

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS**

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

June 2, 2022

HEALTH SYSTEM BOARD

Thursday, June 2, 2022

8:30 a.m. – 12:30 p.m.

Original Ballroom, Boar's Head Resort

Committee Members:

L.D. Britt, M.D., Chair
Babur B. Lateef, M.D., Vice Chair
Robert M. Blue
Whittington W. Clement

James B. Murray Jr.
James V. Reyes
A. Bobby Chhabra, M.D., Faculty
Consulting Member

Public Members:

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

Victoria D. Harker
Thomas A. Scully

Ex Officio Members:

James E. Ryan
Ian B. Baucom
Pamela F. Cipriano
Jennifer Wagner Davis

Wendy M. Horton
K. Craig Kent, M.D.
Melina R. Kibbe, M.D.
Scott A. Syverud, M.D.

AGENDA

	<u>PAGE</u>
I. HEALTH SYSTEM REPORTS	
A. Opening Remarks from the Chair (Dr. Britt)	1
B. Opening Remarks from the Executive Vice President for Health Affairs (Dr. Kent)	2
C. Neurosciences Research Report (Dr. Lukens)	3
II. MEDICAL CENTER REPORT (Ms. Horton)	
A. Medical Center Report (Written Report)	4
B. Institutional Compliance and Medical Center Compliance Goals for FY21-22: Year-End Status Report	6
III. SCHOOL OF MEDICINE REPORT (Dean Kibbe)	
• School of Medicine Report (Written Report)	8
IV. SCHOOL OF NURSING REPORT (Dean Cipriano)	
• School of Nursing Report (Written Report)	11

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

- A. Health System Consolidated Financials FY2022 Finance Report (Mr. Blue and Mr. Douglas E. Lischke) 14
- B. ACTION ITEM: FY 2023 Operating and Capital Budgets for the University of Virginia Health System 23

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

BOARD MEETING: June 2, 2022

COMMITTEE: Health System Board

AGENDA ITEM: I.A. Opening Remarks from the Chair

ACTION REQUIRED: None

BACKGROUND: The Committee Chair, Dr. Britt, will welcome guests and provide opening remarks.

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

BOARD MEETING: June 2, 2022

COMMITTEE: Health System Board

AGENDA ITEM: I.B. 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.

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

BOARD MEETING: June 2, 2022

COMMITTEE: Health System Board

AGENDA ITEM: I.C. Neurosciences Research Report

ACTION REQUIRED: None

BACKGROUND: Dr. John Lukens is an Associate Professor in the Department of Neurosciences in the School of Medicine. His laboratory focuses on understanding how immunological pathways contribute to neurodegenerative, neurodevelopmental, mental and behavior disorders. Dr. Lukens, along with other members of his lab, will present recent progress to the board.

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

<u>BOARD MEETING:</u>	June 2, 2022
<u>COMMITTEE:</u>	Health System Board
<u>AGENDA ITEM:</u>	II.A. Medical Center Report (Written Report)
<u>ACTION REQUIRED:</u>	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.

DISCUSSION:

People

- Min Lee, MBA, MHA, was selected to serve as Chief Operating Officer for UVA Medical Center, effective June 27.
- Nursing retention efforts remain a top priority. Nursing staff attrition for the first nine months of FY22 remains below the national average.
- Our first International nurse has started at UVA Medical Center through Passport International. Additional nurses are slated to start this summer.
- “Earn While you Learn” program launched to include pharmacy technician, emergency medical technician, certified nurse assistant, and certified medical assistant.

Quality and Safety

- #1 Hospital in Virginia, Newsweek World’s Best Hospital, 2022 Guide.
- Daily management system refresh training conducted for more than 200 leaders. Topics focused on interdisciplinary huddles, visual management, escalation, and real-time root cause problem solving.
- Patient Safety Risk Rounds initiated as a best practice in the prevention of central line associated blood stream infections (CLABSIs) and Catheter Associated Urinary Tract Infection (CAUTI).
- The Stroke Program received recertification as a Comprehensive Stroke Center by The Joint Commission.
- Lynchburg, Augusta, and Orange Dialysis Centers received recertification for the End Stage Renal Disease Program by the Virginia Department of Health on behalf of CMS.
- Continuum Home Health received recertification as a supplier of Durable Medical Equipment, Prosthetics, Orthotics, and Supplies by CMS.

- The Emily Couric Infusion and the Augusta Pharmacies received recertification for services by the Virginia Board of Pharmacy.

Patient Experience

- Press Ganey recognized the Emily Couric Hematology and Oncology West Clinic with the Pinnacle Award of Excellence for maintaining the highest levels of standards in patient experience over a three-year timeframe.
- Inpatient experience as defined by the overall hospital rating of 9s and 10s for third-quarter FYTD2022 is 77.0% (81st percentile), above FY2021 of 76.2% (71st percentile), and slightly below the target of 77.8%. We noted strong performance in March and were above goal for the month. Efforts around communication and purposeful leader rounding contributed to improved progress.
- Outpatient clinic patient experience as defined by the overall question “likelihood of recommending your practice to others” for the third-quarter FYTD2022 reflects a score of 95.5% (73rd percentile). Scores have remained flat and are below target of 96.7% and below FY2021 of 96.3% (86th percentile). The Patient Experience office is partnering with ambulatory leaders to develop targeted strategies for FY23 to boost patient perceptions around caregiver teamwork.
- Emergency Department patient experience for third-quarter FYTD2022 is 79.4% (44th percentile), below FY2021 of 81.1% (34th percentile), and below target of 84.6%. Third-quarter results are the highest quarterly scores since January-March 2021. Leadership and workforce stabilization is showing a promising impact on the patient experience.

