

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS**

**Meeting of the Health System Board
for the University of Virginia
Health System**

September 23, 2021

HEALTH SYSTEM BOARD
Thursday, September 23, 2021
8:30 – 11:30 a.m.

Multi-Purpose Room, Student Health and Wellness Center

Committee Members:

L.D. Britt, M.D., Chair	James B. Murray Jr.
Babur B. Lateef, M.D., Vice Chair	James V. Reyes
Robert M. Blue	A. Bobby Chhabra, M.D., Faculty
Whittington W. Clement	Consulting Member

Public Members:

Kenneth B. Botsford, M.D.	Victoria D. Harker
William G. Crutchfield Jr.	

Ex Officio Members:

James E. Ryan	K. Craig Kent, M.D.
Pamela F. Cipriano	M. Elizabeth Magill
Jennifer Wagner Davis	Scott A. Syverud, M.D.
Wendy M. Horton	Melina R. Kibbe, M.D.

AGENDA

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VI. CLOSED SESSION

- Discussion of proprietary, business-related information about the operations of the Medical Center, the School of Medicine, and the School of Nursing, where disclosure at this time would adversely affect the competitive position of the Medical Center, the School of Medicine, or the School of Nursing, specifically:
 - Strategic personnel recruitment and retention, financial, investment, facility needs, market considerations, growth initiatives, partnerships, and other resource considerations and efforts in light of market and regulatory changes for the Health System and expected impact for FY 2022, including proprietary information related to COVID-19; all of which further the strategic initiatives of the Medical Center, the School of Medicine, and the School of Nursing and include employee performance and other proprietary metrics;
 - Confidential information and data related to the adequacy and quality of professional services, competency, and qualifications for professional staff privileges, and patient safety in clinical care, to improve patient care for the Medical Center;
 - Consultation with legal counsel regarding compliance with relevant federal and state legal requirements and legislative and accreditation standards, all of which will involve proprietary business information and evaluation of the performance of specific personnel.
 - The relevant exemptions to the Virginia Freedom of Information Act authorizing the discussion and consultation described above are provided for in Sections 2.2-3711(A)(1), (6), (8), and (22) of the Code of Virginia. The meeting of the Health System Board is further privileged under Section 8.01-581.17 of the Code of Virginia.

VII. HEALTH SYSTEM FINANCE REPORTS FROM THE FINANCE WORKING GROUP AND DISCUSSION

- Health System Consolidated Financials Fiscal 2022 Year-to-Date 15
(Mr. Blue and Mr. Douglas E. Lischke)

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: September 23, 2021

COMMITTEE: Health System Board

AGENDA ITEM: IA. Welcome to the New Student Health and Wellness Center

ACTION REQUIRED: None

BACKGROUND: Dr. Christopher P. Holstege, M.D. has served as the Executive Director of Student Health since 2013. He also is a Professor of Emergency Medicine and Pediatrics at the University of Virginia's School of Medicine and Chief of the University of Virginia's Division of Medical Toxicology, positions he has held since 1999. Dr. Holstege will welcome the board to the new Student Health and Wellness Center.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: September 23, 2021

COMMITTEE: Health System Board

AGENDA ITEM: IB. Opening Remarks from the Chair

ACTION REQUIRED: None

BACKGROUND: The Committee Chair, Dr. Britt, will welcome guests, provide opening remarks, and introduce new members to the Health System Board.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: September 23, 2021

COMMITTEE: Health System Board

AGENDA ITEM: I.C. Opening Remarks from the Executive Vice President for Health Affairs

ACTION REQUIRED: None

BACKGROUND: On February 1, 2020, Dr. Kent became the Executive Vice President for Health Affairs. Dr. Kent has held several leadership positions, including chief of the combined Division of Vascular Surgery at Columbia and Cornell, chair of the Department of Surgery at the University of Wisconsin, and most recently Dean of the College of Medicine at The Ohio State University. His background includes substantial experience in growing clinical, research, and educational programs as well as health system management. He is a member of the National Academy of Medicine.

