

UVA Health Finance Report for Fiscal Year to Date March 31, 2022

Health System Board
June 2, 2022

Financials

Fiscal Year to Date March 31, 2022 (Dollars in millions)

Balance Sheet:		Income Statement:				Pr Year		Variance F/(U)	
			Actual	Budget	Variance F/(U)		Actual	Variance F/(U)	
					\$	%		\$	%
Cash, Endowment, Investments	4,218	Net Patient Service Revenue	2,257	2,126	131	6.2%	1,664	592	35.6%
Receivables, Prepaids, Inventory	620	Other Revenue	415	393	22	5.6%	378	37	9.8%
PPE and Other	2,084	Total Operating Revenue	2,672	2,519	153	6.1%	2,042	629	30.8%
Total Assets	6,922								
		Labor	1,416	1,322	(94)	-7.1%	1,118	(298)	-26.6%
AP, Accrued Liabilities, Other	1,037	Supplies	565	511	(54)	-10.5%	422	(143)	-34.0%
Debt	977	Purchased Services & Other	497	506	9	1.7%	361	(136)	-37.8%
Total Liabilities	2,015	Depreciation	136	141	4	3.1%	113	(23)	-20.8%
		Interest	21	30	8	28.3%	16	(5)	-31.6%
Net Position/Assets	4,907	Total Operating Expense	2,636	2,510	(126)	-5.0%	2,030	(606)	-29.9%
Total Liabilities & Net Position	6,922	Operating Income/(Deficit)	36	9	27	308%	13	23	184%
			1.3%	0.3%	1.0%	285%	0.6%	0.7%	117%

Dashboard – Clinical Enterprise

Fiscal Year to Date March 31, 2022

UVA Medical Center					
DISCHARGES	Actual	Budget	% Var.	Prior Year	% Var.
Medical Center	19,135	21,204	(9.8%)	19,309	(0.9%)
TCH	116	227	(48.9%)	174	(33.3%)
Hospital Discharges	19,251	21,431	(10.2%)	19,483	(1.2%)
Observation	4,473	4,000	11.8%	4,265	4.9%
Total Discharges	23,724	25,431	(6.7%)	23,748	(0.1%)
Adjusted Discharges	46,067	48,073	(4.2%)	44,560	3.4%
ACUTE INPATIENTS					
Average Daily Census	527	526	0.2%	507	3.9%
All Payor CMI	2.37	2.26	4.9%	2.33	1.8%
Avg Length of Stay (ALOS)	7.50	6.80	(10.3%)	7.30	(2.7%)
All Payor CMI Adj. ALOS	3.16	3.01	(5.1%)	3.14	(0.9%)
OUTPATIENT BILLED ENCOUNTERS					
Clinic	683,198	619,523	10.3%	630,456	8.4%
Emergency Room	30,600	27,195	12.5%	26,613	15.0%
SURGICAL CASES					
UVA Main Hospital	13,866	14,428	(3.9%)	13,696	1.2%
Outpat. Surgery Ctr	8,580	9,281	(7.6%)	9,768	(12.2%)
Monticello Surg Ctr	5,432	4,487	21.1%	0	
Total	27,878	28,196	(1.1%)	23,464	18.8%

UVA Physicians Group					
INPATIENT & OUTPATIENT	Actual	Budget	% Var.	Prior Year	% Var.
Ancillary	943,436	956,866	(1.4%)	903,297	4.4%
Medical	1,766,340	1,750,312	0.9%	1,501,334	17.7%
Surgical	881,550	865,890	1.8%	821,084	7.4%
Clinical Operations	484,069	441,136	9.7%	418,170	15.8%
Total WRVUs	4,079,777	4,018,909	1.5%	3,643,884	12.0%

UVA Community Health					
DISCHARGES	Actual	Budget	% Var.	Prior Year	% Var.
Hospital Discharges	10,484	10,979	(4.5%)		
Adjusted Discharges	31,202	30,497	2.3%		
ACUTE INPATIENTS					
Average Daily Census	150	154	(2.6%)		
All Payor CMI	1.47	1.35	8.9%		
Avg Length of Stay (ALOS)	3.91	3.85	(1.6%)		
All Payor CMI Adj. ALOS	2.66	2.85	6.7%		
OUTPATIENT BILLED ENCOUNTERS					
Clinic	185,430	187,917	(1.3%)		
Emergency Room	78,235	70,055	11.7%		
SURGICAL CASES					
	5,821	5,857	(0.6%)		

