

Bexar County Commissioners Court

Double-Height Courtroom
2nd Floor, Suite 2.01
Bexar County Courthouse
100 Dolorosa
San Antonio, Texas 78205-3038

Tuesday, 12/12/2023
9:30 - 10:30 AM CT

1. Consideration and Appropriate Action Regarding Bexar County Hospital District d/b/a University Health's Consolidated Operating, Debt Service and Capital Budgets for Fiscal Year 2024 *Presented By: George B. Hernandez, Jr.*
12.12.23 MEMO UH Consolidated Ops, Debt Service, Capital Budgets FY2024 - Page 2
12.12.23 UH Budgets Presentation (32 pgs - Color) - Page 11
12.12.23 UH Budget Exhibits 1A - Exhibits 9 (24 pgs) - Page 43
12.12.23 GBH Presentation Consldtd Ops, Debt Service and Cap Budget FY 2024 - Page 67
2. Consideration and Appropriate Action Regarding a Homestead Tax Exemption for Twenty Percent (20%) for Bexar County Hospital District d/b/a University Health Ad Valorem Taxes, Beginning with the 2024 Valuations *Presented By: George B. Hernandez, Jr.*
12.12.23 GBH Presentation - Inc. Homestead Exempt UH FY 2024 - Page 95
12.12.23 ORDER BC Comm Crt Adopting Tax Exemption form - Page 98



BEXAR COUNTY COMMISSIONERS COURT

Tuesday, December 12, 2023

Consideration and Appropriate Action Regarding Bexar County Hospital District d/b/a University Health's Consolidated Operating, Debt Service and Capital Budgets for Fiscal Year 2024

Key Assumptions

The consolidated 2024 budget was developed using the Triple Aim Plus as our guiding principles. Improving quality, safety and outcomes, improving the patient experience, improving efficiencies, and improving access to care, were all taken into consideration during the budget planning process. The consolidated 2024 budget incorporates many known or expected changes for 2024. These include inflation impacts, changes in Medicaid supplemental funding, major projects, changes in patient volume, and labor shortages. To address these issues, University Health continues to improve operational efficiency and reduce expenses wherever possible without sacrificing quality of care. At the Commissioner's Court meeting, staff will present additional information on the consolidated 2024 Operating, Debt Service, and Capital budgets.

Property Taxes

Staff has analyzed internal financial projections, the growth in property values and the current University Health tax exemptions and believes that the increase in local taxable values justify an increase to the homestead exemption for University Health *ad valorem* taxes from five percent (5%) to the maximum twenty percent (20%). On November 14, 2023, the Board of Managers supported increasing the current homestead exemption and forwarding that recommendation to Commissioners Court along with the proposed fiscal year 2024 budget recommendation. Staff estimates that the increased homestead exemption will have no impact to the fiscal year 2024 budget and a \$54 million property tax revenue impact in fiscal year 2025. Consideration of the homestead exemption at this time allows University Health to plan appropriately.

Inflation Impacts

University Health and health care systems across the country are being impacted by inflation on wages, supplies, and many purchased services. This inflationary environment is squeezing margins as costs are increasing faster than reimbursements. Governmental payers such as Medicare and Medicaid have processes for increasing payment rates but these processes can take years to catch up to quickly escalating expenses. Commercial insurance companies have multi-year contracts with health care providers like University Health, which normally have annual escalators in the three percent range. Health care providers will be under financial stress until payment rates catch up to current expense levels.

Impact of the Termination of the Public Health Emergency (PHE)

University Health received a \$20 million Medicaid Federal/State match formula benefit, i.e., the “enhanced FMAP” in 2023. The enhanced FMAP formula reduces University Health’s intergovernmental transfer (IGT) expense for its federally funded Medicaid programs. The enhanced FMAP is now fully phased out and no benefit is projected for the 2024 budget.

Supplemental Medicaid Funding Programs

Supplemental Payments are additional Medicaid payments to healthcare providers that are separate from and in addition to “base Medicaid payments”. The payments are typically made lump sum to University Health. In 2024, University Health estimates Medicaid supplemental funding as follows:

a. **The Texas’ Uncompensated Care (UC) Program:**

On January 15, 2021, Texas received Federal approval for the *Texas Healthcare Transformation and Quality Improvement 1115 Demonstration Waiver* through September 30, 2030. The waiver allows the state to expand Medicaid managed care while preserving hospital funding, provides incentive payments for health care improvements and directs more funding to hospitals that serve large numbers of uninsured patients. The source of Texas’ Uncompensated Care (UC) funding is the Waiver. The UC funding benefit to University Health for 2024 is estimated at \$140.0 million, a decrease of \$31.2 million from the 2023 funding level. The decrease is related to the reduced FMAP discussed above and a prior year pick up booked in 2023.

