

University Health System

Bexar County Hospital District d/b/a
University Health System's Operating,
Debt Service and Capital Budgets for Fiscal Year 2015

Bexar County Commissioners Court

Tuesday, December 16, 2014
Commissioner's Courtroom, Suite 1.20
Bexar County Courthouse
100 Dolorosa
San Antonio, Texas 78205



**University Health System
2015 Operating, Debt Service, and Capital Budget**

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University Health System

Preliminary 2015 Budget Summary

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 2015 Budget was developed with the strategic vision in mind. In 2014, US News & World Report named University Health System best hospital in the San Antonio region, sixth best hospital in Texas, and Top 50 in the country for treating kidney disease.

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
- 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 2015 Budget

- Growing activity and revenue to cover the expense associated with operating the new facilities and increase in depreciation expense
- Implementing the 1115 Waiver projects and achieving the metrics
- Continue executing the Pediatric Transition Plan
- Mitigating the impact of changes to State and Federal funding sources

Key Strategic Objectives for 2015

- Improving efficiency through
 - Continued pursuit of Lean Management System (LMS) aimed at across all operational and support departments as well as across hospital and ambulatory services; and
 - Leveraging current technology, data and tools
- Implementing processes 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 to the community
- Enhancing human capital through recognition programs and continuous learning
- Improving reimbursement by
 - Pursuing an increase in substandard Medicaid payment rates
 - Addressing Supplement Medicaid program opportunities such as Waiver funding
 - Improving quality measures to maximize reimbursement
- Executing planned clinical integration and physician alignment initiatives with:
 - UT physicians through targeted service line alignment tactics around quality, patient satisfaction, program growth, and enhancement of US News and World Report ranking where relevant
 - CMA physicians through inclusion in health system committees, joint CMA quality improvement projects, and assessment of appropriate referrals within the health system where possible
 - Private physicians through direct outreach to them and their practice offices, inclusion of them on advisory committees, effective loop closure post-referrals, and expanded Continuing Medical Education offerings

2015 Consolidated Budget Summary Briefing

Following is a summary of the 2015 Consolidated Budget and a comparison to Projected 2014:

(Dollars in Millions)

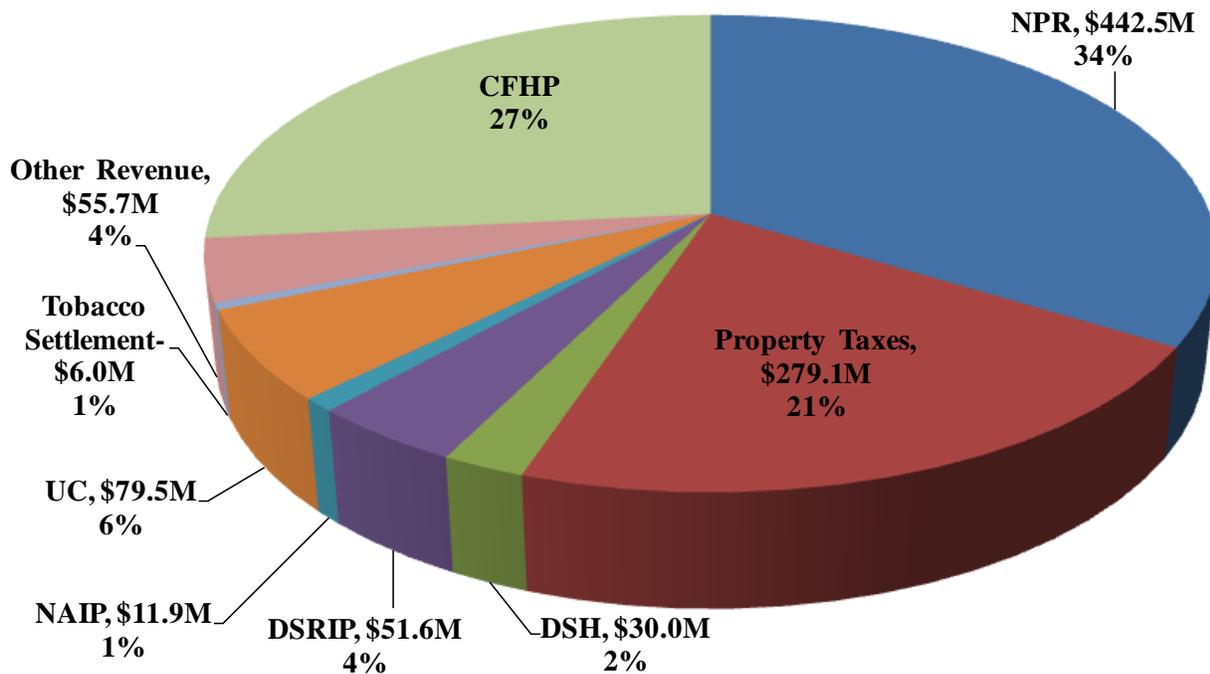
Consolidated	2013 Audited	2014 Projected	2015 Budget	Variance 2015 B vs 2014 P	Var %
Total Operating Revenue	\$1,083.2	\$1,198.1	\$1,308.4	\$110.3	9.2%
Total Operating Expense	<u>\$997.1</u>	<u>\$1,126.7</u>	<u>\$1,226.2</u>	<u>(\$99.6)</u>	<u>-8.8%</u>
Operating Gain	\$86.1	\$71.5	\$82.2	\$10.7	15.0%
Nonoperating Revenue/(Expense):					
Depreciation/Amortization	\$46.2	\$72.3	\$84.2	(\$12.0)	-16.5%
Meaningful Use Incentive	\$1.6	\$.7	\$.2	(\$.5)	-71.3%
Investment Income	\$2.4	\$2.2	\$2.0	(\$.2)	-10.2%
Market Adjustments	<u>(\$1.8)</u>	<u>\$.3</u>	<u>\$.0</u>	<u>(\$0.3)</u>	<u>100.0%</u>
Total Nonoperating Revenue/(Expense)	(\$44.0)	(\$69.1)	(\$82.0)	(\$13.0)	18.7%
Bottom Line	<u>\$42.1</u>	<u>\$2.4</u>	<u>\$.2</u>	<u>(\$2.2)</u>	<u>-93.2%</u>
Debt Service Revenue	\$42.5	\$43.2	\$43.9	\$.7	1.6%
Debt Service	<u>\$42.5</u>	<u>\$43.2</u>	<u>\$43.9</u>	<u>\$.7</u>	<u>1.6%</u>
Net Debt Service	\$.0	\$.0	\$.0	\$.0	0.0%
Capital Requirements	\$27.3	\$25.2	\$30.7	\$5.5	21.8%

- The Health System Consolidated Preliminary 2015 Budget (Exhibit 2A) reflects a gain from operations of \$82.2 million and a bottom line gain of \$0.2 million after including non operating income/expense of (\$82) million.
- University Health System (excluding Community First Health Plan), the Clinical Services Division (Exhibit 2B) reflects a \$78.3 million gain from operations and strong cash flow but a bottom line loss of \$3.3 million due primarily to depreciation expense of \$83.5 million, up \$12 million from 2014.
- CFHP (Exhibit 2C) reflects a gain from operations of \$3.9 million and a bottom line gain of \$3.5 million after non operating income/expense of \$0.4 million.
- The budget includes \$43.9 million in debt service (*page 19*) for University Health System's Capital Improvement Program (CIP). The tax rate set to

fund required debt service for 2015 is \$0.037634 per \$100 valuation (Exhibit 7). The Build America Bonds (BABs) savings reflected in the 2015 debt service budget is \$8.3 million which includes a 7.2% Sequestration cut.

- The 2015 Health System on-going capital budget for the clinical services includes \$30.0 million (Exhibit 10) 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. Capital requests for CFHP are \$703,954 (page 28).
- A summary of Consolidated Total Operating Revenue (TOR) is as follows:

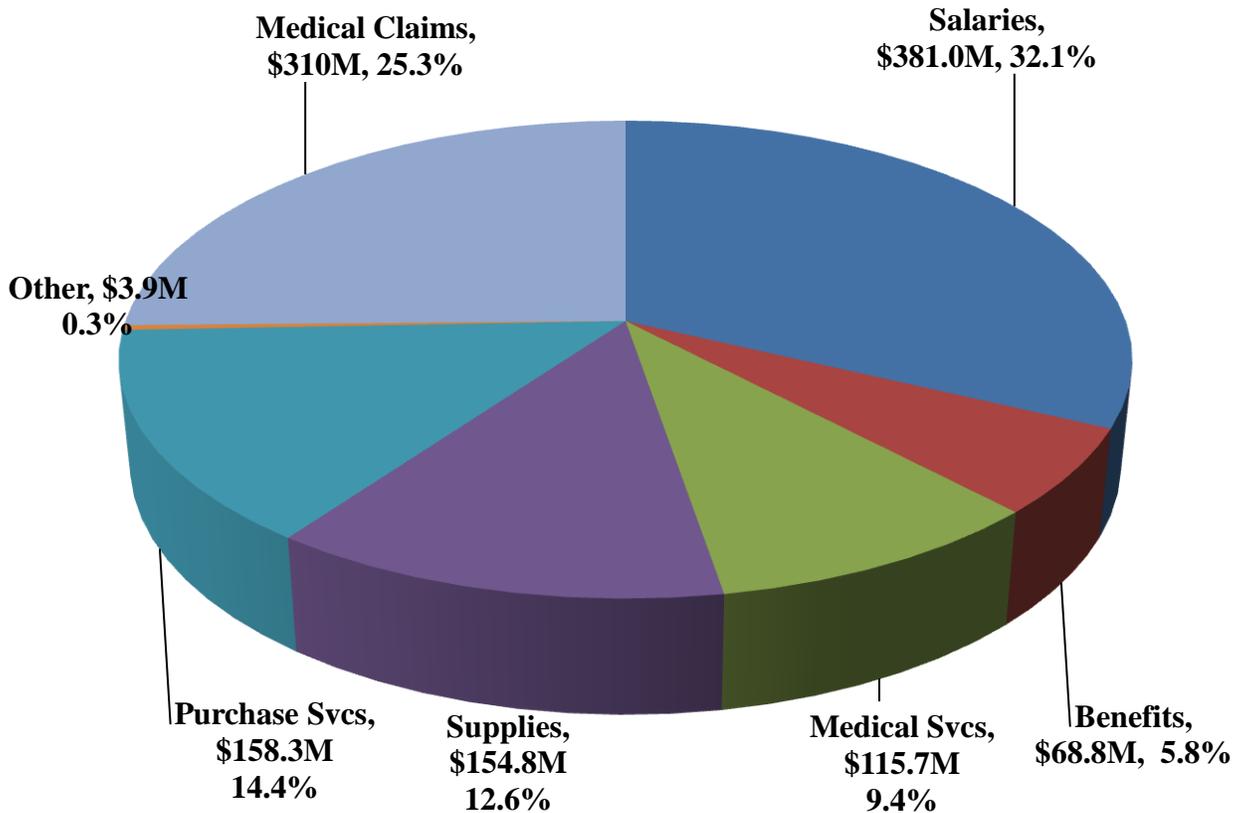
Consolidated Total Operating Revenue, \$1.3B



On a consolidated basis, TOR is \$1.3 billion. Net Patient Revenue, (NPR) or collections from third party payors and patients represents the largest percent of TOR at 34%. Premium revenue from CFHP follows at 27%. Property taxes account for 21% of total operating revenue (a decline of 2% from the previous year) and DSH, DSRIP and UC account for 12%.

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

Consolidated Total Operating Expenses, \$1.2B



On a consolidated basis, TOE is \$1.2 billion. Salaries and benefits represent the largest percentage at 38% followed by medical claims for CFHP at 25%. Purchased Services at 14%, Supplies are 13% and Medical Services are at 9% of TOE.

2015 Clinical Services Division

The Health System developed the 2015 Clinical Services Division Budget to incorporate the strategies and initiatives described in the preceding sections. The Operating profit of \$78.3 million and Bottom Line of (\$3.3 million) reflects an improvement from Projected 2014. The revenue generated by the additional capacity provided by the new University Hospital Tower, continued expansion at RBG, the growth in Strategic Service lines and the Pediatric Transition Plan are largely offset by operations and depreciation expense associated with the new facilities.

Below is a summary of the 2015 Preliminary Budget and a comparison to Projected 2014:

(Dollars in Millions)

Clinical Services Division	2013 Audited	2014 Projected	2015 Budget	Variance 2015 B vs 2014 P	Var %
Total Operating Revenue	\$814.3	\$879.1	\$960.0	\$80.9	9.2%
Total Operating Expense	<u>\$735.1</u>	<u>\$819.0</u>	<u>\$881.6</u>	<u>(\$62.7)</u>	<u>-7.7%</u>
Operating Gain	\$79.2	\$60.1	\$78.3	\$18.2	30.3%
Nonoperating Revenue/(Expense):					
Depreciation/Amortization	\$45.5	\$71.6	\$83.5	(\$11.9)	-16.6%
Meaningful Use Incentive	\$1.6	\$.7	\$.2	(\$0.5)	-71.3%
Investment Income	\$2.0	\$1.9	\$1.7	(\$0.2)	-12.4%
Market Adjustments	<u>(\$1.7)</u>	<u>\$.3</u>	<u>\$.0</u>	<u>(\$0.3)</u>	<u>100.0%</u>
Total Nonoperating Revenue/(Expense)	(\$43.6)	(\$68.8)	(\$81.6)	(\$12.9)	-18.7%
Bottom Line	\$35.6	(\$8.6)	(\$3.3)	\$5.3	61.6%
Debt Service Revenue	\$42.5	\$43.2	\$43.9	\$.7	1.6%
Debt Service	<u>\$42.5</u>	<u>\$43.2</u>	<u>\$43.9</u>	<u>\$.7</u>	<u>1.6%</u>
Net Debt Service	\$.0	\$.0	\$.0	\$.0	0.0%
Capital Requirements	\$27.0	\$24.8	\$30.0	\$5.2	21.1%

The Projected 2014 and 2015 Summary Statement of Revenues and Expenses is presented in **Exhibit 2B** and includes a comparison to Budget 2014.

Access (Activity) Assumptions

UHS anticipates that activity in the 2015 Budget (**Exhibit 1**) will increase 4.5% based on adjusted discharges over levels projected for 2014.