UVA Community Health Physicians					
INPATIENT & OUTPATIENT	Actual	Budget	% Var.	Prior Year	% Var.
Total WRVUs	354,256	363,791	(2.6%)		

Dashboard – Academic Enterprise

Fiscal Year to Date March 31, 2022

Academic				
<u>RESEARCH (\$ in millions)</u>	<u>Actual</u>	<u>Prior Yr</u>	<u>Inc/(Dec)</u>	<u>% Var.</u>
SOM Research Expenditures (cash basis)	\$186	\$174	\$12	7.0%
<u>SOM INTELLECTUAL PROPERTY</u>	<u>Actual</u>	<u>Prior Yr</u>	<u>Inc/(Dec)</u>	
Disclosures	130	70	60	
First Non-Provisional Filings	67	31	36	
US Patents Issued	24	25	(1)	
Transactions (Deals)	60	61	(1)	
New Ventures (Startups)	2	-	2	
<u>EDUCATION</u>	<u>2021</u>	<u>2020</u>	<u>Inc/(Dec)</u>	
SOM Mean Score GPA	3.86	3.86	-	
SOM Mean Score MCAT (percentile)	95th	96th		
SOM # of applicants	6,630	4,838	1,792	
Match Rates	97%	99%	-2%	
<u>HEALTH SYS TEAM MEMBERS</u>	<u>2021</u>	<u>2020</u>	<u>Inc/(Dec)</u>	
HS Employed Graduated BSNs	26	22	4	
HS Employed Graduated CNLs	28	24	4	
Enrolled in RN-BSN Program	43	36	7	

Operating Income

Fiscal Year to Date March 31, 2022 (Dollars in millions)

	Operating Income			Operating Margin		
	<u>Actual</u>	<u>Budget</u>	<u>Pr Year</u>	<u>Actual</u>	<u>Budget</u>	<u>Pr Year</u>
Medical Center	51.9	52.7	35.8	3.2%	3.5%	2.6%
Community Health	(11.3)	(7.8)		-3.2%	-2.4%	
UPG - SOM Clinical	14.8	(3.9)	(2.0)	3.6%	-1.0%	-0.5%
SOM Academic	13.6	(0.5)	7.7	3.5%	-0.1%	2.1%
SON Academic	0.6	(0.1)	4.6	2.7%	-0.6%	22.8%
Health Sciences Library	(0.5)	(1.1)	(0.7)	-11.1%	-24.3%	-17.1%
Health System Support/Transfers	(33.5)	(30.7)	(32.9)			
UVA Health	35.6	8.7	12.5	1.3%	0.3%	0.6%

UVA Health Budget Fiscal Year 2023

Health System Board
June 2, 2022

Major Initiatives Underlying Plan

Growth

- Ambulatory
- Tertiary/Quaternary Expansion
- Community Health

Strategic Partnerships

- Encompass Health
- Centra Health

Facilities / Infrastructure

- Hospital Expansion
(84 beds)
- Ivy Mountain

Cost Structure / Efficiencies

- Financial Improvements
- Clinical & Research Productivity
- EPIC Provider Optimization
- Market Based Compensation
- Community Health Integration

Health System Strategic Plan

Key Assumptions:

- COVID impacts will not resurge during FY23
- Annual compensation increases are set to 3% pool (merit, market, retention and equity)
- Budget does not reflect
 - Faculty compensation plan and funds flow changes
 - New strategic plan initiatives