The 1115 Waiver no longer funds the Delivery System Reform Incentive Program (DSRIP). The loss of the DSRIP program negatively impacted University Health's revenue by \$78 million in 2022. No legacy DSRIP funds were received during 2023 or are planned in future years.

b. The Disproportionate Share Hospital (DSH) Program:

The DSH program provides payments to hospitals that serve a disproportionately large number of Medicaid and low-income patients. The estimated benefit from this program for 2024 is \$33.2 million, which is \$13.2 million less than the 2023 projection. The cut is a result of scheduled DSH reductions at the Federal level from the initial passage of the Affordable Care Act. The reductions will take effect in October 2023 unless Congress delays the cuts again.

c. The Graduate Medical Education Program:

Parkland Health, Harris Health and University Health all have significant unfunded costs for Graduate Medical Education (GME). This program allows for partial reimbursement of those costs through the Medicaid program, provided the local public health system like University Health agrees to make the intergovernmental transfer (IGT) for the State. This program provided University Health with a net benefit of \$15.6 million in 2023. It is projected to remain at the same level for 2024. The unreimbursed GME expense for 2024 is \$12 million, after the partial Medicaid GME program reimbursement.

d. The Hospital Augmented Reimbursement Program (HARP):

HARP is a supplemental program that provides additional funding for public hospitals to help cover the loss of DSRIP by supplementing the cost for non-Managed Care Medicaid patients, sometimes called Fee-For-Service patients. The estimated benefit from this program for 2024 is \$23.3 million, which is \$2.1 million less than the 2023 projection.

Directed Payment Programs (DPPs)

Directed Payments are authorized under 42 CFR 438.6(c) which allow states to set parameters for Medicaid managed care spending to assist states in achieving their overall goal of delivery system and payment reform. Specifically, Texas directs Medicaid Managed Care Organizations (MCOs) to make certain payments to healthcare providers, either through an adjustment to the monthly base capitation rates or through a separate payment term.

These programs normally have quality metrics as a component of the payment calculation and funding helps offset the cost of treating managed Medicaid patients. In 2024, University Health estimates Medicaid Directed Payment Program funding as follows:

- a. The Network Access Improvement Program (NAIP):
NAIP is a designated pass through program, which is a lump sum payment that is passed through Managed Medicaid payers to participating providers. The NAIP program is projected to provide \$29.5 million in benefit for 2024, which is \$8.3 million lower than in 2023 due to the loss of the enhanced FMAP and other reductions.
- b. The Comprehensive Hospital Increase Reimbursement Program (CHIRP):
CHIRP replaced the Uniform Hospital Rate Increase Program beginning September 1, 2021. CHIRP provides increased Medicaid payments to hospitals for inpatient and outpatient services provided to persons enrolled in STAR and STAR+PLUS. CHIRP funds are paid through two components of the managed care capitation rates. University Health qualifies for the Uniform Hospital Rate Increase Payment component that provides a uniform rate increase payment which is based on a percentage of the Medicare gap (the difference between what Medicare is estimated to pay for the services and what Medicaid actually paid for the same services). The estimated benefit from this program for 2024 is \$53.4 million, which is \$18.1 million more than the 2023 projection. These payments are added on to each qualifying Managed Medicaid payments and are included in Net Patient Revenue.
- c. The Texas Incentives for Physicians and Professional Services (TIPPS)
TIPPS increases the payments for physician services provided to Managed Medicaid patients. The estimated benefit from this program for 2024 is \$5.3 million, which is \$2.0 million less than the 2023 projection. Some of the TIPPS payments are added to individual claims recognized in Net Patient Revenue while part of the payment is in a lump sum amount.

Large Projects

There are a number of large projects with budget implications that staff and leadership will focus on during 2024.

- The opening of the new Women's and Children's Hospital will provide additional capacity for Pediatric and Women's services.

We anticipate growth in deliveries, pediatric admissions, and increased census in the Neonatal Intensive Care Unit (NICU). There are several projects that are still underway in the podium section of the new hospital. A pediatric Cath Lab, CT scanner, and pediatric pharmacy are still under construction and scheduled to open during 2024. Over the past several years, this project has disrupted traffic and pedestrian flow on the University Hospital campus. The opening of the new hospital and the attached 900 car garage should improve ease of access for patients, visitors, and staff.

- The Community Hospitals project consisting of two similar facilities one in Northeast Bexar County and one in South Bexar County will break ground in 2024. Although these projects will require significant time and effort from staff, there will be minimal impact to the operating budget until the facilities come online. The total estimated project cost is \$1.2 billion. Staff acquired \$300 million of bond funding in September 2022 and \$200 million in August of 2023 to help fund the project. Combined with \$390 million of cash reserves the project fund has a current balance of \$890 million. Additional cash reserves will be allocated to the project over the next few years during the construction phase.
- A new long-term ground lease was signed by University Health for a 55 acre parcel of land on the corner of Floyd Curl and Hamilton Wolfe in the South Texas Medical Center. This high-profile location is intended to support a future medical office building which will deliver advanced imaging and ambulatory diagnostic services in a location outside of University Hospital.
- On October 11, 2022, Bexar County Commissioners Court awarded \$40 million in ARPA funding for the construction of two public health facilities in underserved areas of Bexar County. One facility will be located on University Health property near Texas A&M - San Antonio and the other on land at I-10 east and East Houston Street. The public health facilities should break ground in late 2023 and early 2024 and will have minimal impact to the 2024 operating budget.
- Investments in recruiting and retaining staff have succeeded and the use of agency staff has decreased dramatically reducing the premium rate associated with contract staff.

