

University Health System

Bexar County Hospital District d/b/a
University Health System's Operating,
Debt Service and Capital Budgets
for Fiscal Year 2018

Bexar County Commissioners Court

Tuesday, December 5, 2017
Double-Height Courtroom, Suite 2.01
Bexar County Courthouse
100 Dolorosa
San Antonio, Texas 78205-3038



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**University Health System’s
Preliminary Operating, Debt Service,
and Capital Budgets
For Fiscal Year 2018**

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University Health System

Preliminary 2018 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 2018 Budget was developed with the strategic vision in mind. For the past seven years, University Hospital has been ranked the best in the San Antonio region by U.S. News & World Report, and nationally ranked in gynecology.

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.

Major Impacts to the 2018 Budget

- Reduction in BCCS funding, negative impact of \$23.2 million
- Improved Medicare UC funding, positive impact of \$18.2 million
- New supplemental funding program Uniform Hospital Rate Improvement Program (UHRIP), positive impact of \$6.5 million

- Planned reductions in federal DSH funding, negative impact of \$5.6 million
- Anticipated extension of the Texas 1115 Waiver
- Continued inflation in drug prices and reductions to the 340B program
- Potential EMR conversion impacting operating cost
- Resource investment to support and upgrade physical plant infrastructure
- Management of operating expenses with downward pressure on reimbursement

Capital Budget Projects

- Funded Projects that will impact the 2018 budget
 - Dr. Robert L.M. Hilliard Center – opens late December 2017
 - Hospital Inpatient Pharmacy – opens May 2018
 - Inpatient Dialysis Center – opens May 2018
- Other capital projects
 - Selection of Architect, Engineer and Construction firms for the new Women’s and Children’s Tower, Heart and Vascular Institute, and Advanced Endoscopy area are underway and are anticipated to be completed in the first half of 2018.
 - The Health System is evaluating transitioning from the Allscripts Sunrise Electronic Medical Record (EMR) to the EMR now adopted by most of the Academic Medical Centers in the country, EPIC. The selection and purchase of an EMR is perhaps the most significant and important purchase a health system will ever make. The EMR is not only costly but also connects with every facet of the patient experience, from registration to the final bill. After a patient discharge or a clinic visit, the EMR serves as the platform for a patient’s personal chart. Health system operations and revenue cycle are also reliant on the EMR. Both clinical and financial systems must interface correctly to capture charges appropriately and bill payers correctly. The Board will be asked to consider transitioning to the EPIC EMR in 2018.

Operational Improvements – Working in conjunction with UT Physicians

- Emergency Room throughput and efficiency
- Clinical Documentation improvements
- Maintain and improve patient satisfaction
- Length of stay reductions
- Improvement in quality metrics
- Employee engagement and satisfaction
- Continue the Lean Management System (LMS) aimed at:
 - Incorporating lean continuous process improvement principles and techniques into daily management processes to deliver value to our patients with minimum wasted time, supplies and effort
 - Facilitating rapid improvements
 - Executing across all operational and support departments as well as across hospital and ambulatory services
 - Assuring a mechanism is in place to develop, sustain and improve processes over time
- Implement strategic tactics to fulfill projected activity by:
 - Focusing on key service lines
 - Trauma
 - Transplant
 - Pediatrics / Children’s Health
 - Women’s Health Services including perinatal and neonatal care
 - Cardiovascular
 - Neurosciences
 - Oncology
 - Enhance marketing, outreach and referral development
 - Executing planned clinical integration and physician alignment initiatives with key service line physicians
- Enhance human capital through recognition programs and continuous learning
- Produce positive financial results to fund capital improvements

2018 Consolidated Budget Summary Briefing

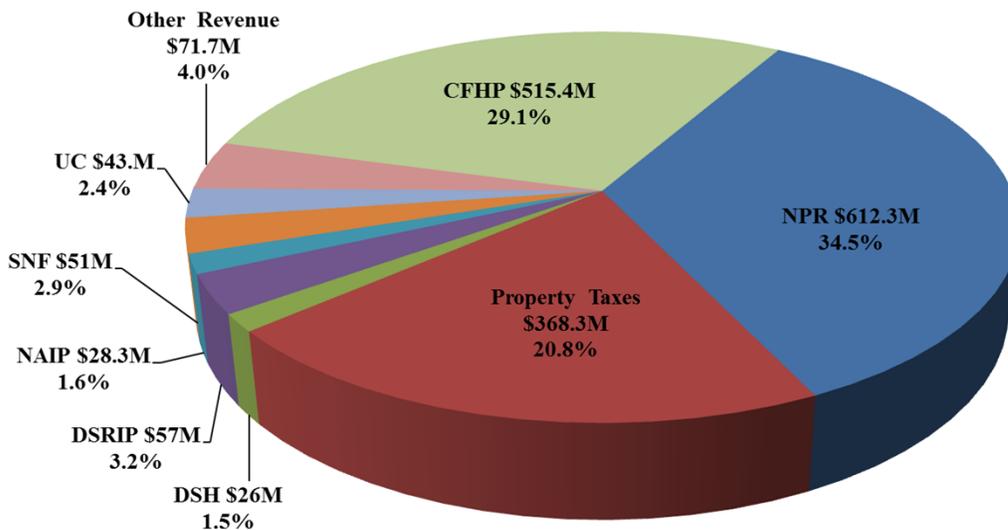
Following is a summary of the 2018 Consolidated Budget and a comparison to Projected 2017:

Consolidated (Dollars in Millions)	2016 Audited	2017 Projected	2018 Preliminary Budget	Variance from Projected	% Variance
Total Operating Revenue	\$1,570.8	\$1,699.7	\$1,772.7	\$73.1	4.3%
Total Operating Expense	\$1,438.4	\$1,597.1	\$1,691.9	(\$94.9)	(5.9%)
Operating Gain	\$132.4	\$102.6	\$80.8	(\$21.8)	(21.3%)
Nonoperating Revenue/(Expense):					
Depreciation/Amortization	(\$78.0)	(\$79.9)	(\$80.7)	(\$0.8)	(1.0%)
Other Non-operating	\$4.6	\$8.5	\$8.7	\$0.2	2.5%
Total Nonoperating Revenue	(\$73.3)	(\$71.4)	(\$72.0)	(\$0.6)	(0.9%)
Bottom Line excluding Debt Service	\$59.0	\$31.2	\$8.8	(\$22.4)	(71.9%)
Debt Service Revenue	\$54.0	\$56.8	\$62.2	\$5.4	9.5%
Debt Service	\$54.0	\$56.8	\$62.2	\$5.4	9.5%
Net Debt Service	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Capital Requirements	\$30.0	\$29.2	\$25.4	\$3.8	12.9%

- The Health System Consolidated Preliminary 2018 Budget (Exhibit 1A) reflects a gain from operations of \$80.8 million and a bottom line gain of \$8.8 million after including non-operating income/(expense) of (\$72.0) million.
- University Health System (less Community First Health Plan), the Clinical Services Division (Exhibit 1B) reflects a \$77.6 million gain from operations and a bottom line gain of \$5.3 million after including depreciation expense of \$79.8 million and \$7.5 million of non-operating revenue.
- CFHP (Exhibit 1C) reflects a gain from operations of \$3.2 million and a bottom line gain of \$3.5 million after including depreciation expense of \$0.9 million and non-operating income of \$1.2 million.
- The budget includes \$62.2 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 2018 is \$0.040166 per \$100 valuation (Exhibit 7). The BABs savings reflected in the 2018 debt service budget is \$8.2 million which is net of a 6.6% Sequestration cut (\$577,000).

- The 2018 Health System’s on-going capital budget for the clinical services includes \$24.6 million (Exhibit 8) in items that have been prioritized and approved by the capital committee. These capital items will be funded by cash flow from operations. Capital requests for CFHP are \$791,593 (page 24).
- A summary of Consolidated sources of funding is as follows:

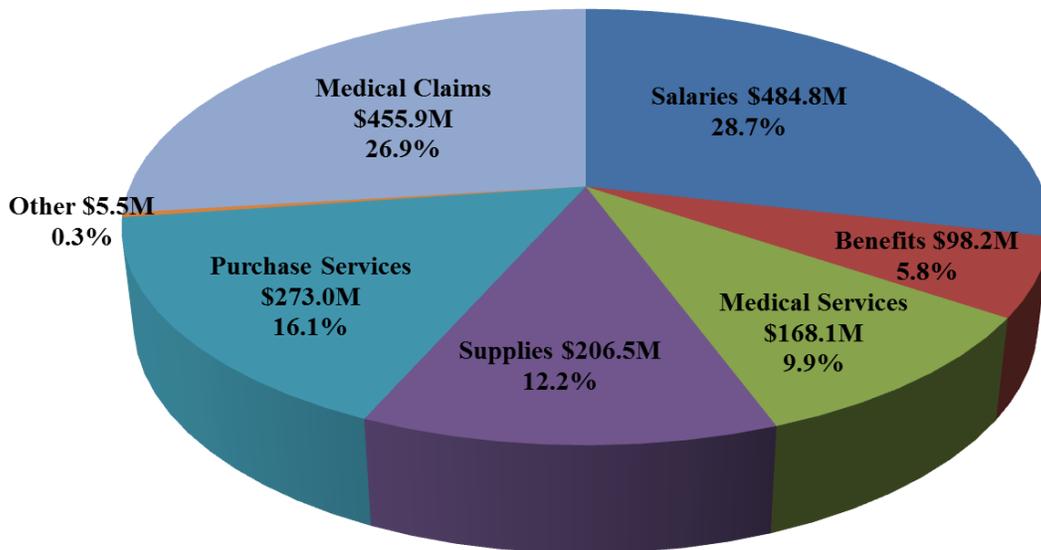
Consolidated Total Operating Revenue: \$1.77B



On a consolidated basis, Total Operating Revenue (TOR) is \$1.77 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 29%. Property taxes account for 21% of total operating revenue and DSH, DSRIP, NAIP, UHRIP and UC account for 10%.

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

Consolidated Total Operating Expenses: \$1.69B



On a consolidated basis, TOE is \$1.69 billion. Salaries and benefits represent the largest percentage at 35% followed by medical claims for CFHP at 27%. Purchased Services at 16%, Supplies are 12% and Medical Services are at 10% of TOE.

2018 Clinical Services Division (Health System less CFHP)

The Health System developed the 2018 Clinical Services Division Budget to incorporate the strategies and initiatives described in the preceding sections. Even with several large negative impacts from State funding programs the Clinical Services Division will produce Operating gain of \$77.6 million and Bottom Line of \$5.3 million.