Clinical Dashboard

Fiscal Year 2023 Budget

UVA Medical Center

	<u>FY23</u>	<u>FY22</u>		<u>FY21</u>	
<u>DISCHARGES</u>	<u>Budget</u>	<u>Projected</u>	<u>% Var.</u>	<u>Actual</u>	<u>% Var.</u>
Medical Center	27,500	25,994	5.8%	26,162	5.1%
TCH	161	161	0.0%	232	(30.6%)
Hospital Discharges	27,661	26,155	5.8%	26,394	4.8%
Observation	5,750	5,889	(2.4%)	5,853	(1.8%)
Total Discharges	33,411	32,044	4.3%	32,247	3.6%
Adjusted Discharges	64,060	62,249	2.9%	60,777	5.4%
<u>ACUTE INPATIENTS</u>					
Average Daily Census	520	524	(0.8%)	511	1.7%
All Payor CMI	2.30	2.38	(3.4%)	2.32	(1.0%)
Avg Length of Stay (ALOS)	6.90	7.39	6.6%	7.18	3.9%
All Payor CMI Adj. ALOS	3.00	3.11	3.5%	3.09	2.9%
<u>OUTPATIENT BILLED ENCOUNTERS</u>					
Clinic	900,000	896,973	0.3%	858,570	4.8%
Emergency Room	42,500	41,676	2.0%	36,810	15.5%
<u>SURGICAL CASES</u>					
UVA Main Hospital	20,528	18,712	9.7%	18,676	9.9%
Outpat. Surgery Ctr	11,462	11,180	2.5%	13,110	(12.6%)
Monticello Surg Ctr	7,000	6,700	4.5%		
Total	38,990	36,592	6.6%	31,786	22.7%

UVA Physicians Group

	<u>FY23</u>	<u>FY22</u>		<u>FY21</u>	
<u>INPATIENT & OUTPATIENT</u>	<u>Budget</u>	<u>Projected</u>	<u>% Var.</u>	<u>Actual</u>	<u>% Var.</u>
Ancillary	1,303,467	1,277,000	2.1%	1,240,748	5.1%
Medical	2,585,880	2,334,000	10.8%	2,045,042	26.4%
Surgical	1,239,249	1,179,000	5.1%	1,123,989	10.3%
Clinical Operations	643,215	639,000	0.7%	563,139	14.2%
Total WRVUs	5,777,883	5,436,000	6.3%	4,972,918	16.2%

UVA Community Health

	<u>FY23</u>	<u>FY22</u>		<u>FY21</u>	
<u>DISCHARGES</u>	<u>Budget</u>	<u>Projected</u>	<u>% Var.</u>	<u>Actual</u>	<u>% Var.</u>
Hospital Discharges	14,101	14,092	0.1%		
Adjusted Discharges	49,191	47,873	2.8%		
<u>ACUTE INPATIENTS</u>					
Average Daily Census	150	149	0.7%		
All Payor CMI	1.44	1.45	(0.7%)		
Avg Length of Stay (ALOS)	3.71	3.75	1.1%		
All Payor CMI Adj. ALOS	2.58	2.59	0.4%		
<u>OUTPATIENT BILLED ENCOUNTERS</u>					
Clinic	259,181	246,839	5.0%		
Emergency Room	109,669	102,494	7.0%		
<u>SURGICAL CASES</u>					
	8,150	7,911	3.0%		

UVA Community Health Physicians

	<u>FY23</u>	<u>FY22</u>		<u>FY21</u>	
<u>INPATIENT & OUTPATIENT</u>	<u>Budget</u>	<u>Projected</u>	<u>% Var.</u>	<u>Actual</u>	<u>% Var.</u>
Total WRVUs	484,077	467,392	3.6%		

Academic Dashboard

Fiscal Year 2023 Budget

Academic

<u>RESEARCH (\$ in millions)</u>	<u>FY23</u>	<u>FY22</u>	<u>Inc/(Dec)</u>	<u>% Var.</u>
	<u>Budget</u>	<u>Projected</u>		
SOM Research Expenditures (cash basis)	\$251	\$237	\$14	5.8%

<u>HEALTH SYS TEAM MEMBERS</u>	<u>FY23</u>	<u>FY22</u>	<u>Inc/(Dec)</u>
	<u>Budget</u>	<u>Projected</u>	
HS Employed Graduated BSNs	28	25	3
HS Employed Graduated CNLs	30	28	2
Enrolled in RN-BSN Program	45	40	5

Growth FY22 Projected to FY23 Budget

<u>Academic Revenue:</u>	<u>System</u>	<u>Medicine</u>	<u>Nursing</u>
Tuition ^a	2.9%	2.7%	3.5%
Endowment Distribution ^b	9.8%	10.1%	3.0%
Grants	5.9%	5.8%	8.0%
Gifts ^c	-25.3%	-30.4%	-2.6%
<u>Academic Expense:</u>			
Expense ^d	15.5%	16.7%	-5.0%

- SOM Tuition: Proposed 3.5% tuition increase for BIMS and MPH, 2% tuition increase for first year in-state medical students, 4% for out-of-state
SON Tuition: Proposed 3.5% tuition increase for all graduate programs; undergraduate tuition will continue to be base plus differential for BSNs
- Endowment Distribution: The BOV approved a decrease in the distribution rate from 5.01% in FY22 to 3.62% for FY23, which partially offsets the increase in market value
- Gifts: One-time gifts received in FY22 are not expected to be replicated in FY23
- SOM Expense: Growth primarily driven by increase in the UFM tax, which is partially offset by growth in subvention.

