

# University Health System

Consideration & Appropriate Action Regarding Bexar County  
Hospital District d/b/a  
University Health System's Operating,  
Debt Service and Capital Budgets for FY 2014

**November 26, 2013**



**University Health System  
2014 Operating, Debt Service, and Capital Budget**

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# University Health System

## 2014 Budget Summary Transformation in Process

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### **Strategic Vision**

University Health System (Health System) continues to pursue its strategic vision to be the premier health system in South Texas, committed to delivering patient-centered, culturally competent and high quality healthcare, based on a strong foundation of outcomes-based research and innovative teaching. This vision serves to guide decision-making and operational execution. The 2014 Budget was developed with the strategic vision in mind.

### **Triple-Aim Plus**

The Triple-Aim *Plus* concept continues to be the guiding principles of how the Health System executes its strategy to serve the community. The Health System continues to be successful in executing the aims of: improving quality, safety and outcomes, improving the patient experience, improving efficiencies, and improving access to care. These principles are the foundation of healthcare transformation and all initiatives pursued are developed in the spirit of transforming care using the Triple Aim *Plus* goals.

### **Challenges in the 2014 Budget**

- Opening of the new facilities and covering the increase in associated fixed costs
- Implementing the 1115 Waiver projects and achieving at least 50% of metrics to cover the cost associated with the 23 DSRIP projects
- Executing the Pediatric Transition Plan
- Mitigating the impact of State and Federal Legislative cuts

## **Strategic Plans included in the 2014 Budget to meet these challenges**

- Completing the second year implementation of the Lean Management System (LMS) aimed at:
  - Incorporating lean continuous process improvement principles and techniques into daily management processes to deliver value to our patients with minimum wasted time, supplies and effort
  - Facilitating rapid improvements
  - Executing across all operational and support departments as well as across hospital and ambulatory services
  - Assuring a mechanism is in place to develop, sustain and improve processes over time
- Implementing strategic tactics to fulfill projected activity by:
  - Focusing on key service lines
    - Trauma
    - Transplant
    - Cardiovascular
    - Neurosciences
    - Pediatrics / Children's Health
    - Women's Health Services including perinatal and neonatal care
    - Oncology
  - Enhancing marketing, outreach and referral development
  - Executing planned clinical integration and physician alignment initiatives with key service line physicians
- Leveraging current technology, data and tools
- Enhancing human capital through recognition programs and continuous learning

## 2014 Consolidated Budget Summary Briefing

Following is a summary of the 2014 Consolidated Budget and a comparison to Projected 2013:

(Dollars in Millions)

Consolidated	2012 Audited	2013 Projected	2014 Budget	Variance 2014 B vs 2013 P	Var %
<b>Total Operating Revenue</b>	\$992.4	\$1,041.0	\$1,137.1	\$96.0	9.2%
<b>Total Operating Expense</b>	<u>\$952.3</u>	<u>\$1,024.6</u>	<u>\$1,130.2</u>	<u>(\$105.5)</u>	<u>-10.3%</u>
<b>Operating Gain</b>	\$40.1	\$16.4	\$6.9	<u>(\$9.5)</u>	<u>-58.0%</u>
<b>Nonoperating Revenue/(Expense):</b>					
<b>Meaningful Use Incentive</b>	\$3.8	\$1.7	\$6.6	<u>(\$1.1)</u>	<u>-63.3%</u>
<b>Investment Income</b>	\$3.9	\$2.2	\$2.0	<u>(\$2.2)</u>	<u>-10.2%</u>
<b>Market Adjustments</b>	<u>(\$1.1)</u>	<u>(\$1.4)</u>	<u>\$0.0</u>	<u>\$1.4</u>	<u>100.0%</u>
<b>Total Nonoperating Revenue</b>	\$6.6	\$2.5	\$2.6	\$1.1	3.2%
<b>Premium Deficiency Reserve</b>	<u>(\$4.2)</u>	\$0.0	\$0.0	\$0.0	0.0%
<b>Bottom Line</b>	<u><b>\$50.9</b></u>	<u><b>\$18.9</b></u>	<u><b>\$9.5</b></u>	<u><b>(\$9.4)</b></u>	<u><b>-49.7%</b></u>

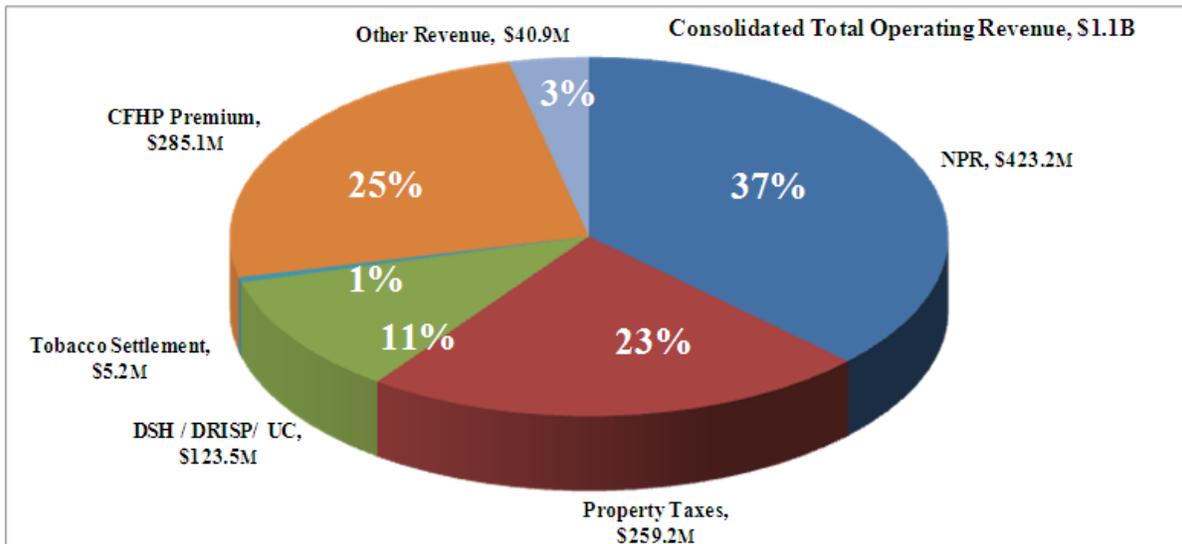
<b>Debt Service Revenue</b>	\$42.3	\$42.2	\$43.1	\$9.9	2.1%
<b>Debt Service</b>	\$42.3	\$42.2	\$43.1	\$9.9	2.1%
<b>Net Debt Service</b>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>0.0%</u>

<b>Capital Requirements</b>	<u><b>\$27.8</b></u>	<u><b>\$21.7</b></u>	<u><b>\$30.8</b></u>	<u><b>\$9.2</b></u>	<u><b>42.3%</b></u>
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- The Health System 2014 Consolidated Budget (Exhibit 3A) reflects a gain from operations of \$6.9 million and a bottom line gain of \$9.5 million after including non operating income of \$2.6 million. Excluding Community First Health Plans (CFHP), the Clinical Services (Exhibit 3B) reflect a \$160,000 gain from operations and a bottom line gain of \$2.5 million after interest income of \$1.7 million and meaningful use Incentive of \$637,000. CFHP (Exhibit 3C) reflects a gain from operations of \$6.7 million and a bottom line

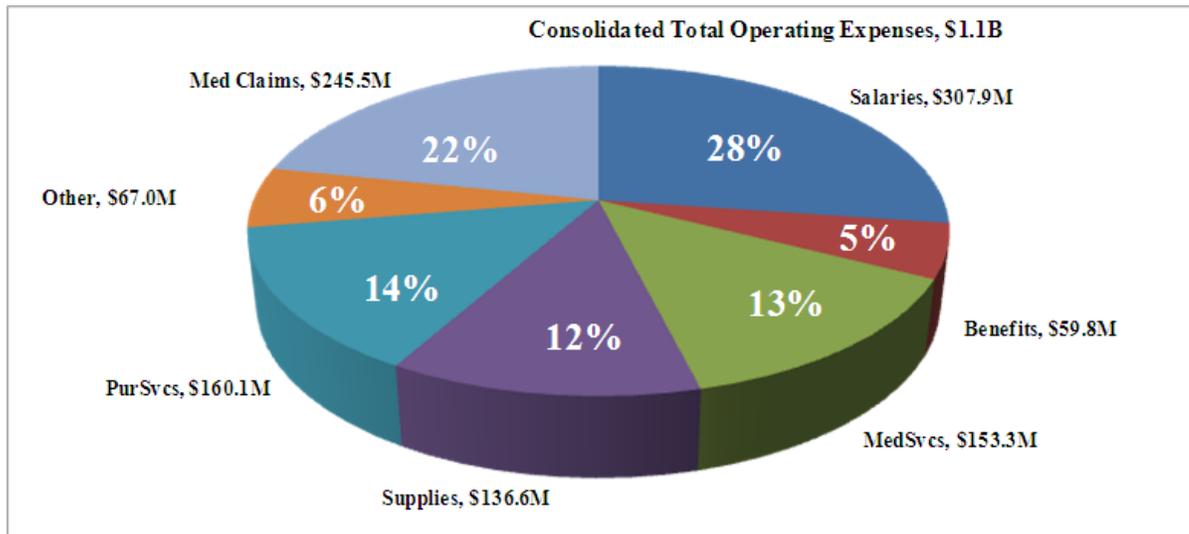
gain of \$7.0 million including interest income. No clinical service cuts are being reflected or planned at this time.

- The budget includes \$43.1 million in debt service (*page 23*) for University Health System’s Capital Improvement Program (CIP). The tax rate set to fund required debt service for 2014 is \$0.039635 per \$100 valuation (Exhibit 9). The BABs savings reflected in the 2014 debt service budget is \$8.3 million which includes a 7.2% Sequestration cut
- The 2014 Health System on-going capital budget for the clinical services includes \$30.0 million (Exhibit 15) in items that have been prioritized and approved by the capital committee. These capital items will be funded by cash flow from operations for the clinical services. The \$30.0 million excludes an additional \$300,000 in capital requests for Waiver DSRIP projects that will be funded with DSRIP funds. Capital requests for CFHP are \$821,220 (*page 27*).
- CIP budgeted cash flow for projects is \$141.0 million with funding coming from the remainder of bond proceeds available and funds from the \$120 millions set aside for the CIP. In addition, \$22.7 million will be spent on project enhancements from Board approved reserves from operations.
- A summary of Consolidated sources of funding is as follows:



On a consolidated basis, TOR is \$1.1 billion. Net Patient Revenue, (NPR) or collections from third party payors and patients represents the largest percent of TOR at 37%. Premium revenue from CFHP follows at 25%. Property taxes account for 23% of total operating revenue (a decline of 1% from the previous year) and DSH, DSRIP and UC account for 11%.

- A summary of Consolidated Total Operating Expense (TOE) is as follows:



On a consolidated basis, TOE is \$1.1 billion. Salaries and benefits represent the largest percentage at 33% followed by medical claims for CFHP at 22%. Purchased Services at 14%, Medical Services are at 13% and Supplies are 12% of TOE.

### **2014 Clinical Services Budget**

The Health System developed the 2014 Clinical Services Budget to incorporate the strategies and initiatives described in the preceding sections. The Operating Margin of \$160,000 reflects a decline from Projected 2013. The positive impact of the opening of the new UH Tower, continued expansion at RBG, the growth in Strategic Service lines and the Pediatric Transition Plan were offset by material reductions estimated in State and Federal reimbursement as well as one time and cost increases associated with the new facilities.

Below is a summary of the 2014 Clinical Service Budget and a comparison to Projected 2013:

(Dollars in Millions)

Clinical Services	2012 Audited	2013 Projected	2014 Budget	Variance 2014 B vs 2013 P	Var %
<b>Total Operating Revenue</b>	\$728.7	\$769.6	\$850.0	\$80.4	10.4%
<b>Total Operating Expense</b>	<u>\$684.6</u>	<u>\$757.6</u>	<u>\$849.8</u>	<u>(\$92.2)</u>	<u>-12.2%</u>
<b>Operating Gain</b>	\$44.2	\$12.0	\$2	<u>(\$11.8)</u>	<u>-98.7%</u>
<b>Meaningful Use Incentive</b>	\$3.8	\$1.7	\$0.6	<u>(\$1.1)</u>	<u>-63.3%</u>
<b>Investment Income</b>	\$3.6	\$2.1	\$1.7	<u>(\$0.4)</u>	<u>-20.1%</u>
<b>Market Adjustments</b>	<u>(\$1.1)</u>	<u>(\$1.4)</u>	<u>\$0</u>	<u>\$1.4</u>	<u>100.0%</u>
<b>Total Nonoperating Revenue</b>	\$6.4	\$2.5	\$2.3	<u>(\$0.1)</u>	<u>-4.9%</u>
<b>Bottom Line</b>	<b><u>\$50.6</u></b>	<b><u>\$14.4</u></b>	<b><u>\$2.5</u></b>	<b><u>(\$11.9)</u></b>	<b><u>-82.7%</u></b>

<b>Debt Service Revenue</b>	\$42.3	\$42.2	\$43.1	\$0.9	2.1%
<b>Debt Service</b>	\$42.3	\$42.2	\$43.1	\$0.9	2.1%
<b>Net Debt Service</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0%</u>

<b>Capital Requirements</b>	<b><u>\$27.8</u></b>	<b><u>\$21.3</u></b>	<b><u>\$30.0</u></b>	<b><u>\$8.7</u></b>	<b><u>40.7%</u></b>
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The Projected 2013 and 2014 Summary Statement of Revenues and Expenses is presented in **Exhibit 3B** and includes a comparison to Budget 2013. **Exhibit 4** is a walk forward of changes from the tax rate budget to the 2014 proposed budget.

### Access (Activity) Assumptions

UHS anticipates that activity in the 2014 Budget (**Exhibit 1**) will increase 14.0% based on adjusted discharges over levels projected for 2013.

