

UVA Health Budget Fiscal Year 2024

Health System Board
June 1, 2023

Major Initiatives Underlying Plan

Growth

- UVA Comm Health/Synergies
- Ambulatory
- Tertiary/Quaternary Expansion
- Research/Bio-Tech Institute
- Cancer Expansion

Facilities / Infrastructure

- Ivy Mountain
- TCH
- Hospital Façade
- Medical Labs

Cost Structure / Efficiencies

- Rev Cycle/Payer Contracting
- One Team United on Access
- Clinical & Research Productivity
- EPIC Provider Optimization
- Market Based Compensation

Strategic Partnerships

- Encompass Health

All of these items are part of the UVA Health Strategic Plan

Key Assumptions:

- Pandemic / COVID impacts will not resurge during FY24
- Annual compensation increases are set to 3% pool

Clinical Dashboard

Fiscal Year 2024 Budget

UVA Medical Center					
	<u>FY24</u>	<u>FY23</u>		<u>FY22</u>	
<u>DISCHARGES</u>	<u>Budget</u>	<u>Projected</u>	<u>% Var.</u>	<u>Actual</u>	<u>% Var.</u>
Hospital Discharges	26,500	25,847	2.5%	25,698	3.1%
Observation	6,625	7,605	(12.9%)	6,276	5.6%
Total Discharges	33,125	33,452	(1.0%)	31,974	3.6%
Adjusted Discharges	65,342	62,959	3.8%	61,387	6.4%
<u>ACUTE INPATIENTS</u>					
Average Daily Census	518	534	(3.0%)	528	(1.9%)
All Payor CMI	2.34	2.37	(1.2%)	2.36	(0.8%)
Avg Length of Stay (ALOS)	7.16	7.61	5.9%	7.54	5.0%
All Payor CMI Adj. ALOS	3.06	3.21	4.7%	3.19	4.0%
<u>OUTPATIENT BILLED ENCOUNTERS</u>					
Clinic	927,110	898,781	3.2%	907,087	2.2%
Emergency Room	45,000	48,190	(6.6%)	41,975	7.2%
<u>SURGICAL CASES</u>					
UVA Main Hospital	20,755	19,373	7.1%	18,609	11.5%
Outpat. Surgery Ctr	11,709	11,424	2.5%	11,507	1.8%
Monticello Surg Ctr	7,500	8,040	(6.7%)	7,596	(1.3%)
Orthopedic Ctr	960	516	86.0%	0	
Total	39,964	38,837	2.9%	37,712	6.0%

UVA Physicians Group					
	<u>FY24</u>	<u>FY23</u>		<u>FY22</u>	
<u>INPATIENT & OUTPATIENT</u>	<u>Budget</u>	<u>Projected</u>	<u>% Var.</u>	<u>Actual</u>	<u>% Var.</u>
Ancillary	1,201,724	1,305,064	(7.9%)	1,258,299	(4.5%)
Medical	2,710,982	2,565,747	5.7%	2,372,273	14.3%
Surgical	1,329,391	1,231,924	7.9%	1,179,836	12.7%
Clinical Operations	536,278	617,947	(13.2%)	636,430	(15.7%)
Total WRVUs	5,783,865	5,726,480	1.0%	5,451,851	6.1%

UVA Community Health					
	<u>FY24</u>	<u>FY23</u>		<u>FY22</u>	
<u>DISCHARGES</u>	<u>Budget</u>	<u>Projected</u>	<u>% Var.</u>	<u>Actual</u>	<u>% Var.</u>
Hospital Discharges	14,764	14,334	3.0%	13,953	5.8%
Adjusted Discharges	45,929	44,124	4.1%	48,012	(4.3%)
<u>ACUTE INPATIENTS</u>					
Average Daily Census	150	143	4.9%	148	1.4%
All Payor CMI	1.42	1.40	1.2%	1.44	(1.4%)
Avg Length of Stay (ALOS)	3.64	3.61	(0.6%)	3.80	4.2%
All Payor CMI Adj. ALOS	2.56	2.57	0.6%	2.63	2.9%
<u>OUTPATIENT BILLED ENCOUNTERS</u>					
Clinic	268,757	259,698	3.5%	248,382	8.2%
Emergency Room	118,707	114,778	3.4%	105,151	12.9%
SURGICAL CASES	10,631	10,936	(2.8%)	11,041	(3.7%)

UVA Community Health Physicians					
	<u>FY24</u>	<u>FY23</u>		<u>FY22</u>	
<u>INPATIENT & OUTPATIENT</u>	<u>Budget</u>	<u>Projected</u>	<u>% Var.</u>	<u>Actual</u>	<u>% Var.</u>
Total WRVUs	813,022	467,392	73.9%	473,130	71.8%

Academic Dashboard

Fiscal Year 2024 Budget

Academic

<u>RESEARCH (\$ in millions)</u>	<u>FY24</u>	<u>FY23</u>	<u>Inc/(Dec)</u>	<u>% Var.</u>
	<u>Budget</u>	<u>Projected</u>		
SOM Research Expenditures (cash basis)	\$263	\$251	\$12	4.6%

<u>HEALTH SYS TEAM MEMBERS</u>	<u>FY24</u>	<u>FY23</u>	<u>Inc/(Dec)</u>
	<u>Budget</u>	<u>Projected</u>	
HS Employed Graduated BSNs	25	23	2
HS Employed Graduated CNLs	31	30	1
Enrolled in RN-BSN Program	46	45	1

Growth FY23 Projected to FY24 Budget

<u>Academic</u>	<u>Academic Revenue:</u>	<u>System</u>	<u>Medicine</u>	<u>Nursing</u>
	Tuition ^a	3.0%	3.4%	1.8%
	Endowment Distribution ^b	0.1%	0.0%	2.5%
	Grants ^c	5.0%	4.6%	42.3%
	Gifts ^d	11.8%	4.0%	38.1%
	<u>Academic Expense:</u>			
	Expense ^e	7.4%	7.4%	8.6%

