



UNIVERSITY OF ILLINOIS HOSPITAL & HEALTH SCIENCES SYSTEM: FINANCIAL REPORT AND SYSTEM DASHBOARDS

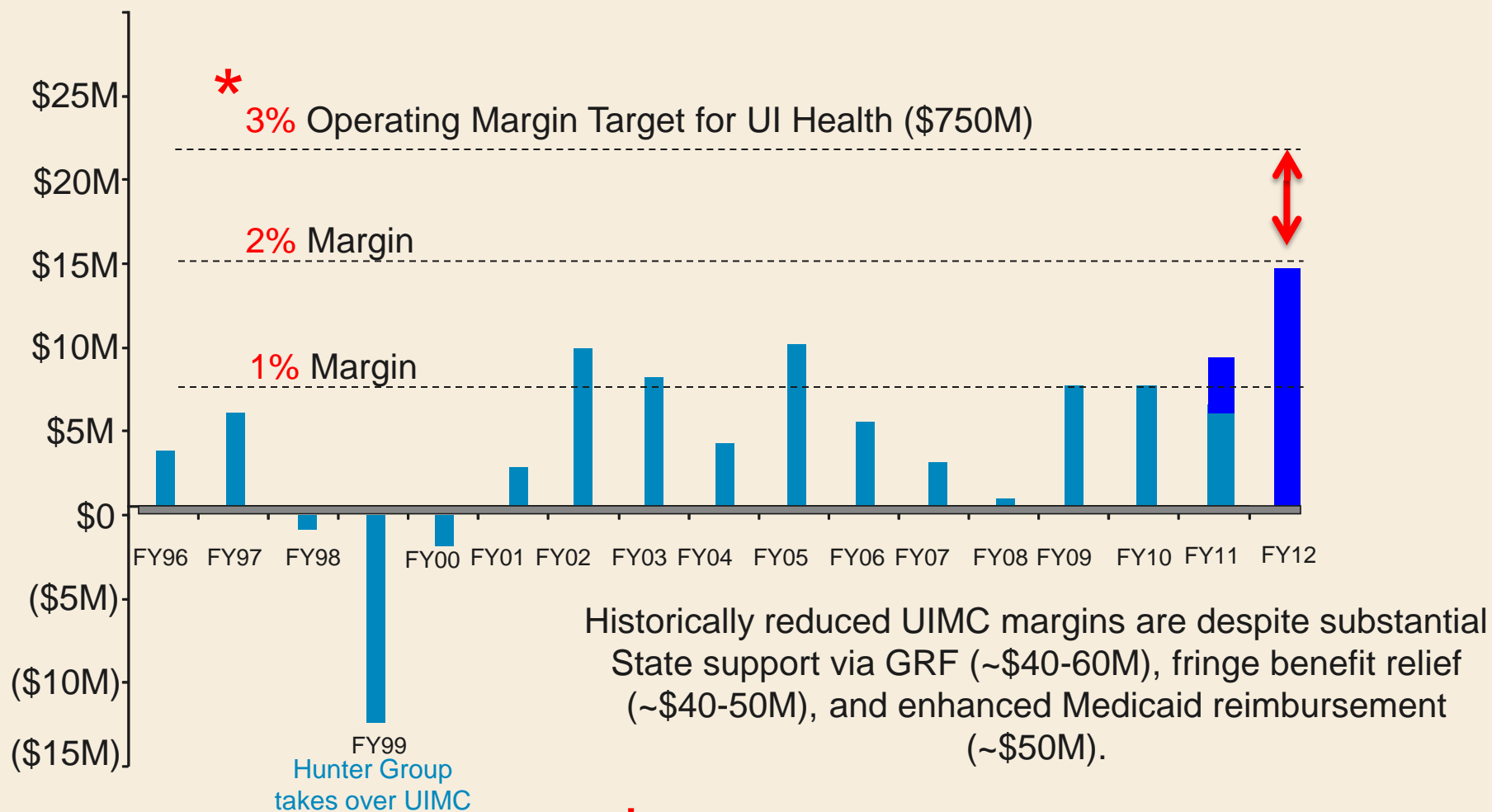
May 29, 2013



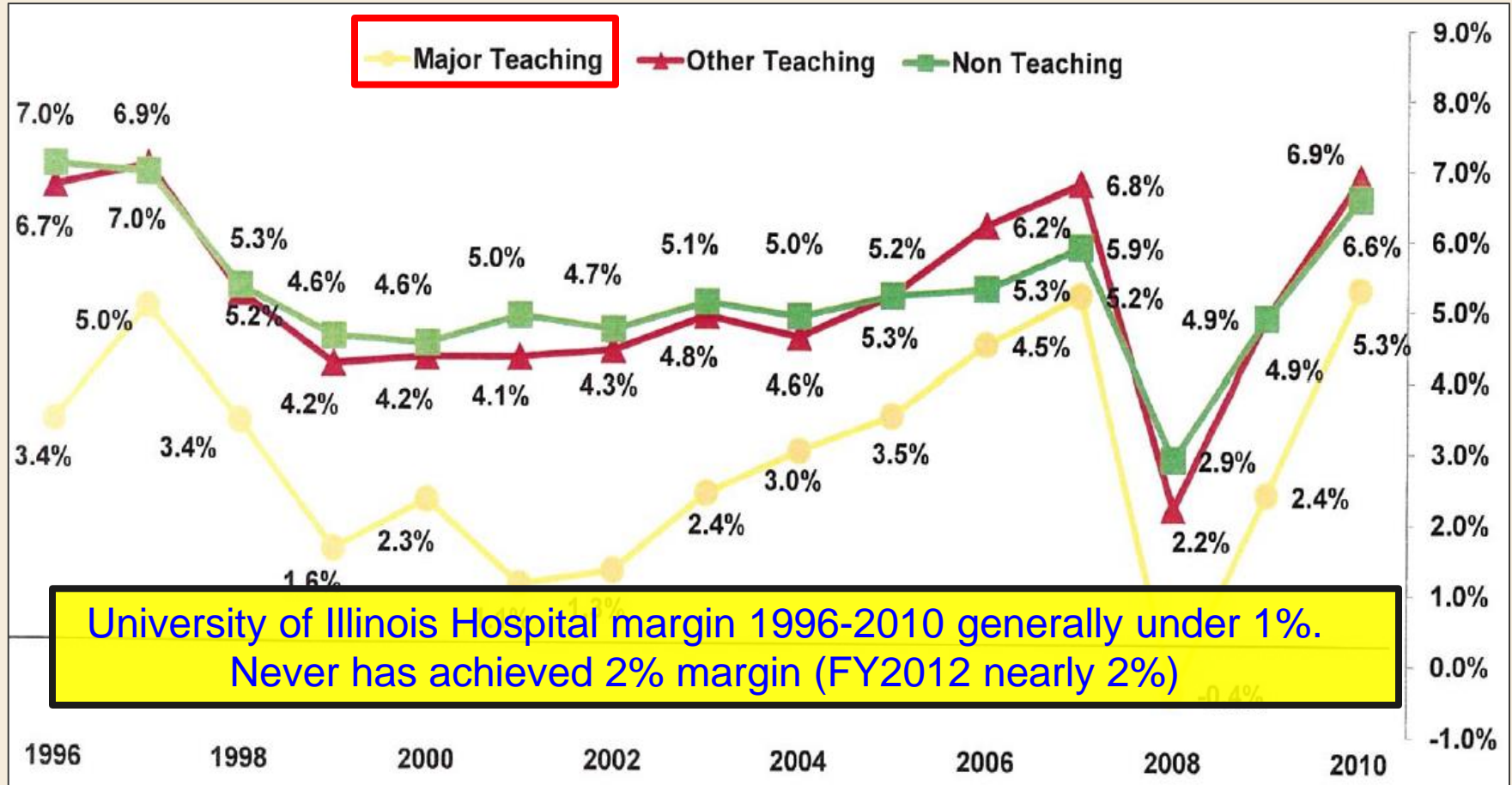
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Office of the Vice President for Health Affairs
Board of Trustees Spring Chicago Meeting