The major factors contributing to this growth include:

- Full year operation of the RBG and expansion of clinic services
- Opening of the new University Hospital (UH) Tower on April 14, 2014
- Focus on strategic service lines

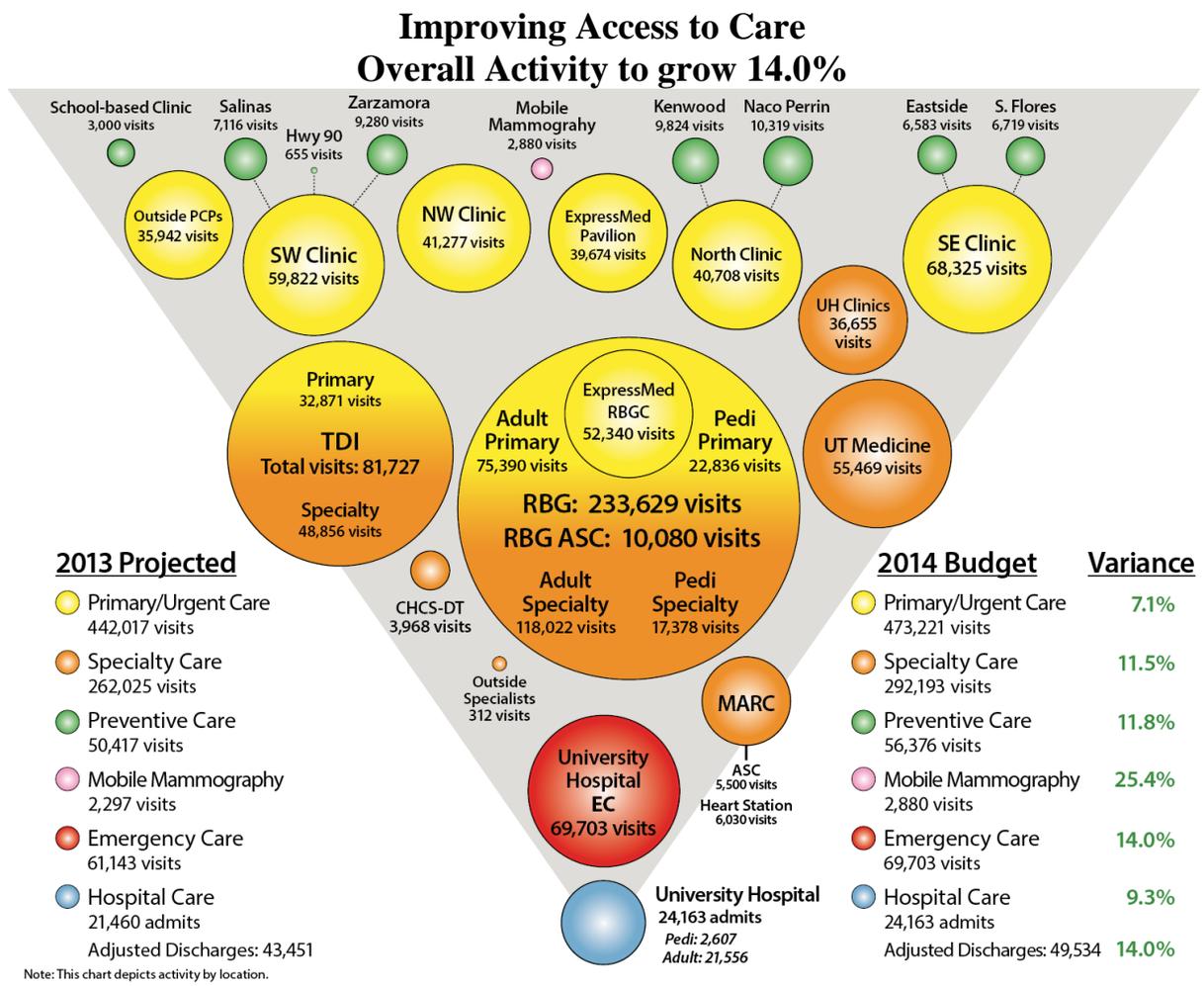
- Transition of Pediatric activity
- Opening of two Ambulatory Surgery Centers (ASC's).

The following is a brief summary of the changes in access (utilization) incorporated in the Preliminary 2014 Budget (Exhibit 2):

- Discharges include a 12.6% increase over 2013 projections. Strategic service lines reflecting the highest increases from 2013 are Pediatrics with 113.7%, Neuroscience with 16.5%, and Transplant with 15.0%.
- The Health System expects a continued focus on managing length of stay in 2014. As a result, average length of stay declines from 6.1 to 5.7, a decrease of 6.2%. The impact varies by service line. However, at the Health System level, it is important to note that this assumption improves operating performance by \$9.2 million or \$2.3 million for each 0.1 decline in average length of stay.
- Inpatient days for UH reflects a 5.6% increase over 2013 projection in spite of a 12.6% increase in IP discharges. This difference is attributed directly to the lower LOS. Heart and Vascular services anticipate having 13.8% fewer days in 2014. UH OP activity is expected to increase by 8.3%. This includes the addition of OP Pedi Dialysis and a 14.0 % increase in emergency center visits from 2013 in light of the new and expanded EC opening which is expected to lower the number of patients who now leave before being seen.
- Although there are differences in the rate of change by strategic service lines there is not a material change in CMI expected.
- Low acuity hospital OP Surgery activity is shifting to the MARC ASC and RBG ASC. In the past, physician demand for OP OR time could not be addressed due to capacity constraints (Exhibit 11). The shift of low acuity cases will now allow the Health System to respond more timely to outpatient surgery patient needs. As a result, it has been assumed that hospital OP surgery cases will decline as cases that remain will be of a higher acuity. However, the financial benefit of the higher acuity has not been measured. This change in acuity and resulting higher revenue and cost will be measured during the actual 2014 operating budget process.
- Total ambulatory outpatient visits show a 10.9% increase for 2014 over 2013 projected levels in light of the new ASC's at the MARC and RBG and RBG pediatrics services. There is also continued growth associated with the RBG hospital based clinics with 12,515 or an 11.7% increase and additional visits and Community Medicine Associates (CMA) physician services with 22,043 more visits or a 5.6% increase over projected 2013 levels.
- Overall outpatient activity (UH & Ambulatory) is projected to increase 10.1% in 2014.

- Several business plans impacting activity; IP Pediatric Transition, OP Pediatric Dialysis, OP RBG Pediatric general clinic, OP RBG pediatric specialty clinic, OP RBG and MARC ASC's are in place and actual activity levels will be monitored against them in 2014.
- IP Pediatric Transition plan is to grow IP discharges by 113.7% in 2014. This is an increase in average daily census from 19 in 2013 to 42 in 2014. In order to accommodate the pediatric transplant business associated with this activity, OP Pediatric Dialysis is scheduled to open late 2013. Moreover, as part of the total Pediatric Transition plan, RBG OP clinics (general and specialty) saw their first patients June 2013.

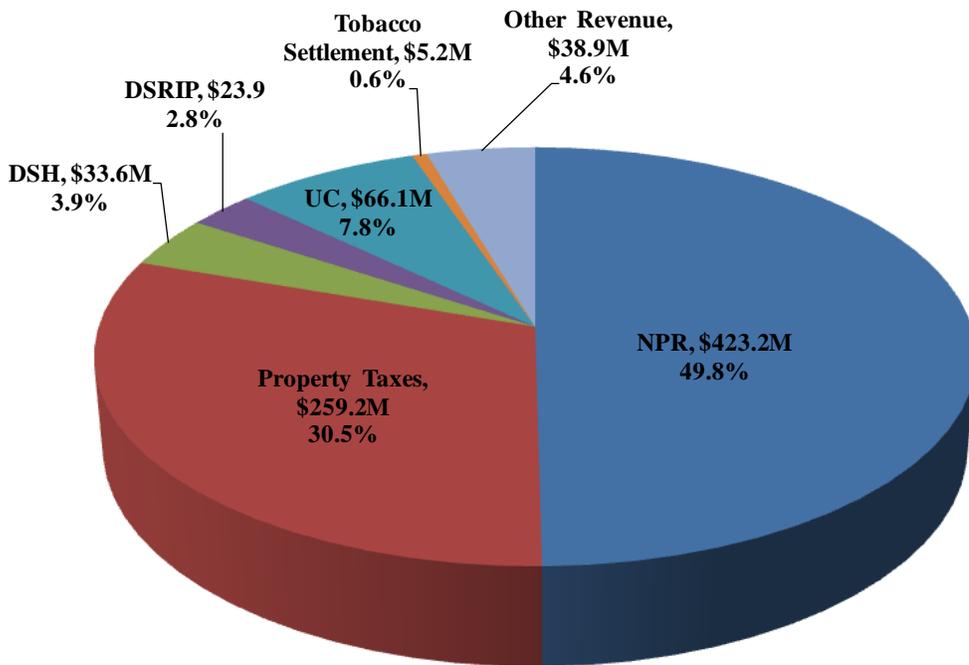
The following chart illustrates the relative magnitude of the utilization projections.



## Total Operating Revenue (TOR)

TOR is budgeted at \$850.0 million, which is \$80.4 million or 10.4% higher than the 2013 projected total. TOR growth is projected in spite of the Legislative impacts (Exhibit 6). The chart on the following pages shows NPR growing from 46.8% to 49.8% of TOR in light of the Pediatric Transition plan, growth in strategic service lines and continued management initiatives to maximize revenue collections. Property Taxes as a percent of TOR is declining 1.2%. A chart summarizing the changes in TOR by category and drivers that impact the changes is provided in Exhibit 12.

**2014 Budget TOR \$850.0M**

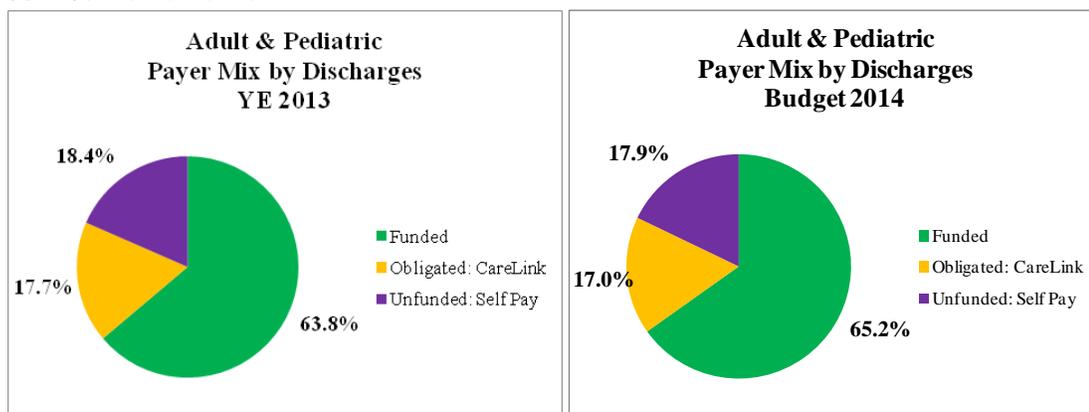


## Net Patient Revenue (NPR)

<b>Net Patient Revenue</b>			
(Dollars in Millions)	<b>2013 Projected</b>	<b>2014 Budget</b>	<b>% Var</b>
<b>Net Patient Revenue</b>	\$360.2	\$423.2	
Change		\$62.9	17.5%
<b>Net Patient Revenue per AD</b>	\$8,290.3	\$8,542.6	
Change		\$252.3	3.0%

The NPR was budgeted at the strategic service line level using the projected activity, gross revenue and actual payments by payer. The impact of the legislative changes has been estimated in light of information currently available. The following is a summary of the key NPR assumptions:

- Charge increases will be determined strategically through a management initiative with the Med Asset Revenue Cycle team. This strategic rate increase project is estimated to net \$2.1 million.
- Payer information by strategic service line was utilized to determine the mix of patients and no changes were made to payer mix within each strategic service line. However, the impact of adding an incremental 1,387 pediatric inpatient cases will move the Health Systems funded mix percent from 63.8% to 65.2% as follows:



A full break out the payer mix differences between the adult and pediatric inpatient cases is reflected in Exhibit 7. This demonstrated the positive

impact overall on the mix of patients served by the Health System that is due to the insight to develop and execute the Pediatric Transition Plan.

- Actual inpatient payment rates by service line from late 2012 and mid 2013 were utilized as the base for NPR. These rates were adjusted for known payment changes including State and Federal Legislative impacts (see Revenue impacts in Exhibit 6). In addition a 1% was added in light of higher NPR collection rates experienced to date.
- Key hospital outpatient service lines including outpatient surgery, observation, emergency service visits (treat and release) and all other were projected by payer and with the payments per visit adjusted for known changes in reimbursement by payer. The hospital outpatient surgery will decline and will provide care for more acute patient as there will be a shift of 2,500 outpatient cases to the ASC at the MARC.
- A chart showing the shift in operating room cases to the new tower and from inpatient versus outpatient cases at the two new ASCs is provided in Exhibit 11. Overall surgical cases are projected to grow by 59%. This positive shift has contributed to the overall increase in inpatient NPR of \$15.4 million including pediatrics.
- CMA and RBG clinic payments per visit were increased for the impact of an adjustment under the Affordable Care Act that pays primary care physicians Medicare payment rates for Medicaid patients.
- Approved business plan reimbursement rates were retained for the MARC and RBG ASCs and the pediatric transition plan. The pediatric plan was adjusted to move orthopedic admissions which will not transfer to UH in 2014 to higher paying cardiac, trauma and transplant surgical cases, resulting in an increase in NPR of \$3.1 million.

## **Legislative and Regulatory Assumptions Impacting Operating Revenue**

Regulations related to implementation of the Texas Medicaid Waiver program and the Federal Affordable Care Act (ACA) continue to evolve. The Health System utilized the best information available as of November 2013 to prepare the impact of Regulatory and Legislative impacts (**Exhibit 6**). All of the changes reflected in this chart, which total \$12.1 million (excluding BABs impact), have been reflected in the Projected 2013 and Budget 2014. The following are the key assumptions relative to legislative impacts on operating revenue:

- Federal Sequestration reductions of 2% will continue throughout 2014 and this impacts all Medicare payments.
- Another part of the ACA, are required fees for self-insured plans that must pay fees for research and re-insurance (this increases employee benefit costs by \$779,000 in 2014).

- Medicare payments for DSH changed which has a substantial positive impact on the Health System.
- Medicare outpatient payments will be reduced as a result of Medicare bundled services.
- As part of budget cuts made by the 83<sup>rd</sup> Texas Legislative Medicaid payments for outpatient services will decline.

### Property Tax for M&O

- Property tax revenue for operations (M&O) is projected to increase \$14.9 million in light of higher property values for Bexar County. Of this increase, \$5.1 million relates to taxes on new property values. Excluding CFHP, property taxes for operations as a percent of TOR declines from 31.7% projected for 2013 to 30.5% in the 2014 Budget.

A summary of the property taxes reflected is as follows:

	<b>Tax Rate</b>	<b>2013 Projected</b>	<b>2014 Budget</b>	<b>Change</b>	<b>% Change</b>
Dollars in 000's					
Operating (M&O)	0.236600	\$244,236	\$259,152	\$14,916	6.11%
Debt Service (I&S)	0.039635	\$42,250	\$43,070	\$820	1.94%
<b>Total Tax Rate</b>	<b>0.276235</b>	<b>\$286,486</b>	<b>\$302,222</b>	<b>\$15,736</b>	<b>5.49%</b>

**Exhibit 9** reflects the tax rate calculation and **Exhibit 10** reflects the impact of the tax rate change to the average homeowner and per \$100,000 home.

### DSRIP Funding

A chart reflecting the impact of DSRIP activity on revenue, operating and capital costs offset by the recognition of DSRIP funding and potential incentive opportunity is provided on **Exhibit 8**.

- DSRIP payments budgeted for 2014 are conservatively estimated to equal the cost invested in the programs which includes any capital investment. A larger opportunity exists when the Health System performs well on the incentive based quality measures.

## **DSH and UC**

Estimates for DSH and UC were made based on information known to date. These payments are both projected to decline due to the following unresolved matters:

- Final DSH database for SFY Sept 30, 2013 was published resulting in less DSH payments than projected:
  - Lawsuit against the State has been filed by Texas Children's on the handling of insurance payments to calculate the DSH, this reduced the state DSH payments by 10%.
  - Proposed plan is Regional, where UHS is responsible for providing IGT for Region 6.
- DSH for SFY 2014 may change in light of meetings between hospital and state Officials that are in process.
- Higher DSH IGT payments lower the hospital limit which lowers the UC payments
  - The UC tool application SFY 2013 and SFY 2014 has not been released to date.
  - There will be UC payment reductions (haircut), and the amounts are unknown and have not been released to date. It is assumed to increase in 2014.
  - UC will be subject to retroactive audit and if a higher amount is due no additional payment will be made but if lower hospitals will have to repay funds.
- Many of the unresolved issues relative to DSH and UC estimate will impact the Bexar County uncompensated care (UC) program. It is assumed that the transition plans pediatric physician costs will be covered by our affiliated partners. If this does not materialize for the remaining waiver period through September of 2016, it is possible that an amount of up to \$5.8 million will need to be paid from operations as opposed to BCCS payment.

