

# University of Iowa Health Care

*Presentation to*

**The Board of Regents, State of Iowa**

**November 15-16, 2018**

# Agenda

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Today's Presentation

Opening Remarks

Operating and Financial Performance

Faculty Presentation: Next-generation Autism Research



## Opening Remarks

*Brooks Jackson, MD, MBA  
Vice President for Medical Affairs  
& Dean, Carver College of Medicine*





## **Operating and Financial Performance**

***Bradley Haws, MBA***

***Associate Vice President for Finance & Chief Financial Officer, UI Health Care***

***Mark Henrichs, CPA, MHA***

***Assistant Vice President for Finance & Chief Financial Officer, UI Hospitals & Clinics***

# Volume and Financial Highlights – FY19

Through September 2018

## Operating Margin

- September year-to-date actual 3.8%, budget of 1.8%

## Volume Growth

- Year-over-year: Inpatient Admissions - 2.2%, Surgeries 5.9%, Clinic Visits 4.3%

## Acuity

- Case Mix Index continues to be high – above 2.0 for all payers (2.11) and Medicare (2.34)

## Census

- Many days above 90% occupancy

## Length of Stay Index (through August)

- Adult at .93 – below the expected index of 1.0
- Pediatrics at 1.0 – at the expected index

## Readmission Rates (through January)

- Adult at 10.6% - below target of 12%
- Pediatrics at 10.5% - above target of 8.3%
  - Patients with multiple comorbidities and chronic illness

## Revenues

- 0.1% below budget year-to-date

## Payer Mix

- Medicare growth continues
- FY17: 35.7%, FY18: 37.3%, FY19 37.7%

## Accounts Receivable

- Days in Accounts Receivable stable around 50 day

## Salary Expenses

- 4.0% below budget year-to-date

## Non Salary Expenses

- 1.0% below budget year-to-date

# Volume - Highlights and Trends

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## Operating and Financial Performance

### Inpatient Discharges

- Discharges are below budget by 1.3%; down 2.2% compared to last fiscal year
  - Largely driven by Adult Medical and Psychiatry
- Patient days up 4.1% compared to last fiscal year
  - Length of Stay and Acuity driven
  - Critical Care Patient Days as a percentage of total patient days benchmarks at the 83<sup>rd</sup> percentile compared to other AMCs
- Compared to other AMCs, UIHC benchmarks at the 93<sup>rd</sup> percentile in terms of Acute Care Occupancy Percentage

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### Surgical Cases

- Year to date, case volumes are up by 472 cases; 5.9% compared to the same time period last fiscal year
- All services experiencing growth except General Surgery and Ophthalmology
  - Both declines due to faculty departures; recruitments are underway

# Volume - Highlights and Trends

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## Operating and Financial Performance

### Emergency Department Visits

- Compared to last fiscal year, visits down 1,098 visits or 7.1%
  - This decline is driven by:
    - lower acuity patients seeking care at other sites (i.e. Quick Care)
    - increases in psychiatry patients who require inpatient services when our psychiatry beds are often filled
    - days with very high inpatient census resulting in patients having to wait in the ED for admission
- New outpatient Crisis Stabilization Unit opened October 15 for patients requiring emergency psychiatric care
- Acuity of patients continues to increase - 35.8% are admitted compared to 34.9% last year
- Admissions through the Emergency Department make up 59.4% of all inpatient admissions

# Volume - Highlights and Trends

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Operating and Financial Performance

## Length of Stay

- Continued improvement in our length of stay (12 month rolling average) for both adult and pediatric patients
  - Adult index continues to remain steady at 0.93.
  - Pediatrics index has improved from 1.01 last year to 1.0 this year
- Continued focused efforts on:
  - Documentation to ensure we accurately reflect the acuity of our patients
  - Discharge Preparation - working with outside facilities as well as patients and family members to transition them to the most appropriate setting post-discharge

## Readmissions (All-cause 30 day)

- Adult patients readmission rates continue to perform well compared to AMC colleagues
- Pediatrics is above the benchmark; primarily driven by planned readmissions being included in the data set and patient transfers being counted as readmissions



# Volume - Highlights and Trends

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Operating and Financial Performance