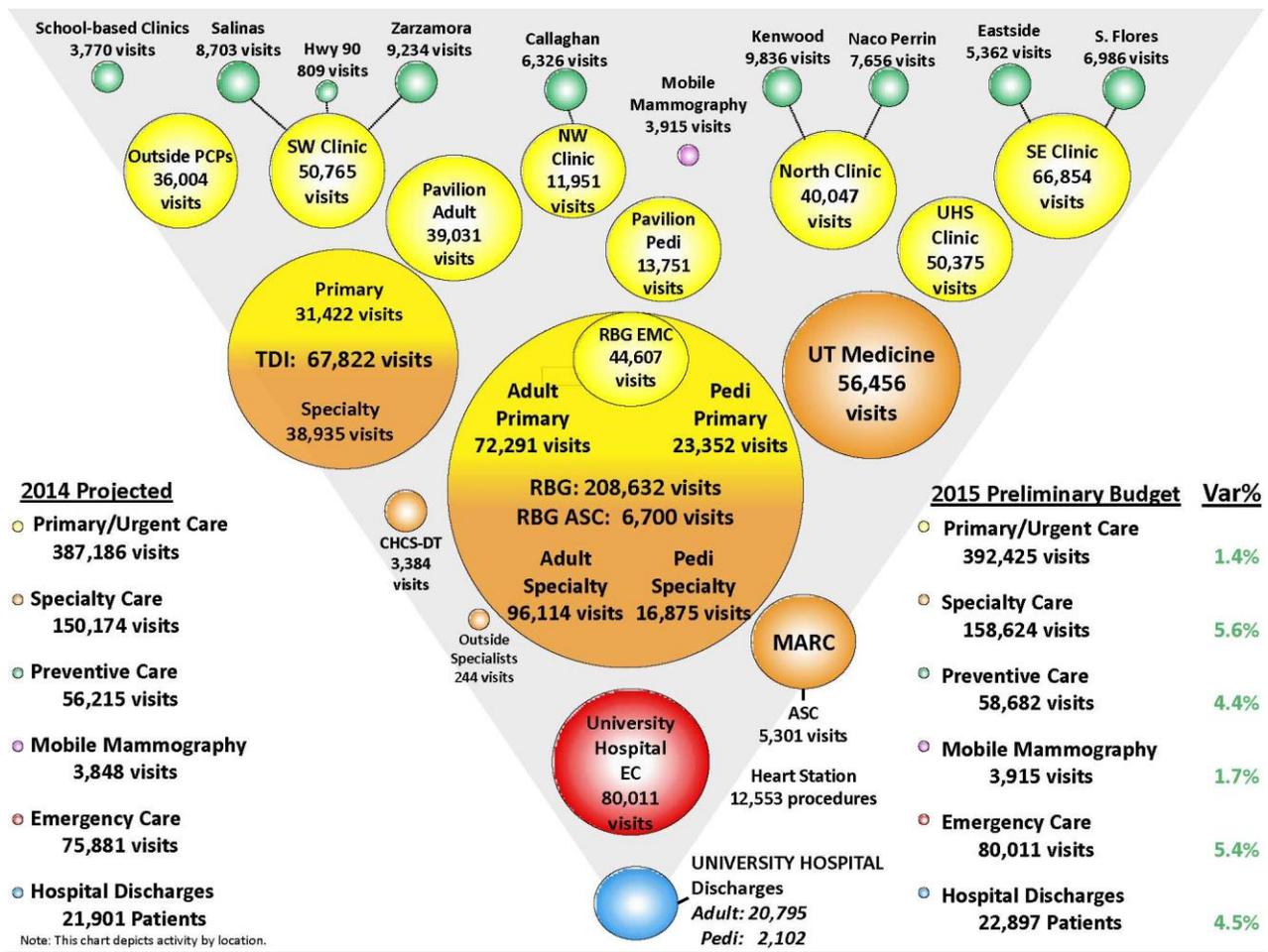
The major factors contributing to this growth include:

- Full year operation of the new UH Tower
- Focus on strategic service lines
- Continued transition of Pediatric activity
- Increase in patients transferred to University Hospital
- Increasing activity at the Ambulatory Surgery Centers (ASC's).

A detail of Activity in the Preliminary 2015 Budget can be found in Exhibit 1.

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

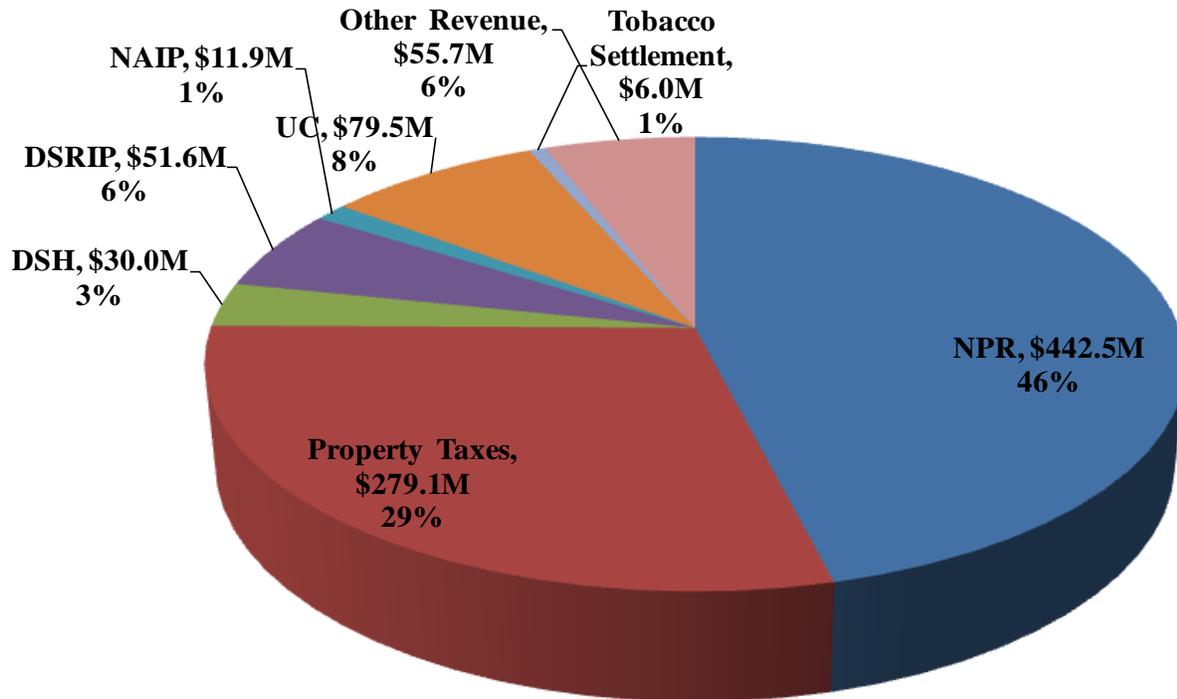
Improving Access to Care Overall Activity to grow 4.5%



Total Operating Revenue (TOR)

TOR is budgeted at \$960 million, which is \$80.8 million or 9.2% higher than the 2014 projected total. Although there is a lot of uncertainty in State and Federal funding in the coming years, we are projecting to have an increase in 2015 due mainly to a new State funding source NAIP (Network Access Improvement Program) which adds \$12 million and a one time additional \$10 million pickup in UC (Uncompensated Care) a detail of Legislative impacts is attached (Exhibit 4). The chart on the following pages shows NPR remaining relatively flat compared to projected 2014 at 46%. Property Taxes as a percent of TOR is declining by 0.4%. A chart summarizing the changes in TOR by category and drivers that impact the changes is provided in Exhibit 8.

Clinical Services Division Operating Revenue, \$959.9M



Net Patient Revenue (NPR)

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 \$1.9 million.
- Payer information by strategic service line was utilized to determine the mix of patients within each strategic service line. The impact of adding incremental pediatric inpatient cases, increased funded transfers, and impacts from the ACA (Affordable Care Act) will move the Health Systems funded mix percent from 69% to 71.5%.
- Exhibit 3 provides a detail by service line for both Inpatient and Outpatient Net Patient Revenue (NPR) highlighting the changes due to increased activity levels. Exhibit 8 details the changes to NPR showing the impacts due to volume as well as improved case mix, rates, and collection processes. Actual inpatient payment rates by service line from late 2013 and mid 2014 were utilized as the base for NPR. These rates were adjusted for known payment changes including State and Federal Legislative updates.

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 2014 to prepare the impact of Regulatory and Legislative impacts (**Exhibit 4**). All of the changes reflected in this chart, which total \$23.5 million (excluding BABs impact), have been reflected in the Projected 2014 and Preliminary 2015 Budget. The following are the key assumptions relative to legislative impacts on operating revenue:

- Federal Sequestration reductions of 2% will continue throughout 2015 and this impacts all Medicare payments.
- Another part of the ACA, are required fees for self-insured plans (this increases employee benefit costs by \$798,000 in 2015).
- Medicaid payments for CMA primary care services are projected to drop by \$2 Million due to a drop in rates effective 1/1/15.
- An additional one time \$10 million increase in UC is budgeted due to anticipated rule changes that are currently underway. This offsets several other factors lowering UC.

Property Tax for M&O

- Property tax revenue for operations (M&O) is projected to increase \$19.8 million in light of higher property values for Bexar County. Of this increase, \$6.5 million relates to taxes on new property values. Excluding CFHP, property taxes for operations as a percent of TOR declines from 29.4% projected for 2014 to 29.0% in the 2015 Budget.

A summary of the property taxes reflected is as follows:

Recommendation: Maintain Existing Tax Rate	Existing Tax Rate	Proposed Tax Rate	Tax Rate Change from Existing Rate	% Change from Existing Tax Rate	2014 Estimated Net Taxes	2015 Proposed Net Taxes	Proposed Net Change From Prior Year	% Increase
Dollars in 000's								
Operating Rate	0.236600	0.238601	0.002001	0.85%	\$259,263	\$279,104	\$19,841	7.65%
Debt Rate	0.039635	0.037634	(0.002001)	-5.05%	\$43,108	\$43,906	\$798	1.85%
Total Tax Rate	0.276235	0.276235	(0.000000)	0.00%	\$302,371	\$323,010	\$20,639	6.83%

Exhibit 6 reflects the tax rate calculation and **Exhibit 7** reflects the impact of the tax rate change to the average homeowner and per \$100,000 home.

Supplemental Medicaid Funding

DSRIP Funding

A chart reflecting the impact of DSRIP activity on revenue and operating costs is provided on **Exhibit 5**.

- DSRIP payments budgeted for 2015 are estimated to increase by \$12 million due to an increased number of projects and additional funding that is available for 2015

DSH and UC

Estimates for DSH and UC were made based on information known to date.

- DSH for SFY 2015 is projected to drop by \$0.4 million due to the new State rule.
- Although there is much uncertainty around UC in Texas, the UC payments for 2015 are estimated to increase by \$2.4 million compared to UC received in 2014.
- The last year of the current waiver begins October 1, 2015, the waiver needs to be renewed or the System is at risk of losing up to \$100 million.

Tobacco Settlement Fund

Tobacco funding is unchanged at \$6.0 million.

Other Revenue

	Other Revenue		
(Dollars in Millions)	2014 Projected	2015 Budget	% Var
Other Revenue	\$56.9	\$55.7	
Change		(\$1.1)	(2.0%)
Other Revenue per AD	\$1,266.2	\$1,187.5	
Change		(\$78.7)	(6.2%)

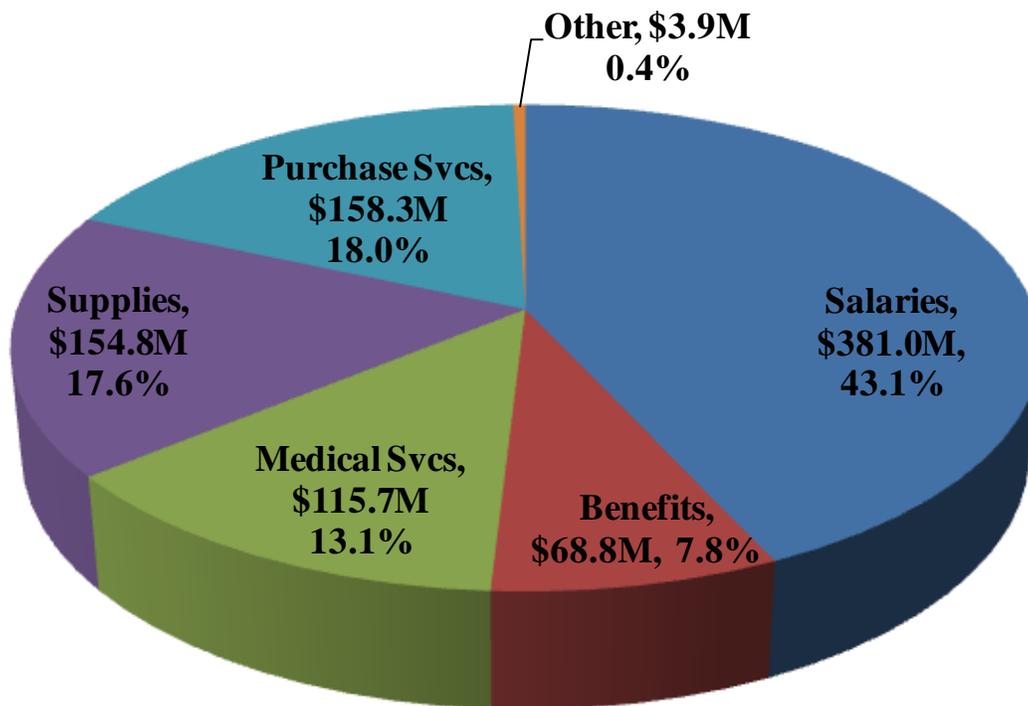
Other Revenue of \$55.7 million includes cafeteria revenue for visitors and staff, sundry revenue from parking, disposal of assets, clinical research studies, UT leased space at UH and TDI, pharmacy rebates, vendor rebates, medical records copies, facility lease at UHCDT reimbursement under the waiver for anchor administrative costs, and other miscellaneous items. Also included in other revenue are grants, and Foundation fund revenue.

- The increase in Other Revenue is related to various minor changes increases in the Foundation and in 340B revenue were the main drivers of the overall improvement.

Clinical Services Division Total Operating Expense (TOE)

TOE is budgeted at \$882 million which is a \$62.6 million or 7.7% increase over the 2014 projected total. For Clinical Services, salaries and benefits make up 50% of TOE. Medical Services, Purchased Services, and Supplies make up 13%, 18%, 17%, respectively. A chart summarizing the changes in TOE by category and drivers that impact the changes is provided in Exhibit 9.

Clinical Services Division Operating Expenses, \$881.6M



Salaries

Salaries			
(Dollars in Millions)	2014 Projected	2015 Budget	% Var
Salaries	\$354.8	\$380.1	
Change		(\$25.3)	(7.1%)
Salaries per AD	\$7,901.4	\$8,097.7	
Change		(\$196.3)	(2.5%)
FTE's	6,378.4	6,556.5	
Change		(178.1)	(2.8%)
AOB	774.4	795.3	
Change		20.9	2.7%
FTE's per AOB	8.2	8.2	
Change		(0.0)	(0.1%)

Salary cost of \$380 million is \$25.3 million or 7.1% higher than 2014 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.
- Overall Activity is budgeted to increase by 4.5% with FTE's projected to increase by 178 which is an increase of 2.8% over 2014.
- Increased activity was the largest driver of the increase in salary expense at \$12.1 million.
- The budget includes a 2% or \$7.3 million dollar merit increase.
- The new Network Access Improvement Program (NAIP) State revenue source will increase salary expense by \$4 million; this is offset by additional revenue.