## **Tobacco Settlement Fund**

Tobacco funding is unchanged at \$5.2 million.

## **Other Revenue**

Other Revenue of \$38.9 million includes an increase in cafeteria revenue for visitors and staff, sundry revenue from parking, disposal of assets, clinical research studies,

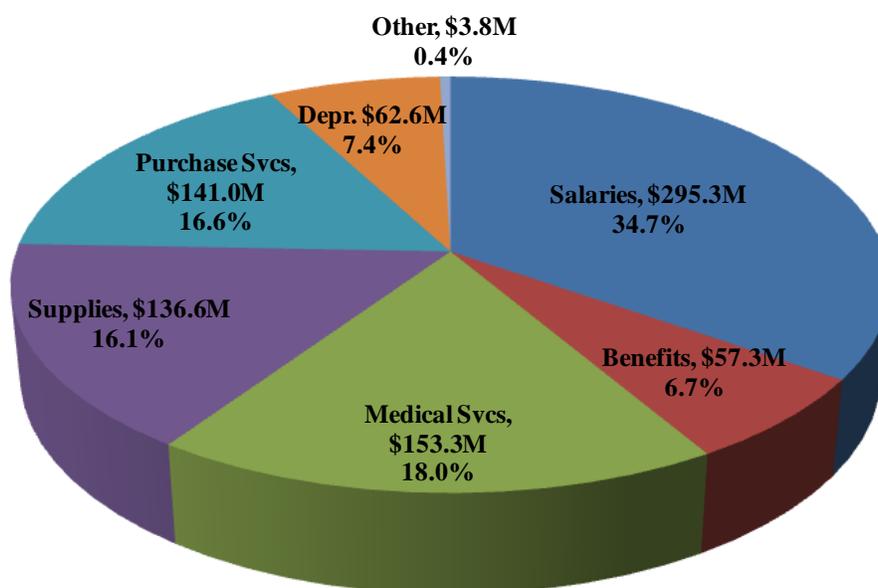
UT leased space at UH and TDI, pharmacy rebates, vendor rebates, medical records copies, facility lease at UHCDT reimbursement under the waiver for anchor administrative costs, and other miscellaneous items. Also included in other revenue are grants, and Foundation fund revenue.

- Grant Revenue increased \$1.4 million due to additional grants obtained and increases in the level of funding provided in 2013.
- Cafeteria and Parking revenue increased due to increased activity with the opening of the new UH Tower projected in 2014.
- \$8.5 million increase in Sundry Revenue, \$4.7 million of which is attributed to Pediatric Business Plans for reimbursement from UT for capital (\$435,000 and \$4.3 million projected loss in operations at the RBG pediatric clinics) and \$2.7 million attributed to an increase in 340B revenue.

<b>Other Revenue</b>			
(Dollars in Millions)	<b>2013 Projected</b>	<b>2014 Budget</b>	<b>% Var</b>
<b>Other Revenue</b>	\$27.6	\$38.9	
Change		\$11.3	41.0%

## Total Operating Expense (TOE)

TOE is budgeted at \$849.8 million which is a \$92.2 million or 12.2% increase over the 2013 projected total. For Clinical Services, salaries and benefits make up 41% of TOE. Medical Services, Purchased Services, and Supplies make up 18%, 17%, 16%, respectively, and other is 8%. A chart summarizing the changes in TOE by category and drivers that impact the changes is provided in Exhibit 13.



## Salaries

Salaries
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(Dollars in Millions)

	2013 Projected	2014 Budget	% Var
<b>Salaries</b>	\$275.0	\$295.3	
Change		(\$20.3)	(7.4%)
<b>Salaries per AD</b>	\$6,327.9	\$5,960.7	
Change		\$367.2	5.8%

Salary cost of \$295.3 million is \$20.3 million or 7.4% higher than 2013 projected.

- The staffing budget was built in EPSI, (the UHS budgeting and financial reporting system) using historical and benchmark productivity standards at the cost center / job class level. The salary budget was built based on the departmental activity budgets specific to each department, multiplied by the productivity targets for each job class and the hourly rates.
- New FTEs added to key areas to increase access, support expansion of key services, and cover additional area in new tower are summarized as follows:

	FTE's	Revenue Generating
<b>2013 Projected</b>	<b>5,405</b>	
Activity	157	Yes
Revenue Enhancement	14	Yes
DSRIP	106	Yes
Pediatric Services	118	Yes
ASC MARC & RBG	60	Yes
One Time Transitional Costs	34	No
New Tower	94	No
New Fixed FTE's	42	No
<b>2014 Total FTE's</b>	<b>6,030</b>	
Increase	625	455
Percent Increase	11.6%	

- A competitive pay adjustment of \$4.0 million in targeted areas for clinical areas, infrastructure departments, and allied health departments has been included.

## Employee Benefits

<b>Benefits</b>			
(Dollars in Millions)	<b>2013 Projected</b>	<b>2014 Budget</b>	<b>% Var</b>
<b>Benefits</b>	\$55.9	\$57.3	
Change		(\$1.3)	(2.4%)
<b>Benefits % of salaries</b>	20.3%	19.4%	
Change		0.9%	

Benefits of \$57.3 million are \$1.3 million or 2.4% higher than in 2013 projected.

- Decrease of \$1.4 million in OPEB funding due to change in cost share premium from 70/30 to 50/50 for retiree's and new hires not eligible after 6/30/12 – approved by the Board 5/29/12.
- Increases in health insurance and social security for new FTE's.

## Medical Services

<b>Medical Services</b>			
(Dollars in Millions)	<b>2013 Projected</b>	<b>2014 Budget</b>	<b>% Var</b>
<b>Medical Services</b>	\$135.8	\$153.3	
Change		(\$17.5)	(12.9%)
<b>Medical Services per AD</b>	\$3,124.5	\$3,095.0	
Change		\$29.5	0.9%

Medical Services of \$153.3 million reflects an increase of \$17.5 million or 12.9% from the estimated 2013 amount. This was the net result of a small increase in the supplemental Medicaid IGT payment under the regional UPL program and more

significant increase in CareLink, house staff, and CMA provider cost. On a per AD basis, medical services are declining 0.9%.

## Purchased Services

<b>Purchased Services</b>			
(Dollars in Millions)	<b>2013 Projected</b>	<b>2014 Budget</b>	<b>% Var</b>
<b>Purchased Services</b>	\$116.7	\$141.0	
Change		(\$24.3)	(20.9%)
<b>Purchased Services per AD</b>	\$2,684.8	\$2,846.6	
Change		(\$161.7)	(6.0%)

Purchased Services are budgeted overall at \$141.0 million and this is \$24.3 million or a 20.9% increase over the 2013 projection. Contributing to this increase are the following:

- Purchased services for the Pediatric transition plan, are budgeted at \$1.9 million.
- Maintenance contracts are up \$7.2 million with an increase of 30.9% over 2013 projected budget of \$23.2 million. The largest contributors are for new software, computer equipment for the new tower, and new clinical equipment.
- Professional Services – Patient Care Other is budgeted at \$10.6 million or an 82.3% increase over 2013 projected budget of \$5.8 million. Contributing to this increase is a new inpatient Renal Dialysis contract added due to the Pediatric transition plan, lab move, and a new nursing program with the UTHSCSA School of Nursing.
- Management Fees – Business Services is budgeted for \$8.9 million or a 109.1% increase over 2013 projected budget of \$4.3 million. Largest contributors include a MedAsset fee, Strategic Planning & Business Development initiatives, and marketing fees associated with branding and strategic management.
- Utilities are budgeted at \$12.4 million with an increase of 53.0% over 2013 projected budget of \$8.0 million due to the utility increase for the new tower (addition of 1 million square feet).
- One Time Transition cost of \$1.1 million for operating, maintenance and insurance costs for the new tower.

## Supplies

<b>Supplies</b>			
(Dollars in Millions)	<b>2013 Projected</b>	<b>2014 Budget</b>	<b>% Var</b>
<b>Supplies</b>	\$125.4	\$136.6	
Change		(\$11.2)	(8.9%)
<b>Supplies per AD</b>	\$2,885.8	\$2,757.3	
Change		\$128.5	4.5%

In 2014, supplies are budgeted at \$136.6 million which is an \$11.2 million or 8.9% increase over the estimate for 2013. The increase in supply cost is due to the following:

- \$12.5 million increase in Medical Supplies, \$5.4 million of which supports the new UHS Surgery Center and MARC Ambulatory Surgery Centers and \$2.6 million of which supports new pediatric initiatives
- \$4.4 million increase in Pharmaceuticals, \$3.5 million of which supports UH Inpatient Pharmacy due to expected increases in activity

## Other Expenses

Other Expenses are budgeted at \$66.2 million and reflect a 34.7% increase over 2013.

<b>Dollars are in millions</b>	<b>2013 Projected</b>	<b>2014 Budget</b>	<b>Var</b>	<b>Var %</b>
Depreciation	\$45.3	\$62.6	(\$17.2)	(38.0%)
Bexar County Appraisal District	\$1.7	\$1.6	\$0.1	5.9%
TIRZ	\$0.2	\$0.1	\$0.1	44.0%
CHCS /AACOG	\$1.9	\$1.9	\$0.0	0.0%
<b>Total</b>	<b>\$49.1</b>	<b>\$66.2</b>	<b>(\$17.1)</b>	<b>(34.7%)</b>

- Depreciation is budgeted at \$62.6 million and is up \$17.2 million or 38%.

Contributing to this increase is the placing of the new tower and the completion of CIP projects placed in service in 2014.

- The Bexar County Appraisal District fee provided their budget allocation to the Health System.
- Tax Investment Redevelopment Zone (TIRZ) fee was estimated from information provided by the City of San Antonio.
- Center for Health Care Services (CHCS) and Alamo Area Council of Governments (AACOG) expense is budgeted at the UHS sponsorship obligation level.

### **Non-Operating Revenue Assumptions**

- Decrease in Meaningful Use funding consistent with Medicare and Medicaid funding expectations.
- Investment Income projected to decline based on lower levels of cash projected from the spend down of the \$120 million in reserves dedicated to the CIP as well as low earning rates.
  - As longer term investments mature they are being reinvested in lower-yielding securities.
- Unrealized Gains/Losses are not budgeted.

## On-Going Capital Request

The on-going capital budget target for 2014 is recommended to be set at \$30 million. This amount includes \$5.0 million in 2013 projects deferred to 2014 to provide funding for the Children's Health program. The remaining \$24.8 million (less the contingency) has been prioritized by the Capital Committee and a detailed listing provided as Exhibit 14.

### 2014 Ongoing Capital Requirements

Priority	Committed	Contingency	Mandated (Regulatory Safety & Required Maintenance)	Replacement	Strategic (New Service / Expansion)	Grand Total
Essential: Cannot Function Without	\$ 5,649,210	\$ 183,709	\$ 5,150,355	\$ 4,568,673	\$ 1,236,450	\$ 16,788,398
Important: Necessary For Improvement	\$ 680,250		\$ 165,120	\$ 808,300	\$ 4,469,850	\$ 6,123,520
Proactive: Necessary To Avoid Problems	\$ 31,099		\$ 14,837	\$ 3,181,000	\$ 3,861,146	\$ 7,088,082
<b>Total Clinical Services</b>	<b>\$ 6,360,559</b>	<b>\$ 183,709</b>	<b>\$ 5,330,312</b>	<b>\$ 8,557,973</b>	<b>\$ 9,567,446</b>	<b>\$ 30,000,000</b>

## Debt Service Requirement

The following is a summary of the required principal and interest payments due on the Health Systems outstanding bonds. Included are the savings from the Build America Bonds (BABs) subsidies as well as the 7.2% sequestration reduction to the amount previously provided by the federal government.

### 2014 Budget Debt Service Summary

(Dollars in thousands)

Bond Issue:	2008 Tax Exempt CO's	2009A Tax Exempt CO's	2009B Taxable BABs CO's	2010B Taxable BABs CO's	2014 Budget Total
Principal	\$4,215	\$4,775	\$0	\$3,505	\$12,495
Interest	\$12,647	\$931	\$16,394	\$9,071	\$39,043
35% BABs Subsidy	\$0		(\$5,739)	(\$3,175)	(\$8,914)
Sequestration 7.2% cut			\$413	\$229	\$642
Use of reserve in the Debt Service Fund			(\$126)	(\$69)	(\$195)
<b>Total</b>	<b>\$16,862</b>	<b>\$5,706</b>	<b>\$10,943</b>	<b>\$9,560</b>	<b>\$43,071</b>

Debt Service Taxes

\$43,071

## 2014 Community First Health Plans Budget

For the 2014 budget year, Community First Health Plans will focus on several goals in order to position itself to succeed in the new era of healthcare reform. Some of these initiatives will not generate revenue in 2014, but are necessary to prepare for healthcare under new regulations. The following are goals identified in the budget.

- Continue building market share in government programs
- Enhance incentive programs with members and providers
- Achieve NCQA accreditation
- Convert to ICD-10
- Reduce utilization in several key area

Below is a summary of the 2014 CFHP budget and a comparison to projected 2013:

Statement of Revenues and Expenses

CFHP (Dollars are in Thousands)	2012 Audited	2013 Budget	2013 Projected	2014 Budget	Variance from Projected	% Variance
<b>Revenues</b>						
CFHP Remium Revenue	\$261,717	\$262,503	\$261,036	\$285,143	\$24,107	9.2%
Other Revenue	\$1,901	\$1,924	\$1,933	\$1,943	\$11	0.6%
<b>Total Operating Revenues</b>	<b>\$263,618</b>	<b>\$264,426</b>	<b>\$262,968</b>	<b>\$287,086</b>	<b>\$24,118</b>	<b>9.2%</b>
<b>Expenses</b>						
Salaries	\$10,750	\$12,414	\$10,785	\$12,605	(\$1,820)	(16.9%)
Benefits	\$2,333	\$2,659	\$2,316	\$2,494	(\$178)	(7.7%)
Purchased Services	\$11,878	\$13,633	\$12,490	\$19,095	(\$6,604)	(52.9%)
Depreciation and Amortization BAD/TIRZ	\$758	\$734	\$703	\$655	\$48	6.8%
Medical Claims Expense	\$241,977	\$232,781	\$237,545	\$245,510	(\$7,965)	(3.4%)
<b>Total Operating Expenses</b>	<b>\$267,697</b>	<b>\$262,222</b>	<b>\$263,838</b>	<b>\$280,358</b>	<b>(\$16,520)</b>	<b>(6.3%)</b>
<b>Gain (Loss) from Operations</b>	<b>(\$4,080)</b>	<b>\$2,205</b>	<b>(\$870)</b>	<b>\$6,728</b>	<b>\$7,598</b>	<b>873.3%</b>
Nonoperating Revenue/(Expense):						
Meaningful Use Funds						
Interest Income	\$244	\$275	\$183	\$287	\$104	56.5%
Realized Gain/Loss	(\$17)					
Unrealized Gain/Loss	\$27		(\$272)		\$272	(100.0%)
<b>Total Nonoperating Revenue/Expense</b>	<b>\$254</b>	<b>\$275</b>	<b>(\$89)</b>	<b>\$287</b>	<b>\$376</b>	<b>(423.4%)</b>
Premium Deficiency Reserve	(\$4,165)					
<b>Bottom Line</b>	<b>(\$7,991)</b>	<b>\$2,480</b>	<b>(\$959)</b>	<b>\$7,015</b>	<b>\$7,974</b>	<b>(8.3%)</b>
<b>Ongoing Capital Requirements</b>		<b>\$331</b>		<b>\$821</b>	<b>\$821</b>	

The budget includes a 4.4% growth in membership over 2013 Projected, a 2.9% growth in per member premium revenue, no growth in per member medical expense and an improved medical loss ratio from 86.9% projected in the 2013 Projected to 84.4% budgeted in 2014.