UI HOSPITAL & HEALTH SCIENCES SYSTEM: UI HOSPITAL NET INCOME- 1996-2012



MAJOR TEACHING HOSPITAL TOTAL MARGINS: 1996-2010



Major teaching hospital is ratio of housestaff to beds >0.25
Total Margin = revenue minus costs divided by revenue

Source: Med PAC 2010
Medicare Payment Advisory Commission

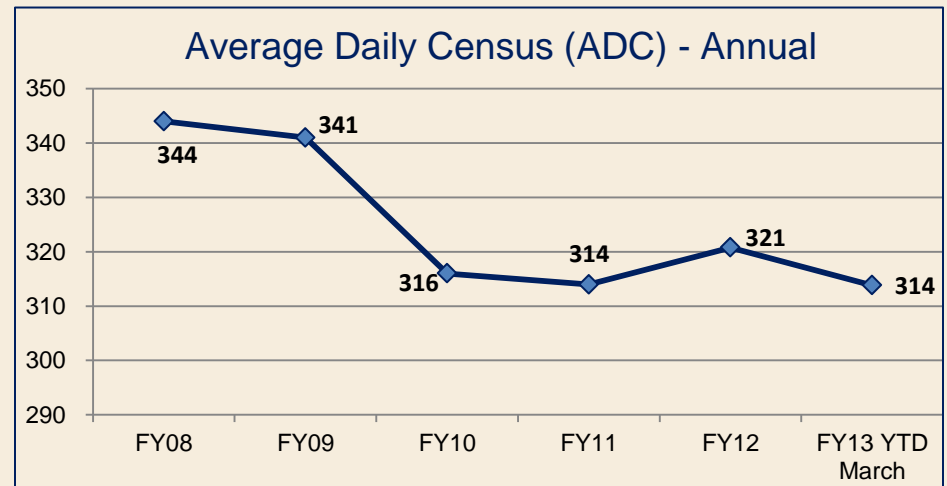
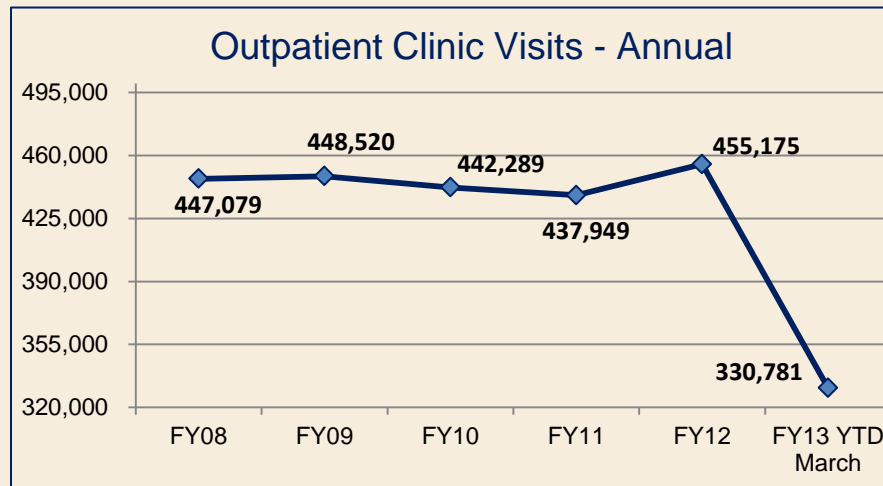