Below is a summary of the 2018 Preliminary Budget and a comparison to Projected 2017:

Clinical Services (Dollars in Millions)	2016 Audited	2017 Projected	2018 Preliminary Budget	Variance from Projected	% Variance
Total Operating Revenue	\$1,141.3	\$1,184.5	\$1,254.7	\$70.1	5.9%
Total Operating Expense	\$1,027.8	\$1,092.1	\$1,177.1	(\$84.9)	(7.8%)
Gain/(Loss) from Operations	\$113.5	\$92.4	\$77.6	(\$14.8)	(16.0%)
Depreciation Expense	(\$77.2)	(\$79.1)	(\$79.8)	(\$0.7)	(0.9%)
Other Non-operating	\$3.9	\$7.2	\$7.5	\$0.3	3.9%
Total Non-Operating Revenue/Expense	(\$73.4)	(\$71.9)	(\$72.3)	(\$0.4)	(0.6%)
Bottom Line excluding Debt Service	\$40.1	\$20.5	\$5.3	(\$15.2)	(74.2%)
Debt Service Revenue	\$54.0	\$56.8	\$62.2	\$5.4	9.5%
Debt Service	\$54.0	\$56.8	\$62.2	\$5.4	9.5%
Net Debt Service	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Capital Requirements	\$28.7	\$28.3	\$24.6	\$3.7	13.0%

The Projected 2017 and 2018 Statement of Revenues and Expenses is presented in **Exhibit 1B** and includes a comparison to Budget 2017.

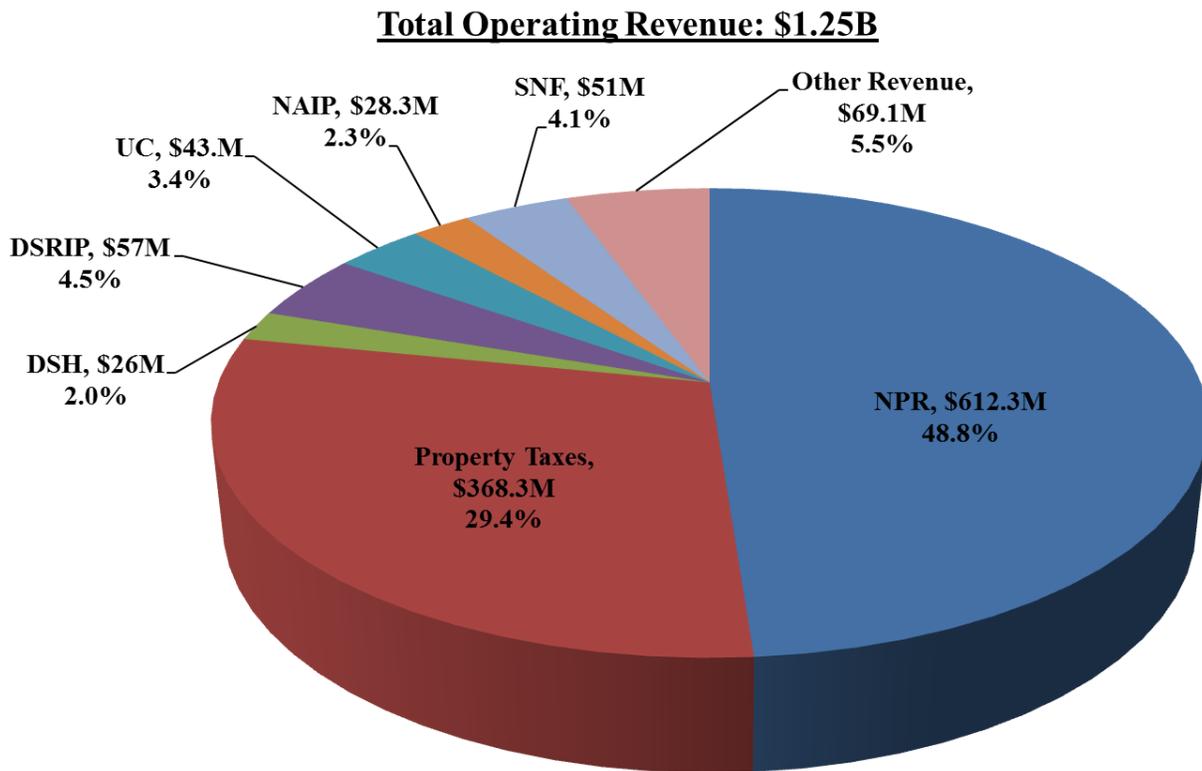
Access (Activity) Assumptions

UHS anticipates that activity in the 2018 Budget will increase 2.5% based on adjusted discharges over levels projected for 2017. A detail of Activity in the Preliminary 2018 Budget can be found in **Exhibit 2**.

The major factors contributing to this growth include:

- Increased volume in Adult Inpatient and Outpatient Emergency Center activity
- Growth in the Heart and Vascular service line
- Outpatient Ambulatory Clinic growth projected at 5.8%
- Focus on improving throughput to increase access

4) and a chart summarizing the changes in TOR by category and drivers that impact these changes is provided in **Exhibit 3**.



Net Patient Revenue (NPR)

2018 NPR was budgeted at the strategic service line level using the projected activity, gross revenue and actual payment rate 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:

- Increased funding and a change in the distribution formula for Medicare UC will benefit the Health System in 2018 and future years assuming the current rules remain in place. The Medicare UC rate change will improve NPR by \$20.5 million in 2018.
- The new UHRIP program will increase Managed Medicaid rates by \$11.5 million (this increase in rate is offset by \$5.0 million in IGT expense).
- Increased volume is projected to add \$9.1 million to NPR, additional Inpatient volume is projected to add \$3.8 million and Outpatient volume \$5.3 million.

- Managed care contract renegotiated rates and improvements in the revenue cycle process will increase NPR by \$8.6 million.
- Actual inpatient payment rates by service line from late 2016 and mid 2017 were utilized as the base for NPR. These rates were adjusted for known payment changes including; Commercial, State and Federal Legislative updates. **Exhibit 3** details changes to the Total Operating Revenue, including NPR, that illustrates impacts due to volume and rate improvements.

Property Tax for M&O

- Property tax revenue for operations (M&O) is projected to increase \$22.8 million due to higher property values and new properties for Bexar County. Of this increase, \$8.9 million relates to taxes on new property values. Excluding CFHP, property taxes for operations as a percent of TOR increases slightly from 29.2% projected for 2017 to 29.4% in the 2018 Budget.

A summary of the property taxes reflected is as follows:

2018 Budget: Analysis of Tax Rate

Dollars in Thousands	Existing Tax Rate	Approved Tax Rate	Tax Rate Change from Existing Rate	% Change from Existing Tax Rate	2017 Estimated Net Taxes	2018 Approved Net Taxes	Estimated Net Change From Prior Year	% Increase
Operating Rate	0.237609	0.236069	(0.001540)	-0.65%	\$347,811	\$368,344	\$20,533	5.90%
Debt Rate	0.038626	0.040166	0.001540	3.99%	\$56,085	\$62,672	\$6,587	11.74%
Total Tax Rate	0.276235	0.276235	-	0.00%	\$403,896	\$431,016	\$27,120	6.71%

Exhibit 7 reflects the tax rate calculation.

Legislative and Regulatory Assumptions Impacting Operating Revenue

Regulations related to the anticipated continuation of the Texas 1115 Medicaid Waiver program are still pending. The assumption is that the UC and DSRIP programs will continue at their current levels. The Health System utilized the best information available as of November 2017 to prepare the impact of Regulatory and Legislative actions (**Exhibit 4**). All of the changes reflected in this chart, which total a negative \$5.6 million, have been reflected in the Projected 2017 and Preliminary 2018 Budget. The following are the key assumptions relative to legislative impacts on operating revenue:

- Federal Sequestration reductions of 2% will continue throughout 2018, and this impacts all Medicare payments.

Supplemental Medicaid Funding

DSRIP Funding

- DSRIP payments for 2018 are budgeted at \$57.0 million. This is an increase of \$3.4 million over 2017 levels mainly due to the timing of revenue recognition. There are major changes anticipated for the DSRIP program under the new Waiver. DSRIP funding will be based on patient outcomes compared to the current program which is based on projects.

DSH and UC

Estimates for DSH and UC were made based on information known to date with the assumption that the 1115 Waiver will be renewed for 2018.

- Federal regulations will reduce Texas DSH allocation by 14%, this will have a \$5.6 million negative impact on the Health System. The House has recently passed a Bill that would delay these cuts by 2 years, we are hopeful the Senate will support this delay as well.
- The current State UC program is designed to offset the unreimbursed cost of providers who care for the State's uninsured and Medicaid population. There is a fixed amount of funding in the UC pool, over the past several years more and more providers have been allowed to access the UC pool. This has greatly reduced the available UC funding which limits the local private hospitals ability to continue the charity expansion program (BCCS) at the current rate. The reductions to the current charity expansion program will have a negative impact on the Health System of \$23.2 million for 2018.

- Uncompensated Care (UC) revenue is projected to decrease by \$3.1 million, due to the increase in the “haircut” due to the lack of UC funding to cover the eligible UC expenses submitted by providers.

Other State Programs

- The Network Access Improvement Program (NAIP) was designated as a pass through and will be reduced by 10% per year over the next 10 years. This is a reduction of \$2.4 million in reimbursement for 2018.
- Uniform Hospital Rate Improvement Program (URHIP) is a new program that improves Managed Medicaid rates for all hospitals in specific Service Delivery Areas (SDAs). A pilot of this program will start on December 1, 2017 in the Bexar and El Paso markets. It is projected this program will benefit the Health System by approximately \$6.5 million after IGT expense. There are expectations that more funding will become available for this program in future years.
- The Nursing Home Quality Incentive Payment Program (QIPP) is projected to have a \$1 million positive impact to to the Health System’s 2018 Budget. Skilled Nursing Facility (SNF) revenues of \$50.8 million are offset by SNF expenses of \$49.8 million. The resulting positive gain of \$1.0 million for the Health System is based on projected positive quality outcomes. The Health System owns the license for four SNF’s in our operating area.

Tobacco Settlement Fund

- Tobacco funding is budgeted at \$7.8 million; consistent with 2017 funding.