Employee Benefits

Benefits			
(Dollars in Millions)	2014 Projected	2015 Budget	% Var
Benefits	\$63.8	\$68.9	
Change		(\$5.0)	(7.8%)
Benefits % of salaries	18.0%	18.1%	
Change		-0.1%	

Benefits of \$68.9 million are \$5.0 million or 7.8% higher than in 2014 projected.

- Employee Health insurance is budgeted to increase by \$3.1 million due to increased membership.
- Increase in social security by \$1.6 million based on increased salaries.
- Increase in Pension Plan contributions of \$1.4 million due to membership and a required change in funding methodology.

Medical Services

Medical Services			
(Dollars in Millions)	2014 Projected	2015 Budget	% Var
Medical Services	\$115.1	\$115.7	
Change		(\$.6)	(0.5%)
Medical Services per AD	\$2,564.7	\$2,464.9	
Change		\$99.8	3.9%

Medical Services of \$115.7 million reflects an increase of \$0.6 million or 0.5% from the estimated 2014 amount. Reductions in CareLink and an increase in Sponsored care were the main factors in the slight increase.

Purchased Services

Purchased Services			
(Dollars in Millions)	2014 Projected	2015 Budget	% Var
Purchased Services	\$137.7	\$158.3	
Change		(\$20.6)	(15.0%)
Purchased Services per AD	\$3,066.9	\$3,372.4	
Change		(\$305.5)	(10.0%)

Purchased Services are budgeted overall at \$158.3 million and this is \$20.6 million or a 15% increase over the 2014 projection. Contributing to this increase are the following:

- Information and medical equipment maintenance contracts are up \$8.5 million over 2014 projected due to primarily to equipment and systems in the new tower being out of warranty in April 2015.
- Plant Operations maintenance contracts are up \$2.9 million due to systems in the new tower being out of warranty in April 2015.
- Professional Services are budgeted with a \$3.5 million dollar increase over 2104 levels due to additional contracts with Pediatric providers, Services in the Emergency Department to improve efficiencies, and in Grants
- Utilities are budgeted with an increase of \$1.6 million over the 2014 projection due to the facilities expansion which came on line in April of 2014 (addition of 1 million square feet).
- Facilities Equipment Repair is budgeted to increase by \$2.2 million for repair and upkeep of the new tower and continued maintenance of the older buildings.

Supplies

Supplies			
(Dollars in Millions)	2014 Projected	2015 Budget	% Var
Supplies	\$143.2	\$154.8	
Change		(\$11.6)	(8.1%)
Supplies per AD	\$3,189.8	\$3,297.2	
Change		(\$107.4)	(3.4%)

In 2015, supplies are budgeted at \$158.4 million which is an \$11.6 million or 8.1% increase over the estimate for 2014. The increase in supply cost is due to the following:

- \$5.5 million increase in Pharmaceuticals due to additional Pediatric activity mainly related to Hematology and Oncology drugs.
- \$3.7 million related to other activity increases
- \$1 million related to Maintenance Department materials and equipment for in house maintenance and repairs.

Other Expenses are budgeted at \$3.9 million and reflect an 8.6% increase over 2014.

Dollars are in millions	2014 Projected	2015 Preliminary Budget	Var	Var %
Bexar County Appraisal District	\$1.6	\$1.7	(\$0.1)	-6.1%
TIRZ	\$0.2	\$0.2	\$0.0	0.0%
CHCS Expense	\$2.5	\$2.1	\$0.4	17.2%
Total	\$4.3	\$3.9	\$0.4	8.6%

- 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/Expense Assumptions

- Depreciation is budgeted at \$83.5 million and is up \$11.9 million or 16.6%. Contributing to this increase is the annualized impact of the new tower and the completion of CIP projects placed in service in 2014.
- 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

The original list of items to be considered for the 2015 capital budget totaled \$68 million. The Capital Committee had the various area Vice Presidents prioritize their request down to a level which matched what was originally requested in the 2015 tax rate budget which was \$30 million. The capital budget for 2015 is recommended to be set at \$30.0 million. In prioritizing the capital needs for 2015, the Capital Committee met and focused on items that were considered as “Essential: Cannot Function Without”, “Important: Necessary for Improvement”, and “Proactive: Necessary to Avoid Problems”.

In prior year’s capital budgets, an annual contingency fund of \$2.0 million was established to purchase any unforeseen requests that would occur during the year. For 2015, the Capital Committee agreed to forego most of the \$2.0 million contingency fund and only set aside \$500,000. A summary of the capital by category used to prioritize projects is as follows:

2015 Ongoing Capital Requirements

Priority	Committed	Contingency	Mandated (Regulatory Safety & Required Maintenance)	Replacement	Strategic (New Service / Expansion)	Grand Total
Essential: Cannot Function Without	\$ 422,675	\$ 500,000	\$ 6,714,139	\$ 6,047,632	\$ 3,780,170	\$ 17,464,615
Important: Necessary For Improvement			\$ 1,150,703	\$ 6,559,868	\$ 2,433,632	\$ 10,144,202
Proactive: Necessary To Avoid Problems			\$ 135,850	\$ 1,640,900	\$ 646,636	\$ 2,423,386
Total Clinical Services	\$ 422,675	\$ 500,000	\$ 8,000,692	\$ 14,248,399	\$ 6,860,438	\$ 30,032,204

A detailed listing of capital requests should be found in exhibit 10.

Debt Service Requirement

The required principal and interest payments on the Health Systems outstanding bonds due in 2015, is \$43.9 million. Included are the savings from the Build America Bond (BAB) subsidy of \$8.3 million which is net of a 7.2% sequestration reduction (\$640,000) and use of \$195,000 available in the Debt Service fund to the amount previously provided by the federal government. A Debt Service tax levy of \$43.9 million to cover payments due in 2015 was approved by Commissioners Court on September 26, 2014.

	Projected 2014	Preliminary Budget 2015	Incr/(Decr)	% Change
Debt Service				
Debt Service I&S Tax Funds	\$ 43.2	\$ 43.9	\$ 0.7	1.6%
Debt Service Payment	<u>\$ 43.2</u>	<u>\$ 43.9</u>	<u>\$ 0.7</u>	<u>1.6%</u>
Net Debt Service Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.0%</u>
Note: Of the Debt Service payment, these interest amounts no longer capitalized	\$ 29.0	\$ 36.3	\$ 7.3	25.1%

2015 Community First Health Plans Budget

Strategic Focus:

In 2014, Community First Health Plan achieved its goals to 1) increase market share in government programs, 2) develop incentive programs for providers and members, 3) achieve provisional NCQA accreditation status and 4) reduce utilization for services not considered medically necessary. While implementation of ICD-10 was delayed by the federal government, CFHP devoted considerable resources in preparation for that conversion and will continue those efforts into 2015.

The following are CFHP goals for which resources have been allocated in the 2015 budget:

- Protect the lead market share in government programs and further assess and develop other lines of business
- Increase member satisfaction
- Improve care management capabilities
- Implement medical cost savings activities
- Improve operational efficiency

In order to achieve these strategic goals, the staff has identified key initiatives to address these challenges.

Maintain the lead market share: In 2014 CFHP overtook the lead market share in Medicaid and increased its lead in CHIP. The 2015 budget includes \$639,000 in marketing fees, \$69,320 in public relations and \$82,000 in sponsorship dollars that will help CFHP to be the plan of choice for prospective members and keep Community First as the market leader in government programs.

In addition, the 2015 budget includes \$175,500 devoted to developing further products on the health insurance exchange, completing an ASO business plan and to assessing the viability of CFHP's participation in the commercial market.

Increase member satisfaction: The budget includes \$106,500 for market research and \$233,400 in member added benefits in order increase member satisfaction with CFHP.

Increase care management capabilities: The operating budget and capital budget include \$37,800 and \$45,000 respectively to upgrade Health Service Management's care management system to version 7.2. In addition, \$150,000 has been allocated to implement a 24/7/365 Nurse Advice Line, either through UHS or an outside vendor, with the possibility of adding instant messaging capabilities with the membership.

Implement cost savings while improving quality of care: In 2015, the budget includes expected utilization reductions in the amount of \$350,000 for speech therapy services for members above the age of three, noting steady increases in utilization since 2011. In addition, budgeted medical expense has been reduced by \$500,000 for lower preventable emergency room utilization, based on a physician incentive program that rewards physicians for this measure. In addition, the budget includes two health services management staff members to assist with these care management initiatives.

Additional savings is projected in this budget in the amount of \$458,000 by changing vendors currently being used for claim subrogation activities. Claim coding edits implemented in late 2014 are budgeted to save another \$1,500,000 in medical expense in 2015.

Budgeted administrative expense includes \$80,000 to calculate the financial impact of moving to ICD-10 on medical expense. Also in budgeted administrative expense is \$50,000 to engage a vendor to assist in getting members qualified for disability, and therefore moving their medical coverage to a program meant to handle that population, STAR Plus.

Improve Operational Efficiency: Operating budget and capital budget include \$33,000 and \$70,000 respectively to implement a document management system. This would allow CFHP to have a central place to store all provider and vendor contracts.

In addition, the budget includes \$150,000 in consulting cost to develop a three to five year IT Strategic Plan for Board discussion and approval.

\$212,000 is included in the 2015 operating budget so that the health plan can gain final NCQA accreditation.

In addition to \$80,000 budgeted to calculate the financial impact of moving to ICD-10, the budget includes \$138,400 in professional services and system licensing to implement ICD-10 by October 1, 2015.

CFHP believes that this budget will allow the health plan to compete at a higher level in the Bexar service area.

Consolidated Operating Budget

Community First Health Plans, Inc. 2013 Actual, 2014 Budget, 2014 Outlook and 2015 Budget

	2013 Actual	% pmpm premium	2014 Budget	% pmpm premium	2014 Outlook	% pmpm premium	2015 Budget	% pmpm premium
Membership	131,742		137,383		150,598		158,328	
Member Months	1,566,244		1,612,156		1,684,057		1,861,210	
Revenue:								
Premium Revenue	\$ 274,869,568	\$ 175	\$ 289,735,682	\$ 180	\$ 326,277,089	\$ 194	\$ 351,720,978	189
Prem at Risk/Exp Rebate	(6,305,443)		(2,649,216)		(6,329,954)		(3,244,039)	
Total Revenue	268,564,125		287,086,466		319,947,135		348,476,939	
Expenses:								
Medical Expense	234,883,679	\$ 150 85.5%	245,509,851	\$ 152 84.7%	276,638,285	\$ 164 84.8%	310,062,130	\$ 167 88.2%
Incentives	-		3,500,000		1,946,731		2,000,000	
Administrative	27,498,549	\$ 18 10.0%	31,348,208	\$ 19 10.8%	30,849,100	\$ 18 9.5%	33,255,261	\$ 18 9.5%
Total Expenses	262,382,228		280,358,059		309,434,116		345,317,391	
Net Underwriting Gain/(Loss)	6,181,897		6,728,407		10,513,019		3,159,548	
Investment Income	75,724		287,087		236,768		325,000	
Net Income	\$ 6,257,621		\$ 7,015,494		\$ 10,749,787		\$ 3,484,548	

Premium Revenue:

- Projected premium for the month of December 2014 is \$189.65. January 2015 premium is budgeted at \$190 per member per month, with the slight increase due to more health insurance exchange members (budgeted 300 health insurance exchange members for 2015).
- Premiums are projected to decline to \$186 at September 2015, with a 4% reduction budgeted in the medical portion of the premium for Medicaid and a 1% reduction in the medical portion of the premium for CHIP. The pharmacy portion of the Medicaid premium is projected to decrease 2% in September of 2015, while CHIP pharmacy premium assumes no budgeted reduction at September of 2015.
- ERS Premium is projected to increase 3% September 2015. The most recent increase in ERS premium was 6% in September of 2014.
- Premium at Risk is budgeted to assume a 25% payback of the 4% of premium at risk (or 1% of premium) for Medicaid and CHIP in 2015 (shown as a contra-revenue in the 2015 budget).

Medical Expense:

- Trends consistent with past experience, with experience trended for more inpatient utilization at higher cost facilities for Medicaid and CHIP program, 3% inflation in Commercial.
- Savings assumed from re-contracting \$4.4 million
- Savings assumed from new subrogation vendor \$458,000
- Savings assumed from lower utilization driven by incentive program \$500,000
- Savings assumed from new speech therapy authorization requirements \$350,000
- Savings assumed from the addition of claim edit system installed in late 2014, \$1,500,000

Exhibit 2 – Operating Budget by Product Line:

Medicaid:

	2013 Actual	pmpm	MLR %	2014 Budget	pmpm	MLR %	2014 Outlook	pmpm	MLR %	2015 Budget	pmpm	MLR %
Membership	85,302			89,511			113,870			121,533		
Member months	999,792			1,037,205			1,181,745			1,418,466		
Revenue:												
Premium Revenue	\$ 208,920,852	\$ 209		\$ 219,156,838	\$ 211		\$ 265,172,738	\$ 224		\$ 297,202,887	\$ 210	
Prem at Risk/Exp Rebate	(5,242,535)			(2,191,568)			(5,741,468)			(2,972,028)		
Total Revenue	203,678,317			216,965,270			259,431,270			294,230,859		
Expenses:												
Medical Expense	180,475,049	\$ 181	86%	188,389,340	\$ 182	86%	227,400,862	\$ 192	86%	266,387,845	\$ 188	90%
Physician Incentives	-			2,865,296			1,419,282			1,637,312		
Administrative	17,666,177	\$ 18		20,844,873	\$ 20		22,218,124	\$ 19		24,788,087	\$ 17	
Total Expenses	198,141,226			212,099,509			251,038,268			292,813,244		
Underwriting Gain/(Loss)	5,537,091			4,865,761			8,393,003			1,417,615		
Investment Income	24,369			159,560			60,706			83,329		
Net Income	\$ 5,561,461			\$ 5,025,321			\$ 8,453,709			\$ 1,500,944		

Premium Revenue:

- Premium budgeted at \$212 pmpm from January through August of 2015, when a 4% reduction is budgeted for the medical portion of the premium and a 2% reduction is budgeted for the pharmacy portion of the premium.
- September through December 2015 is budgeted at \$205 pmpm, reflective of the above mentioned reductions.
- Membership mix is projected to be consistent with December 2014 membership mix.

