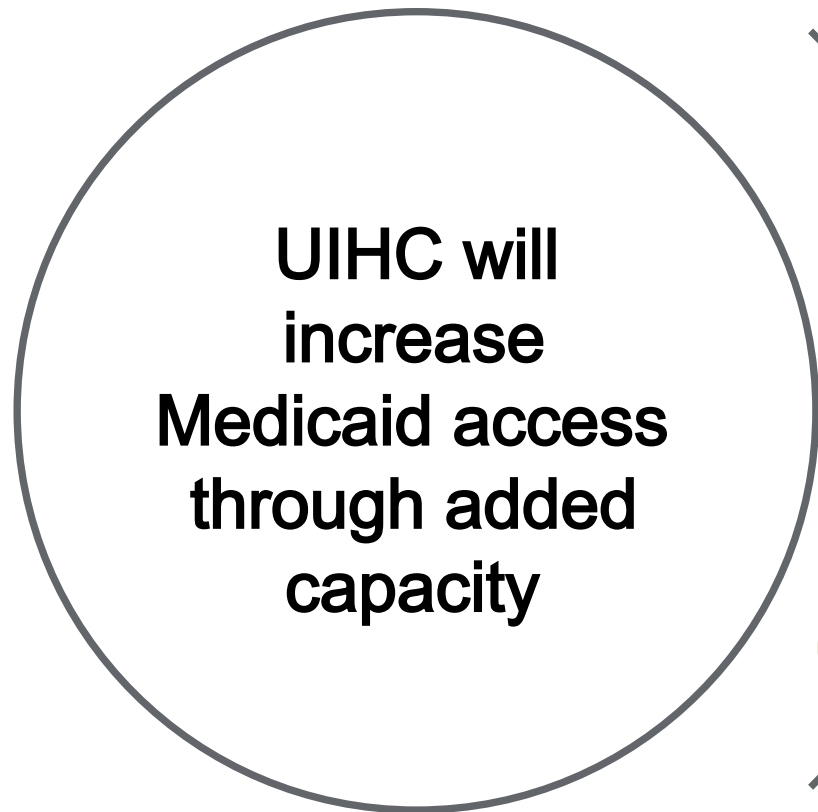


Improve Quality of Care for Maternal and Mental Health

- Timeliness of care
- Focused efforts to address high-risk populations
- Increasing providers

7

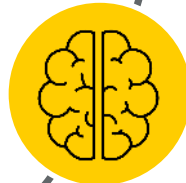
UIHC is partnering with Iowa Medicaid to monitor access and quality improvements.



1. Improve **overall timely access** to care for both inpatient and outpatient services.



1. Focus on expanding **maternal health** services for this population.



1. Focus on expanding **mental health** services for this population.



Financial Update

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Volume and Financial Highlights –FY22

THROUGH APRIL 2022

Key Volumes

- Inpatient Discharges: -7.0% vs budget | +1.4% vs prior year
- Acute Patient Days: +0.1% vs budget | +4.0% vs prior year
- Surgeries: -1.3% vs budget | -1.1% vs prior year
- Clinic Visits: +14.5% vs budget | -3.8% vs prior year (w/ ILI)

Acuity

- Case Mix Index 2.42

Length of Stay Index

- Adult at 1.02
- Pediatrics at 1.02

Gross Patient Revenue

- 1.1% above budget year-to-date
 - IP -1.4% vs budget | OP +3.1% vs budget

Government Pandemic Support

- \$29.2M 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– 46.5 days

Salary Expenses

- 1.8% above budget

Non-Salary Expenses

- 2.4% above budget due to medical supplies and drugs

Operating Margin

- Actual 16.8% vs goal of 3.9%

Comparative Financial Results

FISCAL YEAR TO DATE: April 2022

	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
Operating Revenues							
Net Patient Revenue	1,857.8	1,823.8	1,754.6	34.0	1.9%	103.2	5.9%
Directed Payment Revenue *	270.8	0.0	0.0	270.8	-	270.8	-
Other Operating Revenue	73.3	40.7	72.5	32.7	80.3%	0.9	1.2%
Net Operating Revenue	2,202.0	1,864.5	1,827.1	337.5	18.1%	374.9	20.5%
Operating Expenses							
Salaries & Wages	778.3	764.6	742.4	13.6	1.8%	35.9	4.8%
General Expenses	951.8	925.9	892.1	25.9	2.8%	59.7	6.7%
Depreciation & Amortization	101.0	102.1	89.0	(1.1)	-1.1%	12.0	13.5%
Total Operating Expenses	1,831.1	1,792.7	1,723.5	38.4	2.1%	107.7	6.2%
Operating Income	370.8	71.8	103.6	299.0	416.3%	267.2	257.8%
Operating Margin %	16.8%	3.9%	5.7%	13.0%		11.2%	
Operating Income w/o Dir Pmts	100.0	71.8	103.6	28.2	39.2%	35.8	34.5%
Operating Margin % w/o Dir Pmts	5.2%	3.9%	5.7%	1.3%		-0.5%	
Gain (Loss) on Investments	(46.8)	33.4	75.6	(80.2)	-240.5%	(122.5)	-161.9%
Other Non-Operating Gain (Loss)	(11.3)	(10.5)	(9.7)	(0.8)	7.3%	(1.6)	16.4%
Net Income	312.7	94.7	169.6	218.1	230.3%	143.2	84.4%
Net Margin	14.6%	5.0%	9.0%	9.6%		5.6%	

*Directed payment revenues will be invested in expanding Medicaid access.

Key Metrics

	FY22 YTD Through Apr	Moody's Median
Financial Operations		
Operating Margin	16.3%	4.0%
Financial – Liquidity		
Days Cash on Hand	243	341
Financial – Leverage		
Debt to Capitalization	23.2%	19.6%

UIHC remains committed to supporting Iowa Medicaid beneficiaries



Federal directed payment programs are designed to support increased access for Medicaid beneficiaries



UIHC will partner with the State of Iowa to increase access to care for Iowa Medicaid beneficiaries



UIHC will create additional access through alignment with best practices and future facility expansion