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UI HOSPITAL & HEALTH SCIENCES SYSTEM: FY13 MARGIN TARGET IS \$15M

- This appeared achievable through first 4 months of FY13 (on target for \$15M margin)
- November 2012- March 2013- marked decline in clinical activity and ADC
- Multifactorial nature of these declines including confusion in the UI Health System governance structure, CPOE, overall decline in Chicago admissions

UI Health System Clinical Activity



- Additional major challenge to achieving the FY13 margin target of \$15M was a mid-year reduction in Medicaid per diem reimbursement, an ~ **\$29M** revenue reduction.



UI HOSPITAL & HEALTH SCIENCES SYSTEM:

HOSPITAL PER DIEM MEDICAID REIMBURSEMENT

- Pre 2009: Medicaid per diem reimbursement linked to national CMS rate factor (resulting in modest year-to-year per diem increases).
- 2010: UI Hospital negotiates with DHFS to alter per diem calculation to a local “provider-specific” cost-based methodology resulting in ~\$10M added revenue.
- 2011 & 2012: New per diem methodology results in ~\$6M added revenue.
- November 2012: UI Health informed of 23% decrease in per diem with FY13 impact of **-\$29M** (based on 42,000 patient days/year).
- December 2012 to May 2013: Multiple discussions between UI Health business development team & DHFS to increase accuracy of reimbursement methodology.
- DHFS has now informed us that **per diem rates will be restored** (possibly improved) thus eliminating this anticipated margin loss for the UI Health System.



UI HOSPITAL FINANCIAL PERFORMANCE:

PERIOD ENDING APRIL 30, 2013

METRIC	Current YTD (FY13)	Current YTD Annualized (FY13)	FY13 Year End Target	FY12 Year End Actual
Revenues				
Managed Care/ Commercial Insurance	\$165.0	\$198.0	\$213.4	\$204.7
Medicare	\$126.0	\$151.2	\$150.1	\$153.5
Medicaid	\$194.9	\$228.3	\$202.3	\$210.5
Other Patient Care Related	\$ 32.9	\$ 39.5	\$ 44.9	\$ 16.0
Non-Patient Care Related	<u>\$119.6</u>	<u>\$143.8</u>	<u>\$150.7</u>	<u>\$159.6</u>
Total Revenue	\$638.6	\$760.8	\$761.4	\$744.3

Dollars in millions

- YTD Average Daily Census 4% below budget, Outpatient Visits 2% below budget
- FY13 Charity Care projected at \$47.6M versus FY12 of \$42.0M

UI HOSPITAL FINANCIAL PERFORMANCE:

PERIOD ENDING APRIL 30, 2013

METRIC	Current YTD (FY13)	Current YTD Annualized (FY13)	FY13 Year End Target	FY12 Year End Actual
Expenses				
Salaries & Benefits	\$378.5	\$454.2	\$458.1	\$448.0
Supplies & Services	\$196.4	\$235.7	\$244.1	\$245.5
Admin. Services	\$ 19.1	\$ 22.9	\$ 22.7	\$ 19.2
Depreciation	\$ 17.9	\$ 21.5	\$ 21.5	\$ 18.9
Total Operating Expense	\$611.9	\$734.1	\$746.4	\$731.6

Dollars in millions

- YTD Operating Expenses 1.3% below budget
- Reflects continuing aggressive expenditure management
- Year-end projected \$12.3M reduction in expenses versus FY13 budget



UI HOSPITAL FINANCIAL PERFORMANCE:

PERIOD ENDING APRIL 30, 2013

METRIC	Current YTD (FY13)	Current YTD Annualized (FY13)	FY13 Year End Target	FY12 Year End Actual
Income				
Operating Income	\$26.7	\$ 26.5	\$ 15.0	\$ 12.7
Net Non-operating Income	<u>\$ 0.5</u>	\$ 0.6	\$ 0.0	<u>\$ 1.7</u>
Net Income	\$27.2	\$ 27.1	\$ 15.0	\$ 14.4