Transitional Care Hospital

- UVA’s Transitional Care Hospital (TCH) continues to operate with high efficiency and produce quality outcomes better than targets.
- The mortality rate for the year to date is 3.39% compared to the case mix index weighted national benchmark data of 12.15%.
- The ventilator weaning rate is 75.7%, which is indicative of quality care when compared to the CMI weighted national average performance benchmark of 57.9%. Central line acquired blood stream infections remain at a rate of 0. Case Mix Index for admitted patients is at an all-time high, indicating that the hospital has treated the most complex and resource-intense patients in its existence.
- Staffing of clinical nursing roles is below the desired level to open beds sufficient to meet demand and to meet the forecasted volume projections.
- Management has responded by flexing down expenses while remaining committed to care delivery.
- The Joint Commission completed a Disease Specific Survey and recertification of Transitional Care Hospital’s Respiratory Failure Program, the only program of this kind in the Commonwealth of Virginia.

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

BOARD MEETING: June 2, 2022

COMMITTEE: Audit, Compliance, and Risk

AGENDA ITEM: II.B. Institutional Compliance and Medical Center Compliance Goals for FY21-22: Year-End Status Report

ACTION REQUIRED: None

DISCUSSION:

**Medical Center Compliance Goals
Fiscal Year 2021-2022
Year End Status Report**

1. **Compliance Program Effectiveness:** Completed the biennial organizational Compliance Program Effectiveness Evaluation to evaluate the UVA Health Compliance Program's effectiveness in identifying and preventing criminal conduct using federal regulatory criteria, indicators, and guidance of the U.S. Department of Justice Criminal Division Evaluation of Corporate Compliance Programs. The department completed a detailed effectiveness self-assessment, evaluating fulfillment of the OIG Compliance Guidance elements. A survey was distributed health system-wide, yielding a 14% response rate. All data was analyzed, questions responded to; action plans were developed and fulfilled. A high level of effectiveness was measured, and all participants and respondents gained a deeper understanding of the Compliance Program.
2. **Follow up on Compliance Risk Assessment:** Continued progress has been made on completion of the corrective action plans developed following completion of the prior fiscal year compliance risk assessment. Updates are routinely provided to the Compliance Steering Committee; of the items remaining, three are scheduled for completion by the end of FY22; one item has a scheduled completion data of late summer 2022. Another biennial Compliance Risk Assessment is scheduled for FY23.
3. **Organizational IT and Data Governance:** The health system data governance function has developed procedures, an intake process and workflow; roles and responsibilities in reviewing and responding to requests have been defined between HIT and Data Analytics. A steering/advisory leadership group has been designated to review variances in order to ensure appropriate access to and use of UVA Health data.
4. **Compliance Issues Database Transition:** The transition to UVA SafeGrounds on July 1, 2021 for compliance case management has been successful. Workflow

capabilities allow for more effective collaboration amongst team members and cooperating departments. The addition of the customized web intake form to receive compliance reports has been communicated and is being used increasingly by the health system community. Overall, the system is versatile and allows for more effective management of reported compliance issues, workflow to refer cases to others as needed and offers web intake to facilitate the reporting of compliance concerns.

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

<u>BOARD MEETING:</u>	March 3, 2022
<u>COMMITTEE:</u>	Health System Board
<u>AGENDA ITEM:</u>	III. School of Medicine Report (Written Report)
<u>ACTION REQUIRED:</u>	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:

People

- The School of Medicine is proud to announce the launch of the inaugural School of Medicine weekly newsletter, *Medicine in Motion*. The first issue was published on March 31st. This weekly newsletter will be the source for all activities and accomplishments for the School of Medicine.
- The School of Medicine announced the selection of Meg Keeley, MD, as the Senior Associate Dean for Education. Dr. Keeley oversees medical education programs in Undergraduate Medical Education (UME), Graduate Medical Education (GME), Continuing Medical Education (CME), and graduate programs in biomedical and public health sciences.
- The School of Medicine in coordination with the Provost has executed a contract with DCI for a faculty salary equity study. Leadership is currently gathering data on faculty in the School of Medicine (SOM) for over 50 metrics from which the firm will perform their analysis.
- Faculty attrition for the first nine months of FY22 remains below the national average. To date, 77 of 1255 (6.14%) faculty have departed.
- Many departments remain in a growth phase. The school has 122 clinical faculty and 17 research faculty openings posted in Workday as of April 2022.

Departments

- The 29 Departments and six centers continue to work toward meeting their annual goals. As of April 1, 2022, the Departments have completed 35% of the goals.
- The School of Medicine announced the selection of Allan Tsung, MD, as the Chair of the Department of Surgery. Dr. Tsung will assume his new role June 27, 2022. He comes to UVA from The Ohio State University College of Medicine, where he serves as Professor and Chief of the Division of Surgical Oncology.

- UVA School of Medicine continues to execute several strategic leadership searches. These include Chair searches for the following Departments: 1) Microbiology, Immunology and Cancer, 2) Plastic Surgery, 3) Biochemistry and Molecular Genetics, and 4) Biomedical Engineering.

Clinical

- *U.S. News & World Report 2022-2023 Best Medical Schools* ranked the UVA School of Medicine #35 in Primary Care.
- *U.S. News & World Report 2022-2023 Best Medical Schools* recently ranked our Internal Medicine and Surgery programs among the top in the nation. Internal Medicine ranked #22 and Surgery ranked #23.