The 2024 budget includes impacts from these efforts including decreased use of agency staff partially offset by an increase in the living wage to \$18.49 per hour, market adjustments for most of our direct patient care staff and enhancements to our education reimbursement program.

- Facilities improvements will continue with infrastructure repair and upgrades at existing locations, completion of the new University Health Breast Center on Wurzbach, and planned opening of additional school based and regional clinic locations. Repairs to the external structure of the 1968 Rio Tower which are currently being reviewed by engineers will begin in 2024. The “eyebrows” which are located under the windows are deteriorating and need to be removed or replaced.
- Expansion of the Retail and Specialty Pharmacy programs are budgeted to increase significantly during 2024. The Specialty Pharmacy service provides high cost, specialty drugs to patients experiencing chronic illness. Growth of these programs will increase pharmacy supply expense and staffing costs, offset by additional pharmacy revenue.
- Community First Health Plans (Community First) is expecting a significant decrease in the Medicaid Star plan as the Public Health Emergency ended in mid-2023 and Medicaid redeterminations are expected to cause a drop in the overall number of individuals who are Medicaid eligible. The decrease in Medicaid Star membership is expected to be mostly offset with Community First’s implementation of the Medicaid Star+Plus plan that is expected to go-live on September 1, 2024. The estimated impact will be over ten thousand new Star+Plus members at go-live and drive an overall increase of \$55 million in premium revenue.

There are also multiple ongoing operational and quality improvement initiatives that will impact the 2024 budget. While the goal of these projects is to improve quality, access, or the patient experience, staff anticipates a positive financial impact on operations due to better throughput, a reduction of expenses or revenue increases exceeding expenses. These initiatives include process improvements in many areas including care transitions, Emergency Department, surgical services and many other clinical and non-clinical areas.

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The table below details the summary information for the consolidated 2024 Operating, Debt Service, and Capital Budget for University Health.

Consolidated (Dollars in Millions)	2023 Projected	2024 Preliminary Budget	Variance from Projected	% Variance
Total Operating Revenue	\$3,066.5	\$3,214.4	\$147.9	4.8%
Total Operating Expense	\$2,807.3	\$3,110.9	\$303.6	10.8%
Operating Gain	\$259.2	\$103.4	(\$155.7)	(60.1%)
Nonoperating Revenue/(Expense):				
Depreciation/Amortization	(\$99.1)	(\$129.1)	(\$29.9)	(30.2%)
Other Non-operating	\$86.7	\$64.3	(\$22.4)	(25.8%)
Premium Deficiency Reserve	\$1.0	\$2.0	\$1.0	100.0%
Total Non-Operating Revenue	(\$11.4)	(\$62.7)	(\$51.3)	(450.0%)
Bottom Line excluding Debt Service	\$247.8	\$40.7	(\$207.1)	(83.6%)
Debt Service Expense	\$87.6	\$99.6	\$12.0	13.7%
Capital Requirements	\$47.0	\$47.3	\$0.3	0.6%

Additional detail on the budget is located in the attached Exhibits listed below:

- Attachment 1 2024 Operating Budget - University Health
- Exhibit 1A 2024 Consolidated University Health-Revenues and Expenses
- Exhibit 1B 2024 University Health less Community First-Revenues and Expenses
- Exhibit 1C 2024 Community First-Revenues and Expenses
- Exhibit 2 2024 Activity and Notes
- Exhibit 3 2024 Budget, Changes to Total Operating Revenue
- Exhibit 4 2024 Budget, Legislative Changes
- Exhibit 5 2024 Budget, Changes to Total Operating Expense
- Exhibit 6 2024 Budget, FTE Changes
- Exhibit 7 2024 Budget, Analysis of Tax Rate
- Exhibit 8 2024 Budget, Detail of Capital Request
- Exhibit 9 Summary of Real Estate Transactions in 2023

Changes in Utilization:

Total discharges are projected to grow by 2.4% with 1.8% growth in adults and 10.2% in pediatrics. The primary driver for the increase in discharge volume is related to planned increases in deliveries and pediatric admissions due to the additional capacity created with the opening of the new Women’s & Children’s Hospital. Outpatient ambulatory clinic volume is budgeted to achieve an 11.8% increase over 2023 projected activity. The outpatient ambulatory volume increase is related to additional providers and increased productivity in University Medicine Associates (UMA) and the full year volume of the new dialysis center location in the Medical Center.

Routine Capital:

The Capital Committee, working with the area Vice Presidents, prioritized the 2024 capital request. The capital budget for 2024 is recommended at \$46.7 million, which is \$1.9 million higher than the 2023 routine capital budget. In prioritizing the capital needs for 2024, 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 priority category is in the following table:

Exhibit 8 includes the detail of capital requests for the Clinical Services Division, a detail of the Community First Capital request of \$561 thousand is on page 31 of Attachment 1.