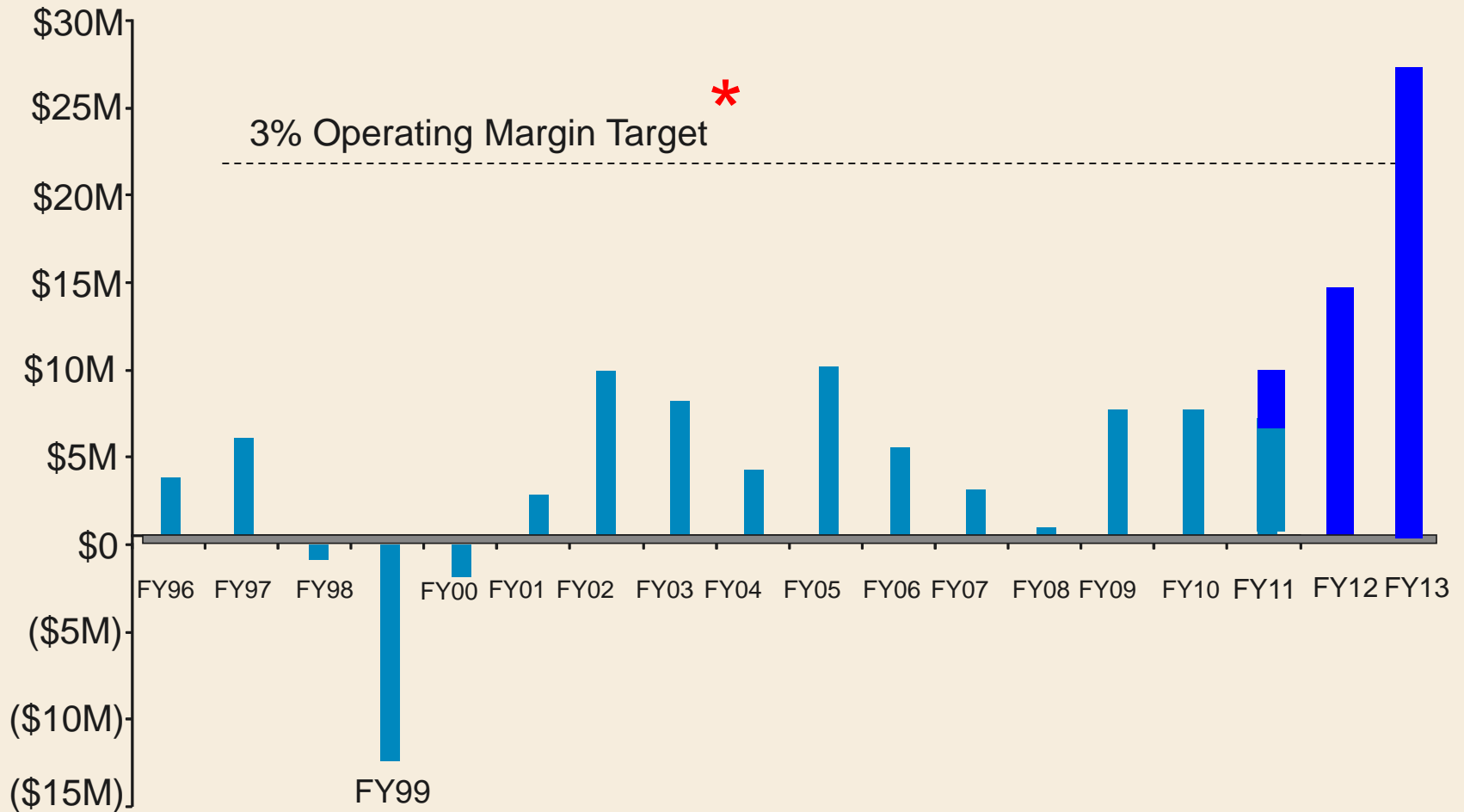
Dollars in millions

- Strong recovery in ADC and activity in April and May 2013
- Expense reductions, revenue cycle improvements, and restored Medicaid per diem reimbursement by DHFS
- FY13 will finish with highest margin in 20 years