Research

- *U.S. News & World Report 2022-2023 Best Medical Schools* ranked the UVA School of Medicine #30 in Research.
- Ani Manichaikul, PhD (Public Health), Sean Moore, MD, MS (Pediatrics), and Hui Li, PhD (Pathology) were selected as the most recent cohort of Pinn Scholars, in recognition of their scientific expertise, research productivity, and contributions.
- Jeffery Wilson, MD, PhD, was featured in *U.S. News and World Reports* for his research into COVID vaccine antibodies.
- Fern Hauck, MD, was featured in the *Washington Post* for her research into Sudden Infant Death Syndrome (SIDS).
- Kevin Pelphrey, PhD was featured on *CNN* for his research into Autism.

Education

- The Senior Associate Dean for Education is actively preparing for a March 2023 Liaison Committee on Medical Education (LCME) Accreditation visit.
- On March 18th, the School of Medicine celebrated Match Day. UVA medical students matched into 23 different specialties in 40 different states. The UVA residency programs enjoyed a 100% match rate for our categorical positions.
- On April 15th, the School of Medicine celebrated the Biomedical Sciences Graduate Program (BIMS) White Lab Coat Ceremony. A total of 50 students in eight degree granting programs were recognized in this ceremony that marks the transition of first year BIMS students in their graduate career.

Diversity, Equity, and Inclusion

- On April 8-10th, the School of Medicine Medical Alumni Association held its first Black Medical Alumni Weekend. Among the attendees: 1) Dr. Edward Wood, one of the first two African American medical students who was admitted to and graduated from the School of Medicine; 2) Dr. Vivian Pinn, the second African American woman to graduate from the SOM and the only woman and African American medical student in the UVA SOM Class of 1967; and 3) Dr. David Wilkes, the first African American dean of the UVA School of Medicine.

- A video honoring Dr. Wood and Dr. Wilkes was posted on the School of Medicine website.
- Dr. Tracy Downs, the Senior Associate Dean for Diversity, Equity, and Inclusion (DEI), announced the new Departmental JEDI Program. The Justice Equity Diversity and Inclusion (JEDI) program trains, empowers, and resources leaders from within each of the 29 departments in the UVA School of Medicine to develop in others a commitment to our diversity, equity, and inclusion values.

UNIVERSITY OF VIRGINIA

BOARD OF VISITORS AGENDA ITEM SUMMARY

<u>BOARD MEETING:</u>	June 2, 2022
<u>COMMITTEE:</u>	Health System Board
<u>AGENDA ITEM:</u>	IV. School of Nursing Report (Written Report)
<u>ACTION REQUIRED:</u>	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.

DISCUSSION:

Academics

The School of Nursing earned its best rankings to date in the *2023 U.S. News & World Report Best Grad School Guide*: graduate programs shot up six spots overall to No. 13, nine spots forward to No. 15 for the Doctor of Nursing Practice (DNP) program, and the School earned a No. 10-in-the-nation spot for the Family Nurse Practitioner (FNP) program. Among peer public institutions, the School's rankings are single-digit strong: its Master of Science in Nursing (MSN) tied for No. 6 in the nation, its DNP tied for No. 9 in the nation, and its FNP was ranked No. 6 in the nation. The latest rankings place the School in the top 2% of American nursing schools with graduate programs.

The Clinical Nurse Leader (CNL) Class of 2024—which arrives this May—is 44 students strong and powerfully diverse: nearly one-third (32%) are non-white, 20% are male, more than one-fifth are first generation college attendees, and three are current clinicians enrolled in the RN to CNL program.

278 graduates will walk the Lawn May 22 as members of the Class of 2022, including 14 DNP graduates, 71 MSN and post-master's graduates, 53 CNL graduates, three PhD graduates, 45 RN to BSN graduates, and 92 BSN graduates.

Research and Faculty Recognition

Associate Professor **Cathy Campbell**—department chair, a Fulbright Global Scholar alumna, Buddhist chaplain, hospice nurse, and end-of-life scholar—was one of five individuals to receive UVA Health’s 2022 Martin Luther King Jr. Award, the health system’s highest diversity award, in March.

Associate Professor **Pamela DeGuzman** discussed the creation and deployment of her novel, nurse-led intervention for rural cancer survivors as part of a National Coalition for Cancer Survivors forum in March.

The Social Work, Hospice, and Palliative Care Network chose Betty Norman Norris Professor **Kim Acquaviva**—an award-winning teacher and palliative care and hospice expert—for its 2022 Project on Death in America Career Achievement Award at its General Assembly in April in Santa Fe, New Mexico.

Dean **Pam Cipriano** was chosen to receive the University of Washington’s *Alumna Summa Laude Dignata* (“alumna/us worthy of the highest praise”) award this June, presented annually to a former student whose work has attained national or international prominence. It is the highest honor bestowed by the university.

Woodard Clinical Professor of Nursing **Richard Westphal (PhD ’03)** will present his Stress First Aid and peer support model at Sigma’s International Nursing Research Congress in Edinburgh, Scotland, when he delivers his lecture—“Burnout is not the problem; it is a stress injury symptom”—this July. Sigma, the international honor society of nurses, is focused on leadership development and promotion of scholarship. The UVA SON has an award-winning chapter, Beta Kappa.

Student Honors

PhD candidate **Simone Jaeckl** earned a Sahm Family Foundation grant for her dissertation project that aims to buttress the knowledge of school nurses so they can better identify and advocate for children who are victims of sex trafficking. Jaeckl, a former litigator and ER nurse, serves on the Charlottesville Sex Trafficking Task Force.

CNL student **Amelia Kirby** received the Alliance of Nurses for Healthy Environment’s Student Nurse Environmental Health Leadership award in April for her development of a Planetary Health Report Card for Nursing at the National Student Nurses’ Association convention.

