

# **Health System Budget Fiscal Year 2021 COVID Recast**

**Health System Board**  
September 10, 2020

# UVA Health System

## Major Initiatives Underlying Plan

### FY 2021



#### \*Operations and Growth

- Operationalize hospital expansion
- Optimize:
  - Emergency department
  - Procedural areas/Operating rooms
  - Transfer protocols
  - Service lines
  - High acuity/Length of stay
  - Advance Ambulatory Optimization (patient-centered centralized scheduling)
- Team member/patient safety/quality
- Recruit permanent nurses / reduce reliance on contract staff

#### Facilities / Infrastructure

- Hospital Expansion
- Ivy Mountain

#### \*Cost Structure / Efficiencies

- Value management plan:
  - Medical supply
  - Pharmaceutical utilization
  - Clinical variation
- Integration:
  - Revenue Cycle
  - Information Technology

#### Strategy

- Develop Strategic Plan
- Novant JOC
- Encompass Health / Fortify / Inova

\* Bridge Plan

# UVA Health System Growth Rates Fiscal Year 2021 Budget



Enterprise	Assumption	Growth FY20 (as of Aug 10) to FY21 Budget		
<b>Clinical</b>	<b><u>Clinical Volume:</u></b>	<b><u>System</u></b>	<b><u>Hospital</u></b> <sup>a</sup>	<b><u>Professional</u></b>
	Discharges	11.8%	11.8%	
	Adjusted Discharges	10.1%		
	WRVU's	10.9%		10.9%
	<b><u>Net Clinical Revenue/Expense:</u></b>			
	Net Clinical Revenue	9.4%	8.9%	11.1%
	Expense	5.9%	5.3%	10.1%
<b>Academic</b>	<b><u>Academic Revenue:</u></b>	<b><u>System</u></b>	<b><u>Medicine</u></b>	<b><u>Nursing</u></b>
	Tuition <sup>b</sup>	3.0%	2.5%	4.3%
	Endowment Distribution <sup>c</sup>	2.3%	2.3%	2.3%
	Grants	3.8%	4.0%	-18.1%
	Gifts <sup>d</sup>	-6.4%	-22.4%	48.8%
	<b><u>Academic Expense:</u></b>			
Expense	2.8%	2.7%	5.4%	
<b>Other</b>	Annual Return from UVIMCO	7.0%		
	New debt	None		

- a. Hospital is UVA Hospital only. It does not include TCH.
- b. SOM Tuition: No changes to UME tuition rates and class size. BIMS and MPH tuition increases 3.6% to 4.1% depending on in or out of state and what year in program.  
SON Tuition: Undergraduate 3.7%, Graduate 3.8% to 4.0%, Summer Session 2.6%, Fees 6.0%
- c. SOM Endowment Distribution: The increase in the market value drives the endowment distribution increase, offset by \$532K decrease in distribution due to divestment.
- d. SOM Gifts: FY20 projection includes "one-time" large gifts. FY21 budget is based on more normal historical trends.  
SON Gifts: Reflects impact of new \$20M gift, largest gift in school's history.