Medical Expense:

- Average pmpm claim expense projected to be \$187.51.
- The following savings assumptions are calculated as reductions in order to arrive at medical expense:
 - \$4.4 million due to changes in contracts
 - \$350,000 due to lower speech therapy utilization
 - \$400,000 due to utilization savings as a result of provider incentive payments
 - \$460,000 in savings due to change in claim subrogation vendor
 - \$1.3 million due to implementation of claim edits in late 2014.

CHIP/Perinate:

	2013			2014			2014			2015		
	Actual	pmpm	MLR %	Budget	pmpm	MLR %	Outlook	pmpm	MLR %	Budget	pmpm	MLR %
Membership	27,918			30,593			17,505			17,825		
Member months	349,444			364,528			273,485			214,114		
Revenue:												
Premium Revenue	\$ 41,179,128	\$ 118		\$ 45,764,786	\$ 126		\$ 34,914,030	\$ 128		\$ 27,201,586	\$ 127	
Prem at Risk/Exp Rebate	(1,062,908)			(457,648)			(588,486)			(272,011)		
Total Revenue	40,116,220			45,307,138			34,325,544			26,929,575		
Expenses:												
Medical Expense	35,656,382	\$ 102	87%	38,395,377	\$ 105	84%	28,846,532	\$ 105	83%	22,690,646	\$ 106	83%
Physician Incentives	-			634,704			527,449			362,688		
Administrative	4,611,450	\$ 13		5,139,564	\$ 14		3,986,247	14.58		3,768,665	17.60	
Total Expenses	40,267,832			44,169,645			33,360,227			26,821,999		
Underwriting Gain/ (Loss)	(151,612)			1,137,493			965,317			107,576		
Investment Income	3,097			13,522			8,309			11,405		
Net Income	<u>\$ (148,515)</u>			<u>\$ 1,151,015</u>			<u>\$ 973,626</u>			<u>\$ 118,982</u>		

Premium Revenue:

- Premium for CHIP (excluding Perinate) is projected to be at \$116 pmpm at December 2014, and as mix is projected to stay the same as December 2014 levels from January 2015 to August 2015. A 1% premium reduction in the medical portion of the premium beginning September 2015. The pharmacy portion of the premium has no budgeted decrease at September 2015.
- Perinate premium is budgeted to be at the same premium rate as projected at December 2014. There is no budgeted rate reduction for the Perinate medical or pharmacy premium in 2015.

Medical Expense:

- CHIP (excluding Perinate) has increased due to more admissions going to Christus where the cost per admission is higher. Budgeted medical expense for CHIP is projected to be at current levels, noting losses that will occur in

this product until HHSC recognizes the higher cost of Christus in our premiums. While this may occur in March of 2015, the budget does not reflect that. CHIP will benefit from facility contract renegotiations currently in process and this has been projected in the budget.

- CHIP has the following projected savings calculated within medical expense:
 - \$411,000 reductions due to re-contracting
 - \$100,000 is expected to be saved from lower potentially preventable emergency room visits
 - \$150,000 is projected to be saved due to the implementation of claim edits in late 2014.

- Perinate is projected to continue at current medical rates, as there has not been inflation in this product due to the fixed nature of the contracts for deliveries.

Commercial & Health Insurance Exchange:

	2013 Actual	pmpm	MLR %	2014 Budget	pmpm	MLR %	2014 Outlook	pmpm	MLR %	2015 Budget	pmpm	MLR %
Membership	5,455			4,979			5,348			5,443		
Member months	68,403			62,823			65,198			66,306		
Revenue:												
Premium Revenue	\$ 22,798,828	\$ 333		\$ 22,864,565	\$ 364		\$ 24,031,901	\$ 369		\$ 25,173,058	\$ 380	
Prem at Risk/Exp Rebate	-			-			-			-		
Total Revenue	22,798,828			22,864,565			24,031,901			25,173,058		
Expenses:												
Medical Expense	18,752,265	\$ 274	82%	18,725,134	\$ 298	82%	20,390,892	\$ 313	85%	20,983,639	\$ 316	83%
Administrative	3,603,162	\$ 53		3,483,668	\$ 55		2,513,141	\$ 39		2,657,160	\$ 40	
Total Expenses	22,355,427			22,208,802			22,904,033			23,640,799		
Underwriting Gain/ (Loss)	443,401			655,763			1,127,868			1,532,259		
Investment Income	47,931			108,827			167,761			230,278		
Net Income	\$ 491,331			\$ 764,590			\$ 1,295,629			\$ 1,762,536		

Premium Revenue:

- Management projected a 3% increase in premium for ERS effective September 2015, with an average premium of \$380
- Health Insurance Exchange projects 300 members monthly, at an average premium of \$370, with the majority of the membership split evenly between standard silver plan and the silver copay plan.
- Small Group enrollment of 15 members monthly will have minimal impact on Commercial revenue.

Medical Expense:

- ERS Medical Expense was budgeted with a 6% inflation factor for medical expense and 9% inflation on pharmacy expense
- Health Insurance Exchange pmpm costs were derived from actuarial detail presented by Milliman, noting Milliman's projected mix of membership between the different plan metal tiers.
- While Small Group experience in 2014 was high due to a single large claim, 2015 was projected at an 88% medical loss ratio. This is a significant reduction from 2014 Outlook, with the removal of a significant one time claim.
- Commercial includes savings initiatives in the amount of \$50,000 due to the implementation of claim edits in late 2014.

University Family Care Plan:

	2013 Actual	pmpm	2014 Budget	pmpm	2014 Outlook	pmpm	2015 Budget	pmpm
Membership	13,067		12,300		13,875		13,527	
Member months	148,605		147,600		163,629		162,324	
Revenue:								
Premium Revenue	\$ 1,963,494	\$ 13	\$ 1,943,493	\$ 13	\$ 2,151,237	\$ 13	\$ 2,137,447	\$ 13
Prem at Risk/Exp Rebate	-		-		-		-	
Total Revenue	1,963,494		1,943,493		2,151,237		2,137,447	
Expenses:								
Medical Expense	-		-		-		-	
Administrative	1,611,864	\$ 11	1,857,103	\$ 13	2,128,299	\$ 13	2,037,803	\$ 13
Total Expenses	1,611,864		1,857,103		2,128,299		2,037,803	
Underwriting Gain/ (Loss)	351,630		86,390		22,938		99,644	
Investment Income	-		-		-		-	
Net Income	\$ 351,630		\$ 86,390		\$ 22,938		\$ 99,644	

Revenue:

- No increase in TPA fee is budgeted in 2015 for University Family Care Plan. University Health System provided current membership numbers for the budgeted membership assumptions.

PPO:

	2013 Actual	2014 Budget	2014 Outlook	2015 Budget
Revenue:				
Premium Revenue	\$ 7,266	\$ 6,000	\$ 7,183	\$ 6,000
Prem at Risk/Exp Rebate	-	-	-	-
Total Revenue	7,266	6,000	7,183	6,000
Expenses:				
Medical Expense	(17)	-	-	-
Administrative	5,897	4,000	3,289	3,546
Total Expenses	5,880	4,000	3,289	3,546
Underwriting Gain/ (Loss)	1,387	2,000	3,893	2,454
Investment Income	328	5,178	(8)	(12)
Net Income	\$ 1,714	\$ 7,178	\$ 3,885	\$ 2,442

- PPO still has one group accident policy for UHS employees who are hospitalized for non-work related accidents. While claims are occasionally filed, reserves are adequate and no additional medical expense is budgeted at this time.

Administrative Costs

While the Administrative Cost budget represents a \$407,053 increase over 2014 Budget, on a per member per month (pmpm) basis, 2015 budgeted admin is below 2014 budgeted levels, with costs of \$18.94 pmpm in 2015 budget vs. \$21.62 in 2014 budget.

Some of the more significant changes in the 2015 budgeted administrative costs are:

- 4.5 additional employees at an additional salary and benefit cost of \$332,000 in 2015, noting growth in membership volume and the addition of health care exchange business.
- Reduction of \$1.5 million in 2015 budget for provider incentives. 2015 budget has \$2 million budgeted for provider incentives vs. 2014's \$3.5 million in incentives. The lower rate is reflective of the amount projected to be paid out in 2014.
- The addition of federal ACA fees in 2015, budgeted at \$258,000.
- Higher premium taxes in 2015 due to higher total budgeted premiums. 2015 premium taxes were budgeted at \$5.7 million, an increase of \$1.1 million over 2014 budget
- Reduced member value added benefits in the amount of \$322,659 to be more commensurate with current spending trends.
- An additional \$213,000 in consulting fees in order to assess viability of commercial product and perform further product development for the exchange.

Below is a chart showing staffing levels in the 2015 budget by department:

Area Name	Total Budgeted 2014	2015 Budget	Increases in 2015
Executive	7	7	-
Finance	8	8.5	0.5
Member Services	63	65	2
Health Service Management	36	37	1
Preventive Health Disease Mgmt	15	16	1
Claims	41	41	-
Network Management	17	17	-
Quality Management	10	10	-
Fraud and Abuse	3	3	-
Information Technology	32	32	-
Compliance	3	3	-
Strategic Planning Business Development	6	6	-
Facilities	5	5	-
	246	251	4.5

Capital Budget

Community First Health Plans, Inc. Capital Budget Items Year 2015	
Item	Total Cost
PCs/Monitors - New & Replacements	\$ 153,230
IPADS/ Laptops/ Desktop Phones	\$ 8,625
Servers and SQL Licenses	\$ 77,000
Net App Storage Controllers	\$ 133,185
Cisco Switches	\$ 80,989
VM Ware System Upgrade	\$ 77,480
Document & Contract Management System	\$ 70,000
Credentialing Software	\$ 50,000
Cameo Automated Call System Software	\$ 27,600
Furniture/Fixtures - Ergonomic Chairs & Cubicle Wall Extenders	\$ 25,845
Totals	\$ 703,954

Depreciation Expense is budgeted at \$732,818 for 2015. Of that amount, \$542,081 represents depreciation for capital in place at the end of 2014. 2015 budgeted capital expenditures are projected to add an additional \$190,737 to 2015 depreciation expense.

Key Indicators

	2014 Outlook	2015 Budget	% Increase (Decrease)
Members (excluding ASO)	136,723	144,801	6%
Member Months (excluding ASO)	1,520,428	1,698,886	12%
Premium (excluding ASO)	\$324.1 Million	\$349.6 Million	8%
Premium/Member Month (excluding ASO)	\$ 213	\$ 206	-3%
Medical Expense/Member Month (excluding ASO)	\$ 182	\$ 183	0%
Medical Loss Ratio	84.8%	88.1%	4%
Administrative Expense/Mbr month (excl Incentives)	\$ 18.32	\$ 17.87	-2%
Excess of Revenue over Expenses	\$ 10,749,787	\$ 3,484,548	-68%

Membership

Medicaid: – Medicaid membership grew more than 33% from December 2013 to projected December 2014. Total percentage growth from December 2014 projected to December 2015 budget is 6.7%. Of the 236,721 increase in member months projected in 2015 budget, 184,695 are due to sustaining membership from 2014. The remaining 52,026 member months represent growth in 2015.

Medicaid market share is projected to remain at 44%, noting that September 2014 market share is currently at 44% for Medicaid.

CHIP: CHIP membership declined more than 37% from December 2013 to projected December 2014. CFHP projects that membership decline will stabilize, and even increase less than 2% by the end of 2015. Since part of the decline in 2014 was due to HHSC erroneously enrolling members in both Medicaid and CHIP, and part was due to a change in poverty level for Medicaid causing CHIP members to now qualify for Medicaid, management believes that the program will no longer decline in 2015.

Market share in CHIP is projected to remain at 61.8% by the end of 2015. CFHP achieved this market share percentage in August of 2014.

Commercial

- ERS is projected to decline 3.4%, losing 180 members between December 2014 and December 2015. This is consistent with prior trend.
- Small group membership is projected to remain the same at 15 members.
- Health Insurance Exchange membership is projected to increase to 300 members in January 2015, as CFHP's premium rates appear to be market competitive.

ASO

- ASO (University Health System employees and their dependents) UHS provided membership numbers for the University Family Care Plan.

CFHP management believes that the resources in the 2015 budget will allow the Plan to build on past success for future growth in the Bexar County service area.

EXHIBITS

2015 Preliminary Activity

UNIVERSITY HEALTH SYSTEM ACTIVITY	2012 Actual	2013 Actual	2014 Budget	Projected 2014	Peliminary 2015 Budget	Var. 2015 vs 2014 Proj.	Var. %
In-Patient Activity Adult	Discharges	Discharges	Discharges	Discharges	Discharges	Discharges	
Heart Vascular	2,669	2,788	3,058	2,687	2,762	75	2.8%
Women Services	3,686	3,704	3,732	3,922	3,967	45	1.1%
Neonates	792	820	820	920	970	50	5.4%
Neurology	1,501	1,479	1,770	1,331	1,347	16	1.2%
Orthopedics	1,407	1,396	1,522	1,254	1,282	28	2.2%
Trauma	1,225	1,188	1,242	1,034	1,158	124	12.0%
Transplant	115	130	130	156	171	15	9.6%
All Other	8,786	9,019	9,282	8,968	9,138	170	1.9%
Sub-Total: Adult Discharges	20,181	20,524	21,556	20,272	20,795	523	2.6%
In-Patient Activity Pedi	Discharges	Discharges	Discharges	Discharges	Discharges	Discharges	
Heart Vascular	63	124	496	302	317	15	5.0%
Neurology	161	199	356	231	231	0	0.0%
Orthopedics	135	169	283	170	200	30	17.6%
Trauma	401	397	450	389	389	0	0.0%
Transplant	4	16	12	12	12	0	0.0%
All Other	270	354	1,011	556	953	397	71.4%
Sub-Total: Pedi Discharges	1,034	1,259	2,608	1,660	2,102	442	27.1%
Total Discharges	21,215	21,783	24,164	21,932	22,897	965	4.4%
Adult Notes:							
Heart and Vascular	Repatriation of cases did not meet expectations in 2014; however we anticipate repatriation to continue at a more modest rate.						
Neonates	Neonates will continue to grow with our increase in beds and continued external marketing efforts.						
Trauma	Trauma remains busy with anticipated growth based on additional facility resources.						
Transplant	Transplant programs remain vital; currently limited only by organ availability which is a nationwide problem.						
Pedi Notes:							
Heart Vascular	Very conservative growth rate based on 2014 experience with referral development, outreach, and improved nursing training/staffing						
Orthopedics	Slower than anticipated transition of orthopedic surgery from CHofSA - July 1, 2014 - led to lower activity 2014. New orthopedic surgeon - Sept 1, 2014 - contribute to 2015 projection.						
All Other	Recruitment 2nd ENT surgeon, improved staffing 11th floor Pedi ORs, increased number of staffed inpatient pediatric beds						