Other Revenue

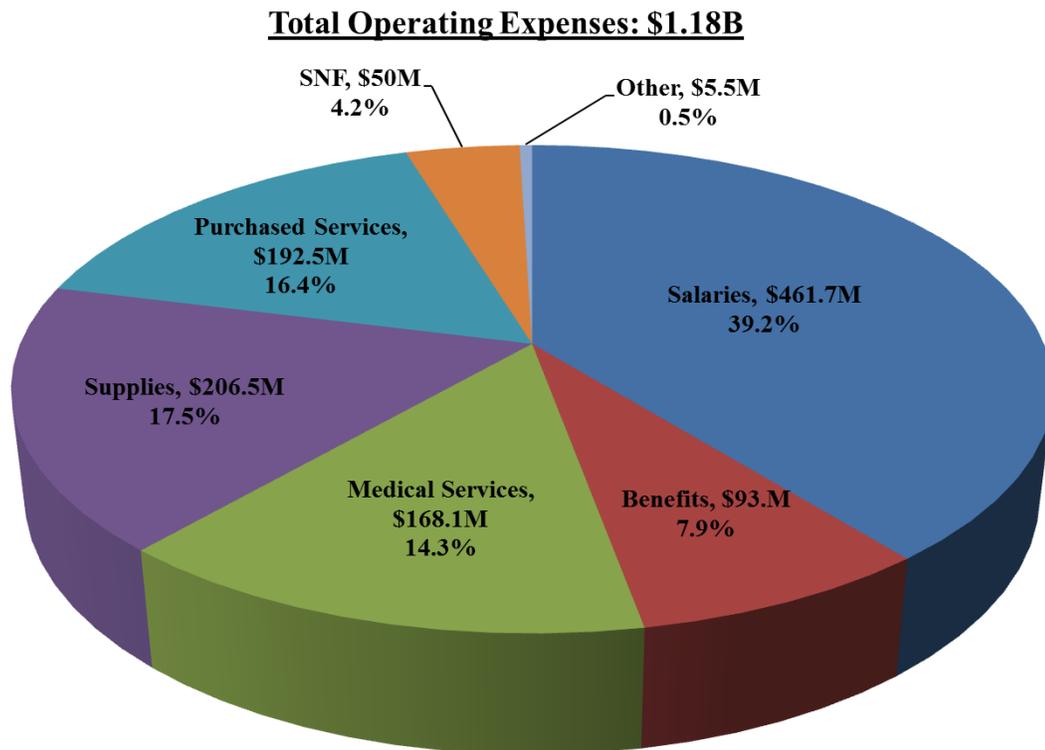
Other Revenue			
(Dollars in Millions)	2017 Projected	2018 Preliminary Budget	% Var
Other Revenue	\$57.5	\$61.3	
Change		\$3.8	6.6%

Other Revenue of \$61.3 million includes reimbursement for residents that work in non UHS systems, Grants, Foundation revenue, 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, lease payments, reimbursement under the 1115 waiver for anchor administrative costs, and other miscellaneous items.

- The \$3.8 million increase for 2018 is the net impact of multiple revenue changes. Primarily, additional grant revenue for the administration of the Ryan White program which is being transitioned from the County.

Total Operating Expense (TOE)

TOE is budgeted at \$1.18 billion which is a \$84.9 million or 7.8% increase over the 2017 projected total. Clinical Services salaries and benefits make up 47.1% of TOE. Medical Services, Purchased Services, and Supplies make up 14.3%, 16.4%, 17.5%, respectively. A chart summarizing the changes in TOE by category and drivers that impact the changes is provided in Exhibit 5.



Salaries

Salaries			
(Dollars in Millions)	2017 Projected	2018 Preliminary Budget	% Var
Salaries	\$442.9	\$461.7	
Volume Driven		(\$7.9)	
Merit		(\$4.4)	
Living Wage		(\$4.0)	
New Fixed		(\$2.6)	
Total Change		(\$18.9)	(4.3%)

Salary cost of \$461.7 million is \$18.9 million or 4.3% higher than 2017 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 then multiplied by the productivity targets for each job class and the hourly rates
- The budget includes a 2% or \$4.4 million merit increase and a \$4.0 million salary investment to increase the living wage and associated decompression
- The combination of increased activity and improved efficiency will increase salary expense by a net impact of \$7.9 million
- 157 additional FTEs were budgeted for 2018, totaling a 2.1% increase, which is covered by increased net patient revenue and/or reduction in other expenses such as contract labor, overtime premium, or purchased service. Detail of FTE increases can be found in **Exhibit 6**.

Employee Benefits

Benefits			
(Dollars in Millions)	2017 Projected	2018 Preliminary Budget	% Var
Benefits	\$91.4	\$93.0	
Health/Dental Insurance		(\$0.9)	
Pension Plan Contributions		(\$0.3)	
Net Other Benefits		(\$0.3)	
Total Change		(\$1.5)	(1.7%)

Benefits of \$93.0 million are \$1.6 million or 1.7% higher than in 2017 projected.

- Social Security and other employee benefits are correlated to the increase in employed salary expense.

Medical Services

Benefits			
(Dollars in Millions)	2017 Projected	2018 Preliminary Budget	% Var
Benefits	\$91.4	\$93.0	
Social Security & Other		(\$0.9)	
Total Change		(\$1.5)	(1.7%)

Medical Services of \$168.1 million reflects an increase of \$28.3 million or 20.3% from the projected 2017 amount. The major increase in Medical Services is related to the reduced impact of the current BCCS charity expansion program. The Health System has taken back an additional \$47 million in UT contracts in 2017 which will impact the 2018 budget. The Medicaid Supplemental IGT opportunity will also be reduced for private hospitals in 2018. Net impact for 2018 is a negative \$23.2 million in Medical Services. Other increases in UT Health provider contracts is \$3.9 million and an expected increase in Carelink services for the community impacts Medical Services by \$1.2 million.

Purchased Services

Purchased Services			
(Dollars in Millions)	2017 Projected	2018 Preliminary Budget	% Var
Purchased Services	\$211.8	\$242.3	
EPIC Preparation Expense		(\$12.0)	
Professional Svcs Patient Care		(\$4.8)	
SNF Expense		(\$3.1)	
Maintenance Contracts		(\$2.8)	
Business and Management Fees		(\$2.2)	
Rentals		(\$2.0)	
Media & Advertising		(\$1.2)	
Lease Expense		(\$0.5)	
Insurance		(\$0.3)	
Net Other Purchased Services		(\$1.6)	
Total Change		(\$30.5)	(14.4%)

Purchased Services are budgeted overall at \$242.3 million, an \$30.5 million or a 14.4% increase from the 2017 projection. Contributing to this change are the following:

- Potential Epic EMR conversion planning impacts late 2018 by \$12.0 million
- Professional Services are budgeted with a \$4.8 million dollar increase over 2017 Projection due to Ryan White Grant Administration contracts assumed from Bexar County. The increase in expense is offset by an increase in Grant Revenue.
- Nursing home program (SNF) expense increases by \$3.1 million in 2018 but is offset by an increase in SNF Revenue.
- Maintenance Contracts for IT and Biomedical infrastructure and support increase by \$2.8 million due to contractual changes and planned system upgrades
- Support for the American Kidney Fund increases by \$2million in 2018 to improve the health of our dialysis community
- Rental costs associated with a mobile Cath Lab is approximately \$1 million to facilitate continued support of cardiovascular services during planned upgrades
- Media and advertising are budgeted with an increase of \$1.2 million over the 2017 projection due to timing of expenses and promotion of the opening for our new Robert L. M. Hilliard Clinic

Supplies

Supplies			
(Dollars in Millions)	2017 Projected	2018 Preliminary Budget	% Var
Supplies	\$201.2	\$206.5	
Medical Supplies		(\$4.9)	
Non-Medical Supplies		(\$0.4)	
Total Change		(\$5.3)	(2.6%)

In 2018, supplies are budgeted at \$206.5 million which is an \$5.3 million or 2.6% increase over the projected 2017. The increase in supply cost is due to the following:

- \$2 million increase in Pharmaceutical expense due to price inflation related to supply shortages
- \$2 million increase in Implantable supplies due to increased procedural volumes
- \$0.9 million increase due Inpatient volume increases
- \$0.4 million is due to support physical building and infrastructure maintenance needs

Other Expenses

Other Expense			
(Dollars in Millions)	2017 Projected	2018 Preliminary Budget	% Var
Other Expenses	\$5.0	\$5.5	
Bexar County Appraisal District		(\$0.3)	
CHCS Match		(\$0.2)	
Total Change		(\$0.5)	(10.0%)

Other Expenses are budgeted at \$5.5 million and reflect a 10.0% increase from 2017.

- 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 \$79.8 million and is down \$700 thousand or 0.9% related to asset maturity.
- Investment Income projected to slightly increase by \$287 thousand or 2.6% due continued market viability. This is a conservative estimate which does not include any interest rate increases.
- Unrealized Gains/Losses are not budgeted.

Debt Service Requirement

- Debt payments by the Health System for 2018 are estimated at \$62.2 million. The 2018 debt tax rate is \$0.040166 per \$100 valuation. This rate is \$0.001540 or 4.0% higher than the existing debt tax rate of \$0.038626. The debt tax rate is slightly higher given the planned defeasance of selected bonds originally issued within Certificates of Obligation Series 2008. The required debt payment for 2018 increased \$5.4 million from \$56.8 million to \$62.2 million.
- A Debt Service tax levy of \$62.2 million to cover payments due in 2018 was approved by Commissioners Court on September 12, 2017.

Debt Service				
Dollars in millions	2017 Projected	2018 Preliminary Budget	Variance from Projected	% Variance
Debt Service I&S Tax Funds	\$ 56.8	\$ 62.2	\$ 5.4	9.5%
Debt Service Payment	\$ 56.8	\$ 62.2	\$ 5.4	9.5%
Net Debt Service Revenue	\$ -	\$ -	\$ -	0.0%

Ongoing Capital Requirements

The capital budget for 2018 is recommended to be set at \$24.6 million. In prioritizing the capital needs for 2018, 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”.

A summary of the capital by category used to prioritize projects is as follows:

2018 Ongoing Capital Requirements				
Priority	Mandated (Regulatory Safety & Required Maintenance)	Replacement	Strategic (New Service / Expansion)	Grand Total
Essential: Cannot Function Without	\$ 5,239,632	\$ 4,023,322	\$ 2,292,386	\$ 11,555,340
Important: Necessary For Improvement	\$ 872,164	\$ 2,675,251	\$ 5,158,825	\$ 8,706,240
Proactive: Necessary To Avoid Problems	\$ 591,000	\$ 1,035,270	\$ 2,716,000	\$ 4,342,270
Total Clinical Services	\$ 6,702,796	\$ 7,733,843	\$ 10,167,211	\$ 24,603,850

A detailed listing of capital requests can be found in **Exhibit 8**.

Community First Health Plans, Inc. 2018 Operating and Capital Budget

Background:

CFHP's 2018 Budget assumes net income of \$3.5 million (\$2.2 M from operations). The budget includes the following initiatives:

- 1) Stop the decline of market share in government programs through new outreach initiatives;
- 2) Complete the implementation of new care management system;
- 3) Complete the implementation of new core processing system including improvement in internal auditing and testing;
- 4) Add Long Term Support Service (LTSS) functionality to new care management system;
- 5) Submit a RFP and prepare for STAR+PLUS, a disabled adult population through HHSC, with an operational start date of September 2019;
- 6) Create operational efficiencies projected to reduce administrative costs; and
- 7) Create medical cost efficiency with utilization management and contracting initiatives projected to reduce medical expense.

In 2018, CFHP projects membership to be relatively constant (0.4% increase) with 1,665,351 member months for which CFHP is at risk and 199,014 member months for which CFHP is not at risk. This is compared to 2017 projected at risk member months of 1,658,780 and non-risk member months of 197,273. CFHP projects to stop the decline of market share for government business in 2018 by revamping the provider outreach and support program and the member marketing program.

CFHP is scheduled to complete the implementation of the care management system, ZeOmega, in March of 2018. In addition, dollars are budgeted in 2018 to develop a LTSS module in order to eliminate the need for support from another vendor. In addition to the work being done to implement the care management system, at the end of 2018 CFHP will complete implementation of Trizetto/QNXT, a core processing system. The budget includes \$5.1 M in contracted expenses related to these infrastructure investments.