DISCUSSION: The Executive Vice President for Health Affairs will provide opening remarks, including introducing the new Dean of the School of Medicine, Dr. Melina R. Kibbe, who will also provide remarks.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: September 23, 2021

COMMITTEE: Health System Board

AGENDA ITEM: I.D. Recognition of UVA Cancer Center

ACTION REQUIRED: None

BACKGROUND: Thomas P. Loughran, Jr., MD, is the director of the University of Virginia Cancer Center, F. Palmer Weber-Smithfield Foods Professor of Oncology Research and Professor of Medicine. In August, the UVA Center was awarded “Comprehensive Cancer Center” designation, effective Feb. 1, 2022, by the National Cancer Institute, the largest funder of cancer research in the world. Centers who achieve this level of recognition must meet the most rigorous standards for innovative research and leading-edge clinical trials. Dr. Kent and Dr. Loughran will recognize and thank the team that achieved this impressive milestone.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: September 23, 2021

COMMITTEE: Health System Board

AGENDA ITEM: II. Medical Center Report

ACTION REQUIRED: None

BACKGROUND: Wendy Horton became Medical Center CEO in November 2020. She came from The Ohio State University Wexner Medical Center, where she served as Chief Administrative Officer. Prior to Ohio State, Wendy served in several different leadership roles at University of Wisconsin Health, including Vice President of Operations.

OPERATIONS REPORT

Goal: To become the safest place to receive care

The Medical Center's Mortality Index for FY2021 was better than the target at 0.79, a significant reduction from the previous year's 1.02. Rates of Clostridium Difficile infections were also significantly improved at 1.94, down from 4.74 in FY2020. Rates for Catheter Associated Urinary Tract Infections and Inpatient Falls with Injury were also improved over the previous year, while that for Central Line Associated Blood Stream Infections showed an increased incidence.

All inpatient units, and many procedural areas, have adopted the "C Board" tool as a visual display of performance against our commitment to delivery of care with zero harm. This tool has managers and team members using safety cards to check knowledge and bedside practice on every shift. Learnings are both displayed on the board and discussed at each interdisciplinary huddle.

Goal: To provide exceptional clinical care

Inpatient experience as defined by the overall hospital rating of 9s and 10s for the FY2021 is 76.2% (71st percentile), below FY2020 (79.0%), and below target (79.8%). COVID-19 presented many challenges this year, including nurse staffing shortages and visitation restrictions. Inpatient nursing has rebooted leader rounding. The goal is for every patient to be visited by a nursing leader for a purposeful and scripted round at least once during their stay to reinforce expected team member behaviors, resolve patient issues quickly, and use the rounding data to drive improvement.

Emergency Department patient experience for FY2021 is 81.1% (34th percentile), below FY2020 (84.0%), and below target (84.3%). Like Inpatient, the Emergency

Department was impacted by COVID-19, which caused fluctuating patient volumes, staffing shortages, and patient boarding. The focus for the coming year is to stabilize staffing and focus on patient throughput.

Outpatient clinic patient experience results defined as the "willingness to recommend provider's office" for the FY2021 is 94.3% (76th percentile), above FY2020 (93.6%). The clinics successfully adjusted to new protocols to allow for safe health care delivery during a pandemic that included remote waiting, restricted visitors, and social distancing. Patient experience scores improved, and the target score (94.3%) was met.

Goal: To be the healthiest work environment

Improving team member engagement is an ongoing priority. Recognition programs continue to occur, though modified for COVID-19 regulations. Point cards for FY2022 have been distributed to all managers, and plans for the end-of-year celebration are being discussed now.

The final phase of Workday Learning launched, replacing Net Learning and providing more efficiency, robust data, and self-serve reporting. Team members' annual retraining was completed in July, and the FY2021 performance management cycle is nearing its conclusion now. Talent Management continues to support nursing retention efforts and recently concluded a series of focus groups for the Interim Chief Nursing Officer and is currently working with the Magnet team on a learning needs assessment for 2022.

Medical Center leadership and Human Resources have focused their efforts on assessing and addressing compensation concerns. These include Bridge Bonuses to address the highly competitive market for nurses during this pandemic, completion of a nurse equity assessment which will roll out in September, committing to merit for all eligible Medical Center team members in October.

Transitional Care Hospital

OPERATIONS:

The Transitional Care Hospital (TCH) had a total of 228 admissions through fiscal year-end 2021. Of these patients, 202 were admitted directly from the UVA Medical Center, 26 from other community hospitals. Patient days were 28.2% under the budget. Management has flexed operations accordingly to reduce total expense by 14.5% to budget for the same time period. The overall acuity index is 1.06. The average daily census was 19.06 patients. The average length of stay was 34.32 days.

QUALITY OF CARE:

The quality efforts at TCH for the fourth quarter of FY2021 resulted in positive outcomes for the patients it served. The mortality rate for the year-to date is 2.17%, compared to the case mix index weighted national benchmark data of 10.15%. Acquired C.