UNIVERSITY HEALTH SYSTEM ACTIVITY	2012 Actual	2013 Actual	2014 Budget	Projected 2014	Peliminary 2015 Budget	Var. 2015 vs 2014 Proj.	Vari %
Inpatient Activity - Adult	Days	Days	Days	Days	Days	Days	
Heart Vascular	19,741	20,956	18,889	19,939	19,573	(366)	(1.8%)
Women Services	10,007	10,212	9,688	10,891	12,163	1,272	11.7%
Neonates	13,239	14,838	15,549	17,461	17,522	61	0.3%
Neurology	8,266	8,102	11,452	7,096	7,278	182	2.6%
Orthopedics	7,730	7,200	7,099	6,446	6,572	126	2.0%
Trauma	7,893	7,566	7,452	7,529	7,443	(86)	(1.1%)
Transplant	1,163	1,159	1,134	1,514	1,531	17	1.1%
All Other	56,561	55,555	51,392	56,035	54,948	(1,087)	(1.9%)
Sub-Total: Adult Days	124,600	125,588	122,655	126,911	127,030	119	0.1%
Inpatient Activity - Pedi	Days	Days	Days	Days	Days	Days	
Heart Vascular	963	1,448	3,992	4,665	4,994	329	7.0%
Neurology	786	1,200	1,759	1,131	1,129	(2)	(0.2%)
Orthopedics	549	630	1,220	502	600	98	19.5%
Trauma	1,731	2,008	1,900	2,396	2,373	(23)	(1.0%)
Transplant	23	128	222	44	74	30	69.1%
All Other	1,371	1,675	6,282	2,904	5,399	2,495	85.9%
Sub-Total: Pedi Days	5,423	7,089	15,375	11,642	14,569	2,926	25.1%
Total: Days	130,023	132,677	138,030	138,461	141,599	3,045	2.3%
Average Length of Stay (ALOS)							
ALOS Adult	6.2	6.1	5.7	6.3	6.1	(0.2)	(2.4%)
ALOS Pedi	5.2	5.6	5.9	7.1	6.9	(0.2)	(2.3%)
Total ALOS	6.1	6.1	5.7	6.3	6.2	(0.1)	(2.2%)
Adjusted Discharges	42,647	44,437	49,295	44,897	46,939	2,042	4.5%
Notes:							
ALOS Pedi	Pediatric length of stay for 2014 and budget for 2015 is significantly higher than 2014 & prior years due to additional specialized cases in Cardiovascular surgery & oncology						

UNIVERSITY HEALTH SYSTEM ACTIVITY	2012 Actual	2013 Actual	2014 Budget	Projected 2014	Peliminary 2015 Budget	Var. 2015 vs 2014 Proj.	Var. %
Other UH Volume: Emergency, Surgery, Births and Observations	Cases	Cases	Cases	Cases	Cases	Cases	
Total EC (IP)	15,527	16,380	14,471	15,915	16,631	716	4.5%
Total EC (OP)	48,991	49,505	55,227	59,966	63,380	3,414	5.7%
Surgery - UHS (IP)	8,411	8,581	11,151	8,493	8,663	170	2.0%
Surgery - UHS (OP)	6,753	6,528	5,172	5,469	5,578	109	2.0%
Births	2,763	2,895	2,819	2,916	2,964	48.0	1.6%
Observation - UHS (Days)	6,801	6,016	7,820	11,164	13,601	2,437	21.8%
Total Other Vol: (EC, Surg, Births & OBS)	89,246	89,905	96,660	103,923	110,817	6,894	6.2%
Ambulatory Surgery Center Volume and other Outpatient Visits (includes PHC's)							
	Visits	Visits	Visits	Visits	Visits	Visits	
RBG ASC (Surg)	0	79	3,024	630	1,200	570	90.5%
RBG ASC (Endo)	0	1,185	7,054	3,808	5,500	1,692	44.4%
MARC ASC (Surg)	0	0	4,500	3,145	3,656	511	16.2%
MARC ASC (Endo)	0	0	1,000	1,533	1,645	112	7.3%
Clinics (UH - Adult)	48,404	39,753	42,115	42,016	43,334	1,318	3.1%
Clinics (UH - Pedi)	2,276	2,378	5,826	5,875	7,041	1,166	19.8%
Clinics (Pavilion)	0	39,009	39,674	38,260	39,031	771	2.0%
Clinics (Pavilion - Pedi)	0	12,685	0	14,223	13,751	(472)	(3.3%)
Dialysis (Adult)	71,014	76,674	78,676	73,580	75,048	1,468	2.0%
Dialysis (Pedi)	0	0	1,400	2,453	3,323	870	35.5%
Clinics Ambulatory Ops (Adult)	403,554	429,719	466,885	422,142	428,837	6,695	1.6%
Clinics Ambulatory Ops (Pedi)	1,584	13,501	44,529	39,871	42,762	2,891	7.2%
Clinics (PHCs)	41,436	53,672	55,655	54,098	54,912	814	1.5%
Total Other Vol: (OP ASCs, OP Clinics, PHCs)	568,268	668,655	750,338	701,634	720,040	18,406	2.6%
Notes:							
RBG ASC	Both Endo and ORs 1st year of operations establishing new service lines and surgeons for the ORs.						
RBG Endo	Endoscopy had new providers on board in Aug 2014. Volumes for budget based on higher activity towards the end of 2014..						
MARC ASC	Surgical volume growth is based on continuing efforts on multiple fronts to recruit surgeons to our facility						
Clinics UH-Pedi	Pedi Express Expansion - at RBG, addition of Urology provider 1 full day per week and Orthopedics adding 1 full-time surgeon - will have full-day pedi ortho clinic 4 days per week.						
Dialysis Pedi	Full year and ramp up of this new program which started in 2014						



University Health System

Statement of Revenues and Expenses

Consolidated (Dollars are in Thousands)	2013 Audited	2014 Budget	2014 Projected	Preliminary 2015 Budget	Variance from Projected	% Variance
Revenues						
Net Patient Service Revenue	\$362,438	\$423,152	\$406,417	\$442,500	\$36,083	8.9%
Property Taxes M & O	\$246,217	\$259,152	\$259,263	\$279,104	\$19,841	7.7%
Disproportionate Share Revenue	\$34,702	\$33,551	\$30,301	\$29,936	(\$364)	(1.2%)
DSRIP Revenue	\$42,435	\$23,850	\$43,177	\$55,164	\$11,986	27.8%
NAIP Revenue	\$	\$	\$	\$11,999	\$11,999	100.0%
Uncompensated Care (UC) Revenue	\$75,044	\$66,143	\$77,090	\$79,538	\$2,448	3.2%
Tobacco Settlement Fund	\$5,200	\$5,201	\$5,982	\$5,982	\$0	0.0%
CFHP Premium Revenue	\$268,925	\$287,086	\$319,035	\$348,477	\$29,442	9.2%
Other Revenue	<u>\$48,230</u>	<u>\$54,606</u>	<u>\$56,850</u>	<u>\$55,740</u>	(\$1,110)	(2.0%)
Total Operating Revenues	\$1,083,192	\$1,152,741	\$1,198,114	\$1,308,439	\$110,325	9.2%
Expenses						
Salaries	\$334,287	\$354,885	\$366,947	\$393,476	(\$26,529)	(7.2%)
Benefits	\$64,978	\$68,445	\$66,339	\$71,446	(\$5,106)	(7.7%)
Medical Services	\$102,716	\$113,167	\$115,147	\$115,698	(\$550)	(0.5%)
Supplies	\$124,947	\$136,487	\$143,211	\$154,767	(\$11,556)	(8.1%)
Purchased Services	\$131,766	\$160,023	\$155,492	\$176,845	(\$21,353)	(13.7%)
Medical Claims Expense	\$234,884	\$245,510	\$275,210	\$310,062	(\$34,852)	(12.7%)
BAD/TIRZ	\$1,517	\$1,870	\$1,818	\$1,876	(\$57)	(3.1%)
CHCS Expense /AACOG Match	<u>\$1,965</u>	<u>\$2,247</u>	<u>\$2,493</u>	<u>\$2,065</u>	<u>\$428</u>	<u>17.2%</u>
Total Operating Expenses	\$997,059	\$1,082,634	\$1,126,658	\$1,226,234	(\$99,576)	(8.8%)
Gain (Loss) from Operations	\$86,133	\$70,107	\$71,456	\$82,206	\$10,749	15.0%
Nonoperating Revenue/(Expense):						
Depreciation and Amortization	\$46,227	\$63,219	\$72,275	\$84,233	(\$11,958)	(16.5%)
Meaningful Use Funds	\$1,593	\$637	\$661	\$190	(\$472)	(71.3%)
Interest Income	\$2,450	\$1,988	\$2,225	\$1,998	(\$227)	(10.2%)
Unrealized Gain/Loss	<u>(\$1,781)</u>	<u>\$</u>	<u>\$297</u>	<u>\$</u>	<u>(\$297)</u>	<u>(100.0%)</u>
Total Nonoperating Revenue/Expense	(\$43,966)	(\$60,594)	(\$69,092)	(\$82,046)	(\$12,953)	(18.7%)
Bottom Line	<u>\$42,167</u>	<u>\$9,513</u>	<u>\$2,364</u>	<u>\$160</u>	<u>(\$2,204)</u>	<u>(93.2%)</u>
Debt Service						
Debt Service Revenue (Property Tax I & S)	\$42,520	\$43,070	\$43,218	\$43,906	\$688	1.6%
Debt Service	<u>\$42,520</u>	<u>\$43,070</u>	<u>\$43,218</u>	<u>\$43,906</u>	<u>\$688</u>	<u>1.6%</u>
Net Debt Service	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0%</u>
Ongoing Capital Requirements	\$27,298	\$30,821	\$25,224	\$30,736	\$5,511	21.8%

Univesity Health System
Statement of Revenues and Expenses

Clinical Services Division (Dollars are in Thousands)	2013 Audited	2014 Budget	2014 Projected	2015 Preliminary Budget	Variance from Projected	% Variance
Adjusted Discharges	44,437	49,295	44,897	46,939	2,042	4.5%
Revenues						
Net Patient Service Revenue	\$362,438	\$423,152	\$406,417	\$442,500	\$36,083	8.9%
Property Taxes M & O	\$246,217	\$259,152	\$259,263	\$279,104	\$19,841	7.7%
Disproportionate Share Revenue	\$34,702	\$33,551	\$30,301	\$29,936	(\$364)	(1.2%)
DSRIP Revenue	\$42,435	\$23,850	\$43,177	\$55,164	\$11,986	27.8%
NAIP Revenue				\$11,999	\$11,999	100.0%
Uncompensated Care (UC) Revenue	\$75,044	\$66,143	\$77,090	\$79,538	\$2,448	3.2%
Tobacco Settlement Fund	\$5,200	\$5,201	\$5,982	\$5,982	\$	0.0%
Other Revenue	<u>\$48,230</u>	<u>\$54,606</u>	<u>\$56,850</u>	<u>\$55,740</u>	<u>(\$1,110)</u>	<u>(2.0%)</u>
Total Operating Revenues	<u>\$814,267</u>	<u>\$865,654</u>	<u>\$879,079</u>	<u>\$959,962</u>	<u>\$80,883</u>	<u>9.2%</u>
Expenses						
Salaries	\$323,315	\$342,280	\$354,750	\$380,097	(\$25,347)	(7.1%)
Benefits	\$62,673	\$65,951	\$63,840	\$68,851	(\$5,011)	(7.8%)
Medical Services	\$102,716	\$113,167	\$115,147	\$115,698	(\$550)	(0.5%)
Supplies	\$124,947	\$136,487	\$143,211	\$154,767	(\$11,556)	(8.1%)
Purchased Services	\$117,939	\$140,929	\$137,694	\$158,296	(\$20,602)	(15.0%)
BAD/TIRZ	\$1,517	\$1,870	\$1,818	\$1,876	(\$57)	(3.1%)
CHCS Expense /AACOG Match	<u>\$1,965</u>	<u>\$2,247</u>	<u>\$2,493</u>	<u>\$2,065</u>	<u>\$428</u>	<u>17.2%</u>
Total Operating Expenses	<u>\$735,071</u>	<u>\$802,931</u>	<u>\$818,954</u>	<u>\$881,649</u>	<u>(\$62,695)</u>	<u>(7.7%)</u>
Gain (Loss) from Operations	<u>\$79,195</u>	<u>\$62,723</u>	<u>\$60,125</u>	<u>\$78,313</u>	<u>\$18,188</u>	<u>30.3%</u>
Nonoperating Revenue/(Expense):						
Depreciation and Amortization	\$45,520	\$62,563	\$71,640	\$83,500	(\$11,860)	(16.6%)
Meaningful Use Funds	\$1,593	\$637	\$661	\$190	(\$472)	(71.3%)
Interest Income	\$2,014	\$1,701	\$1,911	\$1,673	(\$238)	(12.4%)
Unrealized Gain/Loss	<u>(\$1,679)</u>		<u>\$297</u>		<u>(\$297)</u>	<u>100.0%</u>
Total Nonoperating Revenue/Expense	<u>(\$43,593)</u>	<u>(\$60,226)</u>	<u>(\$68,772)</u>	<u>(\$81,638)</u>	<u>(\$12,866)</u>	<u>18.7%</u>
Bottom Line Excluding Debt Service	<u>\$35,603</u>	<u>\$2,497</u>	<u>(\$8,646)</u>	<u>(\$3,324)</u>	<u>\$5,322</u>	<u>(61.6%)</u>
Debt Service						
Debt Service Revenue (Property Tax I & S)	\$42,520	\$43,070	\$43,218	\$43,906	\$688	1.6%
Debt Service	<u>\$42,520</u>	<u>\$43,070</u>	<u>\$43,218</u>	<u>\$43,906</u>	<u>\$688</u>	<u>1.6%</u>
Net Debt Service	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0%</u>
Ongoing Capital Requirements	\$27,000	\$30,000	\$24,794	\$30,032	\$5,238	21.1%