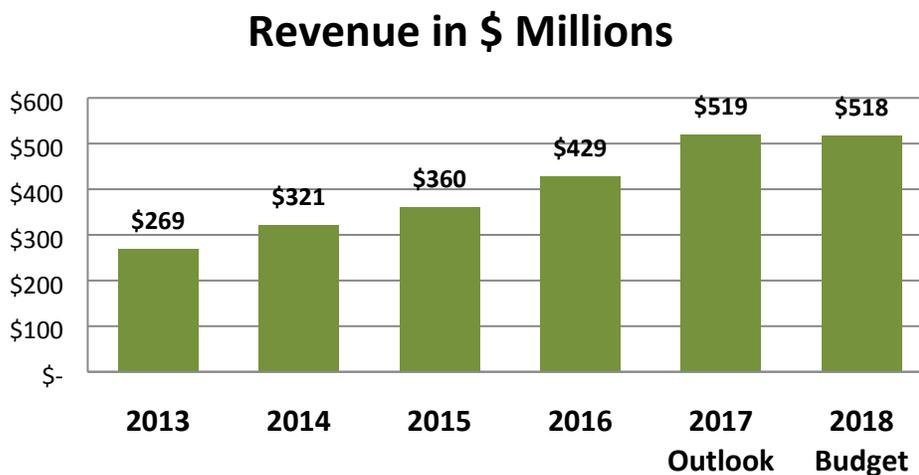
While 2017 revenue grew 21% over 2016 levels, the budget for 2018 projects that revenue will remain relatively flat with a slight decline of \$600,000 over projected 2017 levels. Preparation for growth in 2019 is planned in 2018, however, as CFHP included in the 2018 budget \$588,000 to assist in preparation for STAR+PLUS.

This program currently requires a Medicare Advantage license with a Dual Special Needs Plan. Consulting assistance and actuarial support are included as the State is currently scheduled to award the STAR+PLUS contract in early 2019 with go-live in September 2019.

CFHP staff has worked to gain efficiencies to reduce administrative costs in 2018. Lower costs in the areas of other insurance file processing, provider communications, claim processing costs and provider EFT adoption totaling \$718,000 are included in the 2018 budget.

Tighter utilization management is projected to reduce medical expense by \$1 million in the 2018 budget. Provider re-contracting initiatives are estimated to yield another \$1.5 million in medical cost savings.

Below is a summary of premium growth since 2013:



While premium per member per month (PMPM) is flat from 2017 Outlook to 2018 Budget, medical expense is projected to be \$2 PMPM lower, CFHP has included in the budget savings associated with both utilization management and contracting initiatives.

Administrative costs have increased due to the following:

- 1) Marketing costs
- 2) STAR+PLUS (new line of business) start-up costs
- 3) Provider outreach and support and incentive fees
- 4) Consulting fees for IT implementation
- 5) Computer maintenance/hosting fees

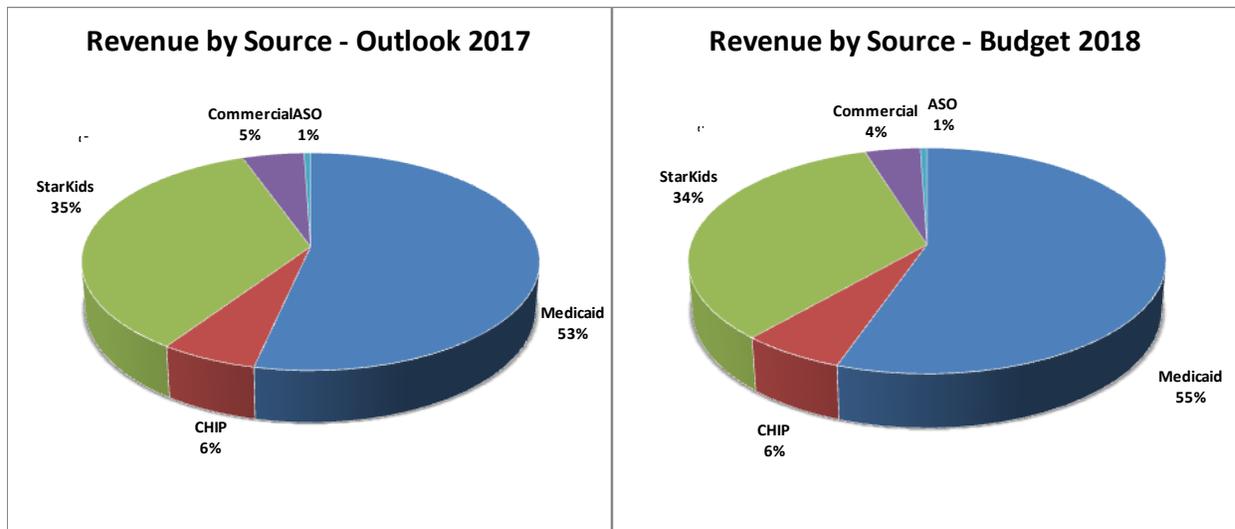
Also in the budget is a reduction in administrative costs totaling over \$800,000 due to efficiencies gained through process improvement.

Exhibit 1 – Consolidated Operating Budget

Community First Health Plans, Inc. 2016 Actual, 2017 Budget, 2017 Outlook, and 2018 Budget ALL LOB

Income Statement	2016	% of		2017	% of		2017	% of		2018	% of	
	Actual	pmpm	Premium	Budget	pmpm	Premium	Outlook	pmpm	Premium	Budget	pmpm	Premium
Membership	159,744			156,429			156,550			156,420		
Member Months	1,858,025			1,866,719			1,858,549			1,864,365		
Revenue												
Premium Revenue	417,864,222	\$225		496,666,339	\$266		498,715,920	\$268		498,941,690	\$268	
Experience Rebate	290,610			0			0			0		
NAIP and Other Revenue	11,326,330			12,976,293			19,259,012			19,108,831		
Total Revenue	429,481,162			509,642,632			517,974,932			518,050,520		
Expenses												
Medical Expenses	334,634,781	\$180	80.1%	435,100,157	\$233	87.6%	438,280,970	\$236	87.9%	437,143,041	\$234	87.6%
NAIP - UHS Pass Thru Payments	32,070,103			12,556,599			18,708,617			18,720,588		
Service Coordination	865,917			6,579,585			5,592,647			5,874,784		
Admin Expenses	43,702,681	\$24	10.5%	51,425,363	\$28	10.4%	48,691,608	\$26	9.8%	54,076,727	\$29	10.8%
Total Expenses	411,273,482			505,661,704			511,273,842			515,815,139		
Underwriting Gain / (Loss)	18,207,680			3,980,928			6,701,090			2,235,381		
Investment Income	728,663			710,407			1,186,800			1,230,000		
Net Income	18,936,343			4,691,335			7,887,890			3,465,381		

- CFHP assumes no material shift in revenue sources for 2018. Further, overall revenue is projected to be relatively flat, with a \$627,000 decline year over year.



- While premium per member is flat, HHSC has reduced premiums in government programs by an annual \$2.1 million at September 2017, based on legislative mandate. This reduction was not intended to be passed on to providers. This reduction was offset with premium increases in STAR Kids, a

program for disabled kids that began in November of 2016. The premiums were initially set too low and were increased in September of 2017.

- Budgeted medical expense includes \$2.5 million in utilization and contracting savings initiatives that will lower medical expense in Medicaid and CHIP.
- Budgeted administrative expense includes a net increase of 10 FTEs. In addition, salary cost includes a vacancy allowance of \$2.3 million to account for normal vacancies, as well as vacancies attributable to decline in membership for the Bexar service area in STAR Kids (CFHP market share percent is not dropping but enrollment in this service area is decreasing). This line of business is labor intensive, and market declines in membership cause lower staffing needs in that program.

Overall, the CFHP budget for 2018 projects a net income of \$3,465,381, \$2,235,381 from operations.

Exhibit 2 – Capital Budget

Community First Health Plans, Inc.	
Capital Budget Items	
Year 2018	
Item	Total Cost
Computer & Equipment Replacements - Existing Employees	\$ 108,056
Furniture & Fixtures, Leasehold Improvements	60,125
Set up costs for new employees	\$ 43,997
Infrastructure Enhancement Upgrades - Server, VM Ware, Virtual Desktop	351,972
Security Infrastructure Improvements- Audit & Malware Software	\$ 4,470
Software Efficiencies/Upgrades	222,973
Totals	\$ 791,593

- Of the \$933,000 budgeted for depreciation expense in 2018, \$162,000 is for assets to be acquired in 2018.

- Computer & Equipment Replacements – Existing Employees: New care management system will necessitate iPads for those nurses who work in the field. In addition, CFHP is budgeting to replace older 32 bit desktops as well as upgrade equipment for the corporate communications department.
- Furniture & Fixtures – Leasehold Improvements – CFHP budgets to replace a significant portion of Building I carpet due to wear.
- Infrastructure enhancements and upgrades include net app hardware, switches, VDI enhancements and servers.
- Software Efficiencies/Upgrades – includes upgrade for phones for disaster recovery, VDI software, disk to disk virtual library and internet load balancers.

EXHIBITS

Exhibit 1A	Consolidated Statement of Revenues and Expenses
Exhibit 1B	UHS less CFHP Statement of Revenues and Expenses
Exhibit 1C	CFHP Statement of Revenues and Expenses
Exhibit 2	Activity and notes
Exhibit 3	Changes to Total Operating Revenue
Exhibit 4	Legislative Changes
Exhibit 5	Changes to Total Operating Expense
Exhibit 6	FTE Change
Exhibit 7	Tax Rate Analysis
Exhibit 8	2018 Capital Request (UHS less CFHP)