PhD candidate **Ren Capucao** earned a Fulbright Scholarship for his dissertation project “Pressed into starched whites: Nursing identity in Filipino American history.” Capucao has previously received funding from the Virginia Humanities, the Philippine Nurses Association of Virginia, UVA’s Bjoring Center for Nursing Historical Inquiry, and the Bates Center for the Study of the History of Nursing at the University of Pennsylvania. He will continue his study in the Philippines for the 2022-23 academic year.

PhD graduate and family nurse practitioner **Jane Muir** begins a post-doc at the University of Pennsylvania's National Clinician Scholars Program this June.

Philanthropy and Alumni Affairs

Since April 2021, the School has received \$1,275,000 in new endowed scholarships (with University matching funds).

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

BOARD MEETING: June 2, 2022

COMMITTEE: Health System Board

AGENDA ITEM: VII.A. Health System Consolidated Financials FY2022 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 Health System Board.

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 Certified Healthcare Finance Professional with over 25 years of financial management experience.

FINANCE REPORT

Overall, despite the pandemic, UVA Health’s operating income is favorable to budget for the nine months ended March 31, 2022.

	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 Medical Center

Through the third quarter of FY22, the operating income was \$51.9M, resulting in a 3.2% operating margin and yielding a \$0.9M unfavorable budget variance. Net revenue results were

driven by high inpatient acuity, strong ambulatory volumes, and growth in outpatient pharmacy business. The all payer case mix was 2.37 and exceeded budget by 4.9%. The operating margin is supported by imaging, dialysis, the transitional care hospital, home health and the management of shared services expenses. Fiscal year to date March 31, 2022, the Medical Center generated \$125.4M in cash from operations (EBITDA) after transfers and cash reserves totaled 241 days, which was bolstered by Federal Loan funds of \$83.4M as well as solid investment returns. Excluding this \$83.4M, which must be repaid, cash reserves totaled 229 days. Total expenses adjusted for volume and acuity were 6.1% unfavorable to budget, driven by inflation and labor challenges.

Total paid employees, including contracted employees, were 410 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 442 nurse travelers.

	<u>FY2022</u>	<u>2022 Budget</u>
Employee FTEs	8,203	9,083
Contract Labor FTEs	585	115
Salary, Wage and Benefit Cost / FTE	\$95,579	\$89,486
Total FTEs	8,788	9,198

UVA Community Health

Through the third quarter of FY22, the operating loss for all business units was \$11.3M, resulting in a -3.2% operating margin and yielding a \$3.5M unfavorable budget variance. The budget variance is the result of \$6.4M in transition related costs. Ambulatory volumes were strong with emergency room volumes 12% favorable to budget and adjusted discharges 2% ahead of budget. Discharges were lower than budget by 5%. Salaries were unfavorable to budget as national staffing shortages necessitated additional compensation for difficult to recruit positions and high-cost agency staffing.

Transitional Care Hospital

Through the third quarter of FY2022, the operating loss for the TCH was \$3.8M, yielding a favorable budget variance of \$0.3M. Staffing challenges related to COVID-19 issues caused a reduction in capacity and negatively impacted admissions and discharges. TCH admitted 109 patients and 66% of those were from the Medical Center. The all-payer case mix was 1.37, which exceeded budget by 45% and favorably impacted revenue.

UVA Physicians Group

Through the third quarter of FY22, the Physicians Group (UPG) produced an operating surplus of \$14.8M, which was \$18.7M favorable to budget and \$16.8M favorable to prior year. Favorable results were driven by higher patient volumes, \$2.8M combined from the CARES Act and the American Rescue Plan, and cost savings from social distancing and remote work. These results include \$27.1M in support towards the Academic Mission.

UVA School of Medicine

Through the third quarter of FY22, the School of Medicine generated a \$13.6M surplus yielding a \$14.1M favorable variance to budget. This is primarily related to favorable gift revenues, residual grant conversions, utilization of state funds and a decrease in discretionary spending. The surplus from recurring operations was \$31.5M, offset by strategic investments of \$17.9M, which is funded by the Dean's reserves.

UVA School of Nursing

The School of Nursing (SON) had a favorable overall variance for the nine months ended March 31, 2022. The favorable variances were driven primarily by a large unbudgeted gift and by non-personnel expenditures which were lower as professional development and activities related to recruitment will occur later in the final quarter of the fiscal year. Salary expenditures are above budget due to the heavy instructional volume during the academic year but this should equalize somewhat toward the completion of the spring semester offset by salary savings from unfilled faculty and staff vacancies.

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

Description	Most Recent Three Fiscal Years			Budget/Target
	Mar-20	Mar-21	Mar-22	Mar-22
Net patient revenue	\$1,296.4	\$1,345.5	\$1,904.2	\$1,784.3
Other revenue	<u>42.6</u>	<u>50.5</u>	<u>61.0</u>	<u>53.6</u>
Total operating revenue	<u>\$1,339.0</u>	<u>\$1,396.0</u>	<u>\$1,965.1</u>	<u>\$1,837.9</u>
Operating expenses	1,226.4	1,255.2	1,791.9	1,646.4
Depreciation	81.2	92.0	114.1	119.8
Interest expense	<u>13.8</u>	<u>13.0</u>	<u>18.5</u>	<u>26.8</u>
Total operating expenses	<u>\$1,321.4</u>	<u>\$1,360.2</u>	<u>\$1,924.5</u>	<u>\$1,793.0</u>
Operating income (loss)	<u>\$17.5</u>	<u>\$35.8</u>	<u>\$40.6</u>	<u>\$44.9</u>
Non-operating income (loss)	<u>(\$135.9)</u>	<u>\$331.6</u>	<u>\$21.3</u>	<u>\$38.7</u>
Net income (loss)	<u>(\$118.4)</u>	<u>\$367.4</u>	<u>\$61.9</u>	<u>\$83.6</u>
Principal payment	\$15.5	\$16.3	\$16.1	\$16.1