## Key Indicators

	2013 Projected	2014 Budget	% Increase (Decrease)
Members (excluding ASO)	118,880	125,083	5%
Member Months (excluding ASO)	1,416,573	1,464,556	3%
Premium (excluding ASO)	\$272.6 Million	\$287.8 Million	6%
Premium/Member Month (excluding ASO)	192	197	2%
Medical Expense/Member Month (excluding ASO)	\$ 168	\$ 168	0%
Medical Loss Ratio	86.9%	84.4%	(3%)
Administrative Expense/Mbr month (excl incentives)	\$ 18	\$ 19	8%
Excess of Revenue over Expenses	\$ 4,507,068	\$ 7,015,494	56%

Below is an analysis of the CFHP budget on a per member per month (pmpm) basis:

**Community First Health Plans, Inc.**  
2012 Actual, 2013 Budget, 2013 Projected and 2014 Budget

	2012 Actual	% pmpm premium	2013 Budget	% pmpm premium	2013 Projected	% pmpm premium	2014 Budget	% pmpm premium
Membership	127,272		130,436		131,572		137,383	
Member Months	1,558,238		1,536,053		1,564,728		1,611,856	
Revenue:								
Premium Revenue	\$ 263,609,775	\$ 169	\$ 264,426,425	\$ 172	\$ 274,539,701	\$ 175	\$ 289,735,682	\$ 180
Other Revenue	80,334		-		(3,123,069)		(2,649,216)	
Total Revenue	263,690,109		264,426,425		271,416,632		287,086,466	
Expenses:								
Medical Expense	241,995,309	\$ 155 91.8%	232,781,378	\$ 152 88.0%	238,555,231	\$ 152 86.9%	245,509,851	\$ 152 84.7%
Premium Deficiency	(4,165,424)		-		-		-	
Incentives	-		1,000,000		150,000		3,500,000	
Administrative	25,773,502	\$ 17 9.8%	28,440,331	\$ 18 10.7%	28,289,062	\$ 18 10.3%	31,348,208	\$ 19 10.8%
Total Expenses	263,603,387		262,221,709		266,994,293		280,358,059	
Net Underwriting Gain/(Loss)	86,722		2,204,716		4,422,339		6,728,407	
Investment Income	254,073		275,000		84,729		287,087	
Net Income	\$ 340,795		\$ 2,479,716		\$ 4,507,068		\$ 7,015,494	

## Premium Revenue:

- Medicaid medical premiums reflect the rate increase that was received September of 2013 until March of 2014, where a 5% premium rate reduction is projected for the medical portion of the premium. In September of 2014, another 3% premium rate reduction is projected on the medical portion of the premium. CHIP is projected to decrease 1% in March of 2014 and another 1% in September of 2014.
- Medicaid/CHIP Pharmacy premiums projected to be at current rates throughout

2014.

- Commercial Premiums projected to increase 6% in September 2014
- Budget conservatively assumes 25% of the 4% of premium (or 1% of premium) at risk for Medicaid and CHIP in 2014 will be paid back to HHSC (shown as negative “Other Revenue” in the 2014 budget).

## **Medical Expense**

- Savings of \$1.5 million for utilization reductions in Emergency Room visits, therapy visits and pharmacy utilization.
- Trend adjustment was made for potential network changes in 2014
- 6% increase in claim expense for Commercial product
- Medical Expense for Projected 2013 averages \$152 pmpm. The 2014 budget holds the per member cost flat, due to limited experience with the new contracts from both a time perspective and seasonality.
- Management believes there is potential for significant change in admission patterns in 2014, causing a potential unfavorable change in average cost per admission. Trend factors were added to account for the potential of that change. One major facility’s contract will be up for renewal in late 2014, and another has the possibility of coming back into the network in 2014. This could cause changes in admission patterns, and therefore medical cost.

## **Administrative Costs**

<i>Administrative Cost Increases in 2014</i>	
<i>Over 2013 Budget levels</i>	
<b>Costs related to building market share</b>	\$480,000
<b>Provider Incentive program enhancements</b>	\$2,500,000
<b>ICD-10</b>	\$310,000
<b>NCQA Certification</b>	\$428,000
<b>Predictive Modeling system</b>	\$250,000
<b>Additional Premium/Maintenance/Sales Tax</b>	\$519,000
<b>Other Increases</b>	\$988,000

Other increases were primarily related to fees associated with 1) COB recoveries, 2) additional Health Services Management support in pharmacy, behavioral health and medical record review, 3) Network Development staffing enhancements as well as directory automation, and 4) additional staff development in the Information Services Department.

**Capital Budget- Community First Health Plans**

<b>Community First Health Plans, Inc.</b>	
<b>Capital Budget Items</b>	
<b>Year 2014</b>	
<b>Item</b>	<b>Total Cost</b>
<b>Servers</b>	<b>\$ 150,000</b>
<b>APC Battery &amp; Capacitor Replacement</b>	<b>\$ 66,000</b>
<b>Cisco Member Call Recording System</b>	<b>\$ 60,000</b>
<b>Cisco Switches</b>	<b>\$ 30,000</b>
<b>Encounter Preprocessor</b>	<b>\$ 8,000</b>
<b>Computer Equipment</b>	<b>\$ 85,220</b>
<b>Amisys Advance Hardware Platform Update</b>	<b>\$ 310,000</b>
<b>Desktop &amp; Cell Phones</b>	<b>\$ 2,500</b>
<b>Crystal Software</b>	<b>\$ 2,500</b>
<b>Tape Backup System</b>	<b>\$ 85,000</b>
<b>Leasehold Improvements</b>	<b>\$ 15,000</b>
<b>Windows Upgrade</b>	<b>\$ 7,000</b>
<b>Totals</b>	<b>\$ 821,220</b>

# **EXHIBITS**

**University Health System  
2014 Operating Budget  
Summary Inpatient and Outpatient Activity**

**Exhibit 1**

Activity	2012 Actual	2013 YE	2014 Budget	Variance 2014 vs 2013 YE	Variance %
<b>University Hospital Inpatient Activity</b>					
Discharges	21,218	21,460	24,163	2,703	12.6%
Patient Days	129,770	130,656	138,030	7,374	5.6%
<b>Average Length of Stay (ALOS)</b>	<b>6.1</b>	<b>6.1</b>	<b>5.7</b>	<b>(0.4)</b>	<b>(6.2%)</b>
Births	2,763	2,762	2,819	57	2.1%
NICU Average Daily Census *	36.8	40.5	42.1	1.6	4.0%
<b>UH Outpatient Visits</b>					
Emergency Center	61,510	61,143	69,703	8,560	14.0%
Outpatient Surgery	7,977	7,988	5,172	(2,816)	(35.3%)
Observation	5,249	4,690	5,159	469	10.0%
Ancillary Services (1)	206,723	207,229	223,509	16,280	7.9%
Pediatric Dialysis per Business Plan		832	1,664	832	100.0%
<b>Total UH Outpatient Visits</b>	<b>281,459</b>	<b>281,882</b>	<b>305,207</b>	<b>23,325</b>	<b>8.3%</b>
<b>Ambulatory Clinic Visits</b>					
RBG Outpatient Visits	108,426	131,407	170,216	38,809	29.5%
CMA RBG Physician Visits	57,425	61,274	63,413	2,139	3.5%
TDI Outpatient Visits	39,207	39,155	41,945	2,790	7.1%
CMA TDI Physician Visits	35,190	32,687	39,782	7,095	21.7%
CMA Preventive Health Clinics Physician Visits	47,845	48,120	53,496	5,376	11.2%
CMA Physician Visits (N,NW,SE,SW)	226,282	250,054	257,487	7,433	3.0%
Ancillary Services (1)	140,697	143,364	156,468	13,104	9.1%
<b>Total Ambulatory Clinic Visits</b>	<b>655,072</b>	<b>706,061</b>	<b>782,807</b>	<b>76,746</b>	<b>10.9%</b>
<b>UH Outpatient &amp; Ambulatory Clinic Visits</b>	<b>936,531</b>	<b>987,943</b>	<b>1,088,014</b>	<b>100,071</b>	<b>10.1%</b>
<b>Adjusted Discharges (2)</b>	<b>42,647</b>	<b>43,451</b>	<b>49,534</b>	<b>6,083</b>	<b>14.0%</b>
*NICU ADC by nursing unit (dept)					
(1) Imaging, catscans, cathlab, therapy, and lab tests, MARC, & MARC ASC					
(2) This is an overall indicator of activity based on the relationship of charges for inpatients versus outpatients. The factor is 2.02 in 2013 and 2.05 in 2014.					

## 2014 Operating Budget

## Inpatient and Outpatient Activity By Service Line

Activity	2012 Actual	2013 YE	2014 Budget	Variance 2014 vs 2013 YE	Variance %
<b>University Hospital Inpatient Discharges</b>					
Womens & Neonates	4,478	4,441	4,552	111	2.5%
Trauma	1,224	1,206	1,242	36	3.0%
Transplant	115	113	130	17	15.0%
Orthopedics	1,407	1,409	1,522	113	8.0%
Neuroscience	1,501	1,519	1,770	251	16.5%
Heart & Vascular	2,669	2,903	3,058	155	5.3%
All Other Adult Service Lines	8,790	8,649	9,282	633	7.3%
Pediatrics	1,034	1,220	2,607	1,387	113.7%
<b>Discharges</b>	<b>21,218</b>	<b>21,460</b>	<b>24,163</b>	<b>2,703</b>	<b>12.6%</b>
<b>Inpatient Days</b>					
Womens & Neonates	23,220	23,844	25,236	1,392	5.8%
Trauma	7,854	7,332	7,452	120	1.6%
Transplant	1,163	1,131	1,134	3	0.3%
Orthopedics	7,709	6,676	7,099	423	6.3%
Neuroscience	8,237	8,157	11,452	3,295	40.4%
Heart & Vascular	19,730	21,904	18,889	(3,015)	(13.8%)
All Other Adult Service Lines	56,443	54,736	51,393	(3,343)	(6.1%)
Pediatrics	5,414	6,876	15,375	8,499	123.6%
<b>Total Patient Days</b>	<b>129,770</b>	<b>130,656</b>	<b>138,030</b>	<b>7,374</b>	<b>5.6%</b>
<b>Average Length of Stay (ALOS)</b>	<b>6.1</b>	<b>6.1</b>	<b>5.7</b>	<b>(0.4)</b>	<b>(6.2%)</b>
Births	2,763	2,762	2,819	57	2.1%
NICU Average Daily Census	36.3	40.5	42.1	1.6	4.0%
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Emergency Center	61,510	61,143	69,703	8,560	14.0%
Outpatient Surgery	7,977	7,988	5,172	(2,816)	(35.3%)
Observation	5,249	4,690	5,159	469	10.0%
Ancillary Services (1)	206,723	207,229	223,509	16,280	7.9%
Pediatric Dialysis		832	1,664	832	100.0%
<b>Total UH Outpatient Visits</b>	<b>281,459</b>	<b>281,882</b>	<b>305,207</b>	<b>23,325</b>	<b>8.3%</b>
<b>Ambulatory Clinic Visits</b>					
RBG Outpatient Visits	108,426	107,407	119,922	12,515	11.7%
RBG ASC		5,040	10,080	5,040	100.0%
RBG Pediatric		18,960	40,214	21,254	112.1%
CMA RBG Physician Visits	57,425	61,274	63,413	2,139	3.5%
TDI Outpatient Visits	39,207	39,155	41,945	2,790	7.1%
CMA TDI Physician Visits	35,190	32,687	39,782	7,095	21.7%
CMA Preventive Health Clinics Physician Visits	47,845	48,120	53,496	5,376	11.2%
CMA Physician Visits (N,NW,SE,SW)	226,282	250,054	257,487	7,433	3.0%
MARC/ Heart Station	4,835	5,482	6,030	548	10.0%
MARC ASC			5,500	5,500	100.0%
Ancillary Services (1)	135,862	137,882	144,938	7,056	5.1%
<b>Total Ambulatory Clinic Visits</b>	<b>655,072</b>	<b>706,061</b>	<b>782,807</b>	<b>76,746</b>	<b>10.9%</b>
<b>UH Outpatient &amp; Ambulatory Clinic Visits</b>	<b>936,531</b>	<b>987,943</b>	<b>1,088,014</b>	<b>100,071</b>	<b>10.1%</b>
<b>Adjusted Discharges (2)</b>	<b>42,647</b>	<b>43,451</b>	<b>49,534</b>	<b>6,083</b>	<b>14.0%</b>

\*NICU ADC by nursing unit (dept)

(1) Imaging, catscans, cathlab, therapy, and lab tests

(2) This is an overall indicator of activity based on the relationship of charges for inpatients versus outpatients. The factor is 2.02 in 2013 and 2.05 in 2014.