**University
Health System**

Statement of Revenues and Expenses

Consolidated (Dollars are in Thousands)	2016 Audited	2017 Budget	2017 Projected	2018 Preliminary Budget	Variance from Projected	% Variance
Revenues						
Net Patient Service Revenue	\$533,184	\$564,668	\$564,901	\$612,335	\$47,434	8.4%
Property Taxes M & O	\$312,933	\$345,400	\$345,479	\$368,343	\$22,864	6.6%
Disproportionate Share Revenue	\$28,682	\$23,044	\$31,264	\$25,706	(\$5,558)	(17.8%)
DSRIP Revenue	\$60,120	\$56,000	\$53,582	\$56,989	\$3,407	6.4%
NAIP Revenue	\$44,195	\$28,127	\$30,715	\$28,329	(\$2,386)	(7.8%)
SNF Revenue	\$47,100	\$15,000	\$47,209	\$50,864	\$3,655	7.7%
Uncompensated Care (UC) Revenue	\$54,552	\$45,732	\$46,072	\$42,987	(\$3,085)	(6.7%)
Tobacco Settlement Fund	\$5,580	\$5,680	\$7,772	\$7,772	(\$)	(0.0%)
CFHP Premium Revenue	\$427,037	\$507,143	\$512,555	\$515,430	\$2,875	0.6%
Other Revenue	<u>\$57,415</u>	<u>\$62,031</u>	<u>\$60,101</u>	<u>\$63,961</u>	<u>\$3,859</u>	<u>6.4%</u>
Total Operating Revenues	\$1,570,799	\$1,652,826	\$1,699,651	\$1,772,716	\$73,065	4.3%
Expenses						
Salaries	\$437,274	\$455,273	\$464,381	\$484,757	(\$20,376)	(4.4%)
Benefits	\$89,037	\$97,528	\$96,330	\$98,242	(\$1,913)	(2.0%)
Medical Services	\$124,015	\$153,218	\$139,798	\$168,121	(\$28,323)	(20.3%)
Purchased Services	\$224,885	\$205,306	\$238,900	\$272,983	(\$34,083)	(14.3%)
Supplies	\$191,661	\$200,851	\$201,183	\$206,513	(\$5,330)	(2.6%)
Medical Claims Expense	\$366,705	\$447,657	\$451,459	\$455,864	(\$4,404)	(1.0%)
BAD/TIRZ	\$2,071	\$2,173	\$2,240	\$2,533	(\$293)	(13.1%)
CHCS Expense /AACOG Match	<u>\$2,774</u>	<u>\$2,773</u>	<u>\$2,773</u>	<u>\$2,921</u>	<u>(\$148)</u>	<u>(5.3%)</u>
Total Operating Expenses	\$1,438,421	\$1,564,778	\$1,597,064	\$1,691,935	(\$94,870)	(5.9%)
Gain (Loss) from Operations	\$132,379	\$88,047	\$102,587	\$80,782	(\$21,805)	(21.3%)
Non-operating Revenue/(Expense):						
Depreciation and Amortization	(\$77,953)	(\$82,238)	(\$79,888)	(\$80,722)	(\$834)	(1.0%)
Other Non-operating	\$4,619	\$4,778	\$8,488	\$8,702	\$214	2.5%
Total Non-operating Revenue/Expense	(\$73,334)	(\$77,460)	(\$71,399)	(\$72,020)	(\$620)	(0.9%)
Bottom Line Excluding Debt Service	<u>\$59,045</u>	<u>\$10,587</u>	<u>\$31,187</u>	<u>\$8,762</u>	<u>(\$22,425)</u>	<u>(71.9%)</u>
Debt Service						
Debt Service Revenue (Property Tax I & S)	\$53,997	\$56,800	\$56,800	\$62,195	\$5,394	9.5%
Debt Service	<u>\$53,997</u>	<u>\$56,800</u>	<u>\$56,800</u>	<u>\$62,195</u>	<u>\$5,394</u>	<u>9.5%</u>
Net Debt Service	\$0	\$0	\$0	\$0	\$0	0.0%
Ongoing Capital Requirements	\$30,031	\$28,754	\$29,169	\$25,396	\$3,774	12.9%



**University
Health System**
Statement of Revenues and Expenses

UHS Less CFHP (Dollars are in Thousands)	2016 Audited	2017 Budget	2017 Projected	2018 Preliminary Budget	Variance from Projected	% Variance
Adjusted Discharges	55,137	56,087	58,481	59,918	1,437	2.5%
Revenues						
Net Patient Service Revenue	\$533,184	\$564,668	\$564,901	\$612,335	\$47,434	8.4%
Property Taxes M & O	\$312,933	\$345,400	\$345,479	\$368,343	\$22,864	6.6%
Disproportionate Share Revenue	\$28,682	\$23,044	\$31,264	\$25,706	(\$5,558)	(17.8%)
DSRIP Revenue	\$60,120	\$56,000	\$53,582	\$56,989	\$3,407	6.4%
NAIP Revenue	\$44,195	\$28,127	\$30,715	\$28,329	(\$2,386)	(7.8%)
SNF Revenue	\$47,100	\$15,000	\$47,209	\$50,864	\$3,655	7.7%
Uncompensated Care (UC) Revenue	\$54,552	\$45,732	\$46,072	\$42,987	(\$3,085)	(6.7%)
Tobacco Settlement Fund	\$5,580	\$5,680	\$7,772	\$7,772	(\$)	(0.0%)
Other Revenue	<u>\$54,963</u>	<u>\$59,532</u>	<u>\$57,528</u>	<u>\$61,340</u>	<u>\$3,812</u>	<u>6.6%</u>
Total Operating Revenues	\$1,141,311	\$1,143,183	\$1,184,523	\$1,254,666	\$70,143	5.9%
Expenses						
Salaries	\$420,696	\$432,608	\$442,863	\$461,727	(\$18,864)	(4.3%)
Benefits	\$85,778	\$92,457	\$91,446	\$92,978	(\$1,533)	(1.7%)
Medical Services	\$124,015	\$153,218	\$139,798	\$168,121	(\$28,323)	(20.3%)
Purchased Services	\$200,827	\$175,979	\$211,804	\$242,260	(\$30,455)	(14.4%)
Supplies	\$191,657	\$200,851	\$201,183	\$206,513	(\$5,330)	(2.6%)
BAD/TIRZ	\$2,071	\$2,173	\$2,240	\$2,533	(\$293)	(13.1%)
CHCS Expense /AACOG Match	<u>\$2,774</u>	<u>\$2,773</u>	<u>\$2,773</u>	<u>\$2,921</u>	<u>(\$148)</u>	<u>(5.3%)</u>
Total Operating Expenses	<u>\$1,027,818</u>	<u>\$1,060,058</u>	<u>\$1,092,107</u>	<u>\$1,177,053</u>	<u>(\$84,946)</u>	<u>(7.8%)</u>
Gain (Loss) from Operations	\$113,493	\$83,125	\$92,415	\$77,613	(\$14,802)	(16.0%)
Non-operating Revenue/(Expense):						
Depreciation and Amortization	(\$77,241)	(\$81,297)	(\$79,095)	(\$79,788)	(\$694)	(0.9%)
Other Non-operating	<u>\$3,891</u>	<u>\$4,068</u>	<u>\$7,188</u>	<u>\$7,472</u>	<u>\$284</u>	<u>3.9%</u>
Total Non-operating Revenue/(Expense)	<u>(\$73,350)</u>	<u>(\$77,229)</u>	<u>(\$71,907)</u>	<u>(\$72,316)</u>	<u>(\$410)</u>	<u>(0.6%)</u>
Bottom Line Excluding Debt Service	\$40,143	\$5,896	\$20,509	\$5,297	(\$15,212)	(74.2%)
Debt Service						
Debt Service Revenue (Property Tax I & S)	\$53,997	\$56,800	\$56,800	\$62,195	\$5,394	9.5%
Debt Service	<u>\$53,997</u>	<u>\$56,800</u>	<u>\$56,800</u>	<u>\$62,195</u>	<u>\$5,394</u>	<u>9.5%</u>
Net Debt Service	\$0	\$0	\$0	\$0	\$0	0.0%
Ongoing Capital Requirements	\$28,721	\$27,877	\$28,292	\$24,604	\$3,689	13.0%



University Health System

Statement of Revenues and Expenses

CFHP (Dollars are in Thousands)	2016 Audited	2017 Budget	2017 Projected	2018 Preliminary Budget	Variance from Projected	% Variance
Revenues						
CFHP Premium Revenue	\$427,037	\$507,143	\$512,555	\$515,430	\$2,875	0.6%
Other Revenue	<u>\$2,452</u>	<u>\$2,500</u>	<u>\$2,573</u>	<u>\$2,620</u>	<u>\$47</u>	1.8%
Total Operating Revenues	\$429,489	\$509,643	\$515,128	\$518,051	\$2,922	0.6%
Expenses						
Employee Compensation	\$19,836	\$27,736	\$26,402	\$28,295	(\$1,893)	(7.2%)
Salaries	\$16,577	\$22,666	\$21,518	\$23,031	(\$1,513)	(7.0%)
Benefits	\$3,259	\$5,071	\$4,884	\$5,264	(\$380)	(7.8%)
Purchased Services	\$24,058	\$29,327	\$27,096	\$30,723	(\$3,627)	(13.4%)
Supplies	\$4	\$0	(\$0)	\$0	(\$0)	100.0%
Medical Claims Expense	<u>\$366,705</u>	<u>\$447,657</u>	<u>\$451,459</u>	<u>\$455,864</u>	<u>(\$4,404)</u>	<u>(1.0%)</u>
Total Operating Expenses	<u>\$410,603</u>	<u>\$504,720</u>	<u>\$504,957</u>	<u>\$514,882</u>	<u>(\$9,925)</u>	<u>(2.0%)</u>
Gain (Loss) from Operations	\$18,886	\$4,922	\$10,171	\$3,169	(\$7,003)	(68.8%)
Non-operating Revenue/(Expense):						
Depreciation and Amortization	(\$713)	(\$942)	(\$793)	(\$933)	(\$140)	17.7%
Other Non-operating	\$729	\$710	\$1,300	\$1,230	(\$70)	(5.4%)
Total Non-operating Revenue/Expense	<u>\$16</u>	<u>(\$231)</u>	<u>\$507</u>	<u>\$297</u>	<u>(\$211)</u>	<u>(41.5%)</u>
Bottom Line	\$18,902	\$4,691	\$10,679	\$3,465	(\$7,213)	(67.5%)
Ongoing Capital Requirements	\$1,310	\$877	\$877	\$792	\$85	9.7%

