University of Missouri Health Care

Financial Results
Q1 F2019

Health Affairs Committee
November 5, 2018
Patient utilization – average daily census

- Average Daily Census was 1.7% higher than plan and 2.2% higher than prior year
- All four hospitals experienced an increase in census as compared to plan and prior year
- Patient acuity decreased slightly compared to plan and prior year
Patient utilization – surgeries

- Total surgeries were 1.5% higher than plan and 2.7% higher than prior year
- The mix of outpatient surgeries to total surgeries decreased, contrary to industry and historical trends
Patient utilization – clinic visits

- Clinic visits were 1.4% higher than plan and 7.5% higher than prior year
- The growth in clinic visits as compared to prior year reflects initiatives to increase access to primary care, quick/urgent care and certain specialties
Financial results – first quarter

- Total operating revenue of $262.8M was 2.7% higher than plan and 7.0% higher than prior year, $245.5M
- Operating income of $23.0M was $1.3M favorable to plan with an operating margin of 8.7%
Financial results – variance to plan

- Higher operating income as compared to plan was driven by higher patient utilization and deferred discretionary spending, reduced by unfavorable payer reimbursements.
Financial results – ratios and benchmarks

- Ratios and benchmarks compare favorably to Moody’s A rated medians

<table>
<thead>
<tr>
<th>Actual ($000's)</th>
<th>Plan ($000's)</th>
<th>Consolidated Financial Results</th>
<th>Prior Year ($000's)</th>
<th>FY19 Annual Plan ($000's)</th>
<th>Moody's A Rated ($000's)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Revenue</td>
<td>$262,838</td>
<td>$256,008</td>
<td>$245,531</td>
<td>$1,012,800</td>
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<tr>
<td>Operating Expenses</td>
<td>(239,864)</td>
<td>(234,276)</td>
<td>(220,166)</td>
<td>939,400</td>
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<tr>
<td>Operating Income</td>
<td>22,974</td>
<td>21,732</td>
<td>25,365</td>
<td>73,400</td>
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<tr>
<td>Non-operating Expenses, Net</td>
<td>(6,111)</td>
<td>(6,497)</td>
<td>(922)</td>
<td>(25,800)</td>
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<tr>
<td>Change in Net Assets</td>
<td>$16,863</td>
<td>$15,235</td>
<td>$24,443</td>
<td>$47,600</td>
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</tbody>
</table>

Financial Ratios and Benchmarks

- Margin Percent: Actual 8.7%, Plan 8.5%, FY19 Annual Plan 10.3%, Moody's A Rated 3.5%
- Annualized Return on Total Assets: Actual 5.5%, Plan 3.9%, FY19 Annual Plan 8.3%, Moody's A Rated 4.0%
- Cash to Total Debt: Actual 185.5%, Plan 176.9%, FY19 Annual Plan 165.1%, Moody's A Rated 132.8%
- Debt to Capitalization: Actual 27.0%, Plan 26.8%, FY19 Annual Plan 29.6%, Moody's A Rated 32.9%
- Days Cash on Hand: Actual 217.2, Plan 212.6, FY19 Annual Plan 220.7, Moody's A Rated 226.5
- Net Days Revenue in AR: Actual 51.7, Plan 50.0, FY19 Annual Plan 48.1, Moody's A Rated 48.4