## Statement of Revenues and Expenses

Consolidated (Dollars are in Thousands)	2012 Audited	2013 Budget	2013 Projected	2014 Budget	Variance from Projected	% Variance
<b>Revenues</b>						
Net Patient Service Revenue	\$341,981	\$341,909	\$360,224	\$423,152	\$62,928	17.5%
Property Taxes M & O	\$238,334	\$243,609	\$244,236	\$259,152	\$14,916	6.1%
Disproportionate Share Revenue	\$15,400	\$18,447	\$34,703	\$33,551	(\$1,152)	(3.3%)
DSRIP Revenue	\$11,649	\$17,292	\$22,591	\$23,850	\$1,259	5.6%
Uncompensated Care (UC) Revenue	\$92,791	\$90,609	\$75,044	\$66,143	(\$8,901)	(11.9%)
Tobacco Settlement Fund	\$5,623	\$5,623	\$5,201	\$5,201	\$0	0.0%
CFHP Premium Revenue	\$263,610	\$262,503	\$274,540	\$285,143	\$10,603	3.9%
Other Revenue	<u>\$23,052</u>	<u>\$25,770</u>	<u>\$24,476</u>	<u>\$40,866</u>	<u>\$16,390</u>	<u>67.0%</u>
<b>Total Operating Revenues</b>	<b>\$992,440</b>	<b>\$1,005,762</b>	<b>\$1,041,015</b>	<b>\$1,137,057</b>	<b>\$96,042</b>	<b>9.2%</b>
<b>Expenses</b>						
Salaries	\$264,378	\$283,664	\$285,740	\$307,864	(\$22,124)	(7.7%)
Benefits	\$58,502	\$58,946	\$58,242	\$59,766	(\$1,524)	(2.6%)
Medical Services	\$110,544	\$118,301	\$135,762	\$153,309	(\$17,547)	(12.9%)
Supplies	\$118,907	\$119,183	\$125,393	\$136,584	(\$11,191)	(8.9%)
Purchased Services	\$111,105	\$129,723	\$131,295	\$160,098	(\$28,802)	(21.9%)
Depreciation and Amortization	\$43,220	\$48,336	\$46,023	\$63,219	(\$17,196)	(37.4%)
Medical Claims Expense	\$241,995	\$232,781	\$238,555	\$245,510	(\$6,955)	(2.9%)
BAD/TIRZ	\$1,770	\$1,824	\$1,693	\$1,870	(\$177)	(10.5%)
CHCS Expense /AACOG Match	<u>\$1,911</u>	<u>\$1,928</u>	<u>\$1,928</u>	<u>\$1,950</u>	<u>(\$22)</u>	<u>(1.1%)</u>
<b>Total Operating Expenses</b>	<b>\$952,332</b>	<b>\$994,685</b>	<b>\$1,024,631</b>	<b>\$1,130,169</b>	<b>(\$105,538)</b>	<b>(10.3%)</b>
<b>Gain (Loss) from Operations</b>	<b>\$40,108</b>	<b>\$11,076</b>	<b>\$16,384</b>	<b>\$6,888</b>	<b>(\$9,496)</b>	<b>(58.0%)</b>
Nonoperating Revenue/(Expense):						
Meaningful Use Funds	\$3,839	\$1,899	\$1,738	\$637	(\$1,101)	(63.3%)
Interest Income	\$3,893	\$2,872	\$2,214	\$1,988	(\$226)	(10.2%)
Realized Gain/Loss	(\$17)					
Unrealized Gain/Loss	<u>(\$1,093)</u>	\$	<u>(\$1,409)</u>	\$	<u>\$1,409</u>	<u>100.0%</u>
<b>Total Nonoperating Revenue/Expense</b>	<b>\$6,623</b>	<b>\$4,771</b>	<b>\$2,543</b>	<b>\$2,625</b>	<b>\$82</b>	<b>3.2%</b>
Premium Deficiency Reserve	(\$4,165)					
<b>Bottom Line</b>	<b><u>\$50,896</u></b>	<b><u>\$15,847</u></b>	<b><u>\$18,927</u></b>	<b><u>\$9,513</u></b>	<b><u>(\$9,414)</u></b>	<b><u>(49.7%)</u></b>
<b>Debt Service</b>						
Debt Service Revenue (Property Tax I & S)	\$42,345	\$42,202	\$42,202	\$43,070	\$868	2.1%
Debt Service	<u>\$42,345</u>	<u>\$42,202</u>	<u>\$42,202</u>	<u>\$43,070</u>	<u>\$868</u>	<u>2.1%</u>
<b>Net Debt Service</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>		<b><u>0.0%</u></b>
<b>Ongoing Capital Requirements</b>	<b>\$25,000</b>	<b>\$27,331</b>	<b>\$21,659</b>	<b>\$30,821</b>	\$9,162	42.3%
<b>CIP Capital Enhancements</b>	<b><u>\$2,800</u></b>	<b><u>(\$5,672)</u></b>				
<b>Total Capital Enhancements</b>	<b><u>\$27,800</u></b>	<b><u>\$21,659</u></b>	<b><u>\$21,659</u></b>	<b><u>\$30,821</u></b>	\$9,162	42.3%

## Statement of Revenues and Expenses

Clinical Services (Dollars are in Thousands)	2012 Audited	2013 Budget	2013 Projected	2014 Budget	Variance from Projected	% Variance
<b>Adjusted Discharges</b>	42,647	39,894	43,451	49,534	6,083	14.0%
<b>Revenues</b>						
Net Patient Service Revenue	\$341,981	\$341,909	\$360,224	\$423,152	\$62,928	17.5%
Property Taxes M & O	\$238,334	\$243,609	\$244,236	\$259,152	\$14,916	6.1%
Disproportionate Share Revenue	\$15,400	\$18,447	\$34,703	\$33,551	(\$1,152)	(3.3%)
DSRIP Revenue	\$11,649	\$17,292	\$22,591	\$23,850	\$1,259	5.6%
Uncompensated Care (UC) Revenue	\$92,791	\$90,609	\$75,044	\$66,143	(\$8,901)	(11.9%)
Tobacco Settlement Fund	\$5,623	\$5,623	\$5,201	\$5,201	\$0	0.0%
Other Revenue	\$22,972	\$23,846	\$27,599	\$38,922	\$11,323	41.0%
<b>Total Operating Revenues</b>	<b>\$728,750</b>	<b>\$741,335</b>	<b>\$769,598</b>	<b>\$849,971</b>	<b>\$80,372</b>	<b>10.4%</b>
<b>Expenses</b>						
Salaries	\$253,628	\$271,249	\$274,955	\$295,259	(\$20,304)	(7.4%)
Benefits	\$56,169	\$56,287	\$55,926	\$57,272	(\$1,346)	(2.4%)
Medical Services	\$110,544	\$118,301	\$135,762	\$153,309	(\$17,547)	(12.9%)
Supplies	\$118,907	\$119,183	\$125,393	\$136,584	(\$11,191)	(8.9%)
Purchased Services	\$99,174	\$116,090	\$116,660	\$141,003	(\$24,343)	(20.9%)
Depreciation and Amortization	\$42,461	\$47,602	\$45,320	\$62,563	(\$17,243)	(38.0%)
BAD/TIRZ	\$1,770	\$1,824	\$1,693	\$1,870	(\$177)	(10.5%)
CHCS Expense /AACOG Match	\$1,911	\$1,928	\$1,928	\$1,950	(\$22)	(1.1%)
<b>Total Operating Expenses</b>	<b>\$684,564</b>	<b>\$732,463</b>	<b>\$757,637</b>	<b>\$849,811</b>	<b>(\$92,174)</b>	<b>(12.2%)</b>
<b>Gain (Loss) from Operations</b>	<b>\$44,186</b>	<b>\$8,872</b>	<b>\$11,961</b>	<b>\$160</b>	<b>(\$11,802)</b>	<b>(98.7%)</b>
Nonoperating Revenue/(Expense):						
Meaningful Use Funds	\$3,839	\$1,899	\$1,738	\$637	(\$1,101)	(63.3%)
Interest Income	\$3,650	\$2,597	\$2,129	\$1,701	(\$428)	(20.1%)
Unrealized Gain/Loss	(\$1,120)	\$0	(\$1,409)	\$0	\$1,409	100.0%
<b>Total Nonoperating Revenue/Expense</b>	<b>\$6,369</b>	<b>\$4,496</b>	<b>\$2,458</b>	<b>\$2,338</b>	<b>(\$120)</b>	<b>(4.9%)</b>
<b>Bottom Line Excluding Debt Service</b>	<b>\$50,555</b>	<b>\$13,367</b>	<b>\$14,419</b>	<b>\$2,497</b>	<b>(\$11,922)</b>	<b>(82.7%)</b>
<b>Debt Service</b>						
Debt Service Revenue (Property Tax I & S)	\$42,345	\$42,202	\$42,202	\$43,070	\$868	2.1%
Debt Service	\$42,345	\$42,202	\$42,202	\$43,070	\$868	2.1%
<b>Net Debt Service</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>
<b>Ongoing Capital Requirements</b>	<b>\$25,000</b>	<b>\$27,000</b>	<b>\$21,328</b>	<b>\$30,000</b>	<b>\$8,672</b>	<b>40.7%</b>
<b>CIP Capital Enhancements</b>	<b>\$2,800</b>	<b>(\$5,672)</b>				
<b>Total Capital Enhancements</b>	<b>\$27,800</b>	<b>\$21,328</b>	<b>\$21,328</b>	<b>\$30,000</b>	<b>\$8,672</b>	<b>40.7%</b>

## Statement of Revenues and Expenses

CFHP (Dollars are in Thousands)	2012 Audited	2013 Budget	2013 Projected	2014 Budget	Variance from Projected	% Variance
<b>Revenues</b>						
CFHP Remium Revenue	\$263,610	\$262,503	\$274,540	\$285,143	\$10,603	3.9%
Other Revenue	<u>\$80</u>	<u>\$1,924</u>	<u>(\$3,123)</u>	<u>\$1,943</u>	<u>\$5,067</u>	<u>(162.2%)</u>
<b>Total Operating Revenues</b>	<b>\$263,690</b>	<b>\$264,426</b>	<b>\$271,417</b>	<b>\$287,086</b>	<b>\$15,670</b>	<b>5.8%</b>
<b>Expenses</b>						
Salaries	\$10,750	\$12,414	\$10,785	\$12,605	(\$1,820)	(16.9%)
Benefits	\$2,333	\$2,659	\$2,316	\$2,494	(\$178)	(7.7%)
Purchased Services	\$11,931	\$13,633	\$14,635	\$19,095	(\$4,459)	(30.5%)
Depreciation and Amortization	\$758	\$734	\$703	\$655	\$48	6.8%
BAD/TIRZ						
Medical Claims Expense	\$241,995	\$232,781	\$238,555	\$245,510	(\$6,955)	(2.9%)
<b>Total Operating Expenses</b>	<b>\$267,768</b>	<b>\$262,222</b>	<b>\$266,994</b>	<b>\$280,358</b>	<b>(\$13,364)</b>	<b>(5.0%)</b>
<b>Gain (Loss) from Operations</b>	<b>(\$4,078)</b>	<b>\$2,205</b>	<b>\$4,423</b>	<b>\$6,728</b>	<b>\$2,306</b>	<b>(52.1%)</b>
Nonoperating Revenue/(Expense):						
Meaningful Use Funds						
Interest Income	\$244	\$275	\$85	\$287	\$202	238.8%
Realized Gain/Loss	(\$17)					
Unrealized Gain/Loss	<u>\$27</u>					
<b>Total Nonoperating Revenue/Expense</b>	<b>\$254</b>	<b>\$275</b>	<b>\$85</b>	<b>\$287</b>	<b>\$202</b>	<b>238.8%</b>
Premium Deficiency Reserve	<u>(\$4,165)</u>					
<b>Bottom Line</b>	<b><u>\$341</u></b>	<b><u>\$2,480</u></b>	<b><u>\$4,507</u></b>	<b><u>\$7,015</u></b>	<b><u>\$2,508</u></b>	<b><u>55.6%</u></b>
<b>Ongoing Capital Requirements</b>		<b><u>\$331</u></b>	<b><u>\$331</u></b>	<b><u>\$821</u></b>	<b><u>\$490</u></b>	<b><u>148.1%</u></b>

## Exhibit 4

### WALK FORWARD FOR TAX RATE 2014 TO BUDGET 2014

(in millions)

Tax Rate: Operating Margin	\$13.9
Pediatric change in patient mix	\$3.1
Enhanced patient collections	\$4.1
Medicare DSH	\$2.6
Med Assets: charge capture and denial management/revenue cycle	\$5.9
ACA Medicaid Primary Care at Medicare rates	\$2.4
Other	\$2.2
Enhanced Pediatric Services	(\$4.3)
CMA: activity/filled vacancies	(\$2.9)
Maintenance Contracts: mostly IT (new tower)	(\$6.0)
New FTEs	(\$7.7)
Ongoing Cost: new tower	(\$1.0)
Business Development	(\$2.5)
Competitive Pay	(\$2.3)
Other	(\$4.3)
Depreciation	(\$3.0)
<b>Budget 2014: Operating Margin</b>	<b>\$0.2</b>

## University Health System

## Activity and Net Patient Revenue (NPR) Analysis

Service Line	Revenue in Thousands											
	2013 Projected			2014 Budget			Variance			% Variance		
	Activity (Exhibit 2)	Net Patient Revenue	Payment Per Discharge/ Visit									
<b>Net Inpatient Revenue by Service Line</b>												
Womens & Neonate	4,441	\$27,690	\$6,235	4,552	\$28,004	\$6,152	111	\$314	(\$83)	2.5%	1.1%	(1.3%)
Trauma	1,206	\$21,808	\$18,083	1,242	\$22,345	\$17,991	36	\$537	(\$92)	3.0%	2.5%	(0.5%)
Transplant	113	\$9,228	\$81,660	130	\$10,430	\$80,233	17	\$1,203	(\$1,428)	15.0%	13.0%	(1.7%)
Orthopedics	1,409	\$12,961	\$9,198	1,522	\$13,633	\$8,957	113	\$672	(\$241)	8.0%	5.2%	(2.6%)
Neuroscience	1,519	\$13,671	\$9,000	1,770	\$15,387	\$8,693	251	\$1,716	(\$307)	16.5%	12.6%	(3.4%)
Heart & Vascular	2,903	\$41,319	\$14,233	3,058	\$41,734	\$13,648	155	\$416	(\$586)	5.3%	1.0%	(4.1%)
All Other Adlut Service Lines	8,649	\$55,614	\$6,430	9,282	\$57,502	\$6,195	633	\$1,889	(\$235)	7.3%	3.4%	(3.7%)
Pediatrics	1,220	\$17,733	\$14,536	2,607	\$41,370	\$15,869	1,387	\$23,636	\$1,333	113.7%	133.3%	9.2%
Cost report Pass Through	-	\$13,235	\$100	-	\$13,897	\$100	-	\$662	\$0	0.0%	5.0%	0.0%
New Medicare DSH Add-on	-	\$3,144	\$100	-	\$12,575	\$100	-	\$9,431	\$0	0.0%	300.0%	0.0%
Subtotal	21,460	\$198,669	\$9,258	24,163	\$223,213	\$9,238	2,703	\$24,544	(\$20)	12.6%	12.4%	(0.2%)
Revenue Cycle Enhancements	-	\$0	\$0	-	\$7,705	\$0	-	\$7,705	\$0	0.0%	0.0%	0.0%
<b>Total Inpatient Revenue</b>	<b>21,460</b>	<b>\$216,402</b>	<b>\$10,084</b>	<b>24,163</b>	<b>\$264,582</b>	<b>\$10,950</b>	<b>2,703</b>	<b>\$48,180</b>	<b>\$866</b>	<b>12.6%</b>	<b>22.3%</b>	<b>8.6%</b>
<b>Net Outpatient Revenue by Service Line</b>												
Emergency Center	61,143	\$13,922	\$228	69,703	\$15,642	\$224	8,560	\$1,720	(\$3)	14.0%	12.4%	(1.4%)
Outpatient Surgery	7,988	10,453	\$1,309	5,172	\$6,949	\$1,344	(2,816)	(\$3,505)	\$35	(35.3%)	(33.5%)	2.7%
Observation	4,690	6,690	\$1,426	5,159	\$7,441	\$1,442	469	\$751	\$16	10.0%	11.2%	1.1%
Ancillary Services	207,229	22,066	\$106	223,509	\$23,293	\$104	16,280	\$1,226	(\$2)	7.9%	5.6%	(2.1%)
Pediatric Dialysis	832	166	\$200	1,664	\$332	\$200	832	\$166	\$0	100.0%	100.0%	0.0%
Outpatient Visits	289,926	25,046	\$86	312,835	\$24,718	\$79	22,909	(\$328)	(\$7)	7.9%	(1.3%)	(8.5%)
RBG ASC	5,040	2,723	\$540	10,080	\$5,447	\$540	5,040	\$2,724	\$0	100.0%	100.0%	0.0%
RBG Pediatric	18,960	1,300	\$69	40,214	\$2,599	\$65	21,254	\$1,299	(\$4)	112.1%	99.9%	(5.7%)
CMA Physician Services	392,135	16,036	\$41	414,178	\$19,526	\$47	22,043	\$3,490	\$6	5.6%	21.8%	15.3%
Marc ASC	-	-	\$0	5,500	\$6,033	\$1,097	5,500	\$6,033	\$1,097	0.0%	100.0%	100.0%
Ambulance and AirLife (Excluded in Ex. 2)	1,312	9,230	\$7,035	1,339	\$9,809	\$7,326	27	\$579	\$291	2.1%	6.3%	4.1%
<b>Total Outpatient Revenue</b>	<b>987,943</b>	<b>\$107,632</b>	<b>\$109</b>	<b>1,088,014</b>	<b>\$121,788</b>	<b>\$112</b>	<b>100,071</b>	<b>\$14,156</b>	<b>\$141</b>	<b>10.1%</b>	<b>13.2%</b>	<b>129.8%</b>
<b>Additional Net Revenue</b>												
CareLink Patient Responsibility	-	\$17,959	-	-	\$17,457	-	-	(\$502)	-	-	-2.8%	-
Pharmacy Co Payments	-	\$4,615	-	-	\$4,892	-	-	\$277	-	-	6.0%	-
Pharmacy Vendor Drugs	-	\$12,592	-	-	\$13,347	-	-	\$755	-	-	6.0%	-
Projects Research and Lab	-	\$1,024	-	-	\$1,085	-	-	\$61	-	-	6.0%	-
<b>Total Additional Net Revenue</b>	<b>-</b>	<b>\$36,190</b>	<b>-</b>	<b>-</b>	<b>\$36,781</b>	<b>-</b>	<b>-</b>	<b>\$591</b>	<b>-</b>	<b>-</b>	<b>1.6%</b>	<b>-</b>
<b>Net Patient Revenue Per Adjusted Discharge</b>	<b>43,451</b>	<b>\$360,224</b>	<b>\$8,290</b>	<b>49,534</b>	<b>\$423,152</b>	<b>\$8,543</b>	<b>6,083</b>	<b>\$62,928</b>	<b>\$252</b>	<b>14.0%</b>	<b>17.5%</b>	<b>3.0%</b>