UHS Less CFHP ACTIVITY 10/24/17 - DRAFT	2014 Actual	2015 Actual	2016 Actual	2017 Budget	*2017 Projected	2018 Budget	Var. Bud 2018 to Proj. 2017	Var %
In-Patient Activity								
Heart Vascular ¹	1,749	2,169	2,393	2,393	2,431	2,504	73	3.0%
Women Services	3,965	4,035	4,099	4,057	3,990	4,010	20	0.5%
Neonates ²	865	905	1,235	1,242	1,329	1,341	12	0.9%
Neurology	1,466	2,085	2,234	2,302	2,204	2,226	22	1.0%
Orthopedics	1,426	1,545	1,652	1,573	1,619	1,619	0	0.0%
Trauma	1,169	1,358	1,322	1,335	1,420	1,420	0	0.0%
Transplant ³	164	191	185	209	166	174	8	5.1%
All Other	10,033	11,799	12,737	13,546	13,153	13,429	276	2.1%
Sub-Total: Adult Discharges	20,837	24,087	25,857	26,655	26,312	26,723	411	1.6%
Heart Vascular ⁴	130	166	208	197	238	262	24	10.0%
Neurology	266	277	343	373	385	385	0	0.0%
Orthopedics ⁵	196	242	211	234	196	207	11	5.6%
Trauma ⁶	400	423	389	525	326	367	41	12.6%
Transplant ⁷	17	20	21	24	17	22	5	31.0%
All Other	917	1,174	1,290	1,566	1,520	1,550	30	2.0%
Sub-Total: Pedi Discharges	1,926	2,302	2,462	2,919	2,683	2,793	111	4.1%
Total Discharges	22,763	26,389	28,319	29,574	28,994	29,516	522	1.8%
Heart Vascular	10,381	12,874	13,634	14,931	13,913	14,331	417	3.0%
Women Services	10,924	11,182	11,719	11,712	11,244	11,316	72	0.6%
Neonates	17,307	17,848	17,468	19,327	17,674	18,074	400	2.3%
Neurology	7,988	10,600	12,196	12,203	12,672	12,799	127	1.0%
Orthopedics	7,883	8,417	8,942	8,298	8,928	8,928	0	0.0%
Trauma	7,461	8,065	7,977	8,462	8,315	8,315	0	0.0%
Transplant	1,878	2,344	2,446	2,581	2,099	2,207	107	5.1%
All Other	65,863	74,882	82,518	85,765	84,573	86,349	1,776	2.1%
Sub-Total: Adult Days	129,685	146,212	156,900	163,279	159,419	162,319	2,900	1.8%
Sub-Total: Adult ADC	355.3	400.6	429.9	447.3	436.8	444.7	8	1.8%
Heart Vascular	2,055	1,963	2,580	2,495	3,334	3,565	231	6.9%
Neurology	1,240	1,364	1,985	2,167	1,653	1,653	0	0.0%
Orthopedics	568	759	796	836	660	697	37	5.6%
Trauma	2,101	1,958	2,195	3,035	1,599	1,801	201	12.6%
Transplant	113	283	329	257	261	342	81	31.0%
All Other	6,043	7,467	9,040	8,775	8,817	8,972	155	1.8%
Sub-Total: Pedi Days	12,120	13,794	16,925	17,565	16,325	17,029	704	4.3%
Sub-Total: Pedi ADC	33.2	37.8	46.4	48.1	44.7	46.7	2	4.3%
Total: Days	141,805	160,006	173,825	180,844	175,744	179,348	3,604	2.1%
Total: ADC	388.5	438.4	476.2	495.5	481.5	491.4	10	2.1%
Births	2,836	3,160	3,217	3,212	3,200	3,242	42	1.3%
ALOS Adult	6.2	6.1	6.1	6.1	6.1	6.1	(0.0)	-0.4%
ALOS Pedi	6.3	6.0	6.9	6.0	6.5	6.1	(0.4)	-6.2%
Total ALOS	6.2	6.1	6.1	6.1	6.1	6.1	(0.0)	-0.4%

UHS Less CFHP ACTIVITY 10/24/17 - DRAFT	2014 Actual	2015 Actual	2016 Actual	2017 Budget	*2017 Projected	2018 Budget	Var. Bud 2018 to Proj. 2017	Var %
Other UH Volume: EC, Surgery, and Observations								
Total EC (IP - Adult)	11,484	14,003	15,147	14,782	15,372	15,590	218	1.4%
Total EC (OP - Adult)	44,261	48,110	49,225	50,533	51,394	51,742	348	0.7%
Sub Total: Adult EC	55,745	62,113	64,372	65,315	66,766	67,332	566	0.8%
Total EC (IP - OB/GYN)	3,985	4,100	4,105	4,227	4,149	4,183	34	0.8%
Total EC (OP - OB GYN)	9,595	8,341	9,219	9,743	9,573	9,611	38	0.4%
Sub Total: OB GYN EC	13,580	12,441	13,324	13,970	13,722	13,794	72	0.5%
Total EC (IP - Pedi)	1,220	1,488	1,315	1,721	1,418	1,424	6	0.4%
Total EC (OP - Pedi) ⁸	5,577	6,062	7,391	8,433	9,203	9,579	376	4.1%
Sub Total: Pedi EC	6,797	7,550	8,706	10,155	10,621	11,003	382	3.6%
Total EC	76,123	82,105	86,403	89,440	91,109	92,129	1,020	1.1%
Surgery - UHS (IP - Adult) ⁹	8,153	7,174	9,164	8,860	9,022	9,401	379	4.2%
Surgery - UHS (OP - Adult)	5,342	6,068	5,522	5,586	5,838	5,838	0	0.0%
Sub Total: Adult Surg	13,495	13,242	14,686	14,446	14,860	15,239	379	2.6%
Surgery - UHS (IP - Pedi) ¹⁰	640	926	1,340	1,678	1,080	1,333	253	23.4%
Surgery - UHS (OP - Pedi) ¹¹	804	1,195	1,380	1,064	1,529	1,703	174	11.4%
Sub Total: Pedi Surg	1,444	2,121	2,720	2,742	2,609	3,036	427	16.4%
Total: Surg	14,939	15,363	17,406	17,188	17,469	18,275	806	4.6%
Observation - UHS (Adult)	8,780	6,855	5,475	5,790	5,583	5,583	0	0.0%
Observation - UHS (Pedi) ¹²	1,319	1,509	1,506	1,562	1,653	1,835	182	11.0%
Sub-Total Obs - UHS (Days)	10,099	8,364	6,981	7,352	7,236	7,418	182	2.5%
Total Other Vol: (EC, Surg, & Obs)	101,161	105,832	110,790	113,980	115,814	117,822	2,008	1.7%
Ambulatory Surgery Center Volume and other Outpatient Visits (includes PHC's)								
RBG ASC (Surg)	704	662	1,109	950	1,330	1,346	16	1.2%
RBG ASC (Endo Cysto) ¹³	4,858	5,013	5,574	4,947	5,869	6,028	159	2.7%
MARC ASC (Surg)	2,990	2,656	2,662	2,643	2,730	2,769	39	1.4%
MARC ASC (Endo) ¹⁴	1,453	1,330	1,615	1,623	1,667	1,756	89	5.3%
Clinics (UH - Adult)	42,167	46,074	43,848	45,240	43,825	44,655	830	1.9%
Clinics (Pavilion) ¹⁵	37,685	40,928	43,173	42,143	44,928	47,355	2,427	5.4%
Dialysis (Adult)	74,376	72,305	75,289	73,727	74,964	74,964	0	0.0%
Clinics Ambulatory Ops (Adult) ¹⁶	508,863	491,943	509,592	492,408	533,555	594,567	61,012	11.4%
Clinics (PHCs) ¹⁷	56,987	62,734	67,328	62,680	65,618	70,789	5,171	7.9%
Sub-Total: OP Clinics -Adult	730,083	723,645	750,190	726,360	774,486	844,228	69,743	9.0%
Clinics (UH - Pedi) ¹⁸	7,347	11,807	10,844	13,979	17,163	17,790	627	3.7%
Clinics (Pavilion - Pedi) ¹⁹	4,847	13,314	12,931	12,484	12,712	10,657	(2,055)	-16.2%
Dialysis (Pedi)	2,453	2,485	3,003	2,560	3,193	3,200	7	0.2%
Clinics Ambulatory Ops (Pedi) ²⁰	40,900	48,582	56,052	54,175	57,834	77,659	19,825	34.3%
Sub-Total: OP Clinics - Pedi	55,547	76,188	82,830	83,197	90,902	109,306	18,404	20.2%
Total Other Vol: (OP ASCs, OP Clinics, PHCs)	785,630	799,833	833,020	809,558	865,388	953,535	88,147	10.2%
Adjusted Discharges	47,438	51,010	55,137	56,087	58,481	59,918	1,437	2.5%

Preliminary 2018 Budget, Activity Notes

Service Line	Activity Note
Adult Inpatient Services	
1. Heart Vascular	New EP Provider along with modest growth
2. Neonates	Minimal growth; unit approaching capacity
3. Transplant	Forecasting moderate increase in Liver and Kidney Transplant, decrease in Lung Transplant due to provider turnover
Pediatric Inpatient Services	
4. Heart Vascular	Credentialing an additional cardiologist, plus population growth
5. Orthopedics	Increase from associated Trauma volume
6. Trauma	Increase due to overall population growth
7. Transplant	Forecasting moderate increase in Liver and Kidney Transplant, decrease in Lung Transplant due to provider turnover
Emergency Center	
8. OP Pediatric EC	Maturity of Pediatric EC and population growth
Hospital Surgery	
9. Adult IP	Seven new OR's opened Apr 2017, projecting a full year with additional OR capacity and new surgical robot
10. Pediatric IP	Consolidated operations to Sky Tower OR's in 2017. Increase in 2018 reflects a full year with improved efficiency and capacity
11. Pediatric OP	Consolidated operations to Sky Tower OR's in 2017. Increase in 2018 reflects a full year with improved efficiency and capacity
Outpatient Observation Days	
12. Pediatrics	Consistent with anticipated Pediatric growth
Ambulatory Surgery Centers (ASCs)	
13. RBG ASC (Endo Cysto)	Increased volume of Endoscopy patients due to Bariatric program, increase in Ped GI Patients
14. MARC ASC (Endo)	Increased availability of providers and available procedure times in 2017. Increase in 2018 is due to a full year of efficiencies and additional capacity
Ambulatory Clinics	
15. Clinics (Pavilion)	Targeting providers to increase average productivity to MGMA benchmark
16. Clinics Ambulatory Ops (Adult)	Provider vacancies filled 3Q17 & 4Q17; 2018 activated full impact of filled positions. Targeting providers to increase average productivity to MGMA benchmark
17. Clinics (PHCs)	Targeting providers to increase average productivity to MGMA benchmark
18. Clinics (UH - Pedi)	OP Surgery clinic, Increase to due increase OP Surgery volume
19. Clinics (Pavilion - Pedi)	In process of recruiting a new Pediatrician due to turnover. Limited volume increase due to provider capacity
20. Clinics Ambulatory Ops (Pedi)	Targeting providers to increase average productivity to MGMA benchmark

Preliminary 2018 Budget, Changes to Total Operating Revenue

Dollars in Millions	Variance from Projected	% Variance	Driver
2017 Projected Total Operating Revenue	\$1,184.5		
Net Patient Revenue	\$47.4	8.4%	
Inpatient Volume	\$3.8		Pediatric, Heart & Vascular, Transplant, and Neurology growth
Outpatient Professional Ambulatory Clinic	\$3.0		Improved provider productivity
Other Outpatient Volume	\$2.3		Moderate growth across service lines
Medicare Rate Improvement	\$18.2		Uncompensated Care increase due to CMS formula change
Medicaid Managed Care	\$11.5		UHRIP rate increase. Offset of IGT expense not included
Commercial Rate Improvement	\$7.2		Renegotiated Managed Care agreements
Revenue Cycle Improvement	\$1.4		Chargemaster Enhancement
Other Operating Revenue	\$22.7	3.7%	
Property Taxes	\$22.9		Maintained existing tax rate; increase in property values and new properties
Disproportionate Share Funding	(\$5.6)		Federal Regulations reduce Texas DSH allocation by 14%
DSRIP Revenue	\$3.4		Waiver continues at DY6 amounts
NAIP	(\$2.4)		NAIP continues into SFY 2019 at 90% of current amounts
Skilled Nursing Facility	\$3.7		New SNF program: QIPP
Uncompensated Care (UC)	(\$3.1)		Increased "haircut" and UHRIP will reduce eligible expenses
Other Revenue	\$3.8		Funding for administration of additional Ryan White Grant. Also includes UT Health reimbursement, foundation, food service
Changes to Total Operating Revenue	\$70.1	5.9%	
2018 Preliminary Budget			
Total Operating Revenue	\$1,254.7		