Difficile rate remains at zero for this year through all four quarters, compared to the Expected National Health Safety Network Standardized Infection Rate of 1.0. TCH is currently in the top decile of national LTACH performance in this metric and has not observed any hospital-acquired C. Diff transmissions since June 2020. In addition, the ventilator weaning rate is 73.53%, which is 33% better than the CMI weighted national average performance of 54.98% observed in other long-term acute care providers. The 30-day unplanned readmission rate to the Medical Center was 13.3%, better than the internal goal of 19%. TCH is demonstrating continued improvement in hospital-acquired skin integrity injuries. During this fiscal year, the rate of changes in skin integrity is at 3.52%, above our target rate of 2.40%, but improved from the FY2020 performance of 7.06%. This area is above the CMI weighted national average of 2.04% for the year and is receiving continued focus towards reducing the occurrence of any new or worsening of a patient's skin condition.

PATIENT EXPERIENCE:

Patient satisfaction scores continue to reflect a high level of experience with the care provided at TCH. Of the surveys returned FY2021, 27 out of 29 rated TCH an eight or higher on a 10-point Likert scale and indicated they would recommend TCH to others. There were 32 surveys total returned to TCH, resulting in a return rate of 15.9%. Reduced and restricted patient visitation due to the ongoing COVID policies is most likely the cause of the decreased survey response.

WORKFORCE:

Retention and recruitment are key priorities for the TCH and will remain a focus area. Staffing of clinical nursing roles is below the desired level to open beds sufficient to meet demand. Team member injury rate over calendar year (CY) 2021 has decreased to an acceptable target performance rate of 5.31. TCH observed and reported five team member injuries during CY 21. These consisted of four patient handling injuries and a slip/trip/fall. There have not been any reportable injuries at TCH since February 2021.

SUMMARY:

Providing high-quality services to this very specific subset of UVA Health patients continues to add value to the health system. During the COVID surge in FY21, the TCH engaged in new efforts to use its bed capacity to accept lower acuity patients in a lower cost of care model. This supported UVA's Medical Center in its progression of patients to an appropriate site of care and in reducing overall lengths of stay.

Recent Designations and Re-certifications

The Virginia Department of Health completed successful surveys of the Kidney Center and Page Dialysis Centers.

The Virginia Board of Pharmacy completed successful inspections of the Inpatient Pharmacy and the Temporary Cleanroom.

The Commission on Accreditation of Medical Transport Systems completed a successful survey for full reaccreditation of Emergency Critical Care--Rotorwing and Surface.

The Virginia Board of Pharmacy completed a successful inspection of the Continuum Home Health Pharmacy.

U.S. News and World Report named UVA Children's the No. 1 Children's Hospital in Virginia.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: September 23, 2021

COMMITTEE: Health System Board

AGENDA ITEM: III. School of Medicine Report

ACTION REQUIRED: None

BACKGROUND: Melina R. Kibbe, M.D. became Dean of the School of Medicine on September 15, 2021. A member of the National Academy of Medicine, Dr. Kibbe is the editor of the *Journal of the American Medical Association (JAMA) Surgery*, a respected clinician, funded investigator, and highly recognized educator. Before coming to UVA, she was Chair of the Department of Surgery at the University of North Carolina.

DISCUSSION:

CLASS OF 2025

In an unprecedented year, the members of the medical school Class of 2025 were selected from an applicant pool of 6,628 (a 35% increase from 2020) and is comprised of students from 31 states and 84 undergraduate institutions. The top schools from which students are coming include the University of Virginia, College of William and Mary, Johns Hopkins University, Virginia Commonwealth University, University of Michigan-Ann Arbor, and Brigham Young University.

This year's matriculants have high academic credentials, with a mean GPA of 3.86 and a mean MCAT in the 95th percentile (518.58). The class includes 46 students from groups underrepresented in medicine, which is 29% of our total class.

LEADERSHIP CHANGES

Dr. Kibbe is leading searches for new chairs of the departments of Surgery; Obstetrics and Gynecology; and Microbiology, Immunology, and Cancer Biology. A search is also underway for a new Chief Operating Officer.