University Health System

Statement of Revenues and Expenses

CFHP (Dollars are in Thousands)	2013 Audited	2014 Budget	2014 Projected	2015 Budget	Variance from Projected	% Variance
Revenues						
CFHP Remium Revenue	\$266,953	\$285,143	\$319,035	\$348,477	\$29,442	9.2%
Other Revenue	<u>\$1,972</u>	<u>\$1,943</u>	\$	\$	\$	0.0%
Total Operating Revenues	\$268,925	\$287,086	\$319,035	\$348,477	\$29,442	9.2%
Expenses						
Salaries	\$10,972	\$12,605	\$12,196	\$13,379	(\$1,182)	(9.7%)
Benefits	\$2,305	\$2,494	\$2,499	\$2,595	(\$96)	(3.8%)
Purchased Services	\$13,827	\$19,095	\$17,798	\$18,549	(\$751)	(4.2%)
Medical Claims Expense	\$234,884	\$245,510	\$275,210	\$310,062	(\$34,852)	(12.7%)
Total Operating Expenses	\$261,987	\$279,703	\$307,703	\$344,585	(\$36,881)	(12.0%)
Gain (Loss) from Operations	\$6,938	\$7,384	\$11,331	\$3,892	(\$7,439)	(65.6%)
Nonoperating Revenue/(Expense):						
Depreciation and Amortization	\$708	\$655	\$635	\$733	(\$98)	(15.4%)
Meaningful Use Funds						
Interest Income	\$436	\$287	\$314	\$325	\$11	3.4%
Realized Gain/Loss						
Unrealized Gain/Loss	<u>(\$102)</u>					
Total Nonoperating Revenue/Expense	(\$373)	(\$368)	(\$321)	(\$408)	(\$87)	(27.1%)
Bottom Line	<u>\$6,565</u>	<u>\$7,015</u>	<u>\$11,010</u>	<u>\$3,485</u>	<u>(\$7,526)</u>	<u>(68.4%)</u>
Ongoing Capital Requirements	<u>\$298</u>	<u>\$821</u>	<u>\$430</u>	<u>\$704</u>	<u>\$273</u>	<u>63.5%</u>



**University
Health System
2015 Preliminary Budget
Net Patient Revenue**

Inpatient Services	2014 Projected			2015 Preliminary Budget			Total Variance			% Variance		
	Dschgs	Net Patient Revenue	NPR/Dschg	Dschgs	Net Patient Revenue	NPR/Dschg	Dschgs	Net Patient Revenue	NPR/Dschg	Dschgs	NPR	NPR/Dschg
Heart Vascular	2,989	\$49,419,628	\$16,534	3,079	\$52,377,011	\$17,011	90	\$2,957,384	\$477	3.0%	6.0%	2.9%
Womens Services	3,922	\$11,605,987	\$2,959	3,967	\$11,857,156	\$2,989	45	\$251,169	\$30	1.1%	2.2%	1.0%
Neonates	920	\$20,311,815	\$22,078	970	\$21,701,843	\$22,373	50	\$1,390,028	\$295	5.4%	6.8%	1.3%
Neuro	1,562	\$7,120,623	\$4,559	1,578	\$7,387,623	\$4,682	16	\$266,999	\$123	1.0%	3.7%	2.7%
Ortho	1,393	\$16,458,818	\$11,815	1,482	\$17,835,705	\$12,035	89	\$1,376,887	\$220	6.4%	8.4%	1.9%
Trauma	1,423	\$22,827,659	\$16,042	1,547	\$25,237,226	\$16,314	124	\$2,409,567	\$272	8.7%	10.6%	1.7%
Transplant	168	\$11,022,882	\$65,612	183	\$12,007,068	\$65,612	15	\$984,186	\$0	8.9%	8.9%	0.0%
All Other Service Lines	9,524	\$81,845,884	\$8,594	10,091	\$87,228,601	\$8,644	567	\$5,382,717	\$51	6.0%	6.6%	0.6%
Cost report Pass Through	0	\$21,630,710	\$0	0	\$26,861,167	\$0	0	\$5,230,457	\$0	0.0%	24.2%	0.0%
MedAssets & Other Improvements	0	\$5,699,423	\$0	0	\$7,599,423	\$0	0	\$1,900,000	\$0	0.0%	33.3%	0.0%
Total Inpatient Services	21,901	\$247,943,429	\$11,321	22,897	\$270,092,823	\$11,796	996	\$22,149,395	\$475	4.5%	8.9%	4.2%

Net Inpatient Revenue by Service Line

Outpatient Services	2014 Projected			2015 Preliminary Budget			Total Variance			% Variance		
	Activity	Net Patient Revenue	NPR/Stat	Activity	Net Patient Revenue	NPR/Stat	Activity	Net Patient Revenue	NPR/Stat	Activity	Net Patien	NPR/Stat
OP PED HEM ONC	2,843	\$2,352,128	\$827	5,063	\$4,188,822	\$827	2,220	\$1,836,694	\$0	78.1%	78.1%	0.0%
OP Surgery	5,469	\$7,489,071	\$1,369	5,578	\$7,745,349	\$1,389	109	\$256,278	\$19	2.0%	3.4%	1.4%
OP Observation	11,164	\$11,153,672	\$999	13,601	\$13,821,293	\$1,016	2,437	\$2,667,621	\$17	21.8%	23.9%	1.7%
OP Emergency Room	59,966	\$13,534,173	\$226	63,380	\$14,754,474	\$233	3,414	\$1,220,301	\$7	5.7%	9.0%	3.1%
Marc ASC	4,678	\$3,065,504	\$655	5,301	\$3,511,349	\$662	623	\$445,845	\$7	13.3%	14.5%	1.1%
RBG ASC	4,438	\$1,059,160	\$239	6,700	\$1,635,816	\$244	2,262	\$576,656	\$5	51.0%	54.4%	2.3%
Other OP SVCs	151,063	\$63,195,738	\$418	153,881	\$72,723,032	\$473	2,818	\$9,527,294	\$54	1.9%	15.1%	13.0%
CMA	462,013	\$16,414,372	\$36	471,599	\$16,764,288	\$36	9,586	\$349,916	\$0	2.1%	2.1%	0.1%
Ambulance and AirLife	<u>1,312</u>	<u>\$8,567,507</u>	<u>\$6,530</u>	<u>1,320</u>	<u>\$8,620,507</u>	<u>\$6,531</u>	<u>8</u>	<u>\$53,000</u>	<u>\$1</u>	0.6%	0.6%	0.0%
Total Outpatient & CMA	702,946	\$126,831,326		726,423	\$143,764,931		23,477	\$16,933,605				13.4%

Net Outpatient Revenue by Service Line

Additional Net Revenue												
CareLink		\$16,000,000			\$13,000,000			(\$3,000,000)				-18.8%
Pharmacy and Other		\$15,642,246			\$15,642,246			\$0				0.0%
Total Additional Revenue		\$31,642,246			\$28,642,246			(\$3,000,000)				-9.5%

TOTAL NET PATIENT REVENUE		\$406,417,000			\$442,500,000			\$36,082,999				8.9%
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**Preliminary 2015 Budget
Legislative Changes Revenue Assumptions**

In \$ Millions	2014 Year-end View	Preliminary 2015 Budget	Change	% Change	Notes
ACA Impacts					
Hospital Medicare Rates	\$73.6	\$73.0	(\$0.6)	-0.8%	Medicare rate increases offset large \$2.6M reduction in Uncompensated Care Adjustment
CMA Medicaid Payments	\$8.7	\$6.7	(\$2.0)	-22.9%	Medicaid primary care payment adjustment to Medicare rates expires 1/1/2015
Disproportionate Share Funding					
Current Year	\$30.3	\$29.9	(\$0.4)	-1.2%	The State Plan change complete for SFY 9/30/14, assume similar for SFY 9/30/15 and all six hospitals transfer
Uncompensated Care					
Hospital UC	\$58.9	\$64.6	\$5.7	9.6%	The State Plan change complete for SFY 9/30/14, assume 95% for SFY 9/30/15 and all six hospitals transfer
One-Time Adjustment	\$0.0	\$10.0	\$10.0	100.0%	This is a negotiated adjustment that will reallocate UC funding to public hospitals
CMA	\$6.2	\$5.0	-\$1.2	-19.6%	Reduction due to new formula
Correction from Prior Year	\$12.0	\$0.0	-\$12.0	0.0%	One time adjustment in 2014
Total	\$77.1	\$79.5	\$2.4	3.2%	
Other					
Tobacco	\$6.0	\$6.0	\$0.0	0.0%	Projected at 2014 level
DSRIP Revenue	\$43.2	\$55.2	\$12.0	27.8%	DY4 of DSRIP expansion
NAIP Revenue	\$0.0	\$12.0	\$12.0	100.0%	Network Access Improvement Program is a new funding source for 2015 related to improving access for the Managed Medicaid population.
Total All Programs	\$238.9	\$262.4	\$23.5	9.8%	

Note: Bexar UC program is an expense and is assumed to continue

Exhibit 5

Delivery System Reform Incentive Payment (DSRIP)

	DY3 Projected 2014	Preliminary DY4 Budget 2015	Change
Total DSRIP Incentive	\$118.7	\$131.4	\$12.7
Less IGT for UHS	(\$49.1)	(\$55.1)	(\$6.0)
Net DSRIP	\$69.6	\$76.3	
IGT for Other Bexar Hospitals	(\$18.4)	(\$18.0)	\$0.4
Less Monitoring Fee			
Net Net DSRIP Incentive	\$51.2	\$58.3	\$7.1
Less amounts held in reserve for audit recoupments	(\$8.0)	(\$3.1)	\$4.9
Projected DSRIP Revenue	\$43.2	\$55.2	\$12.0
Expenditures for the DSRIP Projects	(\$18.0)	(\$17.5)	(\$0.5)
Potential Earnings	\$25.2	\$37.7	\$12.5

University Health System
Analysis of Tax Rate in Support of the 2015 Outlook

Exhibit 7

Recommendation: Maintain Existing Tax Rate	Existing Tax Rate	Proposed Tax Rate	Tax Rate Change from Existing Rate	% Change from Existing Tax Rate	2014 Estimated Net Taxes	2015 Proposed Net Taxes	Proposed Net Change From Prior Year	% Increase
Dollars in 000's								
Operating Rate	0.236600	0.238601	0.002001	0.85%	\$259,263	\$279,104	\$19,841	7.65%
Debt Rate	0.039635	0.037634	(0.002001)	-5.05%	\$43,108	\$43,906	\$798	1.85%
Total Tax Rate	0.276235	0.276235	(0.000000)	0.00%	\$302,371	\$323,010	\$20,639	6.83%
Total Effective Tax Rate Published		0.265308						
Increase from Effective Rate		0.010927	4.12%					
Notice Impact		Two public hearings required						

	2014 Estimated		2015 Proposed	
M&O Analysis				
Impact of a 1% Increase in M&O			\$	2,801
Impact of a one cent increase in M&O			\$	11,740
Average Home Value	\$	147,094	\$	156,342
M&O Tax per Homestead	\$	348.02	\$	373.03
Annual M&O Increase per Homestead from last year per month			\$	25.01
				7.19%
\$100,000 Home Value	\$	100,000	\$	100,000
M&O Tax per \$100,000 home	\$	236.60	\$	238.60
Annual M&O Increase per \$100,000 home from last year per month			\$	2.00
				0.85%
			\$	0.17
Debt Service Analysis				
Average Home Value	\$	147,094	\$	156,342
Debt Service Tax per Homestead	\$	58.30	\$	58.84
Annual Debt Service Decrease per Homestead from last year			\$	0.54
Debt Service Decrease per Homestead from last year per month			\$	0.04
				0.92%
\$100,000 Home Value	100,000		\$	100,000
Debt Service Tax per \$100,000 home		39.64	\$	37.63
Annual Debt Service Decrease per \$100,000 home from last year			\$	(2.00)
Debt Service Decrease per \$100,000 home from last year per month			\$	(0.17)
				-5.05%
Total Debt Service Analysis				
Average Home Value	\$	147,094	\$	156,342
Total Tax per Homestead	\$	406.33	\$	431.87
Annual Total Tax Decrease per Homestead from last year			\$	25.55
Total Tax Decrease per Homestead from last year per month			\$	2.13
				6.29%
\$100,000 Home Value	\$	100,000	\$	100,000
Total Tax per \$100,000 home	\$	276.24	\$	276.23
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			\$	(0.00)
				0.00%

University Health System, Changes to Total Operating Revenue

Total Operating Revenue	Change in Millions	% of Total	Driver	% Growth
Increase in NPR	\$36.0	32.6%	Adjusted Discharges	4.5%
Inpatient	\$13.2	12.0 %	Discharges	4.4%
Cardiac	\$1.4		Expected repatriation of volume	
Trauma	\$2.0		Growth facilitated by additional facility resources	
Orthopedics	\$1.0		Growth on Ped side, new Surgeon start 09/2014	
General Surgery	\$1.8		2% growth in IP surgery	
Oncology	\$2.9		Growth on Ped side, due to enhanced program	
Neonatal	\$1.1		5% growth in neonatal discharges	
Other Service Lines	\$3.0		Strategic focus	
Outpatient	\$6.6	6.0 %	Visits/Cases	2.6%
Surgery Centers	\$1.1		Growth on one year of full operation	
Emergency Center	\$0.8			
Observation, Clinics and other	\$4.7		Increase in Observation expected	
Rate Changes	\$2.0	1.8 %		
Medicare Reductions	(\$3.9)		Outlier and Uncompensated care reductions	
Medicare Improvements	\$3.3		Increases per final regulations: Federal Register	
Medicaid Inpatient Complication Adjustment	(\$0.4)		Effective 09/01/14 up 2.5% from 2%	
Commercial Rate Improvements	\$3.0		Average 3% increase per encounter	
Payer Mix	\$6.8	6.2 %	Expect increase funded % trend to continue	1.5%
CareLink	(\$3.0)	(2.7)%	Member loss anticipated due to ACA	
Revenue Cycle	\$2.1	1.9 %	Charge capture and pricing enhancement	
Other	\$8.3	7.5 %	On going	
Increase Other Operating Revenue	\$74.3	67.4%		
Property Taxes	\$19.8	18.0 %	Property Values	
DSRIP	\$12.0	10.9 %	Milestones achieved; 10% reserve hold back	
DSH	(\$0.4)	(0.3)%	Changes in DSH formula, assumes fully funded	
NAIP Revenue	\$12.0	10.9 %	New State funding source for 2015	
Uncompensated Care	\$2.4	2.2 %	Changes in UC formula, assumes fully funded	
Other	(\$1.1)	(1.0)%	Changes in cafeteria, sundry and grant	
CFHP Premium Revenue	\$29.4	26.7 %	Increased membership	
Total Variance	\$110.3	100.0%		