*Positive numbers indicate an increase in Operating Revenue

Preliminary 2018 Budget, Financial Impact of Legislative Changes

Dollars in millions	2017 Projected	2018 Preliminary Budget	Variance from Projected	% Variance	Notes
Federal Rate Impacts					
Medicare UC Rate Change	\$16.8	\$37.3	\$20.5	121.7%	This is new Medicare Rule on how DSH is calculated, which emphasizes uninsured costs verses Medicaid days
Medicare Sequestration	(\$2.8)	(\$3.1)	(\$0.3)	10.5%	This 2% reduction will continue
Other Medicare Rate Changes	\$170.98	\$168.95	(\$2.0)	(1.2%)	Due to Rural referral Center designation, wage index will go down effective 10/1/2017, but will increase 10/1/2018, outpatient reduction for 340B hospitals
State Waiver Related Programs, All assume Waiver continues at DY6 levels					
Hospital UC	\$46.1	\$43.0	(\$3.1)	(6.7%)	Increased "haircut" and URIP will reduce eligible expenses
Bexar UC Program	(\$87.3)	(\$110.5)	(\$23.2)	26.6%	The current BCCS Charity Care Expansion program is substantially reduced. The IGT requirement will decline but an increase to the overall Medical Services expense will occur
DSRIP Revenue	\$53.6	\$57.0	\$3.4	6.4%	This assumes UHS meets 90% of it's milestones and does not include the expense of implementing projects. Administration of the region will increase by \$1 million
Other State Programs					
DSH	\$31.3	\$25.7	(\$5.6)	(17.8%)	Federal Regulations will reduce Texas's DSH allocation by 14%
NAIP Revenue	\$30.7	\$28.3	(\$2.4)	(7.8%)	This is expected to continue into SFY 2019 at 90% of current amounts
Uniform Rate Increase Program	\$0.6	\$7.1	\$6.5	1100.0%	This new program increases Medicaid Managed Care rates after UHS provides IGT. This increase includes the net impact of revenue increase minus IGT expense
QIPP for SNF	\$0.5	\$1.1	\$0.6	117.5%	This program experienced a hold during 2017, but begins again at lower dollar amounts
Total	\$260.4	\$254.8	(\$5.6)	(2.1%)	

Exhibit 5

Preliminary 2018 Budget, Changes to the Total Operating Expense

Dollars in Millions	Variance from Projected	% Variance	Driver
2017 Projected Total Operating Expense	\$1,092.1		
Salaries	(\$18.9)	-4.3%	
Volume Driven	(\$7.9)		Activity increase (2.5% overall)
Merit	(\$4.4)		2% annual increase
Living Wage	(\$4.0)		Wage increase plus decompression
New Fixed FTEs	(\$2.6)		Coding, Plant Maintenance, Patient Access, IP Dialysis, Surgical Svcs
Benefits	(\$1.5)	-1.7%	
Benefits	(\$1.5)		Pension Plan, Health/Dental Insurance, Social Security
Medical Services	(\$28.3)	-20.3%	
BCCS Impact	(\$23.2)		Net Impact of BCCS contracts
UT Health Contracts	(\$3.9)		Leased Skin & Neonatology providers, AOA at 2017 budgeted rate
Increased Carelink Services	(\$1.2)		Additional membership with ACA reductions
Purchased Services	(\$30.5)	-14.4%	
EPIC Project	(\$12.0)		Initial phase of new EHR project
Professional Svcs Patient Care	(\$4.8)		Ryan White grant administration expenses
SNF Expense	(\$3.1)		Skilled Nursing program budgeted to continue through 2018
Maintenance Contracts	(\$2.8)		Biomed, Information Services, PBS
Business and Management Fees	(\$2.2)		Net increase Management, Business, Legal Fees
Rentals	(\$2.0)		Mobile Cardiac Lab, OR, Admissions, PDC, Sleep Lab
Media & Advertising	(\$1.2)		Corporate Communications
Lease Expense	(\$0.5)		Sleep Lab, Dialysis, Transplant
Insurance	(\$0.3)		Hospital General Liability
Net Other Purchased Services	(\$1.6)		Information Services, UH Dialysis, Behavioral Medicine
Supplies	(\$5.3)	-2.6%	
Medical Supplies	(\$4.9)		Volume driven increases, drug cost inflation
Non-Medical Supplies	(\$0.4)		Increase in tools/minor equipment, dietary supplies, linens
Other Operating Expense	(\$0.4)	-8.8%	
			Bexar Appraisal District, TIRZ, CHCS, AACOG Match
Changes to Total Operating Expense	(\$84.9)	-7.8%	
2018 Preliminary Budget			
Total Operating Expense	\$1,177.1		

Preliminary 2018 Budget, FTE Change

Service Line	Variance from Projected
2017 Projected FTE	7,459.3
Ambulatory ¹	20.0
Cardiology ²	8.5
Care Coordination ³	5.2
Clinical Surgical Services ⁴	24.9
IP Dialysis ⁵	16.5
IP Pediatrics ⁶	9.7
Medical Records ⁷	10.4
Pharmacy ⁸	5.5
Plant Engineering ⁹	14.0
UMA Providers ¹⁰	17.3
Other ¹¹	25.4
Preliminary 2018 Budget, Total Paid FTE	7,616.8
FTE Variance	157.5
FTE % Growth	2.1%

Driver of FTE Increase

- ¹ Outpatient Clinic volume increase. Robert L. M. Hilliard clinic to open 2018
- ² Cardiology back filling vacant positions to prepare for additional EP provider
- ³ Previously vacant positions needed to improve patient throughput
- ⁴ Surgical positions driven by increase in volume (see Activity Sheet: Exhibit 2)
- ⁵ In-sourcing dialysis service requires employed positions. Offsetting reduction in Purchased Service expense
- ⁶ Increased FTE to match Inpatient Pediatrics volume increase
- ⁷ Coding technicians to be employed rather than contract labor. Offsetting reduction in Purchased Service expense
- ⁸ Previously vacant positions needed to improve efficiency
- ⁹ Plans to reduce overtime and contract maintenance costs
- ¹⁰ Volume increases and FTE to accommodate a full year of employment for newly recruited providers
- ¹¹ Various small increases across Health System to better serve our patients. Ex: food services, trauma service, organ transplant, inpatient nursing

Exhibit 7

2018 Budget: Analysis of Tax Rate

Dollars in Thousands	Existing Tax Rate	Approved Tax Rate	Tax Rate Change from Existing Rate	% Change from Existing Tax Rate	2017 Estimated Net Taxes	2018 Approved Net Taxes	Estimated Net Change From Prior Year	% Increase
Operating Rate	0.237609	0.236069	(0.001540)	-0.65%	\$347,811	\$368,344	\$20,533	5.90%
Debt Rate	0.038626	0.040166	0.001540	3.99%	\$56,085	\$62,672	\$6,587	11.74%
Total Tax Rate	0.276235	0.276235	-	0.00%	\$403,896	\$431,016	\$27,120	6.71%

Detailed List of 2018 Capital Request (UHS less CFHP)

Dept Name	Request Name	2018 Amount	Priority	Reason	Class	Category
Technical Services	Network Core Infrastructure	2,360,000	Essential: Cannot Function Without	New Technology	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
IT Imaging Services	Enterprise Imaging Expansion	2,315,074	Essential: Cannot Function Without	New Technology	Strategic (New Service / Expansion)	Information Systems
Technical Services	Pure Storage	1,140,506	Essential: Cannot Function Without	New Technology	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
Application Systems	GE License Renewal & Product Expansion	950,000	Essential: Cannot Function Without	New Technology	Replacement	Information Systems
Data Security	Cybersecurity - Insider Threat Solution	601,000	Essential: Cannot Function Without	New Technology	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
Technical Services	Security Information & Event Management (SIEM) Exp	425,000	Proactive: Necessary To Avoid Problems	New Technology	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
Communication Services	Computer, Laptops, Tablets Associated Equipment	400,000	Important: Necessary For Improvement	New Technology	Replacement	Information Systems
Data Security	Cybersecurity - two factor authentication	300,150	Essential: Cannot Function Without	New Technology	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
Data Security	Cybersecurity - PKI	287,086	Essential: Cannot Function Without	New Technology	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
Data Security	Cybersecurity - Cloud Access Security Broker (CASB)	218,000	Essential: Cannot Function Without	New Technology	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
Application Systems	Credit Card Terminal Replacement	200,000	Essential: Cannot Function Without	New Technology	Replacement	Information Systems
Application Systems	Vivonet Cash Register Replacement	150,000	Essential: Cannot Function Without	New Technology	Replacement	Information Systems
Application Systems	API Platform Upgrade & added Licenses	72,000	Important: Necessary For Improvement	New Technology	Strategic (New Service / Expansion)	Information Systems
Technical Services	Data Center Monitoring Expansion	71,000	Proactive: Necessary To Avoid Problems	New Technology	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
Application Systems	Hyland OnBase V18 Upgrade	65,000	Important: Necessary For Improvement	New Technology	Replacement	Information Systems

Detailed List of 2018 Capital Request (UHS less CFHP)

Dept Name	Request Name	2018 Amount	Priority	Reason	Class	Category
Technical Services	Security Vulnerability Scanning Expansion	50,000	Proactive: Necessary To Avoid Problems	New Technology	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
Technical Services	Network Configuration Management Expansion	45,000	Proactive: Necessary To Avoid Problems	New Technology	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
Application Systems	MHC Document Express upgrade to SQL	30,000	Essential: Cannot Function Without	New Technology	Replacement	Information Systems
Technical Services	Netflow Rackmount devices	20,000	Essential: Cannot Function Without	New Technology	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
Inpatient Pharmacy	RFID kit Checks for Crash Carts	220,000	Important: Necessary For Improvement	New Service	Strategic (New Service / Expansion)	Clinical Equipment
Inpatient Pharmacy	Liquid Dose Packager	110,000	Important: Necessary For Improvement	New Service	Strategic (New Service / Expansion)	Clinical Equipment
Materials Management & Inventory Control	PAR Excellence	384,691	Important: Necessary For Improvement	New Service	Strategic (New Service / Expansion)	Administrative Equipment
Environmental Services-UH	Waste management processing equipment (Includes: Cart wash, Sani-Pak, metal building/ office, loading dock expansion, collection tank and exterior fire door renovation)	2,295,725	Important: Necessary For Improvement	Required Maintenance	Replacement	Administrative Equipment
Radiology Diagnostic	Portable X-Ray Unit	300,000	Proactive: Necessary To Avoid Problems	New Service	Strategic (New Service / Expansion)	Clinical Equipment
Gift Shop	Gift Shop Remodel	600,000	Important: Necessary For Improvement	New Service	Strategic (New Service / Expansion)	Construction/ Minor Renovation
Radiology Support	Radiology Anesthesia Upgrade	300,000	Important: Necessary For Improvement	New Technology	Replacement	Information Systems
Radiology Diagnostic	Digital Radiology Director Plates	200,000	Proactive: Necessary To Avoid Problems	New Service	Strategic (New Service / Expansion)	Clinical Equipment
Anatomic Pathology	Immunohistochemistry Staining Instrument	175,000	Essential: Cannot Function Without	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
Soft Tissue Diagnostic Lab	Ultrasound Machine	160,000	Essential: Cannot Function Without	Safety Mandated	Replacement	Clinical Equipment
Radiology Support	Radiology/Prep and Hold Monitor Upgrade	120,000	Important: Necessary For Improvement	Safety Mandated	Strategic (New Service / Expansion)	Clinical Equipment
Anatomic Pathology	Kardex Slide Carousel	110,000	Essential: Cannot Function Without	Regulatory Mandated	Replacement	Clinical Equipment
Anatomic Pathology	Rapid Tissue Processor	68,000	Essential: Cannot Function Without	New Technology	Replacement	Clinical Equipment
Gastro Intestinal Lab	Radial Endoscope	66,000	Proactive: Necessary To Avoid Problems	Physician Request	Strategic (New Service / Expansion)	Clinical Equipment
Gastro Intestinal Lab	Video Processors	60,000	Important: Necessary For Improvement	New Service	Replacement	Clinical Equipment