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

Description	Most Recent Three Fiscal Years		
	Mar-20	Mar-21	Mar-22
Assets			
Operating cash and investments	\$40.3	\$357.8	\$426.1
Patient accounts receivables	230.2	246.9	367.0
Property, plant and equipment	1,328.6	1,371.8	1,623.2
Depreciation reserve and other investments	396.9	537.1	510.8
Endowment Funds	599.7	847.7	940.6
Other assets	<u>272.7</u>	<u>289.7</u>	<u>287.2</u>
Total Assets	<u>\$2,868.4</u>	<u>\$3,651.0</u>	<u>\$4,154.9</u>
Liabilities			
Current portion long-term debt	\$9.8	\$10.2	\$13.6
Accounts payable & other liab	124.0	134.1	274.8
Long-term debt	757.9	742.6	894.2
Accrued leave and other LT liab	<u>374.8</u>	<u>622.2</u>	<u>521.0</u>
Total Liabilities	<u>\$1,266.4</u>	<u>\$1,509.1</u>	<u>\$1,703.7</u>
Fund Balance	<u>\$1,602.0</u>	<u>\$2,141.9</u>	<u>\$2,451.3</u>
Total Liabilities & Fund Balance	<u>\$2,868.4</u>	<u>\$3,651.0</u>	<u>\$4,154.9</u>

University of Virginia Medical Center

Financial Ratios

Description	Most Recent Three Fiscal Years			Budget/Target
	Mar-20	Mar-21	Mar-22	Mar-22
	Operating margin (%)	1.3%	2.6%	2.1%
Current ratio (x)	2.0	4.2	2.7	2.0
Days cash on hand (days)	182	318	241	190
Gross accounts receivable (days)	48.2	53.5	49.0	50.0
Annual debt service coverage (x)	(0.8)	16.1	5.6	3.6
Debt-to-capitalization (%)	33.8%	27.3%	28.4%	34.0%
Capital expense (%)	7.2%	7.7%	6.9%	8.2%

University of Virginia Medical Center

Operating Statistics

Description	Most Recent Three Fiscal Years			Budget/Target
	Mar-20	Mar-21	Mar-22	Mar-22
Acute Discharges	20,726	19,483	19,251	21,431
Patient days	142,746	144,564	147,553	152,627
Observation Billed Encounters - MC only	3,956	4,265	4,473	4,000
All Payor CMI Adj Avg Length of Stay - MC only	3.06	3.14	3.16	3.01
OP Billed Encounters	606,950	630,456	683,198	619,523
ER Billed Encounters	33,800	26,613	30,600	27,195
All Payor CMI - MC Only	2.17	2.33	2.37	2.26
Average beds available				
FTE's (including contract labor)	9,026	8,814	8,788	9,198

Operating Statistics exclude UVA Community Health

University of Virginia Medical Center
SUMMARY OF OPERATING STATISTICS AND FINANCIAL PERFORMANCE MEASURES
Fiscal Year to Date March 31, 2022 with Comparative Figures for Prior Fiscal Year

OPERATING STATISTICAL MEASURES									
DISCHARGES and CASE MIX - Year to Date					OTHER INSTITUTIONAL MEASURES - Year to Date				
	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Prior Year</u>		<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Prior Year</u>
<u>DISCHARGES</u>					<u>ACUTE INPATIENTS</u>				
Medical Center	19,135	21,204	(9.8%)	19,309	Inpatient Days - MC	144,436	144,187	0.2%	139,018
Transitional Care	116	227	(48.9%)	174	Inpatient Days - CH	40,968	42,231	(3.0%)	
Community Health	10,484	10,979	(4.5%)		All Payor CMI Adjusted ALOS - MC	3.16	3.01	(5.1%)	3.14
Total Discharges	<u>29,735</u>	<u>32,410</u>	<u>(8.3%)</u>	<u>19,483</u>	All Payor CMI Adjusted ALOS - CH	2.66	2.85	6.7%	
Adjusted Discharges - MC	46,067	48,073	(4.2%)	44,560	Average Daily Census - MC	527	526	0.2%	507
Adjusted Discharges - CH	31,202	30,497	2.3%		Average Daily Census - CH	150	154	(2.6%)	
Total Adjusted Discharges	<u>73,828</u>	<u>75,222</u>	<u>(1.9%)</u>	<u>44,560</u>	Births - MC	1,664	1,474	12.9%	1,540
<u>CASE MIX INDEX</u>					Births - CH	2,024	1,861	8.8%	
All Payor CMI - UVA Hosp & Clinics	2.37	2.26	4.9%	2.33	<u>SURGICAL CASES</u>				
All Payor CMI - CH	1.47	1.35	8.9%		UVA Main Hospital Operating Room	13,866	14,428	(3.9%)	13,696
<u>OUTPATIENT BILLED ENCOUNTERS</u>					Battle	8,580	9,281	(7.6%)	9,768
Medical Center	683,198	619,523	10.3%	630,456	Monticello Surgery Center	5,432	4,487	21.1%	
Community Health	185,430	187,917	(1.3%)		Community Health	5,821	5,857	(0.6%)	
Emergency Room - MC	30,600	27,195	12.5%	26,613	Total	<u>33,699</u>	<u>34,053</u>	<u>(1.0%)</u>	<u>23,464</u>
Emergency Room - CH	78,235	70,055	11.7%						