# UVA Health System Dashboard Fiscal Year 2021 Budget

Technical						Professional					
	FY21	FY20		FY19			FY21	FY20		FY19	
<u>DISCHARGES</u>	<u>Budget</u>	<u>Actual</u>	<u>% Var.</u>	<u>Prior Year</u>	<u>% Var.</u>	<u>INPATIENT &amp; OUTPATIENT</u>	<u>Budget</u>	<u>Actual</u>	<u>% Var.</u>	<u>Prior Year</u>	<u>% Var.</u>
Medical Center	29,200	26,126	11.8%	28,838	1.3%	Ancillary	1,204,170	1,167,029	3.2%	1,144,431	5.2%
TCH	320	270	18.5%	319	0.3%	Medical	2,123,968	1,882,230	12.8%	1,996,369	6.4%
Hospital Discharges	29,520	26,396	11.8%	29,157	1.2%	Surgical	1,100,469	995,156	10.6%	1,051,059	4.7%
Observation	5,163	5,005	3.2%	5,184	(0.4%)	Clinical Operations	612,113	499,811	22.5%	457,055	33.9%
Total Discharges	34,683	31,401	10.5%	34,341	1.0%	Total WRVUs	5,047,132	4,549,338	10.9%	4,653,635	8.5%
Adjusted Discharges	64,596	58,646	10.1%	63,902	1.1%						
ACUTE INPATIENTS						Academic					
	FY21	FY20		FY19		<u>RESEARCH (\$ in millions)</u>	<u>Budget</u>	<u>Actual</u>	<u>% Var.</u>	<u>Prior Year</u>	<u>% Var.</u>
Average Daily Census	535	479	11.6%	496	7.8%	SOM Research Expenditures	\$ 236	\$226	4.6%	\$ 214	10.7%
All Payor CMI	2.19	2.20	(0.2%)	2.10	4.5%	(cash basis)					
Avg Length of Stay (ALOS)	6.68	6.70	0.3%	6.33	(5.7%)	<u>HEALTH SYSTEM TEAM MEMBERS</u>					
All Payor CMI Adj. ALOS	3.05	3.05	0.1%	3.01	(1.2%)	HS Employed Graduating BSNs	28	25	12.0%	22	27.3%
						HS Employed Graduating CNLs	30	27	11.1%	24	25.0%
<u>OUTPATIENT BILLED ENCOUNTERS</u>						Graduating from RN-BSN Program	25	22	13.6%	22	13.6%
Outpatient Encounters	839,893	732,984	14.6%	804,549	4.4%	Enrolled in RN-BSN Program	50	41	22.0%	36	38.9%
Emergency Room Enc.	48,943	40,681	20.3%	43,709	12.0%						
<u>SURGICAL CASES</u>											
UVA Main Hospital	18,725	17,327	8.1%	18,171	3.0%						
Battle Building	13,242	11,782	12.4%	12,909	2.6%						
Total	31,967	29,109	9.8%	31,080	2.9%						

UPG Clinical Operations budget includes volumes for a Dermatology practice acquisition in Waynesboro, and year over year growth in the second year of operation for Harrisonburg Pediatrics and Outpatient PT/OT/ST.

## UVA Health System Fiscal Year 2021 Budget (Dollars in millions)

<u>Balance Sheet:</u>	Actual	Budget
	FY20	FY21
Cash, Endowment, Investments	\$ 3,118	\$ 2,961
Receivables, Prepaids, Inventory	422	441
PPE and Other	1,946	1,919
<b>Total Assets</b>	<b>5,486</b>	<b>5,322</b>
AP, Accrued Liabilities, Other	1,035	820
Debt	866	837
<b>Total Liabilities</b>	<b>1,902</b>	<b>1,657</b>
<b>Net Position/Assets</b>	<b>3,585</b>	<b>3,665</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 5,486</b>	<b>\$ 5,322</b>