2024 Routine Capital Requirements					
Priority	Mandated (Regulatory Safety & Required Maintenance)	Replacement	Strategic (New Service / Expansion)	Grand Total	
Essential: Cannot Function Without	\$ 8,224,953	\$ 13,773,007	\$ 4,514,074	\$ 26,512,034	
Important: Necessary For Improvement	\$ 1,360,053	\$ 7,065,545	\$ 7,217,135	\$ 15,642,733	
Proactive: Necessary To Avoid Problems	\$ 3,346,116	\$ 1,567,442	\$ 231,040	\$ 5,144,597	
Total Clinical Services	\$ 12,931,122	\$ 22,405,994	\$ 11,962,249	\$ 47,299,365	

Debt Service Requirement:

The required principal and interest payments on University Health’s outstanding bonds due in 2024, is \$99.6 million.

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This amount is \$12.0 million higher than 2023 debt service. The increase is due to the additional \$200 million in bonds issued in 2023 for the Community Hospitals project and a defeasance of \$8.7 million of existing bonds to support a lower total interest cost on the new debt. The Commissioners Court approved the Debt Service tax levy of \$96.3 million and the planned defeasance on September 12, 2023.

Debt Service				
Dollars in millions	2023 Projected	2024 Preliminary Budget	Variance from Projected	% Variance

Debt Service Payment	\$	87.6	\$	99.6	\$	12.0	13.7%
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To ensure the ongoing financial strength of University Health, we will focus on the following items:

- Continue to improve operating efficiencies
- Grow activity in strategic service lines
- Control operating expenses
- Improve patient quality and safety scores
- Actively pursue new Federal and State funding sources

Recommendation:

The Board of Managers’ approved the Operating, Debt Service and Capital Budgets for Fiscal Year 2024 at the Board of Managers meeting held on November 14, 2023, and endorses it to Bexar County Commissioners’ Court for final approval on December 12, 2023.

Reed Hurley
Executive Vice President/
Chief Financial Officer

Edward Banos
Executive Vice President/
Chief Operating Officer

George B. Hernández, Jr.
President/Chief Executive Officer



Consideration and Appropriate Action Regarding
Bexar County Hospital District d/b/a
University Health's Consolidated Operating,
Debt Service and Capital Budgets
for Fiscal Year 2024

Tuesday, December 12, 2023

George B. Hernández, Jr., President/CEO
Reed Hurley, CFO



**University Health
Consolidated Operating, Debt Service,
and Capital Budgets
For Fiscal Year 2024**

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University Health Consolidated 2024 Budget Summary

Strategic Vision

University Health 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 2024 Budget was developed with this strategic vision in mind. University Health is consistently recognized as a leader in advanced treatment options, new technologies and clinical research. University Health is also among an elite group (est. 6%) of U.S. hospitals to earn Magnet designation – the gold standard in nursing care. Consumer trust and preference for University Hospital has grown significantly in recent years. University Health continues to perform well in consumer preference surveys conducted by third party research groups. This includes unaided brand awareness among potential patients, as well as overall brand image and preference indicators. University Health continues to be the “Most preferred hospital for all health needs” in the highly regarded NRC Market Insights Consumer Study and has the highest “Best image/reputation” score in the market.

Triple-Aim Plus

The Triple-Aim *Plus* concept continues to be the guiding principles of how University Health executes its strategy to serve the community. University Health 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 2024 Budget

- Labor shortages, wage inflation and supply chain disruptions related to the COVID-19 pandemic continue even beyond the expiration of the Public Health Emergency (PHE). Additional expenses for salary and supply related to inflation are included in the 2024 Operating budget. Investments in recruiting and retaining staff have succeeded and the use of agency staff has decreased dramatically resulting in a reduction in the premium expense associated with the use of contracted labor.
- Supplemental funding sources were supported during the COVID-19 emergency declaration with enhancements to the Federal Medical Assistance Percentages (FMAP) rate that is fully phased out in mid-2023. The elimination of this funding enhancement results in a decrease in Supplemental Funding benefit by \$20 million in Budget 2024.
- Additional investments in staff retention implemented in 2023 will have a full year impact on the 2024 budget. Market adjustments for clinical staff, an increase to the living wage from \$16.75/hour to \$18.49/hour, and additional enhancements to retention incentives and education reimbursement programs are budgeted to continue in 2024. Further funds for market increases are included in the 2024 Operating budget and will be implemented over the year as needed to recruit and retain staff critical to maintaining high quality clinical care.
- Specialty Pharmacy program, a service that provides high cost, specialty drugs to patients experiencing chronic illness, began in 2021. This program is growing rapidly and with the maturation of the Meds-to-Beds service, Pharmacy supply and staffing expense are growing in Budget 2024. The increased costs will be offset by increased patient revenue from insured populations.
- Resource investment to improve and upgrade existing buildings, equipment, and software will be a focus in 2024, as University Health continues its pursuit of being the preferred health system in the community.
- Community First Health Plans (Community First) is expecting a significant decrease in the Medicaid Star plan as the Public Health Emergency ended in mid-2023 and Medicaid redeterminations are expected to cause a drop in the overall number of individuals who are Medicaid eligible. The decrease in Medicaid Star membership is expected to be mostly offset with Community First's implementation of the Medicaid Star+Plus plan that is expected to go-live on September 1, 2024. The estimated impact will be over ten thousand new Star+Plus members at go-live and drive an overall increase of \$55 million in premium revenue.