Dr. David S. Wilkes, M.D., James Carroll Flippin Professor of Medical Science, retired on August 31, 2021. Among his many accomplishments while dean, he established the Strategic Hiring Initiative to recruit funded physician-scientists in strategic areas, which resulted in the School of Medicine attaining its all-time high in extra-mural funding; implementing programs in diversity, inclusion, and equity that have led to significant increases in the diversity of medical and graduate students and a focus on supporting the promotion of women which has resulted in the SOM exceeding the national average of

women at the rank of full professor; establishing the UVA School of Medicine Inova Campus in Fairfax; securing a \$23M NIH Clinical and Translational Science Award; and transferring the graduate science programs to the SOM.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: September 23, 2021

COMMITTEE: Health System Board

AGENDA ITEM: IV. School of Nursing Report

ACTION REQUIRED: None

BACKGROUND: Pamela Cipriano, Ph.D. was appointed as Dean and the Sadie Heath Cabaniss Professor at the School of Nursing in August 2019. A two-term president of the American Nurses Association (2014-2018), representing the interests of the nation's four million registered nurses, she was formerly the Chief Nursing Officer at UVA Health who led the Medical Center to its first Magnet designation in 2006. Dean Cipriano is currently the first Vice President of the International Council of Nurses, an advocate for strengthening nursing's influence on healthcare policy, and a leader in the effort to advance the roles and visibility of nurses.

Academics

An incoming enrollment of 814 nursing students—345 B.S.N. students, 95 R.N. to B.S.N. students, 110 Clinical Nurse Leader master's students, 163 M.S.N. and certificate students, 73 D.N.P. students, and 28 Ph.D. students—began classes Aug 25. The incoming B.S.N. Class of 2025 is one of the School's most diverse ever, with 41% non-White students and 28% first-generation college attendees.

Associate professor Virginia LeBaron will be inducted as a Fellow of the American Academy of Nursing (AAN) at an October ceremony. Academy Fellows are nursing's most accomplished leaders in education, management, practice, and research.

Three Class of 2022 students will live on the Lawn this academic year: Raniyah Majied, Catherine Denton, and Ali Kyle. Majied and Kyle are both emergency responders; Majied and Denton were among the cohort of nursing students trained to vaccinate and educate people at the UVA Health Blue Ridge Health Clinic's COVID-19 vaccination site.

Simulation Learning Expanded

Phase 1 of the Clinical Simulation Learning Center's \$2.1M expansion opened to students in late May, with new rooms that reflect the style and composition of UVA Health patient rooms and several reconfigurations that expand the number of simulations able to run simultaneously. The final phase of construction to create dedicated lab and procedure space, as well as private rooms for more complex physical examinations, will be complete by spring 2022. With the expansion, the lab will increase its capacity to offer additional options to complete clinical requirements.

Research

Faculty have been successful in securing the following grants:

- Dr. Jessie Gibson, assistant professor: \$321K iTHRIV Scholars Mentored Career Development Award for "Measurement and Modification of Threat Interpretation Bias to Reduce Anxiety in Huntington's Disease" and a \$60K 3Cavaliers Seed Grant for "Assessing Anxious Thinking Patterns Among Patients with Neurodegenerative Movement Disorders."
- Dr. Lee Ann Johnson, assistant professor: \$325K iTHRIV Scholars Mentored Career Development Award and a \$14K Center for Public Health Seed Grant for "Comorbidity Profiles and Their Influence on Treatment and Survival Among Underserved Individuals with Advanced Lung Cancer."
- Dr. Jeanne Alhusen, associate dean for research and associate professor: a \$230K one-year administrative supplement to her R01, seeking to understand how COVID-19 mitigation strategies affected health/well-being of pregnant/postpartum women with disability.

The Office for Nursing Research continued its summer research internship program in 2021. In all, 10 undergraduates partnered with research faculty across 12 projects, earning valuable experience, the chance to present and publish their work, and an up-close look at an increasingly critical nursing role: researcher.

Faculty Honors

- Professor Clareen Wiencek has begun a three-year term serving on the AACN Certification Corporation Board of Directors.
- Associate Professor Jessica Keim-Malpass was named a National Academy of Medicine Scholar in Diagnostic Excellence.

Leadership Report

On August 20, Dr. Kent and Provost Magill launched the search for the next Dean of the School of Nursing. Dr. Kent and Provost Magill will serve as co-chairs of the search committee. Joining them on the committee is:

Jeanne Alhusen

Associate Dean for Research and Associate Professor of Nursing

Edward Barnaby

Associate Dean for Graduate Academic Programs and Associate Professor

Janis Bellack

Dean's Advisory Board, UVA & President Emerita, MGH Institute of Health Professions

Lynn Coyner
B.S.N. Academic Program Manager

Katrina Debnam
Assistant Professor of Nursing

Wendy Horton
Chief Executive Officer, UVA Medical Center

Elizabeth Hundt
Assistant Professor of Nursing and Academic Clinical Coordinator - AGACNP

Randy Jones
Professor of Nursing

Melina Kibbe
Dean of School of Medicine and Chief Health Affairs Officer, UVA Health