Preliminary 2015 Budget, Changes to the Total Operating Expense

	Change in Millions	% of Total	Driver
Total Operating Expense			
Employee Compensation	(\$30.4)	48.4%	
Increased Activity	-\$12.1		Activity driven
Merit	-\$7.3		Merit @ 2%
NAIP	-\$4.0		Estimated NAIP salaries
Competitive Pay/Incentives	-\$3.7		Market Adjustments/Incentives
Professional Staff	-\$2.5		Fixed FTEs
DSRIP	-\$0.7		New DSRIP FTEs
CMA Vacancy Credit	\$1.5		Formerly in Medical Services
Vacancy Credit	\$3.5		UH Vacancy Credit
Benefits	-\$5.1		SS (1.6), Employee Health (3.1), Pension Plan (1.4), Other 1.0
Medical Services	(\$0.6)	0.9%	
Supplies	(\$11.6)	18.4%	
			Activity \$1.6M, New Pedi Hem/Onc drugs \$3.1M, Inflation \$.8M
Pharmaceuticals	-\$5.5		
NAIP	-\$0.7		Estimated NAIP supply expense
Medical Supplies	-\$3.7		Activity driven
Facilities	-\$1.0		Maintenance Materials & Equipment
Food Services	-\$0.6		Patient Food, Gift Shop
Purchased Services	(\$20.6)	32.9%	
Maintenance Contracts	-\$8.5		Information Services
Maintenance Contracts	-\$2.9		Plant Operations
Professional/Management Fees	-\$1.2		Pediatrics
Utilities	-\$1.6		Natural Gas, Water, Sewage, Electricity
Professional Services	-\$2.3		Family Planning, Emergency Dept.
Equipment Repair	-\$2.1		Facilities
Management Fees	-\$1.7		Management Fees
Other Expense	\$0.4	-0.6%	Taxpayer & Local Match
Total Variance to 2014 Projected	(\$62.7)	100.0%	
CFHP Increase in Total Operating Exp	(\$36.9)		Medical claims expense (34.9), Salaries (1.2), Purchased Services (.8)
UHS Consolidated Operating Expense	(\$99.6)		

2015 Ongoing Capital Requirements

VP	Dept Name	Item Request Name	Priority	Class	2015 Request	Category
Allen Strickland	MARC ASC	Instruments	Important: Necessary For Improvement	Strategic (New Service / Expansion)	200,000	Clinical Equipment
Allen Strickland	MARC ASC	Cysto Sets x 5	Important: Necessary For Improvement	Replacement	28,263	Clinical Equipment
Allen Strickland	MARC ASC	Centurion Phaco Machine	Important: Necessary For Improvement	Replacement	70,000	Clinical Equipment
Allen Strickland	MARC ASC	Video and monitors for OR 3	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	82,000	Clinical Equipment
Allen Strickland	MARC ASC	Zeiss Lumera Microscope	Proactive: Necessary To Avoid Problems	Replacement	190,000	Clinical Equipment
Allen Strickland	MARC ASC	S&N ACL Set	Essential: Cannot Function Without	Strategic (New Service / Expansion)	35,000	Clinical Equipment
Allen Strickland	MARC ASC	Stryker Chair x3	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	12,000	Clinical Equipment
Allen Strickland	MARC ASC	Small Fragment Set	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	67,345	Clinical Equipment
Allen Strickland	MARC ASC	Mini Fragment Set	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	55,026	Clinical Equipment
Bill Phillips	Communication Services	End of life Equipment-Computer Hardware	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	140,000	Information Systems
Bill Phillips	Biomedical Engineering	Mainspring	Important: Necessary For Improvement	Strategic (New Service / Expansion)	100,000	Information Systems
Bill Phillips	Biomedical Engineering	Maintenance Work Carts	Important: Necessary For Improvement	Strategic (New Service / Expansion)	65,000	Administrative Equipment
Bill Phillips	Biomedical Engineering	Mobile Equipment Hardware Support	Important: Necessary For Improvement	Strategic (New Service / Expansion)	50,000	Administrative Equipment
Bill Phillips	Application Systems	GE Healthcare Objects	Important: Necessary For Improvement	Strategic (New Service / Expansion)	350,000	Information Systems
Bill Phillips	Application Systems	GE License for HA	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	300,000	Information Systems
Bill Phillips	Application Systems	Peoplesoft Upgrade Support	Important: Necessary For Improvement	Mandated (Regulatory Safety & Required Maintenance)	250,000	Information Systems
Bill Phillips	Application Systems	GE License Expansion	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	200,000	Information Systems
Bill Phillips	Application Systems	Kronos Integration Manager	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	140,000	Information Systems
Bill Phillips	IT Imaging Services	Vendor Neutral Archive (VNA) Solution	Essential: Cannot Function Without	Strategic (New Service / Expansion)	743,863	Information Systems
Bill Phillips	IT Imaging Services	End of Life Equipment - Radiology	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	310,000	Information Systems
Bill Phillips	IT Imaging Services	Radiation Dose Tracking Software	Essential: Cannot Function Without	Strategic (New Service / Expansion)	200,000	Information Systems
Bill Phillips	IT Imaging Services	PACS Migration	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	100,000	Information Systems
Bill Phillips	Clinical Systems	Synapse CV	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	200,000	Information Systems
Bill Phillips	Clinical Systems	Sleep Lab/Portable EEG Cart Upgrade	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	200,000	Information Systems
Bill Phillips	Clinical Systems	Sunrise Upgrades	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	150,000	Information Systems
Bill Phillips	Clinical Systems	Cloverleaf Interface Engine Upgrade	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	75,000	Information Systems
Bill Phillips	Clinical Systems	OR Control - Cath Lab	Important: Necessary For Improvement	Strategic (New Service / Expansion)	57,062	Information Systems

2015 Ongoing Capital Requirements

Exhibit 10

VP	Dept Name	Item Request Name	Priority	Class	2015 Request	Category
Bill Phillips	Clinical Systems	Centricity Perinatal	Essential: Cannot Function Without	Strategic (New Service / Expansion)	50,000	Information Systems
Bill Phillips	Clinical Systems	OR Control - RBB	Important: Necessary For Improvement	Strategic (New Service / Expansion)	50,000	Information Systems
Bill Phillips	Clinical Systems	PICIS Insight Anesthesia Manager	Essential: Cannot Function Without	Strategic (New Service / Expansion)	40,000	Information Systems
Bill Phillips	Clinical Systems	Upgrade Endworks	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	40,000	Information Systems
Bill Phillips	Clinical Systems	RALS Software Upgrade Additional Licenses required	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	35,000	Information Systems
Bill Phillips	Clinical Systems	Scriptpro 340B Software/Communication Package	Essential: Cannot Function Without	Strategic (New Service / Expansion)	31,000	Information Systems
Bill Phillips	Clinical Systems	ICNET	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	25,000	Information Systems
Bill Phillips	Clinical Systems	PICIS Tissue Management Interface	Essential: Cannot Function Without	Strategic (New Service / Expansion)	15,000	Information Systems
Bill Phillips	Technical Services	MidRange Archive storage	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	840,000	Information Systems
Bill Phillips	Technical Services	Enterprise Class Storage	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	840,000	Information Systems
Bill Phillips	Technical Services	Network Capacity Growth	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	600,000	Information Systems
Bill Phillips	Technical Services	Citrix NetScaler Upgrade	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	400,000	Information Systems
Bill Phillips	Technical Services	End of Life Switch Upgrades	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	250,000	Information Systems
Bill Phillips	Technical Services	Identity and Access Management Tool	Essential: Cannot Function Without	Strategic (New Service / Expansion)	250,000	Information Systems
Bill Phillips	Technical Services	Replace Infoblox Appliances	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	246,000	Information Systems
Bill Phillips	Technical Services	Citrix License - 500 Count Increase	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	75,000	Information Systems
Bill Phillips	Technical Services	Increase XMediusFAX Capacity	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	71,000	Information Systems
Bill Phillips	Technical Services	Site Recovery Manager (SRM)	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	68,000	Information Systems
Bill Phillips	Technical Services	EOL UPS Replacement	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	50,000	Information Systems
Francine Wilson	Materials Management & Inventory Control	PAR Excellence Installations	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	250,300	Administrative Equipment
Francine Wilson	Printing Services	Creaser/Slitter/Cutter	Important: Necessary For Improvement	Strategic (New Service / Expansion)	52,300	Administrative Equipment
Francine Wilson	Printing Services	Envelope printer	Important: Necessary For Improvement	Strategic (New Service / Expansion)	30,200	Administrative Equipment
Francine Wilson	Materials Management & Inventory Control	Install louvers	Essential: Cannot Function Without	Strategic (New Service / Expansion)	12,000	Construction/ Minor Renovation
Mark Webb	Facilities Dev & Project Mgmt	UHS-Standardize Keying/Locking Mechanisms	Proactive: Necessary To Avoid Problems	Replacement	250,000	Construction/ Minor Renovation
Mark Webb	Facilities Dev & Project Mgmt	UHS-Standardize WayFinding Signage at existing Building	Important: Necessary For Improvement	Replacement	200,000	Construction/ Minor Renovation
Mark Webb	Facilities Dev & Project Mgmt	UHS-Expand RFID Technology for Parking Management	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	225,000	Construction/ Minor Renovation
Mark Webb	Facilities Dev & Project Mgmt	RBG-Standardize Parking Management	Important: Necessary For Improvement	Replacement	150,000	Construction/ Minor Renovation

2015 Ongoing Capital Requirements

Exhibit 10

VP	Dept Name	Item Request Name	Priority	Class	2015 Request	Category
Mark Webb	Facilities Dev & Project Mgmt	UHS Clinics-Standardize Parking Management	Important: Necessary For Improvement	Replacement	125,000	Construction/ Minor Renovation
Mark Webb	Facilities Dev & Project Mgmt	RBG-Connect North Parking Lot to Parking Management	Important: Necessary For Improvement	Replacement	30,000	Construction/ Minor Renovation
Mark Webb	Housekeeping	EVS-Chariot 2 iScrub 20 Deluxe Stand-On Scrubber	Proactive: Necessary To Avoid Problems	Replacement	11,800	Administrative Equipment
Mark Webb	Environmental Services-UFHCSW	EVS-Chariot 2 iScrub 20 Deluxe Stand-On Scrubber	Proactive: Necessary To Avoid Problems	Replacement	11,800	Administrative Equipment
Mark Webb	Environmental Services-UFHCSE	EVS-Chariot 2 iScrub 20 Deluxe Stand-On Scrubber	Proactive: Necessary To Avoid Problems	Replacement	11,800	Administrative Equipment
Mark Webb	Environmental Services-TDI	EVS-Chariot 2 iScrub 20 Deluxe Stand-On Scrubber	Proactive: Necessary To Avoid Problems	Replacement	11,800	Administrative Equipment
Mark Webb	Housekeeping	EVS Chariot iGloss Stand-On Burnisher	Proactive: Necessary To Avoid Problems	Replacement	13,800	Administrative Equipment
Mark Webb	Environmental Services-UFHCSW	EVS-Chariot iGloss Stand-On Burnisher	Proactive: Necessary To Avoid Problems	Replacement	13,800	Administrative Equipment
Mark Webb	Environmental Services-UFHCSE	EVS-Chariot iGloss Stand-On Burnisher	Proactive: Necessary To Avoid Problems	Replacement	13,800	Administrative Equipment
Mark Webb	Environmental Services-TDI	EVS-Chariot iGloss Stand-On Burnisher	Proactive: Necessary To Avoid Problems	Replacement	13,800	Administrative Equipment
Mark Webb	Housekeeping	EVS-Chariot 2 iScrub 20 Deluxe Stand-On Scrubber	Proactive: Necessary To Avoid Problems	Replacement	11,800	Administrative Equipment
Mark Webb	Groundskeeping Services	EVS-NorthStar Pressure Washer/Trailer	Essential: Cannot Function Without	Replacement	8,228	Administrative Equipment
Mark Webb	Housekeeping	EVS-Milnor Steam Dryer	Proactive: Necessary To Avoid Problems	Replacement	5,700	Administrative Equipment
Mark Webb	Housekeeping	EVS Washer-Extractor	Proactive: Necessary To Avoid Problems	Replacement	11,500	Administrative Equipment
Michelle Ryerson	Pediatrics General	Pediatric Security System	Important: Necessary For Improvement	Strategic (New Service / Expansion)	305,300	Information Systems
Michelle Ryerson	Pedi Specialty Clinic	Radiology/Phlebotomy Project	Important: Necessary For Improvement	Strategic (New Service / Expansion)	262,000	Clinical Equipment
Michelle Ryerson	PICU-5	PCCU Expansion Project	Essential: Cannot Function Without	Strategic (New Service / Expansion)	562,900	Clinical Equipment
Michelle Ryerson	Pediatric ICU	Infant/Toddler Cribs (6)	Important: Necessary For Improvement	Mandated (Regulatory Safety & Required Maintenance)	60,200	Clinical Equipment
Michelle Ryerson	Pediatric ICU	Philips MX800 Monitors (3)	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	78,200	Clinical Equipment
Michelle Ryerson	PICU-5	Panda Warmers (2)	Essential: Cannot Function Without	Strategic (New Service / Expansion)	46,200	Clinical Equipment
Michelle Ryerson	Pediatric ICU	Linnet Beds	Important: Necessary For Improvement	Mandated (Regulatory Safety & Required Maintenance)	152,125	Clinical Equipment
Michelle Ryerson	Pediatric Specialty Clinic	TEE Scope Washer	Important: Necessary For Improvement	Replacement	20,700	Clinical Equipment
Michelle Ryerson	Pedi Specialty Clinic	Bilirubin Meters (2)	Important: Necessary For Improvement	Strategic (New Service / Expansion)	20,200	Clinical Equipment
Nancy Ray	Labor And Delivery	Belmont Rapid Infusion Pump	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	25,200	Clinical Equipment
Nancy Ray	Neonatal ICU	Voyager 120v Masimo Incubator	Important: Necessary For Improvement	Mandated (Regulatory Safety & Required Maintenance)	212,340	Clinical Equipment
Nancy Ray	Neonatal ICU	Giraffe bedded Warmers	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	108,800	Clinical Equipment
Nancy Ray	Neonatal ICU	Panda Free Standing Warmers	Essential: Cannot Function Without	Replacement	54,100	Clinical Equipment