OPERATING FINANCIAL MEASURES									
REVENUES and EXPENSES - Year to Date					OTHER INSTITUTIONAL MEASURES - Year to Date				
	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Prior Year</u>		<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>	<u>Prior Year</u>
(\$s in thousands)					(\$s in thousands)				
<u>NET REVENUES</u>					<u>NET REVENUE BY PAYOR</u>				
Net Patient Service Revenue	\$1,904,154	\$1,784,319	6.7%	\$1,345,495	Medicare	\$529,531	\$498,480	6.2%	\$384,721
Other Operating Revenue	60,972	53,585	13.8%	50,481	Medicaid	\$357,976	\$320,641	11.6%	\$257,770
Total	<u>\$1,965,126</u>	<u>\$1,837,904</u>	<u>6.9%</u>	<u>\$1,395,976</u>	Commercial Insurance	\$229,770	\$215,653	6.5%	\$194,160
<u>EXPENSES</u>					Anthem	\$425,675	\$415,507	2.4%	\$290,250
Salaries, Wages & Contract Labor	\$881,310	\$784,970	(12.3%)	\$599,882	Aetna	\$141,833	\$131,495	7.9%	\$97,193
Supplies	520,487	464,037	(12.2%)	383,721	Other	\$219,369	\$202,543	8.3%	\$121,401
Contracts & Purchased Services	390,105	397,398	1.8%	271,585	Total Paying Patient Revenue	<u>\$1,904,154</u>	<u>\$1,784,319</u>	<u>6.7%</u>	<u>\$1,345,495</u>
Depreciation	114,115	119,785	4.7%	92,005	excludes UVACH				
Interest Expense	18,532	26,786	30.8%	13,006	<u>OTHER</u>				
Total	<u>\$1,924,549</u>	<u>\$1,792,975</u>	<u>(7.3%)</u>	<u>\$1,360,200</u>	Collection % of Gross Billings	28.6%	27.3%	4.8%	27.1%
Operating Income	<u>\$40,577</u>	<u>\$44,929</u>	<u>(9.7%)</u>	<u>\$35,777</u>	Days of Revenue in Receivables (Gross)	49.0	50.0	2.1%	53.5
Operating Margin %	2.1%	2.4%		2.6%	CMI Adjusted Cost per Adjusted Discharge	\$10,295	\$12,262	16.0%	\$9,864
					Total FTEs (including Contract Labor)	10,816	11,324	4.5%	10,849
					FTEs Per CMI Adjusted Discharge	19.6	21.2	7.7%	21.6

University of Virginia Medical Center

SUMMARY OF OPERATING STATISTICS AND FINANCIAL PERFORMANCE MEASURES

Fiscal Year to Date March 31, 2022 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 Payor 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 HMOs 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 Payor CMI to adjust

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

BOARD MEETING: June 2, 2022

COMMITTEE: Health System Board

AGENDA ITEM: VII.B. ACTION ITEM: Fiscal Year 2023 Operating and Capital Budgets for the University of Virginia Health System

BACKGROUND: UVA Health includes the Medical Center, the SOM, the SON, the University of Virginia Physicians Group (UPG), and the Library. The Medical Center, School of Medicine, School of Nursing, and Library’s operating and capital budgets are consolidated with the University’s overall budget. UPG is deemed a component unit and, therefore, reported separately from the University. The Board of Visitors acts on the proposed budget based on a recommendation of endorsement from the Health System Board.

DISCUSSION: For FY23, UVA Health is budgeting operating loss of \$45M, as described below.

	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%

UVA Health acquired the Novant Health UVA Health Joint Operating Company at the end of Fiscal Year (FY) 2021. The acquisition is shown above as Community Health.

UVA Health: The rapidly changing healthcare environment requires a robust planning process. Leadership will identify and implement quality and process improvement strategies that will allow for operational streamlining and cost efficiencies.

The major strategic initiatives that impact next year’s fiscal plan include:

- Growth in ambulatory, tertiary/quaternary expansion, and regional growth, as well as in UVA Community Health.
- Leveraging facilities and infrastructure improvements by continued operationalization of hospital expansion and completion of Ivy Mountain.
- Containing costs and gaining efficiencies, serving as both the community safety net and a regional tertiary quaternary health system.
- Maintaining high inpatient acuity (case mix index) and improving length of stay.
- Maintaining and improving our strategic partnerships.
- Completing the Health System strategic plan.

Other major factors that impact the ability to accomplish the budget include (industry wide and not UVA specific):

- COVID-19 resurgence.
- Federal and state legislative pressures, specifically related to further payment reductions.
- Continued increase in consumerism; pressure on cost of care and price transparency, specifically for commodity services.

Medical Center

This section covers Medical Center operations in Charlottesville and the immediately surrounding areas. UVA Community Health, a fully consolidated subsidiary of the Medical Center, is discussed separately.

Market Conditions: For FY23, discharges are budgeted to grow 5.8% from FY22 projected levels. Although statewide admissions are trending downward, this budgeted projection is driven by targeted growth efforts across Cancer, Heart and Vascular, and Transplant. Additional discharges are also driven by lower expected acuity and corresponding length of stay, enhancing patient progression and throughput.

Outpatient services are expected to remain relatively flat to projections in total. The following table includes historical and projected patient volumes:

	<u>Actual FY2021</u>	<u>Projected FY2022</u>	<u>Budget FY2023</u>
Discharges Medical Center	26,162	25,994	27,500
Discharges Transitional Care	232	161	161
Adjusted Discharges	60,777	62,249	64,060
Average length of stay MC	7.18	7.39	6.90
ALOS Transitional Care Hosp.	34.32	26.95	26.95
Outpatient Encounters - MC	858,570	896,973	900,000

Revenues: FY23 budgeted revenue is \$2.2B, 3.0% above projected FY22 revenue. The Medical Center is expecting continued strong revenues and Medicare growth, as the population ages. One of the Medical Center’s largest challenges is the unwillingness of

government payers to increase their payments commensurate with the increases in medical delivery costs. Growth in revenues into FY23 will result from rate increases in commercial contracts and a slight uptick in volumes.