Capital Budget Projects

Funded Projects that will impact operations and the 2024 Budget:

- The opening of the new Women's and Children's Hospital will provide additional capacity for Pediatric and Women's services. We anticipate growth in deliveries, pediatric admissions, and increased census in the Neonatal Intensive Care Unit (NICU). There are several projects that are still underway in the podium section of the new hospital. A pediatric Cath Lab, CT scanner, and pediatric pharmacy are still under construction and scheduled to open during 2024. Over the past several years, this project has disrupted traffic and pedestrian flow on the University Hospital campus. The opening of the new hospital and the attached 900 car garage should improve ease of access for patients, visitors, and staff.
- The Community Hospitals project consisting of two similar facilities one in Northeast Bexar County and one in South Bexar County will break ground in 2024. Although these projects will require significant time and effort from staff, there will be minimal impact to the operating budget until the facilities come online. The total estimated project cost is \$1.2 billion. Staff acquired \$300 million of bond funding in September 2022 and \$200 million in August of 2023 to help fund the project. Combined with \$390 million of cash reserves the project fund has a current balance of \$890 million. Additional cash reserves will be allocated to the project over the next few years during the construction phase.
- On October 11, 2022, Bexar County Commissioners Court awarded \$40 million in ARPA funding for the construction of two public health facilities in underserved areas of Bexar County. One facility will be located on University Health property near Texas A&M - San Antonio and the other on land at I-10 east and East Houston Street. Similar to the Community Hospitals Project, the public health facilities should break ground during 2024 and will have minimal impact to the 2024 operating budget.
- Facilities improvements will continue with infrastructure repair and upgrades at existing locations, completion of the new Women's Imaging Center, and planned opening of additional school based and regional clinic locations. Repairs to the external structure of the 1968 Rio Tower which are currently being reviewed by engineers will begin in 2024. The "eyebrows" which are located under the windows are deteriorating and need to be removed or replaced.

Operational Improvements – Working in conjunction with UT Physicians

- Emergency Room throughput and efficiency: Power UP
- Clinical Quality Outcome scores and work to achieve Leapfrog A
- Clinical Documentation improvements
- Maintain and improve patient satisfaction
- Length of stay reductions
- Employee engagement and satisfaction
- Implement strategic tactics to fulfill projected activity by:
 - Focusing on key service lines
 - Children's Health and neonatal care
 - Women's Health Services including perinatal
 - Trauma
 - Transplant
 - 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

2024 Consolidated Budget Summary

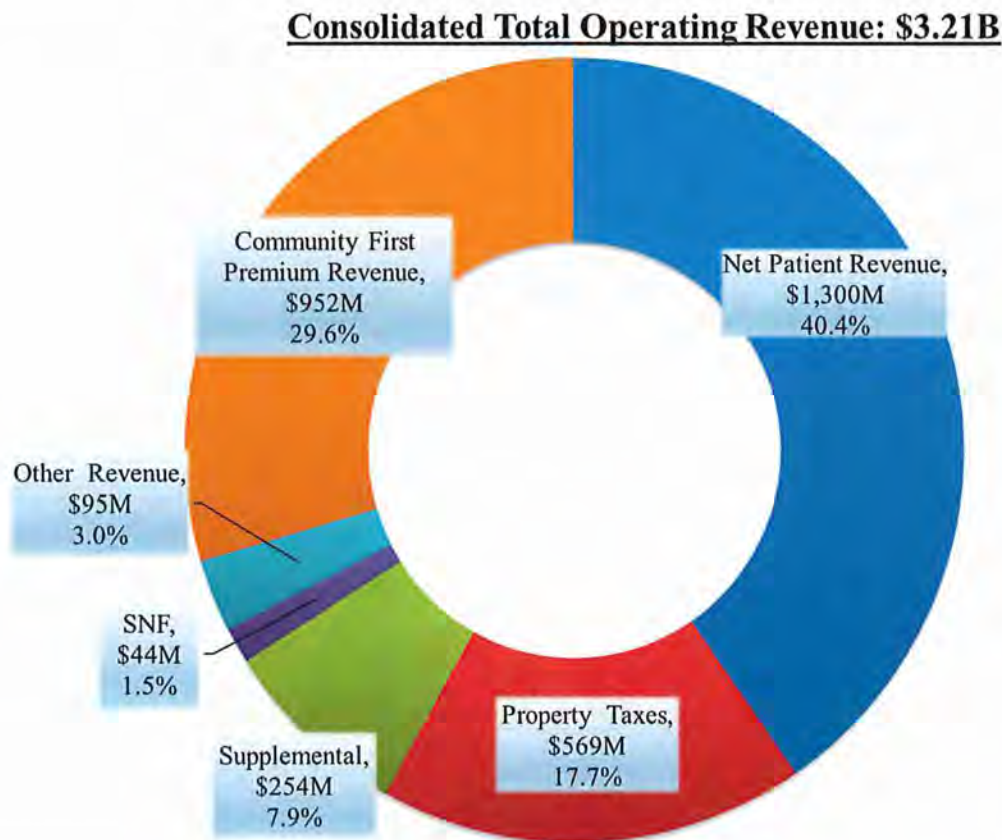
The table below is a summary of the 2024 Consolidated Budget and a comparison to Projected 2023.