**Exhibit 6**

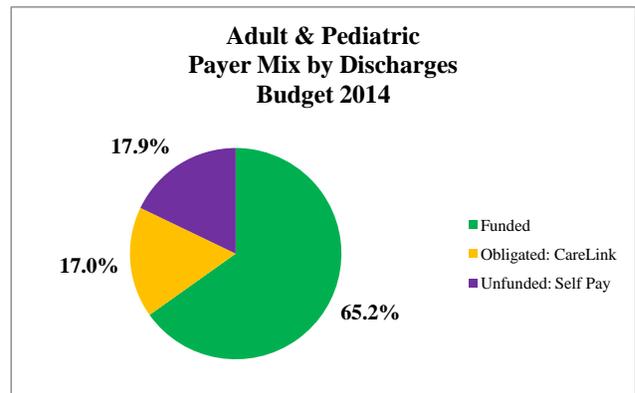
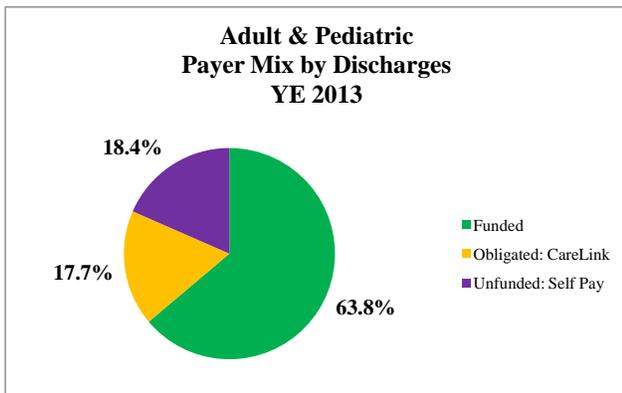
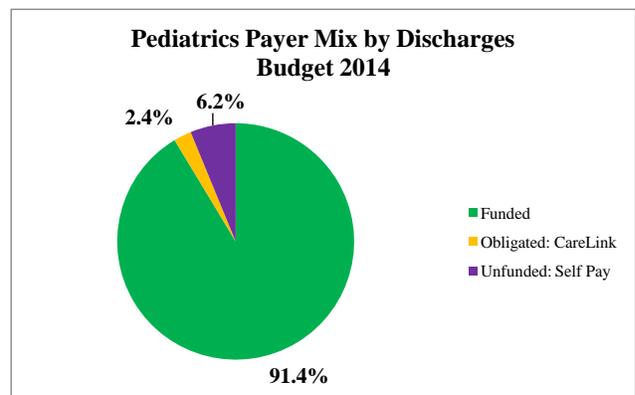
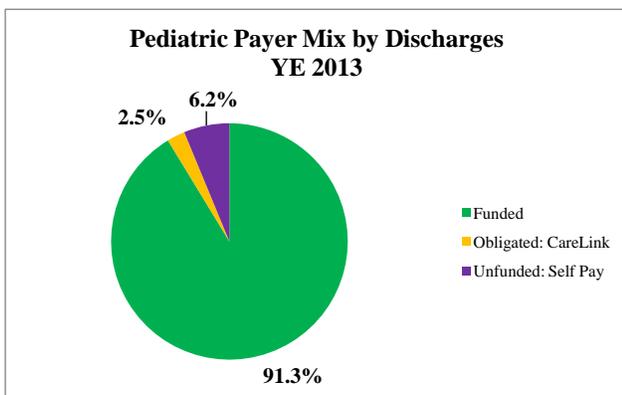
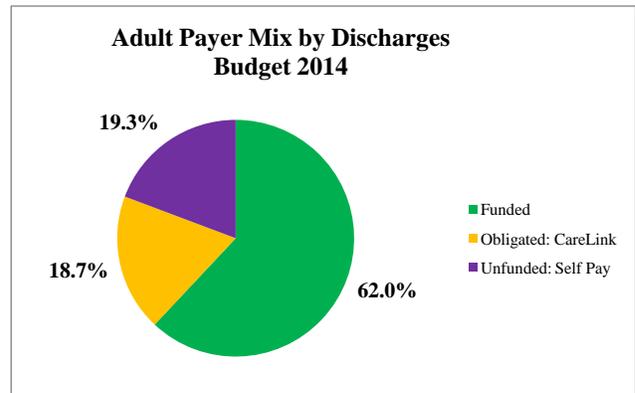
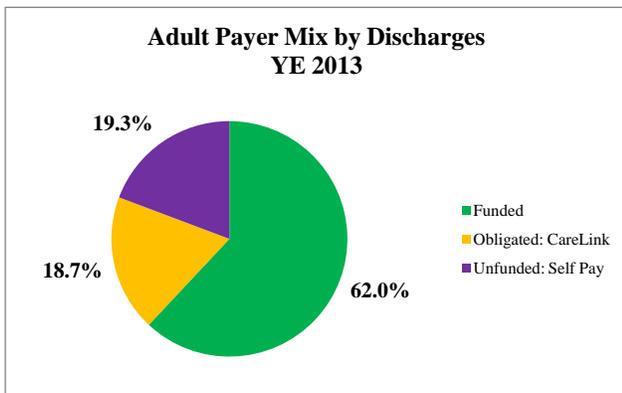
**University Health System  
Preliminary 2014 Budget**

**Estimated Impact of Legislative Changes**

(Dollars in Thousands)	2013 (Sept-Dec)	2014
<b>State Medicaid and 83rd Legislative Impact</b>		
Medicaid Inpt Outlier Reduction	(\$94)	(\$377)
Medicaid Outpatient ER Bundling	(\$69)	(\$275)
Medicaid Outpatient Radiology Fee Schedule	(\$51)	(\$202)
Medicaid Outpatient Other Cuts of 4%	(\$58)	(\$230)
Medicaid HMO 30 Day Spell of Illness	(\$399)	(\$1,596)
Changes in DSH Allocation	\$10,599	(\$1,153)
Changes UC Allocation	(\$14,583)	(\$12,625)
DSRIP Administration Fee of 1%	\$0	(\$328)
Subtotal State Impact	(\$4,654)	(\$16,786)
<b>Federal Reimbursement Changes</b>		
Sequestration 2% Reduction for Medicare Payments	(\$828)	(\$1,986)
ACA Medicare DSH Changes	\$1,635	\$6,541
Medicare Inpatient Rate Changes	\$143	\$570
Medicare Outpatient ER Bundling	\$0	\$78
Medicare Outpatient Clinic Visit Bundling	\$0	\$316
Medicare Outpatient Other Bundling	\$0	(\$1,592)
Medicare Outpatient Renal Dialysis Rate Reduction	\$0	(\$873)
ACA Medicaid Primary Care at Medicare Fees	\$0	\$2,400
ACA Research Fee per Employee (Benefit Cost)	\$0	(\$24)
ACA Transitional Reinsurance Fee per Employee (Benefit Cost)	\$0	(\$755)
Subtotal Federal Impact	\$950	\$4,676
Total Legislative Income Statement Impact (Excludes BABs)	(\$3,704)	(\$12,109)
Sequestration Reduction for BABs (Debt Services)	(\$388)	(\$641)
Total Legislative Income Statement Impact	(\$4,092)	(\$12,750)

University Health System  
Preliminary 2014 Budget

2014 Budget: Payer Mix impact Due to Pediatric Growth



## University Health System

### DSRIP Impact

	DY2 Projected 2013	Preliminary DY3 Budget 2014	Change
	Incentives Met	Budget Impact	
Expenditures for the 23 DSRIP Project			
Incremental Operating Costs (CY)	\$13.6	\$21.2	(\$7.6)
Capital Expenditures (CY)	\$4.8	\$0.3	\$4.5
<b>Incremental Impact</b>	<b>\$18.4</b>	<b>\$21.5</b>	<b>(\$3.1)</b>
Total DSRIP Incentive	\$95.2	\$112.6	\$17.4
IGT for UHS	(\$39.3)	(\$46.5)	(\$7.2)
IGT for Other Bexar Hospitals	(\$14.9)	(\$18.5)	(\$3.6)
<b>Net DSRIP Incentive</b>	<b>\$41.0</b>	<b>\$47.6</b>	<b>\$6.6</b>
<b>DSRIP Incentive Recognized</b>	<b>\$41.0</b>	<b>\$23.8</b>	<b>\$17.2</b>
Additional DY1 DSRIP received in June	\$2.0	\$0.0	\$2.0
DSRIP Incentive recorded in GL thru September	\$20.6	\$0.0	\$20.6
State Wide Audit Fees	\$0.0	\$0.3	(\$0.3)
<b>Max amount remaining to be earned / recorded</b>	<b>\$20.4</b>	<b>\$23.5</b>	<b>(\$3.4)</b>

**University Health System  
Preliminary 2014 Budget**

**Proposed 2013 Property Tax Summary for 2014**

Prior Year 2013		Budget Year 2014		Change	% Change
<b>Property Value Certified - 2012 Values</b>	<b>104,296,679,902</b>	<b>Certified 2013 Existing Property Value 7/30/13</b>	<b>110,154,679,545</b>	<b>5,857,999,643</b>	<b>5.62%</b>
Bx Tx Off & 25.25 D Adj	9,815,592	TIRZ Property Value (excluded in computing the effective tax rate)	(67,020,967)		
Value lost to ARB decisions	166,161,177				
Value lost due to first time exemptions	(105,646,767)				
Value lost due to first time Ag appraisals	(9,443,367)				
<b>2012 Adjusted Value</b>	<b>104,357,566,537</b>	<b>2013 Adjusted Value</b>	<b>110,087,658,578</b>	<b>5,730,092,041</b>	<b>5.491%</b>
Memo Only : new property reported in 2012 values	<b>1,823,200,553</b>	<b>Certified 2013 New Property 7/31/12</b>	<b>2,160,015,579</b>	<b>336,815,026</b>	<b>18.47%</b>
		Add Expiring Abatements	-		
		Adjusted New Property	2,160,015,579		
<b>Existing 2012 Adjusted Vale for Effective Tax Rate Calculation</b>	<b>104,357,566,537</b>	<b>Existing 2011 Adjusted Property Value less Adjusted New Property for Effective Tax Rate Calculation</b>	<b>107,927,642,999</b>	<b>3,570,076,462</b>	<b>3.42%</b>
<b>Existing Tax Rate</b>		<b>Proposed Tax Rate</b>		<b>Change from Existing Tax Rate</b>	
Existing Operating (M & O) Rate	0.234937	Computed Operating Rate	0.236600	0.001663	0.71%
Existing Debt Rate	0.041298	Debt Rate	0.039635	-0.001663	-4.03%
<b>Total Existing Tax Rate</b>	<b>0.276235</b>	<b>Proposed Tax Rate</b>	<b>0.276235</b>	<b>0.000000</b>	<b>0.00%</b>
Net M&O including TIRZ for comparability	<b>244,236,133</b>	Net M&O	<b>259,151,722</b>	<b>14,915,589</b>	
Net Debt Service	<b>42,249,501</b>	Net Debt Service	<b>43,070,369</b>	<b>820,868</b>	
<b>Total Taxes Including Debt Service and TIRZ</b>	<b>286,485,634</b>	<b>Total Taxes Including Debt Service and M&amp;O</b>	<b>302,222,091</b>	<b>15,736,457</b>	

Analysis of Tax Rate in Support of the 2014 Budget

Recommendation: Maintain Existing Tax Rate	Existing Tax Rate	Proposed Tax Rate	Tax Rate Change from Existing Rate	% Change from Existing Tax Rate	2012 Estimated Net Taxes	2013 Proposed Net Taxes	Proposed Net Change From Prior Year	% Increase
Dollars in 000's								
Existing Operating (M&O) and Effective Operating Rates	0.234937	<b>0.236600</b>	0.001663	0.71%	\$244,236	\$259,152	\$14,916	6.11%
Requested Debt Rate	0.041298	<b>0.039635</b>	(0.001663)	-4.03%	\$42,250	\$43,070	\$821	1.94%
Total Tax Rate	0.276235	<b>0.276235</b>	-	0.00%	\$286,486	\$302,222	\$15,736	5.49%
<b>Total Effective Tax Rate Published</b>		<b>0.227834</b>						
<b>Increase from Effective Rate</b>		<b>0.008766</b>						
<b>Notice Impact</b>		<b>two public hearings required</b>						