Medical Center outpatient and main operating room surgeries are expected to increase 2.5% and 9.7%, respectively. Outpatient encounters are expected to increase .3% over current year projection. The Medical Center expects an aggregate rate increase of approximately 5.0% on commercial contracts.

Expenses: Expenses from operations are projected to increase by \$58.4M from the FY22 projection, a 2.8% increase. This represents a 3.4% increase when adjusting for patients' acuity (CMI), requiring more clinical care resources.

Previous increases in capital investment will result in additional net depreciation expense of \$10.6M for FY23 from investment in strategic projects. Additionally, interest cost on capital investments is increasing by \$9.9M for FY23. The Medical Center's 2022-2023 fiscal plan accounts for these additional expenses while preserving its goal of providing high quality and cost-effective health care, education, and research services.

Staffing: The Medical Center's FY23 budget has been benchmarked with comparable academic medical centers. FTEs are planned at 9,020, an increase of 95 FTEs from the current FY projection of 8,925 FTEs.

With regard to compensation increases, the pool for market and merit actions has been established at \$48.9M, which includes the impact on benefit costs and is based on a 3.0% salary adjustment and October implementation date and substantial investment in market compensation adjustments of \$29.4M. Compensation changes related to market comparisons will be done strategically to maintain competitiveness across various hard-to-fill or retain positions. Merit increases will be based on FY22 performance reviews for team members across the entire organization.

Community Health: UVA Health acquired the Novant Health UVA Health Joint Operating Company on July 1, 2021, renamed UVA Community Health. Community Health is budgeted to have \$12M operating income in FY23 from ongoing operations but that excludes \$40M in one-time costs to transition all services from Novant to UVA Health. Throughout FY22, Community Health prioritized the migration from current systems and processes that are tied to Novant Health to systems aligned with UVA Health. These efforts will continue and finalize during FY23, per the contract with Novant.

Transitional Care Hospital (TCH): The Medical Center includes the TCH as a strategically important asset. The TCH budget for FY23 has an operating loss of \$3.3M. This loss is due to the TCH mission to serve not only long-term acute care patients who qualify for higher long term acute care hospital reimbursement, but also medically complex patients who require acute care, but do not need to be at the Medical Center, and difficult to place patients ready for discharge, regardless of their ability to pay. TCH total discharges are

expected to be 161, with 68% projected to come from the Medical Center, which will create capacity for additional Medical Center admissions.

UVA Physicians Group (Clinical Enterprise)

The clinical mission is comprised of professional services provided by SOM faculty and other clinicians employed through UPG. The FY23 budgeted operating income after transfers is \$6M. The proposed budget reflects increases to patient care volumes from a slow climb out of social distancing related to the pandemic and from growing clinical programs and providers to meet patient needs. The budget also continues close management of non-personnel costs while at the same time providing room for much-needed market compensation increases for staff members.

The FY23 budget includes an increase in patient care volumes over FY22 projection. Patient revenue includes increases in reimbursement rates from annual inflators built into third party contracts and MIPS incentive payments earned by providers for calendar year 2023. Total expenses before support of the academic mission are expected to increase as a result of labor costs that include a 3% annual merit increase for all employees, market compensation adjustments for administrative positions, and faculty promotion and tenure. In general, expenses other than personnel are increasing due to annual inflationary impacts and loosening of social distancing requirements.

Academic support is consistent with prior year totaling \$37M. The budget includes \$3M in Clinical Deficit Support from the Health System for targeted clinical programs. Capital spend is budgeted at \$4M in FY2023.

The FY23 financial plan also includes non-operating contribution expense of \$5M as Clinical Departments use prior year earnings to fund endowments and support other philanthropic efforts.

School of Medicine

The SOM budgeted operating loss after transfers is \$29M. The transfers include support for operating expenses, mainly for research, which would not occur if there were no support. It is important to note that the School's margin includes strategic spending, which are funds used for one-time, strategic investments by departments primarily in research and education. The Dean funds these investments with reserves, rather than ongoing recurring operating funds.

This budget is developed under the new version of the University Funding Model – UFM 2.0. The budget includes \$74M Base Operational Support and \$118M UFM Tax. The change in the funding model is adding \$15M in expenses to the school compared to the FY22 projection. The UFM 2.0 implementation and gifts (being recognized when received) are the two large drivers of the FY23 deficit. The University may provide support to partially offset the UFM increase.

The education mission is composed primarily of the Medical Education Program, the Biomedical Sciences Graduate Program, and the Masters of Public Health Sciences. The School has proposed a 3.5% tuition increase for the Biomedical Sciences Graduate Program and the Masters of Public Health Sciences programs. The School has also proposed a 2% tuition increase for the first year in-state students and 4% increase for the first-year out-of-state students in the Medical Education Program. The tuition for the second-year medical students will carry forward with the current year tuition (increased by 3% last year). Tuition for years three and four remains unchanged in the FY23 budget.

The research revenue is budgeted to grow by 3.2% over the FY22 projection to \$184M. The anticipated 10.4% growth in the research in the clinical departments offsets a decrease in the research revenue for the Basic Science/Research departments. The decrease in the Research departments is driven mostly by the 20 Academic Investigator departures/retirements since Jan 2021, among which were several highly productive Principal Investigators (PIs). To respond to the situation, the Dean has approved new and replacement hires in five of the eight Research departments. The other three departments have ongoing Chair searches and the hiring of faculty will commence for them after the Chairs have been selected.