Balance Sheet

Fiscal Year 2023 Budget (Dollars in millions)

	As of fiscal year end		
	Actual	Projected	Budget
<u>Balance Sheet:</u>	FY21	FY22	FY23
Cash, Endowment, Investments	\$ 4,246	\$ 4,331	\$ 4,499
Receivables, Prepaids, Inventory	480	543	548
PPE and Other	1,933	2,047	1,929
Total Assets	6,659	6,921	6,976
AP, Accrued Liabilities, Other	1,021	1,002	972
Debt	836	970	929
Total Liabilities	1,857	1,972	1,901
Net Position/Assets	4,802	4,949	5,075
Total Liabilities & Net Position	\$ 6,659	\$ 6,921	\$ 6,976

Income Statement

Fiscal Year 2023 Budget (Dollars in millions)



	FY23 Budget							FY22 Projected	
	MC	CH	UPG	SOM	SON	LIB	ELIM	UVA Health	Total HS
Net Patient Service Revenue	2,107	493	494	-	-	-	-	3,094	2,970
Other Revenue	70	10	83	562	31	5	(176)	586	549
Total Operating Revenue	2,178	504	577	562	31	5	(176)	3,680	3,519
Labor	902	262	458	297	16	3	-	1,937	1,865
Clinical & Lab Supplies	619	80	8	47	1	0	-	755	747
Purchased Services	429	116	109	256	13	2	(173)	753.53	660
Depreciation	142	25	3	24	1	0	-	195	185
Interest	33	8	-	3	-	-	-	44	35
Total Operating Expense	2,125	491	579	627	31	5	(173)	3,685	3,492
Operating Income/(Loss) before Transfers	53	12	(2)	(65)	-	(0)	(3)	(5)	27
	2.4%	2.5%	-0.4%	-11.6%	0.0%	-4.7%	1.6%	-0.1%	0.8%
One-Time CH Transition/Integration		(40)						(40)	(15)
Health System Support Support / Transfers	(44)	-	8	36	-	-	-	0	(0)
Operating Income/(Loss)	9	(28)	6	(29)	-	(0)	(3)	(45)	12
	0.4%	-5.5%	1.0%	-5.2%	0.0%	-4.7%	1.6%	-1.2%	0.3%
Non-operating Gains	100	-	5	31	16	-	-	152	143
Net Income	110	(28)	11	1	16	(0)	(3)	107	154
Operating Cash Flow	151	(3)	9	(6)	1	0	(3)	150	197

Operating Income

Fiscal Year FY2023 Budget (Dollars in millions)



	Operating Income			Operating Margin		
	<u>FY21A</u>	<u>FY22P</u>	<u>FY23B</u>	<u>FY21A</u>	<u>FY22P</u>	<u>FY23B</u>
Medical Center	67	46	53	3.5%	2.2%	2.4%
Community Health	-	13	12		2.8%	2.5%
UPG - SOM Clinical	6	12	6	1.2%	2.1%	1.0%
SOM Academic	7	1	(29)	1.4%	0.3%	-5.2%
SON Academic	5	(1)	-	18.5%	-2.0%	0.0%
Health Sciences Library	(0)	(1)	(0)	-3.6%	-10.9%	-4.7%
One-Time CH Transition/Integration		(15)	(40)			
Health System Support/Transfers	(48)	(41)	(44)			
Clinical Department Deficit Support	(2)	(4)	(3)			
UVA Health	35	12	(45)	1.2%	0.3%	-1.2%

The operating income change from FY22P to FY23B is driven by 2 items:

1. UVACH one-time transition costs
2. SOM change is related to gifts (recognized when received) and UFM 2.0 implementation (pending partial offsetting support from the University)