Virginia LeBaron
Associate Professor of Nursing

Kathleen Rea
Clinical Educator in Nursing and Clinical Assistant Professor of Nursing

John Teahan
Associate Dean for Administration

Anda Webb
Vice Provost for Administration

Jayden Williams
UVA Nursing Student

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

<u>BOARD MEETING:</u>	September 23, 2021
<u>COMMITTEE:</u>	Health System Board
<u>AGENDA ITEM:</u>	V. Community Health Report
<u>ACTION REQUIRED:</u>	None

BACKGROUND: On March 8, 2021, Mary Frances Southerland, J.D., M.B.A., was named UVA Health's Chief Administrative Officer. Mary Frances is UVA Health's lead in overseeing the integration of the recently acquired hospitals and clinics in Culpeper and Northern Virginia. Ms. Southerland previously served as General Counsel and Chief of Staff of UVA Physicians Group (UPG).

DISCUSSION:

Effective July 1, 2021, UVA Medical Center (UVAMC) became the sole owner of the entity previously known as Novant Health UVA Health System, a joint venture owned 60% by Novant Health, Inc. and 40% by UVAMC. The entity is now known as UVA Community Health internally but will be marketed as UVA Health.

Taking sole ownership of the entity and its subsidiary assets, which include Culpeper, Haymarket and Prince William hospitals, as well as a medical group, a cancer center, and various surgical center ownership, will allow for UVA Health to streamline the operations and accelerate the development of clinical programs while also implementing a consistent infrastructure across the entire system. Additionally, and importantly, this transaction will facilitate UVA Health's ability to keep care local to these communities with enhanced access to highly specialized care and cutting-edge technology at the main campus in Charlottesville.

As part of the transaction, UVA Community Health contracted with Novant Health, Inc. to continue providing a significant number of corporate services for a 24-month period to ensure a smooth transition for the patients, providers, and team members in these communities. As a result, the Day One transition went incredibly smoothly without any major disruptions in the delivery of care.

In parallel to the transaction, UVA Health has worked diligently to design a governance structure and an organizational model to support greater alignment and integration across the broader UVA Health system. UVA Community Health has a seven-person board comprised of members from UVA Health and the Culpeper/Prince William-Haymarket communities and will be charged with overseeing the broader system-level

operations. To preserve the critical connections to the communities and provide advisory support at the local hospital level, a fourteen-member Unified Community Board has also been established with representation from community leaders in Culpeper, Prince William and Haymarket. Prince William-Haymarket has eight seats, Culpeper has four seats, and UVA Health has two seats, one of which also sits on the UVA Community Health Board.

Over the next six to 24 months, there will be an intense focus on migrating corporate services off the Novant Health platforms. There is a significant effort underway around IT, finance, revenue cycle, supply chain, and human resources, given the interdependencies of these functions and the duration of time it will take to implement. The primary aim is to develop systems and processes that drive integration across the broader UVA Health footprint, leveraging enterprise-level services, e.g., marketing, IT, and strategy, while also considering the local needs of the markets of these facilities.

There is also an effort underway to align the strategic imperatives of these markets with the broader UVA Health strategic planning effort. In the short term, the team is evaluating the clinical opportunities in the market while also strategizing on how to fortify the primary

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: September 23, 2021

COMMITTEE: Health System Board

AGENDA ITEM: VI. FY2021 Finance Report

ACTION REQUIRED: None

BACKGROUND: UVA Health prepares a comprehensive financial package at least monthly and reviews it with the Executive Vice President for Health Affairs and other executive leaders of the University before submitting the report to the HSB.

Douglas E. Lischke serves as UVA Health's Chief Financial Officer. Prior to coming to UVAH, he was the Associate Vice President for Financial Services and Controller for Wake Forest Baptist Medical Center. He is an active Certified Public Accountant and a Certified Healthcare Finance Professional with over 25 years of financial management experience.

FINANCE REPORT

Overall, UVA Health's operating income is favorable to budget for the 12 months ended June 30, 2021, despite the pandemic.