## Outpatient Visits

- Growth continues to be experienced year over year – up a total of 10,260 visits; 4.3% increase
- Increased volumes at all locations; main campus, Iowa River Landing (IRL) and off-site
- All services experiencing growth year over year except General Internal Medicine, Hospital Dentistry and Surgery
  - General Internal Medicine decline is due to decreased number of faculty and vacations. Three new faculty members have been recruited and will start this fiscal year
  - When excluding Heart and Vascular patients from Surgery's clinic volumes, they are up 186 visits or 4.1% compared to last fiscal year

# Financials - Highlights and Trends

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Operating and Financial Performance

## Revenue

- While inpatient discharges are down year-over-year, net revenue is equal to budget due to high acuity case volumes.
- Collections for the second half of the fiscal year may be impacted negatively by final CMS Outpatient & Physician Fee Schedule rules, and change in payor mix.

## Expenses

- Salary expenses are 4.0% below budget and Non-Salary expenses are 1.0% below budget

# FY19 Budget

## Volume and Rate Assumptions

### Revenue

#### Volume Growth

Inpatient	3.0%
Outpatient	5.0%
Payor Rate Reduction	-0.2%
Price Increase	6.0%
CMI Increase	0.0%

### Expense

#### Salary Increase

SEIU	2.0%
Merit	1.0%
P&S	1.0%
Faculty	1.0%

#### Non-Salary Increase

Drugs	7.5%
Supplies	3.0%
Utilities	4.0%
Other Non-Salary	3.0%

## Net Revenues

Patient Revenue	\$1,704,815
Other Operating Revenue	52,723
<b>Total Revenue</b>	<b>\$1,757,538</b>

## Expenses

Salaries and Wages	\$811,269
General Expenses	787,468
Operating Expense before Capital	\$1,598,737
<b>Cash Flow Operating Margin</b>	<b>\$158,801</b>
Capital—Depreciation and Amortization	102,559
<b>Total Operating Expense</b>	<b>\$1,701,296</b>

<b>Operating Income</b>	<b>\$56,242</b>
<b>Operating Margin %</b>	<b>3.2%</b>
Gain (Loss) on Investments	19,033
Other Non-Operating	-11,806
<b>Net Income</b>	<b>\$63,469</b>
<b>Net Margin %</b>	<b>3.6%</b>

# University of Iowa Hospitals & Clinics FY19 Budget

High Level Sources and Uses of Cash (in Millions)

Income from Operations	\$56.2
Investment Gain or Loss	19.0
Capital Expenditures in Excess of Depreciation Expense	(36.4)
Debt Principal and Interest Payments	(25.6)
Savings required by Rating Agencies to Maintain Bond Rating	\$(33.0)
<b>Primary Sources and Uses – Net Annual Impact(*)</b>	<b>\$(19.8)</b>

*(\*) Any deficit from primary sources and uses would need to be covered by debt issuance, new philanthropy or change in operating results.*



*Faculty Presentation:*

## **Next-generation Autism Research**

*Jacob Michaelson, PhD*

*Associate Professor of Psychiatry; Communication Sciences and Disorders;  
and Biomedical Engineering*