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Other Non-operating	\$86.7	\$64.3	(\$22.4)	(25.8%)
Premium Deficiency Reserve	\$1.0	\$2.0	\$1.0	100.0%
Total Non-Operating Revenue	(\$11.4)	(\$62.7)	(\$51.3)	(450.0%)
Bottom Line excluding Debt Service	\$247.8	\$40.7	(\$207.1)	(83.6%)
Debt Service Expense	\$87.6	\$99.6	\$12.0	13.7%
Capital Requirements	\$47.0	\$47.3	\$0.3	0.6%

- University Health's Consolidated 2024 Budget (Exhibit 1A) reflects a gain from operations of \$103.4 million and a bottom line gain of \$40.7 million after including non-operating income/(expense) of (\$63.1) million.
- University Health less Community First, the Clinical Services Division (Exhibit 1B) reflects a \$91.5 million gain from operations and a bottom line gain of \$25.6 million after including depreciation expense of \$126.4 million and \$60.5 million of non-operating revenue.
- Community First (Exhibit 1C) reflects a gain from operations of \$12.0 million and a bottom line gain of \$15.1 million after including depreciation expense of \$2.7 million, premium deficiency reserve of \$2.0 million and non-operating income of \$3.8 million.
- The budget includes \$99.6 million in debt service for bonds used to fund University Health's Capital Improvement Program (CIP). The tax rate set to fund the required debt service for 2024 is \$0.039900 per \$100 valuation (Exhibit 7).

- University Health's 2024 on-going capital budget for the clinical services includes \$46.7 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. In addition, capital requests for Community First are \$561 thousand.

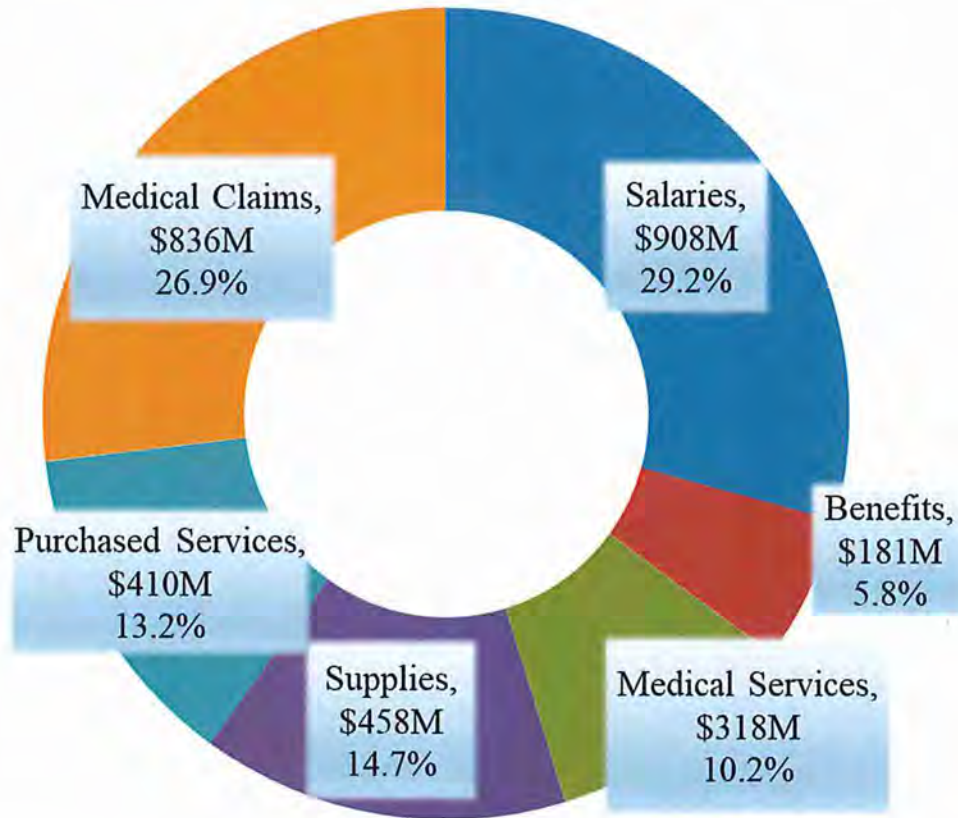
A summary of consolidated sources of funding is as follows:



On a consolidated basis, Total Operating Revenue is \$3.21 billion. Net Patient Revenue (NPR), or collections from third party payers and patients, represents the largest percent at 40.4%. Premium revenue from Community First follows at 29.6%. Property taxes account for 17.7% of total operating revenue, Supplemental Funding accounts for 7.9%, and Other Revenue sources are 4.5% of total operating revenue.

A summary of Consolidated Total Operating Expense is as follows:

Consolidated Total Operating Expenses:
\$3.11B



On a consolidated basis, Total Operating Expense is \$3.11 billion. Salaries and benefits represent the largest percentage at 35.0% followed by Medical Claims for Community First at 26.9%, Supplies are 14.7%, Purchased Services at 13.2%, and Medical Services are at 10.2%.