	Operating Income			Operating Margin		
	Actual	Budget	Pr Year	Actual	Budget	Pr Year
UVA Hospital, Clinics, Subs & Joint Ventures	102.1	100.3	43.7			
Shared Services	(35.0)	(35.3)	(26.4)			
Consolidated Medical Center	67.1	65.0	17.3	3.5%	3.4%	1.0%
Clinical Operations	37.4	23.9	32.1			
Support of Academic Mission	(32.1)	(33.0)	(31.8)			
UPG - SOM Clinical	5.3	(9.1)	0.3	1.0%	-1.7%	0.1%
Academic Recurring Operations	25.7	11.2	13.9			
Strategic Investment from Reserves	(20.6)	(23.4)	(20.7)			
One Time Transfers	2.1	2.4	10.9			
SOM Academic	7.2	(9.8)	4.1	1.5%	-2.0%	0.8%
SON Academic	4.9	-	0.3	18.5%	0.0%	0.9%
Library - Health System	(0.2)	(2.2)	(0.2)	-3.6%	-38.5%	-2.8%
Health System Support/Transfers	(50.0)	(43.9)	(59.8)			
Consolidated Health System	34.3	0.0	(36.6)	1.2%	0.0%	-1.4%

UVA Medical Center

For FY2021, the operating income for all business units was \$67.1M, resulting in a 3.5% operating margin and yielding a \$2.1M favorable budget variance. This was primarily driven by the financial mitigation actions taken to address the impact of COVID-19 on volume disruption. In addition to mitigation efforts, the patient population had a higher acuity which also contributed to net revenue. The all payer case mix was 2.32 and exceeded budget by 5.9%. The operating margin for the consolidated Medical Center is supported by imaging, dialysis, the transitional care hospital, home health, and the management of shared services expenses. Fiscal year to date June 30, 2021, the Medical Center generated \$168.3M in cash from operations (EBITDA) after transfers and cash reserves totaled 351 days, which was bolstered by Federal Loan funds of \$166.6M as well as strong investment returns. Excluding this \$166.6M, which must be repaid, cash reserves totaled 315 days. Total expenses adjusted for volume and acuity were 1.4% unfavorable to budget.

Total paid employees for all business units, including contracted employees, were 501 under budget. Contract labor is composed primarily of nurse travelers and individuals employed by the School of Medicine and contracted to the Medical Center. The Medical Center utilized 141 nurse travelers.

	<u>FY2021</u>	<u>2021 Budget</u>
Employee FTEs	8,581	9,267
Contract Labor FTEs	301	117
Salary, Wage and Benefit Cost / FTE	\$89,939	\$87,174
Total FTEs	8,883	9,384

Transitional Care Hospital

For FY2021, the operating loss for the Transitional Care Hospital (TCH) was \$3.8M, yielding an unfavorable budget variance of \$1.1M. By accepting hard-to-place patients from the Medical Center and caring for them in a lower-cost setting, TCH experienced fewer qualified patients, lower case mix and a worsening payer mix. Additionally, staffing related to COVID-19 issues caused a reduction in capacity and negatively impacted admissions and discharges. TCH admitted 228 patients in FY2021, and 89% were from the Medical Center.

Through cost savings generated by caring for patients in a lower-cost setting, TCH provided a \$1.6M benefit to the system in addition to freeing up beds at the Medical Center.

UVA Physicians Group (Clinical Enterprise)

Through the final quarter of FY2021, the Physicians Group (UPG) produced an operating surplus of \$5.3M, which was \$14.4M favorable to budget and \$4.9M favorable to the prior year. In the beginning of the year, favorable results were driven by financial mitigation efforts and cost savings that kept expenses low. In the final quarter of the year, patient volumes rebounded significantly to reach pre-COVID levels, driving more favorable revenue results. These results include \$32.1M in support towards the Academic Mission.

UVA School of Medicine (Academic Enterprise)

In FY2021, the School of Medicine generated operating income of \$7.2M, which was \$17M favorable to budget. This is primarily due to the financial mitigation plan, favorable gift revenues and mission support from the Medical Center, and controlled spending.

One-time strategic investments totaled \$20.6M and were funded by the Dean's reserves. In addition, the School received \$2.1M in transfers from the Medical Center for capital improvements (Pinn Hall renovations).

UVA School of Nursing (Academic Enterprise)

The School of Nursing had a favorable variance for FY2021. Revenue growth in research and gifts offset an initial decrease in graduate tuition revenue and University support. Still, Clinical Nurse Leader enrollment numbers were strong in the final quarter as a new cohort matriculated, improving overall tuition-based revenue for the fiscal year. Expenditures were in line with the budget.