# UVA Health System Fiscal Year 2021 Budget (Dollars in millions)



	FY21 Budget							FY20 Actual as of Aug 10	FY21B to FY20A Fav/(Unfav)
	MC	UPG	SOM	SON	LIB	ELIM	Total HS	Total HS	Var.
Net Patient Service Revenue	1,840	445	-	-	-	-	2,285	2,088	197
Other Revenue	53	77	488	29	6	(167)	486	503	(17)
<b>Total Operating Revenue</b>	<b>1,892</b>	<b>522</b>	<b>488</b>	<b>29</b>	<b>6</b>	<b>(167)</b>	<b>2,771</b>	<b>2,591</b>	<b>180</b>
Labor	823	421	278	14	3	-	1,538	1,460	(78)
Clinical & Lab Supplies	500	8	46	1	0	-	555	509	(45)
Purchased Services	356	111	192	13	5	(167)	511	493	(18)
Interest	19	0	4	-	-	-	23	23	(0)
Depreciation	130	5	23	1	0	-	159	144	(15)
<b>Total Operating Expense</b>	<b>1,827</b>	<b>545</b>	<b>542</b>	<b>29</b>	<b>8</b>	<b>(167)</b>	<b>2,785</b>	<b>2,628</b>	<b>(156)</b>
<b>Operating Income/(Loss) before Transfers</b>	<b>65</b>	<b>(23)</b>	<b>(54)</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>(14)</b>	<b>(38)</b>	<b>24</b>
	3.4%	-4.4%	-11.1%	0.0%	-38.5%		-0.5%	-1.5%	0.9%
UVA Health Support/Transfers Financial Improvement	(44)	7	37	-	-	-	0	(1)	1
							14		14
<b>Operating Income/(Loss)</b>	<b>21</b>	<b>(16)</b>	<b>(17)</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>(39)</b>	<b>39</b>
	1.1%	-3.1%	-3.4%	0.0%	-38.5%		0.0%	-1.5%	1.5%
Non-operating Gains	71	-	9	-	-	-	80	100	(20)
<b>Net Income</b>	<b>92</b>	<b>(16)</b>	<b>(8)</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>80</b>	<b>61</b>	<b>19</b>
<b>Operating Cash Flow</b>	<b>151</b>	<b>(11)</b>	<b>6</b>	<b>1</b>	<b>(2)</b>	<b>-</b>	<b>159</b>	<b>105</b>	<b>53</b>

*The FY21 budget includes \$47M of improvements that require active management in order to achieve.*

# UVA Health System Fiscal Year 2021 Budget **COVID Recast** (Dollars in millions)

	Operating Income			Operating Margin		
	FY20A			FY20A		
	FY19A	as of Aug 10	FY21B	FY19A	as of Aug 10	FY21B
UVA Hospital, Clinics, Subs & Joint Ventures	136.8	37.2	100.3			
Shared Services	(42.4)	(26.4)	(35.3)			
<b>Medical Center</b>	<b>94.4</b>	<b>10.8</b>	<b>65.0</b>	<b>5.3%</b>	<b>0.6%</b>	<b>3.4%</b>
Clinical Operations	(1.5)	32.4	16.9			
Support of Academic Mission	-	(31.8)	(33.0)			
<b>Physician Group</b>	<b>(1.5)</b>	<b>0.6</b>	<b>(16.1)</b>	<b>-0.3%</b>	<b>0.1%</b>	<b>-3.1%</b>
Academic Recurring Operations	11.2	19.6	4.9			
Strategic Investment from Reserves	(26.2)	(23.6)	(24.1)			
One Time Transfers	2.9	10.9	2.4			
<b>School of Medicine</b>	<b>(12.1)</b>	<b>6.9</b>	<b>(16.8)</b>	<b>-2.7%</b>	<b>1.4%</b>	<b>-3.4%</b>
<b>School of Nursing</b>	<b>(0.5)</b>	<b>0.3</b>	<b>-</b>	<b>-1.9%</b>	<b>0.9%</b>	<b>0.0%</b>
<b>Library - Health System</b>	<b>(0.0)</b>	<b>(0.2)</b>	<b>(2.2)</b>	<b>-0.2%</b>	<b>-2.8%</b>	<b>-38.5%</b>
Health System Support/Transfers	(39.5)	(58.7)	(43.9)			
Health System Financial Improvements			14.0			
<b>Consolidated Health System</b>	<b>40.8</b>	<b>(38.9)</b>	<b>-</b>	<b>1.6%</b>	<b>-1.5%</b>	<b>0.0%</b>