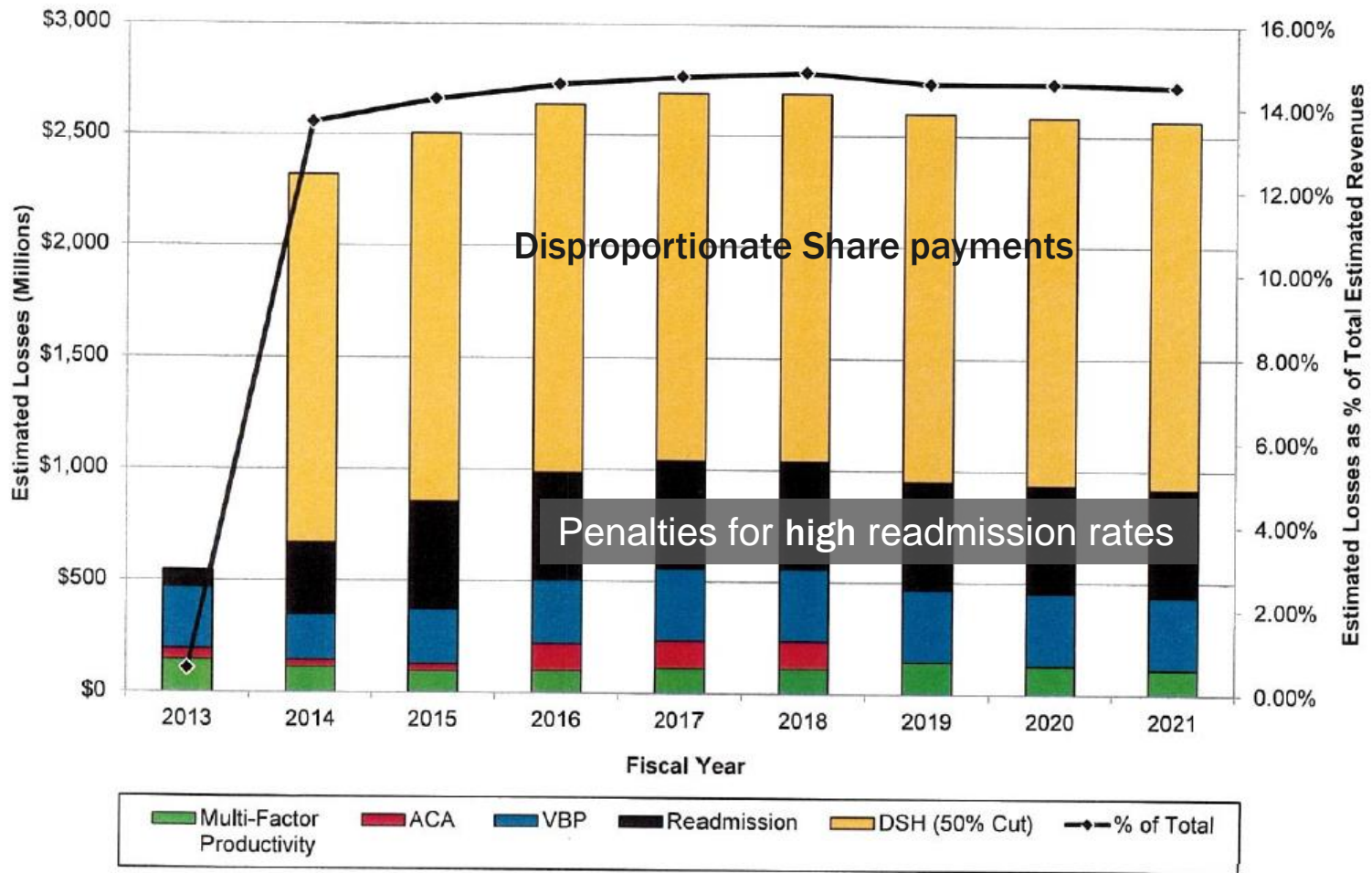


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UI HOSPITAL & HEALTH SCIENCES SYSTEM: UI HOSPITAL NET INCOME 1996-2013



MAJOR TEACHING HOSPITAL PROJECTED LOSSES: ACA MEDICARE REVENUE REDUCTIONS



AAMC Analysis of Medicare Cost Report Data, FY2009 (March 31, 2011 Release)



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These Medicare & Medicaid threats could result in
~\$10-15M revenue reduction in FY14 to UI Hospital

UI HOSPITAL & HEALTH SCIENCES SYSTEM:

INTERNAL PERFORMANCE METRICS THROUGH APRIL 30, 2013

METRIC	Current YTD (FY13)	Current YTD Annualized (FY13)	FY13 Year End Target	FY12 Year End Actual	Source
Average Daily Census *	315	N/A	330	321	UI Health Finance – Business Review Monthly (BRM) Report
Total RVU's *	1,157,697	1,543,596	1,807,753	1,755,100	Medical Service Plan
Clinic Visits *	371,225	441,041	454,822	455,175	UI Health Finance – Business Review Monthly (BRM) Report
Mile Square Visits	55,959	67,245	67,245	59,744	UI Health Finance
Operations Performed	11,474	13,607	13,375	13,877	UI Health Finance – Business Review Monthly (BRM) Report
Total Unique Patients	116,609	N/A	134,560	130,642	UI Health Business Planning and Analytical Support - Trendstar
Days Cash on Hand	98.96	N/A	96.62	103.50	UI Health Finance – Business Review Monthly (BRM) Report
Debt Service Coverage	10.14	N/A	7.80	7.10	UI Health Finance – Business Review Monthly (BRM) Report
Patient Satisfaction Score – IP	60	N/A	62.90	56.00	Press Ganey - HCAHPS Summary Report
Patient Satisfaction Score - OP	84.30	N/A	86.50	85.40	Press Ganey - HCAHPS Summary Report

RVUs for Chicago campus only.

Inpatient “likelihood of recommending”: Improved from 16th percentile to 36th percentile in past 6 months.

ER “likelihood of recommending”: Improved from 22nd percentile to 66th percentile in past 6 months.