University of Virginia Medical Center
Income Statement
(Dollars in Millions)

Description	Most Recent Three Fiscal Years			Budget/Target
	Jun-19	Jun-20	Jun-21	Jun-21
Net patient revenue	\$1,719.1	\$1,688.8	\$1,847.9	\$1,839.6
Other revenue	<u>63.8</u>	<u>66.6</u>	<u>66.4</u>	<u>52.7</u>
Total operating revenue	<u>\$1,782.9</u>	<u>\$1,755.4</u>	<u>\$1,914.3</u>	<u>\$1,892.2</u>
Operating expenses	1,566.7	1,603.9	1,696.1	1,678.8
Depreciation	102.4	115.9	133.8	129.8
Interest expense	<u>19.4</u>	<u>18.3</u>	<u>17.4</u>	<u>18.6</u>
Total operating expenses	<u>\$1,688.5</u>	<u>\$1,738.1</u>	<u>\$1,847.2</u>	<u>\$1,827.2</u>
Operating income (loss)	<u>\$94.4</u>	<u>\$17.3</u>	<u>\$67.1</u>	<u>\$65.0</u>
Non-operating income (loss)	<u>\$20.4</u>	<u>\$36.7</u>	<u>\$510.6</u>	<u>(\$48.2)</u>
Net income (loss)	<u>\$114.8</u>	<u>\$54.0</u>	<u>\$577.6</u>	<u>\$16.8</u>
Principal payment	\$20.6	\$21.7	\$21.5	\$21.5

University of Virginia Medical Center
Balance Sheet
(Dollars in Millions)

Description	Most Recent Three Fiscal Years		
	Jun-19	Jun-20	Jun-21
Assets			
Operating cash and investments	\$95.4	\$273.3	\$463.2
Patient accounts receivables	244.3	240.7	258.3
Property, plant and equipment	1,263.6	1,372.2	1,389.6
Depreciation reserve and other investments	472.6	430.3	517.1
Endowment Funds	683.4	676.5	958.7
Other assets	269.4	278.3	278.8
Total Assets	<u>\$3,028.7</u>	<u>\$3,271.4</u>	<u>\$3,865.7</u>
Liabilities			
Current portion long-term debt	\$27.3	\$27.3	\$28.1
Accounts payable & other liab	140.0	137.5	152.4
Long-term debt	755.6	741.2	725.9
Accrued leave and other LT liab	385.3	590.9	607.2
Total Liabilities	<u>\$1,308.3</u>	<u>\$1,496.9</u>	<u>\$1,513.6</u>
Fund Balance	<u>\$1,720.4</u>	<u>\$1,774.5</u>	<u>\$2,352.1</u>
Total Liabilities & Fund Balance	<u>\$3,028.7</u>	<u>\$3,271.4</u>	<u>\$3,865.7</u>

University of Virginia Medical Center
Financial Ratios

Description	Most Recent Three Fiscal Years			Budget/Target
	Jun-19	Jun-20	Jun-21	Jun-21
Operating margin (%)	5.3%	1.0%	3.5%	3.4%
Current ratio (x)	2.0	3.1	4.0	2.0
Days cash on hand (days)	224	255	350	190
Gross accounts receivable (days)	51.2	57.5	51.5	50.0
Annual debt service coverage (x)	5.9	4.7	18.7	3.6
Debt-to-capitalization (%)	32.8%	31.6%	25.6%	34.0%
Capital expense (%)	7.2%	7.7%	8.2%	8.1%

University of Virginia Medical Center
Operating Statistics

Description	Most Recent Three Fiscal Years			Budget/Target
	Jun-19	Jun-20	Jun-21	
Acute Discharges	29,157	26,307	26,394	29,520
Patient days	190,367	184,391	193,603	204,866
Observation Billed Encounters - MC only	5,184	5,048	5,853	5,163
All Payor CMI Adj Avg Length of Stay - MC only	3.01	3.06	3.09	3.05
OP Billed Encounters	804,549	741,710	858,570	839,893
ER Billed Encounters	43,709	40,653	36,810	48,943
All Payor CMI - MC Only	2.10	2.20	2.32	2.19
FTE's (including contract labor)	8,806	8,889	8,883	9,384

University of Virginia Medical Center
SUMMARY OF OPERATING STATISTICS AND FINANCIAL PERFORMANCE MEASURES
 Fiscal Year to Date June 30, 2021 with Comparative Figures for Prior Fiscal Year