# UVA Health System Operating Cash Flow—Sources and Uses (Dollars in millions)

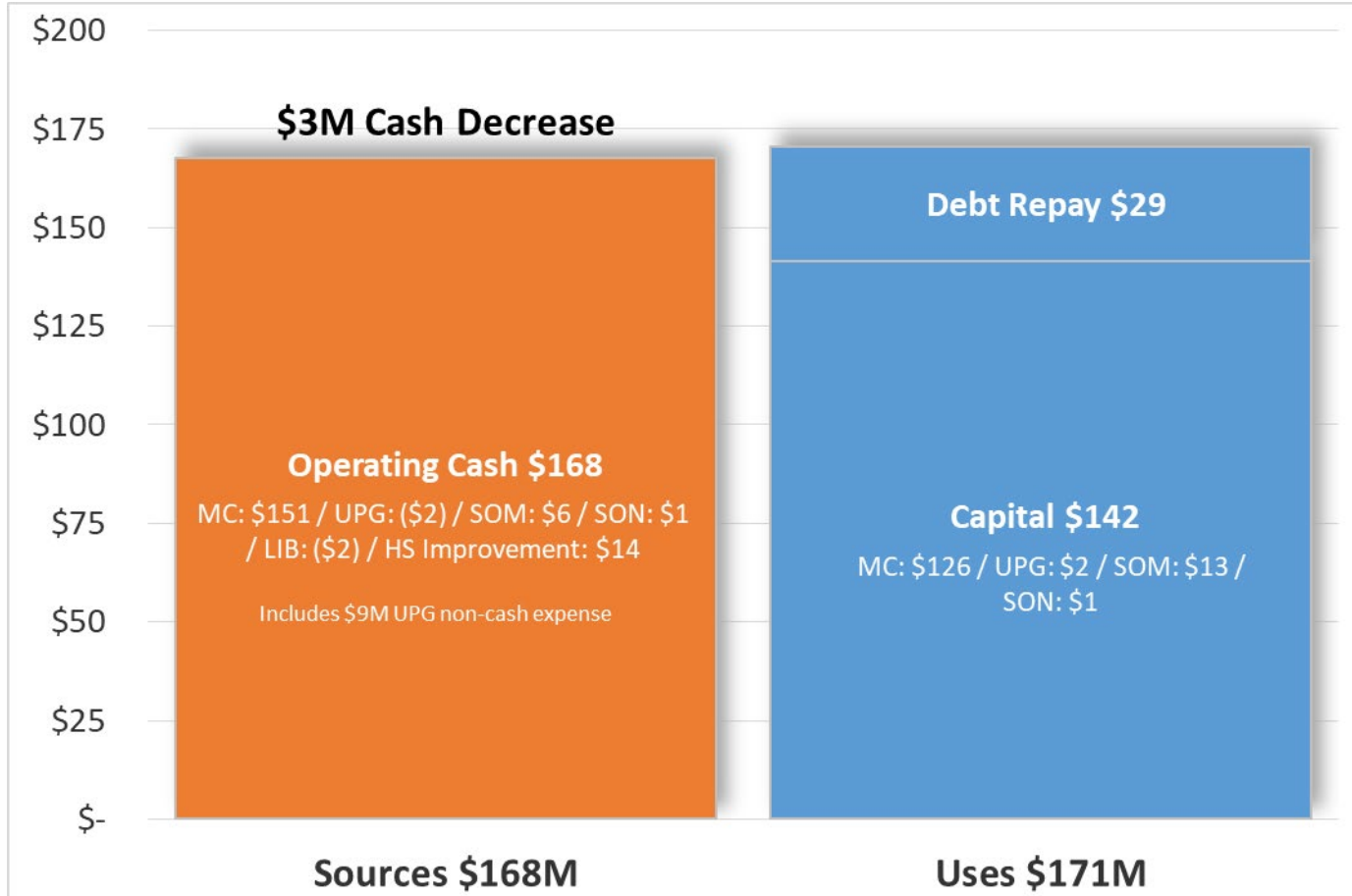


Chart excludes \$208M Medicare accelerated payments which will be repaid during FY21.