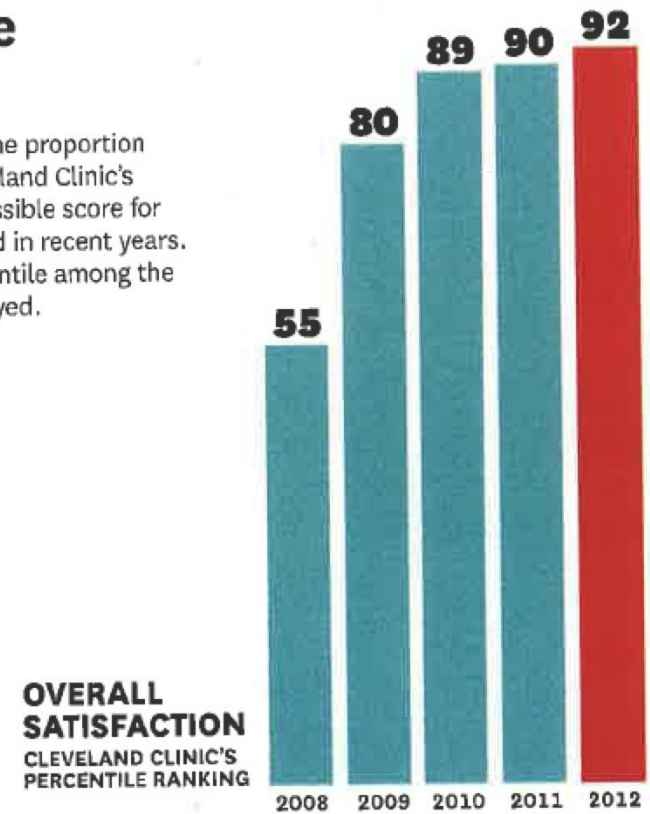
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POSSIBLE TO SUBSTANTIALLY IMPROVE PRESS GANNEY SCORES: REQUIRES INTEGRATED EFFORTS

Cleveland Clinic-Overall Satisfaction Score

From Mediocre to Top Tier

In a U.S. government survey, the proportion of patients who gave the Cleveland Clinic's flagship center the highest possible score for overall satisfaction has jumped in recent years. It now ranks in the 92nd percentile among the roughly 4,600 hospitals surveyed.



SOURCE: CENTERS FOR MEDICARE & MEDICAID SERVICES

Harvard Business Review
May 2013

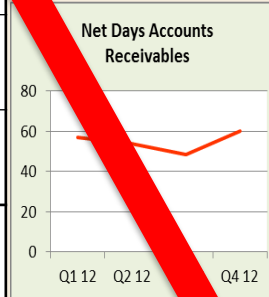
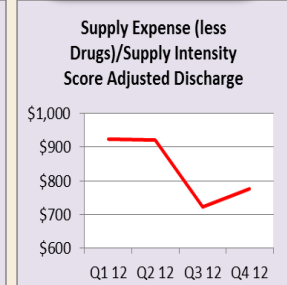
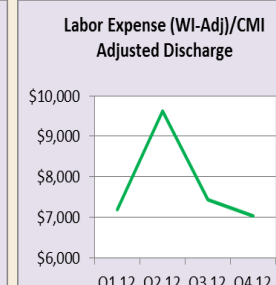
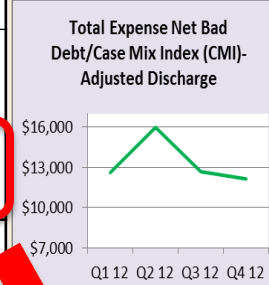
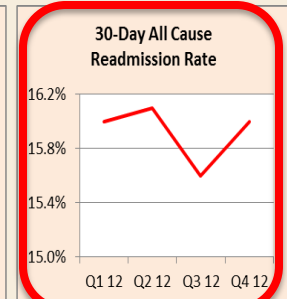
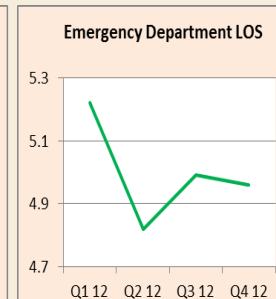
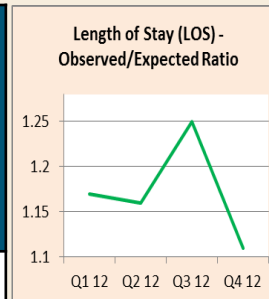


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UNIVERSITY HEALTHSYSTEM CONSORTIUM (UHC) BENCHMARKING- 50TH PERCENTILE OF PEER GROUP

Last 4 quarters 2012

Category	UHC METRICS (FY13 Q3)	4 Quarter Average	Latest Quarter Available	UHC Median	Current Rank
Coordinating Care/Patient Flow	Length of Stay (LOS) - Observed/Expected Ratio	1.17	1.11	1.03	91/117
	Emergency Department LOS	5.00	4.96	4.61	29/47
	30-Day All Cause Readmission Rate	15.9%	16.0%	12.6%	115/117
Managing Cost and Utilization	Total Expense Net Bad Debt/Case Mix Index (CMI)-Adjusted Discharge	13,344	12,141	9,350	59/69
	Labor Expense (Wage Index-Adjusted)/Case Mix Index Adjusted Discharge	7,819	7,038	4,361	67/68
	Supply Expense (less Drugs)/Supply Intensity Score Adjusted Discharge	836	777	775	37/69
Financial Stability	Net Days Accounts Receivables	54.9	60.0	47.7	58/62



LEGEND

Green Font indicates that UIH is performing better than UHCs 50th percentile.
Green Graph Lines indicate UIHs performance is trending toward improvement.

Red Font indicates that UIH is performing worse than UHCs 50th percentile.
Red Graph Lines indicate UIHs performance is trending unfavorably.