# Luke and Ethan, age 7

Next-generation Autism Research



# Rewind back to birth...

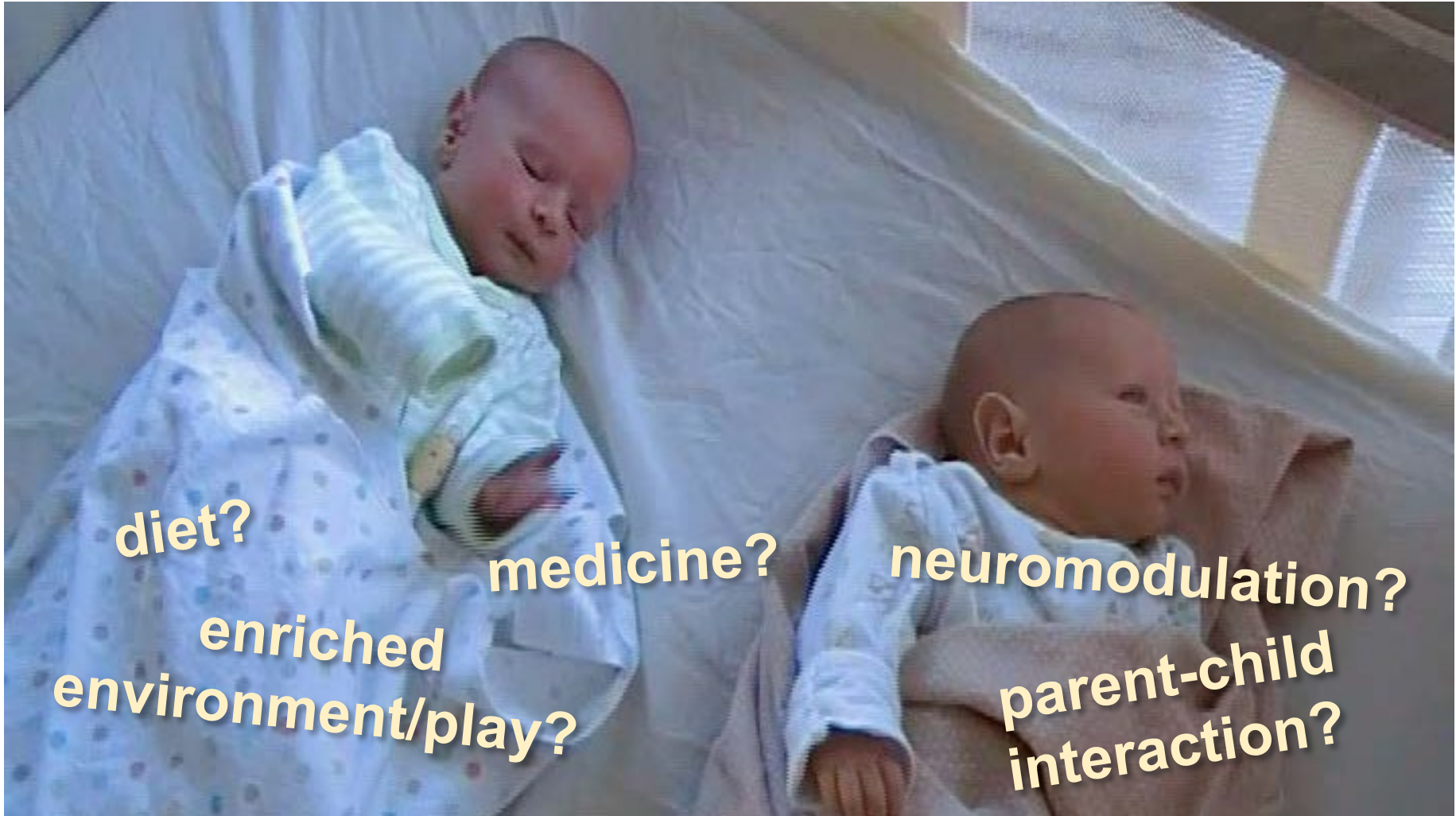
Next-generation Autism Research





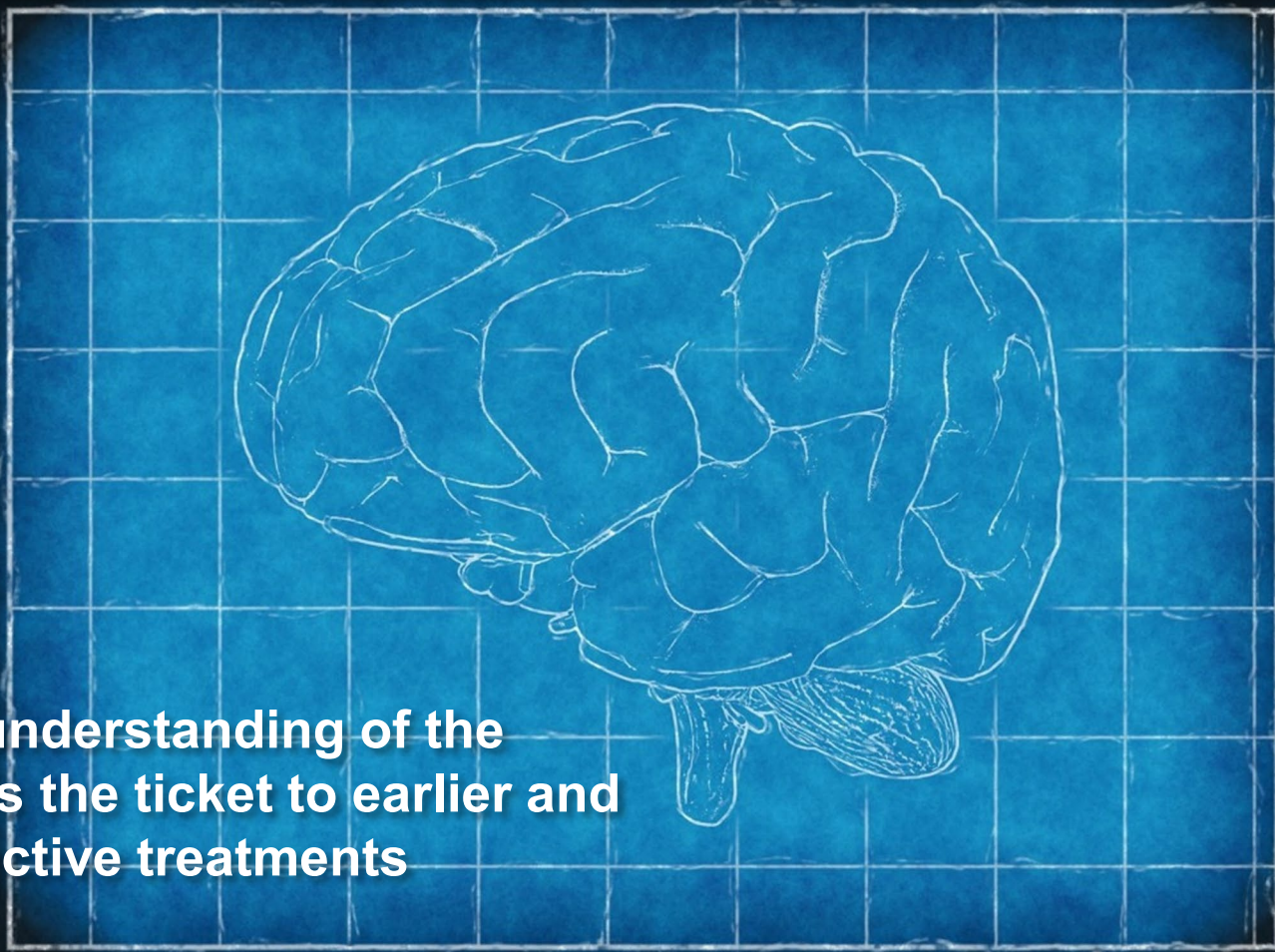
# Luke and Ethan, age 7

Next-generation Autism Research



# The genome is the blueprint of the brain

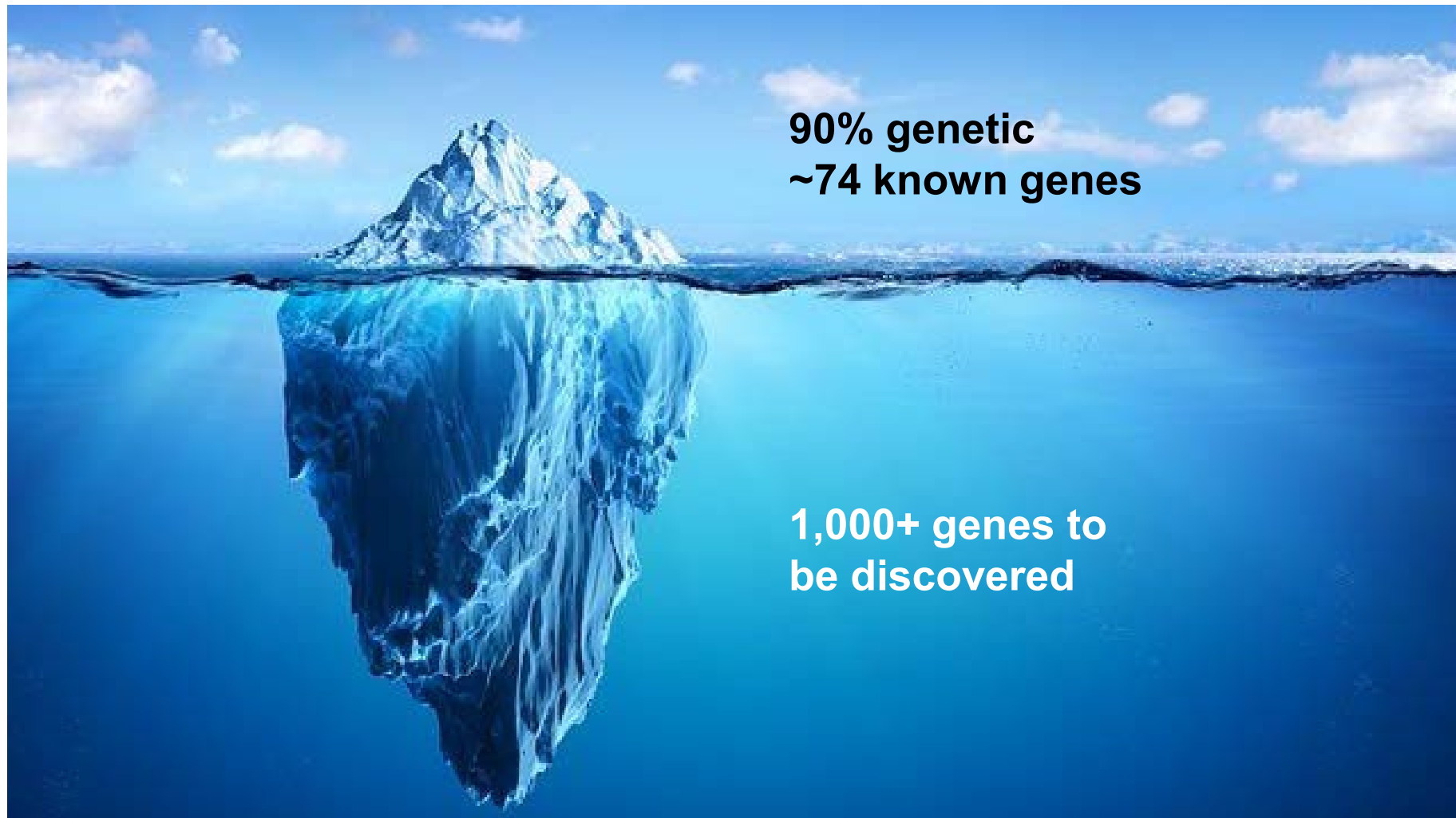
Next-generation Autism Research



**A better understanding of the genome is the ticket to earlier and more effective treatments**

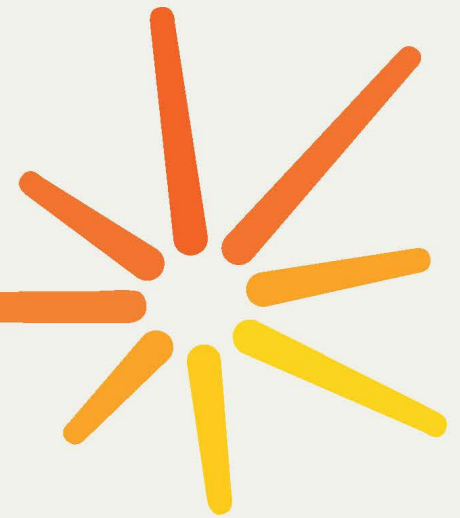
# The genome is the blueprint of the brain

Next-generation Autism Research





# SPARK



Simons Powering Autism Research

# SPARK Consortium

Next-generation Autism Research

SPARK is building a national autism cohort of 50,000 individuals, more people than can fit in Wrigley Field



# This is the consortium charting the future of autism research



And we have a seat at the table



# Spark Consortium

Next-generation Autism Research



## STEP 1

Create an account online.



## STEP 2

Invite family members



## STEP 3

Complete saliva test and return



## STEP 4

Discover new research opportunities



# Outreach: at the state fair

Next-generation Autism Research



Over 800 families enrolled

Constant community engagement

Constant provider/educator engagement

25% from UI Hospitals & Clinics

75% from all over Iowa



# Revolutionizing research

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## Next-generation Autism Research

- **Sleep** and **eating** problems are a major issue in autism
  - Still unsolved
- Through SPARK, we conducted a study over **2 weeks** that quantified the experiences of over **5,000 families** with autism
  - These all have **genetic data** already
  - Our data + genetics = biology of sleep and eating problems in ASD
    - Improving quality of life for kids, families
  - Cost: **\$1/family**
- This is how we're doing research going forward

# Thank you

Next-generation Autism Research

“I hope SPARK leads to insights on how best to help children with autism as they progress into adulthood.”

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