- a. *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 2.8% tuition increase for all programs combined
- b. *Endowment Distribution: The BOV approved an increase in the distribution rate from 3.6% in FY23 to 4.1% for FY24. SOM support for the UVA Development campaign starts phasing out in FY24*
- c. *SON Grants: Reflects growth for additional RO1 federal grants secured for FY24*
- d. *SON Gifts: Major commitment from Bedford Falls Foundation to provide at least 175 partial scholarships*
- e. *SOM Expense: Growth primarily driven by increase in research expense funded by grants, Cancer Center state support and internal reserves.*
SON Expense: Growth primarily driven by increase in financial aid funded by gifts.

Balance Sheet

Fiscal Year 2024 Budget (Dollars in millions)

	As of fiscal year end		
	Actual	Projected	Budget
<u>Balance Sheet:</u>	FY22	FY23	FY24
Cash, Endowment, Investments	\$ 4,246	\$ 3,886	\$ 3,909
Receivables, Prepaids, Inventory	480	797	822
PPE and Other	1,933	1,969	1,902
Total Assets	6,659	6,653	6,632
AP, Accrued Liabilities, Other	1,021	1,176	1,171
Debt	836	923	879
Total Liabilities	1,857	2,099	2,050
Net Position/Assets	4,802	4,554	4,583
Total Liabilities & Net Position	\$ 6,659	\$ 6,653	\$ 6,632

Capital

Fiscal Year 2024 Budget (Dollars in millions)

	MC	CH	UPG	SOM	Total
Clinical Engineering Maintenance Pool	33				
Facilities Refurbishment Pool	15				
HIT Maintenance Pool	13				
MRI Suite, Hosp Façade, Fire Alarm, HVAC Ph5	10				
Ambulatory Strategy Investment	10				
Strategic Program Investments	10				
Radiology Maintenance Pool	5				
Peri-Op Maintenance Pool	2				
Medical Labs Maintenance Pool	2				
Maintenance Pools		20			
Hospitals (HA proc room, Cul Ortho, PW Planning)		7			
Outpatient (Imaging Center, Cul ASC)		6			
Clinic Expansion (Med Group Locations)		6			
Facilities Refurbishment Pool		4			
Other		3			
UPG and SOM			7	9	
Total FY24 Budgeted Capital Spend	101	45	7	9	163

101	<i>MC bud</i>
45	<i>CH bud</i>
17	<i>UPG & SOM bud</i>
163	<i>FY24 total capx budget</i>

Income Statement

Fiscal Year 2024 Budget (Dollars in millions)



	FY24 Budget										FY23 Projected
	MC	CH	UPG	SOM	SON	LIB	ELIM	UVAH Base	HS Bolts	UVA Health	UVA Health
Net Patient Service Revenue	2,416	569	501	-	-	-	-	3,486	9	3,495	3,258
Other Revenue	131	7	81	619	32	6	(249)	628	-	628	595
Total Operating Revenue	2,547	576	582	619	32	6	(249)	4,113	9	4,122	3,853
Labor	1,130	324	454	336	14	3	-	2,261	-	2,261	2,130
Clinical & Lab Supplies	713	85	9	61	1	0	-	869	-	869	808
Purchased Services	476	122	132	251	17	3	(249)	753.10	(4)	750	685
Depreciation	157	26	4	24	1	0	-	213	-	213	194
Interest	31	3	0	3	-	-	-	37	-	37	41
Total Operating Expense	2,507	561	600	675	32	6	(249)	4,133	(4)	4,130	3,857
Operating Income/(Loss) before Transfers	40	15	(19)	(56)	-	0	-	(20)	13	(7)	(4)
	1.6%	2.6%	-3.2%	-9.1%	0.0%	0.5%	0.0%	-0.5%	138.7%	-0.2%	-0.1%
Health System Support Support / Transfers	(51)	-	12	40	-	-	-	0	-	0	4
One-Time CH Integration		(5)						(5)		(5)	(40)
Operating Income/(Loss)	(11)	10	(7)	(17)	-	0	-	(25)	13	(12)	(40)
	-0.4%	1.7%	-1.2%	-2.7%	0.0%	0.5%	0.0%	-0.6%	138.7%	-0.3%	-1.0%
Non-operating Gains	2	1	(2)	39	-	-	-	41	-	41	(61)
Net Income	(9)	11	(9)	23	-	0	-	16	13	29	(102)
Operating Cash Flow	146	36	(3)	8	1	0	-	188	13	201	153

Operating Income

Fiscal Year FY2024 Budget (Dollars in millions)



	Operating Income			Operating Margin		
	<u>FY22A</u>	<u>FY23P</u>	<u>FY24B</u>	<u>FY22A</u>	<u>FY23P</u>	<u>FY24B</u>
Medical Center	63	48	40	2.9%	2.1%	1.6%
Community Health	5	5	15	1.0%	1.0%	2.6%
UPG	16	6	(7)	2.9%	1.0%	-1.2%
SOM	8	(16)	(17)	1.6%	-2.7%	-2.7%
SON, Library	0	0	0	1.4%	1.7%	0.1%
HS Improvements	-	-	13			
Support/Transfers/Elims	(45)	(50)	(51)			
UVA Health	48	(6)	(7)	1.3%	-0.2%	-0.2%
One-Time CH Integration	(25)	(40)	(5)			
Other One-Time Impacts	70	6	-			
UVA Health after 1-Time	93	(40)	(12)	2.5%	-1.0%	-0.3%