DISCHARGES and CASE MIX - Year to Date				OPERATING STATISTICAL MEASURES				OTHER INSTITUTIONAL MEASURES - Year to Date				
	Actual	Budget	% Variance	Prior Year	Actual	Budget	% Variance	Prior Year	Actual	Budget	% Variance	Prior Year
DISCHARGES:												
Medical Center	26,162	29,200	(10.4%)	26,037	186,645	195,180	(4.4%)	175,128				
Transitional Care	232	320	(27.5%)	270	3.09	3.05	(1.4%)	3.06				
Subtotal	26,394	29,520	(10.6%)	26,307	511	535	(4.4%)	478				
Observation Billed Encounters	5,853	5,163	13.4%	5,048	2,123	1,951	8.8%	1,953				
Total Discharges & OBS Billed Encounters	32,247	34,683	(7.0%)	31,355	858,570	839,893	2.2%	741,710				
Adjusted Discharges	60,777	64,596	(5.9%)	58,372	3,400	3,326	2.2%	2,914				
CASE MIX INDEX:					36,810	48,943	(24.8%)	40,653				
All Payer CMI - UVA Hosp & Clinics	2.32	2.19	5.9%	2.20	18,676	18,725	(0.3%)	17,327				
Medicare CMI - UVA Hosp & Clinics	2.51	2.32	8.1%	2.37	13,110	13,242	(1.0%)	11,782				
Total	31,786	31,967	(0.6%)	29,109								
OUTPATIENT BILLED ENCOUNTERS:												
Medical Center												
Average per Clinic Day												
Emergency Room - MC												
SURGICAL CASES												
UVA Main Hospital Operating Room												
Battle												
Total												
ACUTE INPATIENTS:												
Inpatient Days - MC												
All Payer CMI Adjusted ALOS - MC												
Average Daily Census - MC												
Births												
REVENUES and EXPENSES - Year to Date												
	Actual	Budget	% Variance	Prior Year	Actual	Budget	% Variance	Prior Year	Actual	Budget	% Variance	Prior Year
NET REVENUES:												
Net Patient Service Revenue	1,847,945	1,839,579	0.5%	1,888,766	\$ 541,582	\$ 513,918	5.4%	\$ 482,747				
Other Operating Revenue	66,392	52,662	26.1%	66,603	309,384	330,143	(6.3%)	323,448				
Total	\$ 1,914,337	\$ 1,892,242	1.2%	1,955,369	232,750	222,332	4.7%	243,631				
EXPENSES:												
Salaries, Wages & Contract Labor	807,329	823,101	1.8%	783,524	418,343	428,376	(2.3%)	364,204				
Supplies	513,697	499,964	(2.7%)	458,619	138,796	135,567	2.4%	121,958				
Contracts & Purchased Services	374,434	355,765	(5.2%)	361,721	207,090	209,244	(1.0%)	152,778				
Depreciation	133,811	129,776	(3.1%)	115,887	\$ 1,847,945	\$ 1,839,579	0.5%	\$ 1,688,766				
Interest Expense	17,373	18,633	6.8%	18,307	27,49%	26,99%	1.8%	27,99%				
Total	\$ 1,847,243	\$ 1,827,239	(1.1%)	1,738,058	515	500	(3.0%)	575				
Operating Income	\$ 67,094	\$ 65,003	3.2%	17,310	\$ 13,146	\$ 12,963	(1.4%)	\$ 13,620				
Operating Margin %	3.5%	3.4%	1.0%	1.0%	8,883	9,384	5.3%	8,889				
					23.07	24.30	5.0%	25.49				
NET REVENUE BY PAYOR:												
Medicare												
Medicaid												
Commercial Insurance												
Anthem												
Aetna												
Other												
Total Paying Patient Revenue												
OTHER:												
Collection % of Gross Billings												
Days of Revenue in Receivables (Gross)												
Cost per CMI Adjusted Admission												
Total F.T.E.'s (Including Contract Labor)												
F.T.E.'s Per CMI Adjusted Admission												

University of Virginia Medical Center
SUMMARY OF OPERATING STATISTICS AND FINANCIAL PERFORMANCE MEASURES
Fiscal Year to Date June 30, 2021 with Comparative Figures for Prior Fiscal Year

Assumptions - Operating Statistical Measures

Discharges and Case Mix Assumptions

Discharges include all admissions except normal newborns
TCH cases are those discharged from the TCH, excluding any Medicare interrupted stays
Observations are for billed encounters only
Case Mix Index for All Acute Inpatients is All Payer Case Mix Index from Stat Report

Other Institutional Measures Assumptions

Patient Days, ALOS and ADC figures include all patients except normal newborns
Surgical Cases are the number of patients/cases, regardless of the number of procedures performed on that patient

Assumptions - Operating Financial Measures

Revenues and Expenses Assumptions:

Medicaid out of state is included in Medicaid
Medicaid HMDs are included in Medicaid
Physician portion of DSH is included in Other
Non-recurring revenue is included

Other Institutional Measures Assumptions

Collection % of Gross Billings includes appropriations
Days of Revenue in Receivables (Gross) is the BOV definition
Cost per CMI Adjusted Discharge uses All Payer CMI to adjust