The Indirect Cost Recovery revenue is budgeted to grow by 9% compared to FY22 projection. The higher growth rate for the Indirect Cost Recovery revenue is driven by the research growth and the growth in the effective Facilities and Administrative rate.

Total capital spending for the School's mission is budgeted at \$7.5M in FY23. This is primarily renovation work for research labs.

School of Nursing

The SON budgeted to break even. No capital spending is anticipated for the SON in FY2023.

Capital Plan: Funds available to meet capital requirements are derived from operating cash flows, funded depreciation reserves, philanthropy, and investment income. The Health System faces many challenges regarding capital funding as continued pressures on the operating margin affect cash flow, while demand for capital has increased significantly due to space requirements, technological advances, and aging of existing equipment and facilities. Subject to funds availability, the Health System management team recommends \$178M be authorized for FY23 capital requirements. Request per enterprise: Medical Center \$113M, Community Health \$55M, SOM \$6M (with an additional \$1.5M funded from external sources), and UPG \$4M.

ACTION REQUIRED: Approval by the Health System Board, by the Finance Committee, and by the Board of Visitors

2022-2023 OPERATING AND CAPITAL BUDGETS FOR THE UNIVERSITY OF VIRGINIA MEDICAL CENTER, UNIVERSITY OF VIRGINIA COMMUNITY HEALTH, AND THE UNIVERSITY OF VIRGINIA TRANSITIONAL CARE HOSPITAL

RESOLVED, the 2022-2023 \$2.7B operating and \$168M capital budgets for the University of Virginia Medical Center, inclusive of University of Virginia Community Health and the University of Virginia Transitional Care Hospital, are approved, as recommended by the President, the Executive Vice President for Health Affairs, the Executive Vice President and Chief Operating Officer of the University, and the Health System Board.

Schedule A
University of Virginia - Medical Center
FY2023 Projected Fiscal Plan
(dollars in millions)

	FY2021*	FY2022	FY2023
	Actual	Forecast	Budget
Revenues			
Total Gross Charges	\$ 6,722	\$ 8,809	\$ 9,481
Less Deductions:			
Indigent Care Deduction	156	239	252
Bad Debt	110	164	105
Contractual Deduction	4,562	5,876	6,490
Charity Care	46	30	33
Total Deductions	4,875	6,308	6,880
Net Patient Revenue	1,848	2,501	2,600
Miscellaneous Revenue	67	93	81
Total Revenue	1,915	2,595	2,681
Expenses			
Expenses from Operations			
Operating Expenses	1,697	2,362	2,448
Depreciation and Amortization	134	157	166
Interest Expense	17	31	41
Total Expenses from Operations **	1,848	2,550	2,656
Operating Income	67	45	25
Non-Operating Expense Transfers ***	(50)	(41)	(44)
Net Income After Transfers	\$ 17	\$ 4	\$ (18)
Statistics			
Discharges - Medical Center	26,162	25,994	27,500
Discharges - Transitional Care Hospital	232	161	161
Discharges - Community Health		14,092	14,101
Outpatient Encounters	858,570	1,143,812	1,159,181
Emergency Room Billed Encounters	36,810	144,170	152,169
Average Length of Stay - Medical Center	7.18	7.39	6.90
Average Length of Stay - Transitional Care Hospital	34.32	26.95	26.95
Average Length of Stay - Community Health		3.75	3.71

* Prior to acquisition of UVA Community Health

** Includes \$15M and \$40M one-time expense for Community Health integration in FY22 and FY23 respectively

*** Represents Medical Center Transfers within UVA Health. All other investment activity such as investment earnings and joint ventures are excluded from this presentation.

Schedule B				
University of Virginia Medical Center				
Operating Financial Plan				
(dollars in millions)				
	FY2023	FY2022	FY2022	FY2021*
	Budget	Projected	Budget	Actual
Operating Revenues				
Total Gross Charges	\$9,481	\$8,809	\$8,716	\$6,722
Less Deductions:				
Indigent Care Deduction	252	239	160	156
Bad Debt	105	164	105	110
Contractual Deduction	6,490	5,876	6,049	4,562
Charity Care	33	30	22	46
Total Deductions	6,880	6,308	6,337	4,875
Net Patient Revenue	2,600	2,501	2,379	1,848
Miscellaneous Revenue	81	93	71	67
Total Operating Revenues	2,681	2,595	2,450	1,915
Operating Expenses				
Compensation and Benefits	1,163	1,140	1,046	807
Supplies, Utilities, and Other	1,285	1,222	1,152	889
Depreciation and Amortization	166	157	161	134
Interest Expense	41	31	36	17
Total Operating Expenses **	2,656	2,550	2,395	1,847
Operating Income	25	45	55	67
Operating Income Percent	0.9%	1.7%	2.3%	3.5%
Non-Operating Expense Transfers ***	(44)	(41)	(41)	(50)
Net Income After Transfers	(18)	4	14	17
Add back Depreciation and Amortization	166	157	161	134
Less Principal Payments on Debt	(38)	(34)	(34)	(23)
Add Non-Operating Gains and Transfers	100	236	92	573
Cash Available for Capital and Other	210	362	234	701
Capital Funded from Operations	(168)	(50)	(163)	(45)
Additions to Cash and Reserves	\$42	\$312	\$71	\$656

* Prior to acquisition of UVA Community Health

** Includes \$15M and \$40M one-time expense for Community Health integration in FY22 and FY23 respectively

*** Represents Medical Center Transfers within UVA Health