We are now measuring these indices.
4 of 7 metrics are improving (green lines)

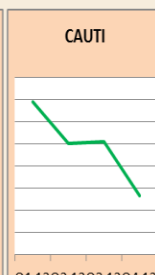
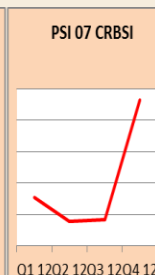
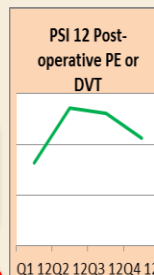
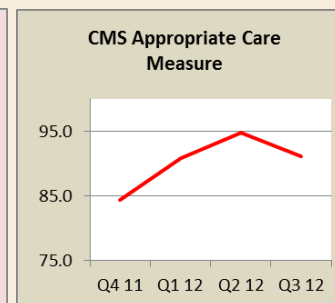
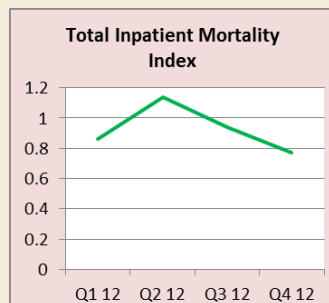


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10% improvement
1/2011 UHC Ranking: 117/117
12/2012 UHC Ranking: 115/117

UNIVERSITY HEALTHSYSTEM CONSORTIUM (UHC) BENCHMARKING- 50TH PERCENTILE OF PEER GROUP

Category	UHC METRICS (FY13 Q3)	4 Quarter Average	Latest Quarter Available	UHC Median	Current Rank
Improving Patient Survival	Total Inpatient Mortality Index	0.93	0.77	0.88	26/117
Reducing Variation in Care	CMS Appropriate Care Measure	92.27	91.10	95.00	122/154
Preventing Patient Harm	Patient Safety Indicator (PSI) 12 Post-operative Pulmonary Embolism or Deep Vein Thrombosis rate (PE or DVT)	22.72	21.22	8.60	116/116
	PSI 07 Catheter Related Bloodstream Infection (CRBSI)	0.97	2.32	0.51	115/117
	Surgical Site Infection	10.59	12.52	12.61	58/117
	Ventilator-Associated Pneumonia (VAP)	38.81	67.67	25.64	101/113
	Catheter-Associated Urinary Tract Infection (CAUTI)	23.94	21.67	19.17	81/117



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3 of 7 metrics are improving (green lines)

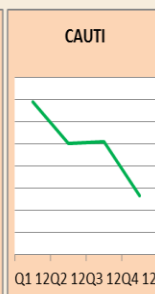
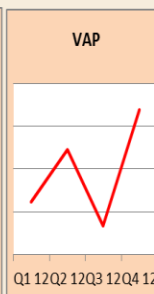
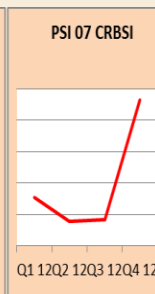
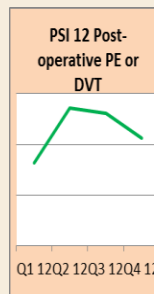
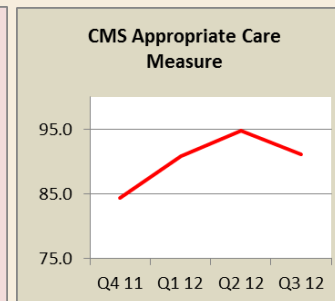
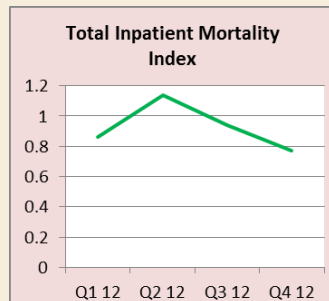


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23% improvement
1/2010 UHC Ranking: 116/116
12/2012 UHC Ranking: 116/116

UNIVERSITY HEALTHSYSTEM CONSORTIUM (UHC) BENCHMARKING- 50TH PERCENTILE OF PEER GROUP

Category	UHC METRICS (FY13 Q3)	4 Quarter Average	Latest Quarter Available	UHC Median	Current Rank
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30% improvement
1/2010 UHC Ranking: 117/117
12/2012 UHC Ranking: 81/117

KEY ACTIONS TO DRIVE IMPROVEMENTS IN QUALITY & PATIENT SAFETY AT UI HEALTH

2010

- **Mar:** New Associate Director for Infection Control
- **July:** Quality Improvement Teams for Anticoagulation, other National Pt Safety Goals
- **Nov:** Culture of Safety survey administered

2011

- **Jan:** CLABSI and CAUTI Improvement Teams
- **July:** Best Practice Bundles implemented to reduce infections
- **Nov:** Culture of Safety survey repeated

2012

- **Aug:** UHC data being leveraged
- **Oct:** New roles created: Associate VP Quality & Patient Safety and new Medical Director for Infection Control
- **Nov:** UHC Clinical Dashboard launched internally at UI Health
- **Dec:** Infection Control moved from University Health Services to Assoc VP Q&PS

2013

- **Mar:** Enhanced best practice bundles to prevent infections
- **Apr:** New Quality & Safety Strategy & Leadership Steering Group
- **May:** FY14 enterprise-wide priorities: CLABSIs, CAUTIs, and Readmissions
- **June:** joining Readmissions Collaborative