2015 Ongoing Capital Requirements

Exhibit 10

VP	Dept Name	Item Request Name	Priority	Class	2015 Request	Category
Nancy Ray	10th Floor Sky Tower-Ortho/Oth Sur/GYN ACU	Bladder Scanner	Important: Necessary For Improvement	Mandated (Regulatory Safety & Required Maintenance)	42,250	Clinical Equipment
Nancy Ray	Neonatal ICU	Algo hearing screener	Important: Necessary For Improvement	Strategic (New Service / Expansion)	38,460	Clinical Equipment
Nancy Ray	Hartman Surg. Pavilion	ICP Monitor with cables	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	35,200	Clinical Equipment
Nancy Ray	Neonatal ICU	X2 Monitor with Masimo	Important: Necessary For Improvement	Mandated (Regulatory Safety & Required Maintenance)	31,400	Clinical Equipment
Nancy Ray	Labor And Delivery	Infant Radiant Warmers	Important: Necessary For Improvement	Replacement	30,300	Clinical Equipment
Richard Rodriguez	Ambulance Service	Portable Radios/Dispatch base station	Proactive: Necessary To Avoid Problems	Replacement	118,500	Administrative Equipment
Richard Rodriguez	Fleet Services	Large Cargo Van with Lift	Important: Necessary For Improvement	Strategic (New Service / Expansion)	28,000	Administrative Equipment
Richard Rodriguez	Fleet Services	Hospital Supply Vehicle	Proactive: Necessary To Avoid Problems	Replacement	75,000	Administrative Equipment
Richard Rodriguez	Fleet Services	Police Vehicle	Important: Necessary For Improvement	Replacement	35,000	Administrative Equipment
Richard Rodriguez	Ambulance Service	Door badge access	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	15,000	Administrative Equipment
Richard Rodriguez	Fleet Services	Ford Transit Vans (3)	Important: Necessary For Improvement	Replacement	68,000	Administrative Equipment
Richard Rodriguez	Fleet Services	Club Car Gas Golf Cars (2)	Proactive: Necessary To Avoid Problems	Replacement	16,000	Administrative Equipment
Richard Rodriguez	Ambulance Service	Philips Wifi/Bluetooth EKG modules	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	14,564	Administrative Equipment
Richard Rodriguez	Contingency	2015 Contingency	Essential: Cannot Function Without	Contingency	500,000	Administrative Equipment
Sergio Farrell	General Administration	Cisco Enterprise Phone System	Important: Necessary For Improvement	Replacement	5,000,000	Administrative Equipment
Sergio Farrell	General Administration	RBG Permit Lot Parking	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	388,000	Construction/ Minor Renovation
Sergio Farrell	Family Health Clinic	Table, Ultrasound	Essential: Cannot Function Without	Replacement	8,220	Clinical Equipment
Sergio Farrell	Walk-In Clinic-Adult	Monitor, Vital Signs	Important: Necessary For Improvement	Strategic (New Service / Expansion)	18,600	Clinical Equipment
Sergio Farrell	RBG ASC Endoscopy	QUINTRON BREATH TRACKER	Essential: Cannot Function Without	Replacement	15,150	Clinical Equipment
Sergio Farrell	CMA Operations - SE	EKG	Essential: Cannot Function Without	Replacement	50,250	Clinical Equipment
Sergio Farrell	Hearing & Balance Ctr	Vestibular Rotational Chair	Important: Necessary For Improvement	Strategic (New Service / Expansion)	46,000	Clinical Equipment
Sergio Farrell	UH Outpatient Physical Therapy	Total Gym Power Towers	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	12,639	Clinical Equipment
Sergio Farrell	Physical Therapy	Mat Table	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	6,000	Clinical Equipment
Sherry Johnson	Integrity Services	Conflict of Interest Monitoring Software	Important: Necessary For Improvement	Strategic (New Service / Expansion)	100,000	Information Systems
Theresa De La Haya	Renal Dialysis Outpatient UH	Chaise Laminate Replacement	Important: Necessary For Improvement	Mandated (Regulatory Safety & Required Maintenance)	200,000	Construction Minor Renovation
Theresa De La Haya	DSRIP - School Based Program-Harlandale	Equipment for Harlandale school-based clinic	Essential: Cannot Function Without	Committed	128,234	Clinical Equipment
Theresa De La Haya	DSRIP - School Based Program OPS-SAISD	Equipment for new SAISD clinic	Essential: Cannot Function Without	Committed	128,234	Clinical Equipment

2015 Ongoing Capital Requirements

Exhibit 10

VP	Dept Name	Item Request Name	Priority	Class	2015 Request	Category
Theresa De La Haya	DSRIP - School Based Program-Harlandale	IT infrastructure for Harlandale ISD	Essential: Cannot Function Without	Committed	124,307	Information Systems
Theresa De La Haya	DSRIP - School Based Program OPS-SAISD	IT infrastructure for new SAISD clinic	Essential: Cannot Function Without	Strategic (New Service / Expansion)	124,307	Information Systems
Theresa De La Haya	DSRIP - School Based Program-Harlandale	Security equipment for Harlandale ISD	Essential: Cannot Function Without	Committed	41,900	Information Systems
Theresa De La Haya	DSRIP - School Based Program OPS-SAISD	Security equipment for new SAISD clinic	Essential: Cannot Function Without	Strategic (New Service / Expansion)	41,900	Information Systems
Theresa De La Haya	Hyperbaric Medicine-UCCH	Sechrist Monoplace Hyperbaric System	Essential: Cannot Function Without	Replacement	139,902	Clinical Equipment
Theresa De La Haya	Ob/Gyn Clinic	Urogyn telescope	Essential: Cannot Function Without	Replacement	6,871	Clinical Equipment
Theresa De La Haya	Dialysis Support	Fresenius dialysis machines	Essential: Cannot Function Without	Replacement	241,400	Clinical Equipment
Theresa De La Haya	Ob/Gyn Clinic	Endovaginal Ultrasound Probe	Important: Necessary For Improvement	Strategic (New Service / Expansion)	5,610	Clinical Equipment
Theresa De La Haya	Naco-Perrin Operations	MultiLink Security Upgrade	Important: Necessary For Improvement	Mandated (Regulatory Safety & Required Maintenance)	41,388	Information Systems
Tim Brierty	Cath Lab	Replacement of Lab 1- single plane catalyst upgrade	Essential: Cannot Function Without	Replacement	1,800,000	Clinical Equipment
Tim Brierty	Facilities Devel. Prog.	Masonry / Concrete Fin - Awning repair, Rio Tower	Essential: Cannot Function Without	Replacement	1,500,000	Construction/ Major Renovation
Tim Brierty	AP-Histology Service/Velma	VoiceBrook voice recognition system	Important: Necessary For Improvement	Strategic (New Service / Expansion)	250,000	Clinical Equipment
Tim Brierty	Perioperative Services	Heart Lung Machine	Essential: Cannot Function Without	Replacement	250,000	Clinical Equipment
Tim Brierty	Emergency Department	EC MRx Project (HeartStart MRX monitors) (qty 8)	Essential: Cannot Function Without	Replacement	143,798	Clinical Equipment
Tim Brierty	Cat Scan RBG	Toshiba CT scanner radiation dose software	Essential: Cannot Function Without	Strategic (New Service / Expansion)	15,000	Clinical Equipment
Tim Brierty	Cath Lab	Intra-Aortic Balloon Pumps	Essential: Cannot Function Without	Replacement	471,104	Clinical Equipment
Tim Brierty	Perioperative Services	One Tray x100	Essential: Cannot Function Without	Strategic (New Service / Expansion)	150,000	Clinical Equipment
Tim Brierty	Donor Services	Therapeutic Apheresis Machine	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	92,500	Clinical Equipment
Tim Brierty	Emergency Department	Zimmer Tourniquet with Accessories	Important: Necessary For Improvement	Replacement	10,485	Clinical Equipment
Tim Brierty	MRI	Brazlow Crash Carts (2)	Essential: Cannot Function Without	Strategic (New Service / Expansion)	10,000	Clinical Equipment
Tim Brierty	Acute Care & Inpatient Therapy	Videoswallow Chair	Essential: Cannot Function Without	Replacement	6,000	Administrative Equipment
Tim Brierty	Cath Lab	Toshiba Bi-Plane Software Upgrade	Important: Necessary For Improvement	Replacement	300,000	Clinical Equipment
Tim Brierty	Facilities Devel. Prog.	UH-Design & Install for Roof Fall Protection	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	180,000	Construction/ Minor Renovation
Tim Brierty	Donor Services	Therapeutic Apheresis Machine	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	92,500	Clinical Equipment
Tim Brierty	Perioperative Services	Iron Intern x2	Essential: Cannot Function Without	Strategic (New Service / Expansion)	72,000	Clinical Equipment
Tim Brierty	MRI	Replace DynaCad workstation	Essential: Cannot Function Without	Replacement	50,000	Clinical Equipment
Tim Brierty	Emergency Department	Tono-Pen Avia (qty 2)	Essential: Cannot Function Without	Replacement	8,674	Clinical Equipment

2015 Ongoing Capital Requirements

Exhibit 10

VP	Dept Name	Item Request Name	Priority	Class	2015 Request	Category
Tim Brierty	Perioperative Services	Instruments	Essential: Cannot Function Without	Strategic (New Service / Expansion)	800,000	Clinical Equipment
Tim Brierty	Facilities Devel. Prog.	UH CUP Cooling Tower Access	Proactive: Necessary To Avoid Problems	Mandated (Regulatory Safety & Required Maintenance)	125,000	Construction/ Minor Renovation
Tim Brierty	MRI	MRI compatible patient monitoring systems	Important: Necessary For Improvement	Replacement	90,000	Clinical Equipment
Tim Brierty	Neuroscience	Comprehensive Stroke Certification	Important: Necessary For Improvement	Strategic (New Service / Expansion)	50,000	Clinical Equipment
Tim Brierty	Cath Lab	Glide Scope	Important: Necessary For Improvement	Strategic (New Service / Expansion)	15,000	Clinical Equipment
Tim Brierty	UHCD Lab	i-STAT Analyzer	Important: Necessary For Improvement	Replacement	9,700	Clinical Equipment
Tim Brierty	Emergency Department	Tono-Pen XL (qty 2)	Essential: Cannot Function Without	Replacement	6,734	Clinical Equipment
Tim Brierty	Plant Oper. & Mainte.	UH Building Automation and Energy Savings Upgrade	Proactive: Necessary To Avoid Problems	Replacement	800,000	Construction/ Minor Renovation
Tim Brierty	Perioperative Services	Stryker Navigation System	Essential: Cannot Function Without	Strategic (New Service / Expansion)	371,000	Clinical Equipment
Tim Brierty	In-House Main.& Mnr.Cnst	UH Building 3-Install Medical Gas Cut-Off Valves	Important: Necessary For Improvement	Mandated (Regulatory Safety & Required Maintenance)	150,000	Construction/ Minor Renovation
Tim Brierty	Cath Lab	St. Jude- Illumien Optis	Important: Necessary For Improvement	Replacement	65,000	Clinical Equipment
Tim Brierty	Radiology Support	CD Burner for imaging copies	Important: Necessary For Improvement	Strategic (New Service / Expansion)	20,000	Administrative Equipment
Tim Brierty	Emergency Department	Dual Chamber Temporary Pacemaker	Proactive: Necessary to avoid problems	Strategic (New Service / Expansion)	7,495	Clinical Equipment
Tim Brierty	Inpatient Rehab	12 Recliners	Important: Necessary For Improvement	Mandated (Regulatory Safety & Required Maintenance)	6,000	Administrative Equipment
Tim Brierty	AP-Histology Service/Velma	Autopsy room wash sink	Important: Necessary For Improvement	Mandated (Regulatory Safety & Required Maintenance)	5,000	Clinical Equipment
Tim Brierty	Hematologic Lab/ RBG Lab	Coagulation Analyzer (3)	Essential: Cannot Function Without	Replacement	970,000	Clinical Equipment
Tim Brierty	Plant Oper. & Mainte.	UH Boiler Room Ventilation	Essential: Cannot Function Without	Mandated (Regulatory Safety & Required Maintenance)	125,000	Construction/ Minor Renovation
Tim Brierty	SW Clinic	Replace radiology equipment	Essential: Cannot Function Without	Replacement	120,000	Construction/ Major Renovation
Tim Brierty	Gastro Intestinal Lab - bronchoscopy suite	Bronchoscopy equipment	Important: Necessary For Improvement	Strategic (New Service / Expansion)	85,000	Clinical Equipment
Tim Brierty	Cath Lab	Stretchers	Essential: Cannot Function Without	Replacement	50,000	Clinical Equipment
Tim Brierty	Emergency Department	SonoSite Transducer Biopsy Compatible	Important: Necessary For Improvement	Replacement	17,020	Clinical Equipment
Tim Brierty	Soft Tissue Diagnostic Lab	Ultrasound Machine	Important: Necessary For Improvement	Replacement	230,000	Clinical Equipment
Tim Brierty	Perioperative Services	Jackson Table	Essential: Cannot Function Without	Strategic (New Service / Expansion)	150,000	Clinical Equipment
Tim Brierty	Cath Lab	St. Jude- View Mate Z- Ultrasound Imaging Console	Essential: Cannot Function Without	Replacement	105,300	Clinical Equipment
Tim Brierty	Histocompatibility & Immunogenetics	Thermal Cycler	Essential: Cannot Function Without	Replacement	24,000	Clinical Equipment
Tim Brierty	AP-Histology Service/Velma	Body Crane	Proactive: Necessary To Avoid Problems	Mandated (Regulatory Safety & Required Maintenance)	10,850	Clinical Equipment
Tim Brierty	Acute Care & Inpatient Therapy	Interactive Metronome	Important: Necessary For Improvement	Strategic (New Service / Expansion)	8,600	Clinical Equipment

2015 Ongoing Capital Requirements

Exhibit 10

VP	Dept Name	Item Request Name	Priority	Class	2015 Request	Category
Tim Brierty	Perioperative Services	Force Triad Bovie Machines x6	Important: Necessary For Improvement	Strategic (New Service / Expansion)	180,000	Clinical Equipment
Tim Brierty	Perioperative Services	S&N Hip instruments Hip Repair , Hip Arthroscopy	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	108,006	Clinical Equipment
Tim Brierty	Cath Lab	Transcranial Doppler	Proactive: Necessary To Avoid Problems	Replacement	60,000	Clinical Equipment
Tim Brierty	Radiology Diagnostic	Philips Elva Digital R&F 4.0 Upgrade	Important: Necessary For Improvement	Strategic (New Service / Expansion)	40,000	Clinical Equipment
Tim Brierty	Acute Care & Inpatient Therapy	Saabo, Mobile Arm Support	Important: Necessary For Improvement	Strategic (New Service / Expansion)	6,300	Clinical Equipment
Tim Brierty	Stat Lab North	Double wide Lab refrigerator	Essential: Cannot Function Without	Replacement	5,900	Clinical Equipment
Tim Brierty	Gastro Intestinal Lab-Advanced Endoscopy	EndoPro Software	Essential: Cannot Function Without	Strategic (New Service / Expansion)	60,000	Clinical Equipment
Tim Brierty	Cath Lab	Metabolic Cart	Important: Necessary For Improvement	Replacement	60,000	Clinical Equipment
Tim Brierty	Microbial Pathology	Bio-MIC Reader	Proactive: Necessary To Avoid Problems	Strategic (New Service / Expansion)	25,000	Clinical Equipment
Tim Brierty	Wound Care	Hyperbaric IV Pumps (3)	Important: Necessary For Improvement	Replacement	20,400	Clinical Equipment
Tim Brierty	UFHC-SE Lab	Centrifuge	Essential: Cannot Function Without	Replacement	12,000	Clinical Equipment

Total 2015 Ongoing Capital Requirements

30,032,204