	2013 Estimated	2014 Proposed	
<b>M&amp;O Analysis</b>			
Impact of a 1% Increase in M&O		\$ 2,601	
Impact of a one cent increase in M&O		\$ 10,996	
Average Home Value	\$ 144,161	\$ 147,094	
M&O Tax per Homestead	\$ 338.69	\$ 348.02	2.03%
Annual M&O Increase per Homestead		\$ 9.34	2.76%
M&O Increase per Homestead from last year per month		\$ 0.78	
\$100,000 Home Value	\$ 100,000	\$ 100,000	
M&O Tax per \$100,000 home	\$ 234.94	\$ 236.60	
Annual M&O Increase per \$100,000 home from last year		\$ 1.66	0.71%
M&O Increase per \$100,000 home from last year per month		\$ 0.14	
<b>Debt Service Analysis</b>			
Average Home Value	\$ 144,161	\$ 147,094	
Debt Service Tax per Homestead	\$ 59.54	\$ 58.30	
Annual Debt Service Decrease per Homestead from last year		\$ (1.23)	-2.07%
Debt Service Decrease per Homestead from last year per month		\$ (0.10)	
\$100,000 Home Value	\$ 100,000	\$ 100,000	
Debt Service Tax per \$100,000 home	41.30	\$ 39.64	
Annual Debt Service Decrease per \$100,000 home from last year		\$ (1.66)	-4.03%
Debt Service Decrease per \$100,000 home from last year per month		\$ (0.14)	
<b>Total Debt Service Analysis</b>			
Average Home Value	\$144,161	\$ 147,094	
Total Tax per Homestead	\$ 398.22	\$ 406.33	
Annual Total Tax Decrease per Homestead from last year		\$ 8.10	2.03%
Total Tax Decrease per Homestead from last year per month		\$ 0.68	
\$100,000 Home Value	\$100,000	\$ 100,000	
Total Tax per \$100,000 home	\$ 276.24	\$ 276.24	
Annual Total Tax Decrease per \$100,000 home from last year		\$ -	0.00%
Annual Total Tax Decrease per \$100,000 home from last year per month		\$ -	

## Exhibit 11

### UNIVERSITY HEALTH SYSTEM TOTAL SURGICAL ACTIVITY- CASES PROJECTED 2013 & BUDGET 2014

Patient Type	2013 Proj	2014 Budget	Activty Variance	% Variance
Hosp: Inpatient	7,326	11,151	3,825	52.2%
Hosp: Outpatient	7,672	5,172	(2,500)	-32.6%
SubTotal: Hospital	14,998	16,323	1,325	8.8%
ASC MARC		4,500	4,500	100.0%
ASC RBG		3,024	3,024	100.0%
SubTotal: ASCs		7,524	7,524	100.0%
Total SURG Volume	14,998	23,847	8,849	59.0%

**University Health System  
Changes to Total  
Operating Revenue**

**Exhibit 12**

<b>Total Operating Revenue</b>	<b>Change in Millions</b>	<b>% of Total</b>	<b>% Growth</b>	<b>Driver</b>	<b>Driver Growth</b>
<b>Increase in NPR</b>	<b>\$62.9</b>	<b>78.2 %</b>	<b>17.5%</b>	<b>Adjusted Discharges</b>	<b>14.0%</b>
<b>UH Inpatient</b>	<b>\$48.2</b>	<b>76.6 %</b>	<b>22.3%</b>	<b>Discharges</b>	<b>12.6%</b>
Pediatrics	\$23.6			Pediatric Transition Plan	
DSH Add on for Medicare	\$9.4			Regulation Change	
Revenue Cycle Enhancement	\$7.7			Management Initiative	
Adult Service Line	\$5.5			Strategic Focus	
Other	\$1.9			On Going	
<b>Ambulatory</b>	<b>\$14.1</b>	<b>22.4 %</b>	<b>13.2%</b>	<b>Visits/Cases</b>	<b>10.1%</b>
ASC	\$8.8			ASC Business Plans	
CMA Physicians	\$3.5			DSRIP & Strategic Focus	
Pediatrics	\$1.5			Pediatric Transition Plan	
Other	\$0.3			On Going	
<b>Other</b>	<b>\$0.6</b>	<b>1.0 %</b>	<b>1.6%</b>	<b>Collections</b>	<b>n/a</b>
<b>Property Taxes</b>	<b>\$14.9</b>	<b>18.5 %</b>	<b>6.1%</b>	<b>Property Values</b>	<b>5.6%</b>
<b>DSRIP<sup>1</sup></b>	<b>\$1.3</b>	<b>1.6 %</b>	<b>5.6%</b>	<b>Achievement of 50% of Metrics</b>	
<b>DSH/UC</b>	<b>(\$10.0)</b>	<b>(12.4)%</b>	<b>10.1%</b>	<b>Legislative Impact + Pediatric Grant, UT Reimburse (\$4.7m), patients</b>	
<b>Other</b>	<b>\$11.3</b>	<b>14.1 %</b>	<b>41.0%</b>		
<b>Total Variance</b>	<b>\$80.4</b>	<b>100.0 %</b>	<b>10.4%</b>		

1-Excludes potential above 50% of DSRIP change in 2014

## University Health System Changes to Total Operating Expense

Total Operating Expense	Change in Millions	% of Total	% Growth	Driver
<b>Employee Compensation</b>	<b>(\$21.7)</b>	<b>23.5 %</b>	<b>-6.5%</b>	Salaries and Benefits
Activity/Mgmt Initiatives	\$3.8		-17.5%	Activity, MD Support, MedAssets
Legislative Impact/Suppl. Rev.	(\$2.8)		13.1%	DSRIP
Pediatric Services	(\$12.5)		57.9%	Pedi Transition Plan
Tower Trans, Ongoing & Fixed	(\$7.1)		32.8%	New Tower
ASC MARC & RBG	(\$3.0)		13.8%	ASC Business Plan at RBG & MARC
<b>Medical Services</b>	<b>(\$17.5)</b>	<b>19.0 %</b>	<b>-12.9%</b>	
Pediatric Services	(\$12.5)		71.4%	Pedi Transition Plan
Activity/Annualized	(\$5.0)		28.6%	CareLink, CMA, Physician Alignment
<b>Supplies</b>	<b>(\$11.2)</b>	<b>12.1 %</b>	<b>-8.9%</b>	
Activity/Mgmt Initiatives	(\$4.3)		38.7%	Activity, Annualized, MedAssets
ASC MARC & RBG	(\$4.2)		37.8%	ASC Business Plan at RBG & MARC
DSRIP	(\$1.3)		11.9%	DSRIP
New Tower	(\$0.9)		7.8%	Tower transition/ongoing costs
Pediatric Services	(\$0.4)		3.8%	Pedi Transition Plan
<b>Purchased Services</b>	<b>(\$24.3)</b>	<b>26.4 %</b>	<b>-20.9%</b>	
New Tower	(\$9.8)		40.4%	Maint. Contracts, Utilities, Prof. Fees
Activity/Mgmt Initiatives	(\$8.4)		34.7%	Inpatient Dialysis, Transplant, DSRIP
Pediatric Services	(\$2.0)		8.2%	Pedi Transition Plan
ASC MARC & RBG	(\$1.0)		4.2%	ASC Business Plan at RBG & MARC
Other	(\$3.1)		12.5%	DSRIP
<b>Depreciation</b>	<b>(\$17.2)</b>	<b>18.7 %</b>	<b>-38.0%</b>	New Tower (11 months depreciation)
<b>Other Expense</b>	<b>(\$0.2)</b>	<b>0.2 %</b>	<b>-5.5%</b>	Taxpayer & Local Match
<b>Total Variance</b>	<b>(\$92.2)</b>	<b>100.0 %</b>		

**EXHIBIT 14**

**Statement of Revenues and Expenses  
Crosswalk for 2013 Projected to Budget 2014**

	1	2	3	4	5	6	7	8	9	10
<b>Consolidated excluding CFHP (Dollars are in Thousands)</b>	<b>2013 Projected</b>	<b>2014 Budget</b>	<b>Variance 2013 Projected to 2014 Budget</b>	<b>% Variance</b>	<b>Activity/ Annualized and Management Initiatives</b>	<b>Legislative Impacts: DSH/Waiver/ UC /DSRIP</b>	<b>Pediatric Services</b>	<b>ASC MARC and RBG</b>	<b>Tower Transition, Ongoing and Fixed FTEs</b>	<b>Total Variance</b>
<b>Revenues</b>										
Net Patient Service Revenue	\$360,224	\$423,152	\$62,928	17.5%	\$26,462	\$2,775	\$24,935	\$8,757	\$	\$62,928
Property Taxes M & O	\$244,236	\$259,152	\$14,916	6.1%	\$14,916		\$	\$	\$	\$14,916
Disproportionate Share Revenue	\$34,703	\$33,551	(\$1,152)	(3.3%)	\$	(\$1,152)	\$	\$	\$	(\$1,152)
DSRIP Revenue	\$22,591	\$23,850	\$1,259	5.6%	\$	\$1,259	\$	\$	\$	\$1,259
Uncompensated Care (UC) Revenue	\$75,044	\$66,143	(\$8,901)	(11.9%)	\$	(\$10,356)	\$1,455	\$	\$	(\$8,901)
Tobacco Settlement Fund	\$5,201	\$5,201	\$	0.0%	\$	\$	\$	\$	\$	\$
Other Revenue	\$27,599	\$38,923	\$11,323	41.0%	\$5,873	\$2,584	\$2,461	\$404	\$	\$11,323
<b>Total Operating Revenues</b>	<b>\$769,598</b>	<b>\$849,971</b>	<b>\$80,372</b>	<b>10.4%</b>	<b>\$47,250</b>	<b>(\$4,889)</b>	<b>\$28,851</b>	<b>\$9,161</b>	<b>\$</b>	<b>\$80,372</b>
<b>Expenses</b>										
Employee Compensation	\$330,882	\$352,531	(\$21,650)	(6.5%)	(\$3,799)	\$2,832	\$12,540	\$2,983	\$7,094	(\$21,650)
Medical Services	\$135,762	\$153,309	(\$17,547)	(12.9%)	\$5,010	\$	\$12,537	\$	\$	(\$17,547)
Purchased Services	\$116,660	\$141,003	(\$24,343)	(20.9%)	\$8,438	\$3,053	\$2,000	\$1,029	\$9,824	(\$24,343)
Supplies	\$125,393	\$136,584	(\$11,191)	(8.9%)	\$4,333	\$1,335	\$430	\$4,226	\$868	(\$11,191)
Depreciation and Amortization	\$45,320	\$62,563	(\$17,243)	(38.0%)	\$	\$	\$	\$	\$17,243	(\$17,243)
BAD/TIRZ	\$1,693	\$1,870	(\$177)	(10.5%)	\$177	\$	\$	\$	\$	(\$177)
CHCS Expense/AACOG Match	\$1,928	\$1,950	(\$22)	(1.2%)	\$22	\$	\$	\$	\$	(\$22)
<b>Total Operating Expenses</b>	<b>\$757,637</b>	<b>\$849,811</b>	<b>(\$92,173)</b>	<b>(12.2%)</b>	<b>\$14,182</b>	<b>\$7,219</b>	<b>\$27,507</b>	<b>\$8,237</b>	<b>\$35,028</b>	<b>(\$92,173)</b>
<b>Gain (Loss) from Operations</b>	<b>\$11,961</b>	<b>\$160</b>	<b>(\$11,801)</b>	<b>(98.7%)</b>	<b>\$33,068</b>	<b>(\$12,109)</b>	<b>\$1,344</b>	<b>\$924</b>	<b>(\$35,028)</b>	<b>(\$11,801)</b>

Potential DSRIP incentive

\$22.5M

One Time  
On Going

\$3,156  
\$31,873  
\$35,028

2014 Ongoing Capital Requirements

VP	Dept Name	Item Request Name	Priority	Class	2014 Request	Category
Bill Phillips	Communication Services	End of Life Equipment Computer Hardware	Proactive: Necessary To Avoid Problems	Replacement	720,000	Information Systems
Bill Phillips	Technical Services	Enterprise Class Storage	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	500,000	Information Systems
Bill Phillips	Technical Services	Citrix Servers for Windows 7 Virtual Desktop-Syste	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	458,400	Information Systems
Bill Phillips	Technical Services	Wireless AP Upgrade	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	375,000	Information Systems
Bill Phillips	Technical Services	Unified Communications Server Upgrade	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	350,000	Information Systems
Bill Phillips	Clinical Systems	Voice Recognition	Important: Necessary For Improvement	Committed	300,000	Information Systems
Bill Phillips	Technical Services	TC Data Center Growth	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	300,000	Information Systems
Bill Phillips	Technical Services	Host Server growth	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	280,000	Information Systems
Bill Phillips	Technical Services	Unified Communications Gateway Upgrade	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	250,000	Information Systems
Bill Phillips	Application Systems	Nuvera Footprints	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	223,000	Information Systems
Bill Phillips	Clinical Systems	Enterprise Integration-	Important: Necessary For Improvement	Strategic (New Service / Expansion)	200,000	Information Systems
Bill Phillips	Technical Services	Network Expansion at UH DC	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	200,000	Information Systems
Bill Phillips	Technical Services	TC Nexus Upgrade	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	200,000	Information Systems
Bill Phillips	Technical Services	Fiber-IDF Upgrades	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	200,000	Information Systems
Bill Phillips	Application Systems	EchoAccess (replacing Sharp Focus)	Essential: Cannot Function Without	Strategic (New Service / Expansion)	120,000	Information Systems
Bill Phillips	Technical Services	Exchange 2010 Email-System Redundancy	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	104,700	Information Systems
Bill Phillips	Technical Services	ATT Wifi Redundancy	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	100,000	Information Systems
Bill Phillips	Application Systems	GE Physician Interface from Echo Credentialling	Important: Necessary For Improvement	Strategic (New Service / Expansion)	80,000	Information Systems
Bill Phillips	Clinical Systems	Centron Upgrade to Presidio	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	60,000	Information Systems
Bill Phillips	Clinical Systems	PICIS	Important: Necessary For Improvement	Strategic (New Service / Expansion)	60,000	Information Systems
Bill Phillips	Application Systems	Onbase Upgrade	Important: Necessary For Improvement	Strategic (New Service / Expansion)	50,000	Information Systems
Bill Phillips	Clinical Systems	Inpatient Pharmacy Downtime System	Important: Necessary For Improvement	Strategic (New Service / Expansion)	50,000	Information Systems
Bill Phillips	Application Systems	3M Chart Release Licenses	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	26,000	Information Systems
Bill Phillips	Technical Services	Enterprise Network Monitoring Software	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	25,000	Information Systems
Bill Phillips	Application Systems	New Portal Servers	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	23,688	Information Systems
Bill Phillips	Application Systems	Teletracking custom reporting	Important: Necessary For Improvement	Strategic (New Service / Expansion)	22,000	Information Systems
Bill Phillips	Application Systems	Adobe Acrobat	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	18,858	Information Systems