Detailed List of 2018 Capital Request (UHS less CFHP)

Dept Name	Request Name	2018 Amount	Priority	Reason	Class	Category
Radiology Support	3-D CT Processing Station	39,025	Important: Necessary For Improvement	New Service	Replacement	Clinical Equipment
Patient Food Service	Steam Oven/Grills	112,550	Essential: Cannot Function Without	Required Maintenance	Replacement	Administrative Equipment
Cytopathology	Thin Prep Processor	40,000	Essential: Cannot Function Without	Regulatory Mandated	Replacement	Clinical Equipment
Non-Invasive Cardiology	EKG Treadmill Monitor	30,000	Important: Necessary For Improvement	Required Maintenance	Replacement	Clinical Equipment
Non-Invasive Cardiology-DT	EKG Machines	30,000	Important: Necessary For Improvement	Required Maintenance	Replacement	Clinical Equipment
Non-Invasive Vascular Lab-UH	Tissue Doppler	25,000	Important: Necessary For Improvement	New Technology	Strategic (New Service / Expansion)	Clinical Equipment
Gastro Intestinal Lab	Videolaryngoscope	18,000	Important: Necessary For Improvement	New Service	Strategic (New Service / Expansion)	Clinical Equipment
MRI	MRI Remote Monitor	13,600	Important: Necessary For Improvement	New Technology	Strategic (New Service / Expansion)	Clinical Equipment
MRI	MRI Pump Software	7,300	Important: Necessary For Improvement	Safety Mandated	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
Facilities Devel. Prog.	Pediatric Cardiothoracic/ OR Renovation	631,062	Proactive: Necessary To Avoid Problems	Required Maintenance	Replacement	Construction/ Minor Renovation
PICU-5	Sonosite	65,000	Essential: Cannot Function Without	Safety Mandated	Strategic (New Service / Expansion)	Clinical Equipment
Pedi Echo Lab	Upgrade Existing Echo Machines	64,000	Important: Necessary For Improvement	New Service	Strategic (New Service / Expansion)	Clinical Equipment
Pedi OR	Sonosite Transducers	18,000	Important: Necessary For Improvement	New Technology	Strategic (New Service / Expansion)	Clinical Equipment
Pedi Specialty Clinic	Pulmonary Service pH Probe	16,779	Important: Necessary For Improvement	Physician Request	Strategic (New Service / Expansion)	Clinical Equipment
RBG-General Pedi Operations	Vein Finder	5,151	Important: Necessary For Improvement	New Technology	Strategic (New Service / Expansion)	Clinical Equipment
Chill Water Plant	CEP Condenser Water Pump	75,000	Essential: Cannot Function Without	Required Maintenance	Replacement	Construction/ Minor Renovation
Plant Oper. & Mainte.	Replacement of AHU 69	300,000	Essential: Cannot Function Without	New Service	Replacement	Construction/ Major Renovation
Plant Oper. & Mainte.	AHU Replacement - Rio Tower	160,000	Essential: Cannot Function Without	New Service	Replacement	Construction/ Minor Renovation
Plant Oper. & Mainte.	Rio Tower Roof	500,000	Important: Necessary For Improvement	Prior Year Request	Replacement	Construction/ Major Renovation
Plant Oper. & Mainte.	Boom Lift	100,000	Important: Necessary For Improvement	New Technology	Mandated (Regulatory Safety & Required Maintenance)	Administrative Equipment
Plant Oper. & Mainte.	Horizon Tower AHU 41	125,000	Important: Necessary For Improvement	New Service	Replacement	Construction/ Minor Renovation
Plant Oper. & Mainte.	Rio Tower Induction Units Controls	720,000	Important: Necessary For Improvement	Required Maintenance	Mandated (Regulatory Safety & Required Maintenance)	Construction/ Minor Renovation
Plant Oper. & Mainte.	Rio Tower Elevator D	40,000	Important: Necessary For Improvement	New Service	Replacement	Construction/ Minor Renovation

Detailed List of 2018 Capital Request (UHS less CFHP)

Dept Name	Request Name	2018 Amount	Priority	Reason	Class	Category
Fleet Services	Ford Explorer	38,000	Important: Necessary For Improvement	Safety Mandated	Replacement	Administrative Equipment
Fleet Services	Cargo Van	42,000	Important: Necessary For Improvement	Safety Mandated	Replacement	Administrative Equipment
Fleet Services	Frazer Ambulance	135,000	Important: Necessary For Improvement	Safety Mandated	Replacement	Administrative Equipment
RBG-EMC Operations	Cardiac Monitors (2) - RBG RMC	69,982	Essential: Cannot Function Without	Physician Request	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
SW Operations	Clinic Signage (Pylon)-SW Clinic	46,083	Important: Necessary For Improvement	Staff Request	Strategic (New Service / Expansion)	Construction/ Minor Renovation
Medicine Clinic	High Low Exam Tables (6) - RBG Medicine	41,984	Essential: Cannot Function Without	Safety Mandated	Replacement	Clinical Equipment
UMA ENT Clinic	Rhino-Laryngo Video Scope - RBG ENT clinic	25,715	Important: Necessary For Improvement	Physician Request	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
Hearing & Balance Ctr	Vivasonic ABR & EcochG Integrity V500	19,175	Essential: Cannot Function Without	Safety Mandated	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
UH Outpatient Physical Therapy	L300 GO	17,645	Essential: Cannot Function Without	Safety Mandated	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
SW Operations	MAC 5500 EKG - SW Clinic	14,951	Essential: Cannot Function Without	New Service	Strategic (New Service / Expansion)	Clinical Equipment
RBG-EMC Operations	GE MAC 5500 ECG - RBG EMC	13,650	Important: Necessary For Improvement	Physician Request	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
Physical Therapy	Parallel Bars	31,089	Essential: Cannot Function Without	Safety Mandated	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
RBG-EMC Operations	AccuVein Scan - RBG EMC	5,500	Important: Necessary For Improvement	Physician Request	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
Dialysis Support	Fresenius T Dialysis Machine (56)	863,520	Essential: Cannot Function Without	Regulatory Mandated	Replacement	Clinical Equipment
Mammography	Affirm Prone Biopsy System - Mammography	404,208	Proactive: Necessary To Avoid Problems	Required Maintenance	Replacement	Clinical Equipment
Detention Health Care - Adult	DRX-Revolution Mobile X-Ray System	135,000	Essential: Cannot Function Without	Regulatory Mandated	Replacement	Clinical Equipment
Adult Diabetes Clinic	Affiniti 50 Ultrasound System - TDI Endo	58,517	Important: Necessary For Improvement	Safety Mandated	Replacement	Clinical Equipment

Detailed List of 2018 Capital Request (UHS less CFHP)

Dept Name	Request Name	2018 Amount	Priority	Reason	Class	Category
Orthopedic Clinic UCCH	SonoSite M-MSK System - TDI Ortho	38,588	Important: Necessary For Improvement	Safety Mandated	Strategic (New Service / Expansion)	Clinical Equipment
TDI-Neurology	Electromyography (EMG) - TDI Neurology	33,524	Essential: Cannot Function Without	New Service	Strategic (New Service / Expansion)	Clinical Equipment
General Administration	TDI Facility Signage	16,984	Important: Necessary For Improvement	Staff Request	Replacement	Construction/ Minor Renovation
Perinatal/Neonatal Program	Premature Anne with SimPad PLUS - Perinatal Neonat	16,733	Important: Necessary For Improvement	Physician Request	Strategic (New Service / Expansion)	Clinical Equipment
DSRIP - School Based Program OPS-SWISD	EKG MAC 5500 - SWISD clinic	13,836	Essential: Cannot Function Without	New Service	Strategic (New Service / Expansion)	Clinical Equipment
TDI-Primary Care Operations	GE MAC 5500 HD ECG - TDI Primary Care	13,650	Essential: Cannot Function Without	Safety Mandated	Replacement	Clinical Equipment
Surgery Operating Room	Sonic Washer and OR Table	350,000	Important: Necessary For Improvement	New Service	Strategic (New Service / Expansion)	Clinical Equipment
OR Sterile Processing	Instrument BRN	1,100,000	Essential: Cannot Function Without	Safety Mandated	Strategic (New Service / Expansion)	Clinical Equipment
Surgery Operating Room	Anesthesia BRN	750,000	Essential: Cannot Function Without	New Service	Strategic (New Service / Expansion)	Clinical Equipment
Surgery Operating Room	Organ Donor Hospital	650,000	Proactive: Necessary To Avoid Problems	New Service	Strategic (New Service / Expansion)	Construction/ Minor Renovation
Surgery Operating Room	Equipment/Furniture	500,000	Important: Necessary For Improvement	Required Maintenance	Replacement	Office Equipment/Furniture
Surgery Operating Room	Spy Elite Imaging System	244,950	Important: Necessary For Improvement	New Service	Strategic (New Service / Expansion)	Clinical Equipment
Surgery Operating Room	Ultrasound machine	208,250	Important: Necessary For Improvement	New Service	Strategic (New Service / Expansion)	Clinical Equipment
Pedi Respiratory Care	pNeuton Ventilator	45,000	Important: Necessary For Improvement	New Service	Strategic (New Service / Expansion)	Clinical Equipment
Nursing Administration	Glidescope	42,000	Important: Necessary For Improvement	New Technology	Strategic (New Service / Expansion)	Clinical Equipment
Nursing Administration	Linet Med/Surg beds	613,618	Essential: Cannot Function Without	Safety Mandated	Replacement	Clinical Equipment

Total 2018 Amount	\$ 24,603,850
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