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2012 Quality and Accountability Performance Scorecard

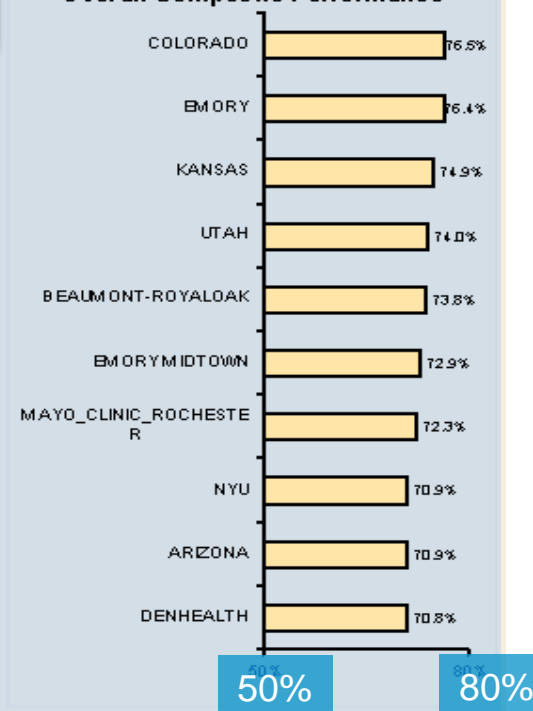
University of Illinois Hospital & Health Science System (15)

This document presents the measures evaluated in the 2012 UHC Quality and Accountability ranking. This scorecard provides a comparison of your organization's performance with that of other academic medical centers. The data were obtained from existing UHC data resources, including the Clinical Data Base (June 2011- May 2012), and Core Measures Data Base (Q2 2011-Q1 2012), as well as HCAHPS data from the Hospital Compare Web site (Q4 2010-Q3 2011).

The goal of the Quality and Accountability ranking is to assess organizational performance across a broad spectrum of high-priority dimensions of patient care. The 2012 scoring and ranking cover the domains of mortality, effectiveness, safety, equity, patient centeredness and efficiency using measures developed by national organizations or the federal government. Refer to the methodology white paper (available at www.uhc.edu) for specifics regarding the metrics, scoring methods, and data sources used.

Overall Composite Performance	Rating	Composite Score	Top-Performer Score	Group Median
Overall (Based on Clinical Domain Performance)	★	51.7	76.5	64.6
Clinical Domain Performance	Rank (* denotes tie)	Domain Score	Top-Performer Score	Group Median
Mortality (25%)	76*	50.0%	81.3%	54.7%
Includes UHC O/E mortality rate for the following selected product/service lines: bone marrow transplant, burns, cardiology, cardiothoracic surgery, cardiac surgery, thoracic surgery, gastroenterology, gynecology, gynecologic oncology, heart/lung transplant, HIV, kidney/pancreas transplant, liver transplant, medical oncology, medicine general, neurology, neurosurgery, obstetrics, orthopedics, otolaryngology, plastic surgery, rheumatology, spinal surgery, surgical oncology, surgery general, trauma, urology, vascular surgery, and ventilator support.				
Effectiveness (25%)	95	67.4%	97.5%	81.6%
Includes all-cause readmission rate within 30 days after discharge (excluding chemotherapy, dialysis, obstetric delivery, radiation therapy, and rehabilitation and psych (within 1 day) from numerator and OB, neonatology and normal newborn service lines and death at 1st admit from the denominator) and Joint Commission Hospital Core Measures composite scores for AMI, HF, PN, and SCIP (IP OP); percentage of patients who received all of the care they were eligible to receive.				
Safety (25%)	101	32.5%	77.5%	55.0%
Includes PSI metrics: PSI-6 iatrogenic pneumothorax, PSI-7 central line associated BSI, PSI-9 postoperative hemorrhage and hematoma, PSI-11 postoperative respiratory failure, PSI-12 postoperative pulmonary embolism or deep vein thrombosis.				
Equity (5%)	1*	100.0%	100.0%	100.0%
Includes Joint Commission Hospital Core Measures composite scores for AMI, HF, PN, and SCIP, testing for statistically significant differences in outcomes in 3 equity-based dimensions: gender (male vs. female), race (white vs. nonwhite), and socioeconomic status (Medicaid, self-pay, uninsured, and charity combined vs. all others).				
Patient Centeredness (10%)	56*	54.7%	76.6%	56.3%
Includes 10 HCAHPS questions on nurse communication, doctor communication, pain management, communication about medications, cleanliness and quietness, responsiveness of staff, and discharge information and overall rating of the hospital averaged as a composite.				
Efficiency (10%)	92*	37.5%	75.0%	56.3%
LOS O/E and direct cost O/E for following selected service lines: cardiology, gastroenterology, medical oncology, general medicine, neurology, general surgery, neurosurgery, cardiac surgery and thoracic surgery. Cases within the above service lines with 1 day LOS and an MS-DRG in the following list are excluded: 069, 190, 191, 192, 291, 292, 313, 391, 392, 223, 225, 226, 227, 242, 243, 244, 245, 246, 248, 249, 251, 259, 261 and 262.				

UHC Top Performers Overall Composite Performance



Source: University Health System Consortium



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QUESTIONS?



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