2014 Ongoing Capital Requirements

VP	Dept Name	Item Request Name	Priority	Class	2014 Request	Category
Bill Phillips	Application Systems	Adobe Creative Suite Product	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	15,000	Information Systems
Bill Phillips	Application Systems	Patient Flow Dashboard Implementation fee \$11,000.	Essential: Cannot Function Without	Strategic (New Service / Expansion)	11,000	Information Systems
Bill Phillips	Clinical Systems	RALS-additional licenses required for growth	Essential: Cannot Function Without	Strategic (New Service / Expansion)	10,000	Information Systems
Bill Phillips	Application Systems	Onbase Scan Licenses (5)	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	7,500	Information Systems
Francine Wilson	Materials Management & Inventory Control	Par Excellence Equipment	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	2,500,000	Administrative Equipment
Francine Wilson	Mail Room	Mail system	Important: Necessary For Improvement	Strategic (New Service / Expansion)	250,000	Administrative Equipment
Francine Wilson	Printing Services	Printer	Important: Necessary For Improvement	Strategic (New Service / Expansion)	8,000	Administrative Equipment
Mark Webb	Plant Oper. & Mainte.	UH Air Handler Units Replacement	Essential: Cannot Function Without	Committed	2,270,000	Administrative Equipment
Mark Webb	Chill Water Plant	Chiller Plate HX	Proactive: Necessary To Avoid Problems	Replacement	2,200,000	Administrative Equipment
Mark Webb	Facilities Devel. Prog.	Structural Repairs to RBG Central Supply	Essential: Cannot Function Without	Committed	1,100,000	Construction/ Major Renovation
Mark Webb	Plant Oper. & Mainte.	UH Mechanical Room #1-Emergency Generator Switch G	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	900,000	Construction/ Minor Renovation
Mark Webb	Facilities Dev & Project Mgmt	CIP X-Ray Source Blood Irraditor	Essential: Cannot Function Without	Committed	500,000	Clinical Equipment
Mark Webb	Facilities Dev & Project Mgmt	Master Facilities Plan Update	Important: Necessary For Improvement	Strategic (New Service / Expansion)	500,000	Construction/ Major Renovation
Mark Webb	Facilities Dev & Project Mgmt	CIP Automatic Cart Washers at new and existing loa	Important: Necessary For Improvement	Strategic (New Service / Expansion)	360,000	Construction/ Minor Renovation
Mark Webb	In-House Main.& Mnr.Cnst	UH Bldgs #1 & 3 Water Softner Replacement	Proactive: Necessary To Avoid Problems	Replacement	250,000	Construction/ Minor Renovation
Mark Webb	Facilities Dev & Project Mgmt	CIP AGV Antenna System	Essential: Cannot Function Without	Strategic (New Service / Expansion)	250,000	Construction/ Minor Renovation
Mark Webb	Facilities Dev & Project Mgmt	RFID for P-Tubes	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	250,000	Information Systems
Mark Webb	Chill Water Plant	Chillers Evaporate Tube Brushing	Essential: Cannot Function Without	Replacement	80,000	Administrative Equipment
Mark Webb	Plant Oper. & Mainte.	Condenser Pumps for RBG	Essential: Cannot Function Without	Committed	40,000	Administrative Equipment
Michelle Ryerson	RBG ASC OR	EYE MICROSCOPE	Essential: Cannot Function Without	Committed	200,735	Clinical Equipment
Michelle Ryerson	RBG ASC OR	Constellation Retinal Vision system	Essential: Cannot Function Without	Committed	172,350	Clinical Equipment
Michelle Ryerson	RBG ASC OR	Urology scopes	Essential: Cannot Function Without	Committed	145,000	Clinical Equipment
Michelle Ryerson	RBG ASC OR	Adult and Pediatric Bronc Scopes	Essential: Cannot Function Without	Committed	136,425	Clinical Equipment
Michelle Ryerson	RBG ASC OR	Infinity Phaco machine	Essential: Cannot Function Without	Committed	97,300	Clinical Equipment
Michelle Ryerson	RBG ASC OR	Laparoscopy tower	Essential: Cannot Function Without	Committed	90,750	Clinical Equipment
Michelle Ryerson	RBG ASC OR	Intubation video tower	Essential: Cannot Function Without	Committed	45,200	Clinical Equipment
Michelle Ryerson	RBG ASC OR	Nerve Monitoring system	Essential: Cannot Function Without	Committed	38,200	Clinical Equipment

2014 Ongoing Capital Requirements

VP	Dept Name	Item Request Name	Priority	Class	2014 Request	Category
Nancy Ray	Obstetrics	Patient Beds	Essential: Cannot Function Without	Committed	375,000	Clinical Equipment
Nancy Ray	Anesthesiology OB	Drager Apollo Anesthesia Machine	Essential: Cannot Function Without	Replacement	364,000	Clinical Equipment
Nancy Ray	Respiratory Therapy	Dreager V-500 adult ventilators	Essential: Cannot Function Without	Replacement	360,000	Clinical Equipment
Nancy Ray	Neonatal ICU	SPC Centrifugal Pump	Essential: Cannot Function Without	Strategic (New Service / Expansion)	345,000	Clinical Equipment
Nancy Ray	Labor & Delivery Triage	Ultrasound Machine	Essential: Cannot Function Without	Replacement	30,000	Clinical Equipment
Nancy Ray	Hem/Onc/Bmt	Patient Vital Sign Machines	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	19,500	Clinical Equipment
Nancy Ray	Anesthesiology OB	Buckwalter	Essential: Cannot Function Without	Strategic (New Service / Expansion)	18,750	Clinical Equipment
Nancy Ray	Anesthesiology OB	Belmont Rapid Infusion System	Essential: Cannot Function Without	Strategic (New Service / Expansion)	18,500	Clinical Equipment
Nancy Ray	Neonatal ICU	Newborn cribs	Essential: Cannot Function Without	Replacement	17,500	Clinical Equipment
Nancy Ray	Neonatal ICU	Bronchotron	Essential: Cannot Function Without	Strategic (New Service / Expansion)	16,500	Clinical Equipment
Nancy Ray	Neonatal ICU	Transcutaneous bilimeter	Essential: Cannot Function Without	Strategic (New Service / Expansion)	13,000	Clinical Equipment
Richard Rodriguez	Contingency	2014 Contingency	Essential: Cannot Function Without	Contingency	183,709	Administrative Equipment
Richard Rodriguez	Fleet Services	Ford Police Interceptor	Essential: Cannot Function Without	Replacement	33,000	Administrative Equipment
Richard Rodriguez	Fleet Services	Ford Police Interceptor	Essential: Cannot Function Without	Replacement	33,000	Administrative Equipment
Richard Rodriguez	Fleet Services	Ford Van	Essential: Cannot Function Without	Replacement	26,000	Administrative Equipment
Richard Rodriguez	Fleet Services	Ford 150 Cargo Van	Essential: Cannot Function Without	Replacement	26,000	Administrative Equipment
Richard Rodriguez	Fleet Services	Ford Transit	Essential: Cannot Function Without	Replacement	26,000	Administrative Equipment
Richard Rodriguez	Fleet Services	Ford Transit	Essential: Cannot Function Without	Replacement	26,000	Administrative Equipment
Richard Rodriguez	Fleet Services	Ford 150 Cargo Van	Essential: Cannot Function Without	Replacement	26,000	Administrative Equipment
Roe Garrett	Financial Accounting	MHC - OCR	Essential: Cannot Function Without	Strategic (New Service / Expansion)	180,000	Information Systems
Sergio Farrell	CMA Operations - SE	Pharmacy, Medical Records, Laboratory Renovations	Important: Necessary For Improvement	Replacement	520,000	Construction/ Major Renovation
Sergio Farrell	Radiology Diagnostic	Fluoroscopy Suite Equipment	Important: Necessary For Improvement	Strategic (New Service / Expansion)	500,000	Clinical Equipment
Sergio Farrell	General Administration	Renovations to include Furniture and Fixtures	Essential: Cannot Function Without	Committed	200,000	Construction/ Minor Renovation
Sergio Farrell	Physical Therapy	PT space upgrade at RBG	Important: Necessary For Improvement	Replacement	200,000	Construction/ Minor Renovation
Sergio Farrell	Stat Lab North	Phlebotomy Expansion	Important: Necessary For Improvement	Mandated (Regulatory Safety & Required Maintenance)	90,000	Construction/ Minor Renovation
Sergio Farrell	RBG ASC Prep/Recovery	Stretchers	Important: Necessary For Improvement	Committed	80,750	Clinical Equipment
Sergio Farrell	CMA Operations - SW	SW Pharmacy Window Expansion	Important: Necessary For Improvement	Replacement	75,000	Construction/ Minor Renovation

2014 Ongoing Capital Requirements

VP	Dept Name	Item Request Name	Priority	Class	2014 Request	Category
Sergio Farrell	MRI Downtown Imaging	Toshiba Pediatric Coil	Important: Necessary For Improvement	Mandated (Regulatory Safety & Required Maintenance)	60,000	Clinical Equipment
Sergio Farrell	Skin Clinic	Rhinolaryngofiber Scope	Essential: Cannot Function Without	Committed	39,750	Clinical Equipment
Sergio Farrell	Hearing & Balance Ctr	GN Otometrics VNG/ENG 2 along with air caloric uni	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	38,255	Clinical Equipment
Sergio Farrell	Oper ENT Clinic UHCD	Nasolaryngo Scope and EPK Video Processor	Important: Necessary For Improvement	Committed	34,500	Clinical Equipment
Theresa De La Haya	Peritoneal Dialysis	Generator	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	600,000	Clinical Equipment
Theresa De La Haya	South Dialysis	Generator, South Dialysis	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	600,000	Construction/ Minor Renovation
Theresa De La Haya	Salinas Clinic	Sonogram Machine	Essential: Cannot Function Without	Replacement	80,000	Clinical Equipment
Theresa De La Haya	Kenwood Clinic	Misc IT Equipment	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	75,000	Clinical Equipment
Theresa De La Haya	Kenwood Clinic	Sonogram	Important: Necessary For Improvement	Strategic (New Service / Expansion)	58,000	Clinical Equipment
Theresa De La Haya	Women's Health Center	Portable Ultrasound Equipment	Important: Necessary For Improvement	Strategic (New Service / Expansion)	50,000	Clinical Equipment
Theresa De La Haya	Ob/Gyn Clinic	Exam Table High Low	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	44,400	Clinical Equipment
Theresa De La Haya	Naco-Perrin Clinic	Video & Audio Conferencing - Naco-Perrin	Proactive: Necessary To Avoid Problems	Committed	31,099	Administrative Equipment
Theresa De La Haya	Old Hwy 90 Clinic	Colposcope	Essential: Cannot Function Without	Replacement	16,000	Clinical Equipment
Theresa De La Haya	Dialysis West	Pump, RO Distribution	Proactive: Necessary To Avoid Problems	Replacement	11,000	Clinical Equipment
Theresa De La Haya	Ob/Gyn Clinic	Brewer Access High Low 700 Exam Table	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	10,000	Clinical Equipment
Theresa Scepanski	Human Resources	Performance Manager Program	Important: Necessary For Improvement	Strategic (New Service / Expansion)	118,750	Information Systems
Tim Brierty	Surgery Operating Room	New instrument sets and conversion to instrument t	Essential: Cannot Function Without	Replacement	2,000,000	Clinical Equipment
Tim Brierty	Surgery Operating Room	OR Surgical Tables	Important: Necessary For Improvement	Strategic (New Service / Expansion)	810,000	Clinical Equipment
Tim Brierty	Transplantation Programs	OTTR Transplant Management	Important: Necessary For Improvement	Strategic (New Service / Expansion)	800,000	Information Systems
Tim Brierty	Nuclear Medicine	Nuclear Medicine SPECT/CT Camera	Essential: Cannot Function Without	Replacement	650,000	Clinical Equipment
Tim Brierty	Cat Scan	Cere Tom Portable CT System	Important: Necessary For Improvement	Strategic (New Service / Expansion)	500,000	Clinical Equipment
Tim Brierty	Surgery Operating Room	anesthesia machine	Essential: Cannot Function Without	Replacement	330,000	Clinical Equipment
Tim Brierty	Heart Station	EKG Machines	Essential: Cannot Function Without	Replacement	208,000	Clinical Equipment
Tim Brierty	Radiology Diagnostic	Direct Capture Cassettes	Essential: Cannot Function Without	Strategic (New Service / Expansion)	204,000	Clinical Equipment
Tim Brierty	EKG	Philips iE33 Echo Console	Essential: Cannot Function Without	Committed	170,000	Clinical Equipment
Tim Brierty	Gastro Intestinal Lab	Endoscopic, Mobile Carts	Essential: Cannot Function Without	Replacement	157,000	Clinical Equipment
Tim Brierty	Radiology Support	Radiation Dose Tracking System	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	120,000	Clinical Equipment

2014 Ongoing Capital Requirements

VP	Dept Name	Item Request Name	Priority	Class	2014 Request	Category
Tim Brierty	Cardiac Lab	Toshiba CT Overlay/Media Integration	Important: Necessary For Improvement	Committed	90,000	Information Systems
Tim Brierty	Cardiac Lab	Video Integration/Media Overlay System	Important: Necessary For Improvement	Committed	80,000	Clinical Equipment
Tim Brierty	Emergency Center	Belmont Rapid Infuser	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	75,600	Clinical Equipment
Tim Brierty	Cardiac Lab	Metabolic Cart	Important: Necessary For Improvement	Committed	50,000	Clinical Equipment
Tim Brierty	Transfusion Services	Floor Model Centrifuge	Essential: Cannot Function Without	Strategic (New Service / Expansion)	49,700	Clinical Equipment
Tim Brierty	Cardiac Lab	Impella	Essential: Cannot Function Without	Replacement	45,000	Clinical Equipment
Tim Brierty	Gastro Intestinal Lab	Endoscopic Small Intestinal Videoscope	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	43,000	Clinical Equipment
Tim Brierty	Cytopathology	6-Head Microscope	Important: Necessary For Improvement	Strategic (New Service / Expansion)	33,100	Clinical Equipment
Tim Brierty	Surgery Operating Room	Transport Stretchers	Important: Necessary For Improvement	Committed	25,000	Clinical Equipment
Tim Brierty	EEG/Sleep Disorders	250 Channel Monitoring Capability	Important: Necessary For Improvement	Committed	20,000	Clinical Equipment
Tim Brierty	Anatomic Pathology	Pathology Grossing Work Station	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	18,600	Clinical Equipment
Tim Brierty	Cardiac Lab	Baylis Radiofrequency Transeptal Access Needle Sys	Essential: Cannot Function Without	Committed	18,500	Clinical Equipment
Tim Brierty	Rehab IP Cert Fac	Bladder Scanner	Important: Necessary For Improvement	Mandated (Regulatory Safety & Required Maintenance)	15,120	Clinical Equipment
Tim Brierty	Rehab IP Cert Fac	Cardiac monitor/defibrilator	Proactive: Necessary To Avoid Problems	Mandated (Regulatory Safety & Required Maintenance)	14,837	Clinical Equipment
Tim Brierty	Rehab IP Cert Fac	Bedside cabinets/bureaus - 28	Important: Necessary For Improvement	Replacement	13,300	Office Equipment/Furniture
Tim Brierty	Rehab IP Cert Fac	Bedside tables - 28	Essential: Cannot Function Without	Replacement	11,278	Administrative Equipment
Tim Brierty	Immunology	Laboratory Refrigerator	Essential: Cannot Function Without	Replacement	10,900	Clinical Equipment
Tim Brierty	Heart Station	Holter Monitor Scanning System	Essential: Cannot Function Without	Committed	10,000	Clinical Equipment
Tim Brierty	Cardiac Lab	Cath Lab OR Manager Project	Important: Necessary For Improvement	Strategic (New Service / Expansion)	10,000	Information Systems
Tim Brierty	EKG	EVO Holter Recorder	Important: Necessary For Improvement	Strategic (New Service / Expansion)	10,000	Clinical Equipment
Tim Brierty	Heart Station	Exercise Stress Treadmill	Essential: Cannot Function Without	Replacement	7,000	Clinical Equipment
Tim Brierty	Inpatient Rehabilitation Clinic	Bariatric Hi Lo Adjustable Mat	Essential: Cannot Function Without	Replacement	5,995	Clinical Equipment

Total 2014 Ongoing Capital Requirements

30,000,000