Clinical Services Division (University Health less Community First)
Operating and Capital Budget for Fiscal Year 2024

University Health developed the 2024 Clinical Services Division Budget to incorporate the strategies and initiatives described in the preceding sections. The Clinical Services Division 2024 Budget will produce an operating gain of \$90.5 million and bottom line of \$25.6 million.

Below is a summary of the 2024 Budget and a comparison to Projected 2023:

University Health (Less Community First)	2023 Projected	2024 Preliminary Budget	Variance from Projected	% Variance
Dollars in Millions				
Total Operating Revenue	\$2,170.1	\$2,262.5	\$92.4	4.3%
Total Operating Expense	\$1,951.0	\$2,171.0	\$220.0	11.3%
Gain/(Loss) from Operations	\$219.0	\$91.5	(\$127.6)	(58.2%)
Depreciation Expense	(\$96.5)	(\$126.4)	(\$29.9)	30.9%
Other Non-Operating	\$72.4	\$60.5	(\$11.9)	(16.4%)
Total Non-Operating Revenue/Expense	(\$24.2)	(\$65.9)	(\$41.7)	(172.7%)
Bottom Line Excluding Debt Service	\$194.9	\$25.6	(\$169.3)	(86.9%)
Debt Service	\$87.6	\$99.6	\$12.0	13.7%
Capital Requirements	\$44.8	\$46.7	\$1.9	4.3%

- University Health (less Community First), the Clinical Services Division (Exhibit 1) reflects a \$91.5 million gain from operations and a bottom line gain of \$25.6 million after including depreciation expense of \$126.4 million and \$60.5 million of non-operating gain from interest income.
- The budget includes \$99.6 million in debt service for bonds used to fund University Health's Capital Improvement Program (CIP). The tax rate set to fund the required debt service for 2024 is \$0.03990 per \$100 valuation (Exhibit 7).
- University Health's 2024 on-going capital budget for Clinical Services includes \$46.7 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. The majority of the capital budget request is comprised of replacement equipment and upgrades at \$21.8 million, \$12.0 million for strategic or new services, and \$12.9 million for mandated regulatory or safety items.

Several large capital projects include \$9.2 million for various IT equipment replacement and upgrades, \$4.4 million for replacing and upgrading aged facilities equipment and infrastructure, \$3.5 million for a replacement of CT Scanner, and \$3.5 million for a phase II replacement of an Interventional Radiology suite.

Clinical Activity (Access) Assumptions

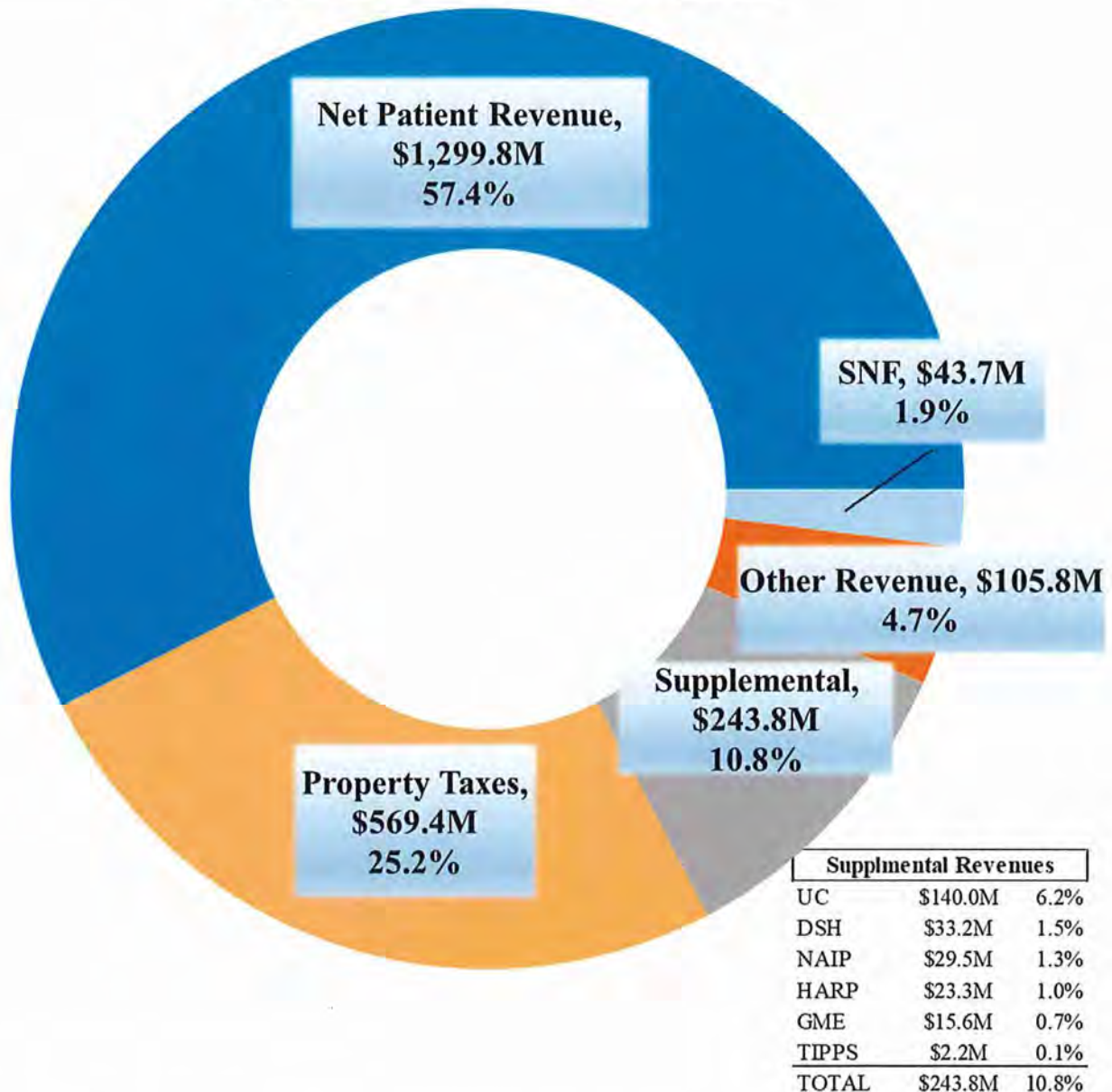
The 2024 budget projects inpatient discharge activity will increase by 2.4% and outpatient activity will increase by 11.8% compared to the volumes projected for 2023. For budgeting purposes, the assumption is that the demand for services will remain strong and only slight inpatient growth is anticipated in 2024 as the Women's & Children's Hospital opens but capacity remains constrained as staff refresh Sky Tower units being vacated to improve patient experience. Additional growth opportunities are created by expanded Ambulatory Clinic capacity and through improvements in efficiency. A detail of Activity in the 2024 Budget can be found in Exhibit 2. The major factors contributing to this growth include:

- Assumption that demand for services will remain strong.
- Women's & Children's service line enhancement will drive continued volume increases in both inpatient and outpatient settings.
- Additional ambulatory clinic locations, including additional school-based clinics and complete renovation of the former PHC locations of Kenwood & Zarzamora, are supported by optimization of provider schedule templates and increased recruitment of new UMA providers.

Total Operating Revenue – Clinical Services Division

2024 Total Operating Revenue is budgeted at \$2.3 billion, which is \$92.4 million or 4.3% higher than the 2023 projection. There are three primary areas that make up the Clinical Services Division's operating revenue: Net Patient Revenue (NPR), Supplemental Funding, and Property Tax Revenue.

Total Operating Revenue: \$2.26B



Net Patient Revenue (NPR)

2024 NPR was budgeted at the clinical service line level using the projected activity, gross charges and historical payment rates by the various payers. NPR is budgeted at \$1.30 billion which is an increase of \$103.3 million compared to the 2023 projection.

The following is a summary of the key NPR assumptions:

- Actual inpatient payment rates by service line from calendar year 2023 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.
- Volume increases from Inpatient, Outpatient, and UMA Clinic services are projected to add \$26.1 million to NPR over the projected 2023 run rate.
- University Health is converting the model of coverage for its Anesthesia service beginning in late 2023. Anesthesia providers will either be leased or employed by UMA in 2024 and UMA will assume responsibility for billing and collecting for the service provided. The change in coverage model will result in an increase of NPR by \$24.0 million and a similar offsetting increase in expenses for the budget year.
- The Texas Medicaid Comprehensive Hospital Increase Reimbursement Program (CHIRP) will enhance 2024 Medicaid NPR by an estimated \$36.2 million in an effort for Texas Medicaid payment rates to more closely reflect Medicare payment rates. This increase in NPR is partially offset by an \$18.2 million increase in the amount of Intergovernmental Transfer (IGT) funding that is recorded as a Medical Service expense in Budget 2024.
- Budget 2024 accommodates for a Medicare cost report settlements to be \$19.8 million lower than recorded in 2023 due to a one-time gain related to Transplant Institute's Center for Life service that was earned in prior years and an additional \$7.4 million reduction in Medicare DSH payments due to a programmatic shift in Medicare funding. These amounts are partially offset by an \$11.8 million CMS Cost of Living Adjustment which results in an overall decrease of Medicare NPR by \$15.4 million.
- Managed care contract rate improvements will increase NPR by \$8.0 million.
- Retail, Specialty, and the Meds-to-Beds Pharmacy program will continue to grow in 2024 Budget by an estimated \$24.1 million in NPR.

Supplemental Funding

Supplemental Funding is a combination of multiple Federal and State programs that help offset the cost of caring for low income and uninsured patients. These programs are subject to legislative actions, frequent rule changes, and often have a limited life span. University Health staff utilized the best information available as of October 2023, to prepare the impact of Regulatory and Legislative actions (Exhibit 4). All of the changes in this chart, which reflect a \$39.0 million decrease in funding from the 2023 projection, are included in the 2024 budget. Some components of the Regulatory and Legislative actions are included in Net Patient Revenue while others are reported as stand-alone items in the financial reports. The following are the key assumptions relative to legislative impacts on operating revenue:

Impact of the Public Health Emergency (PHE)

University Health received no CARES Act funding in FY 2023. However, the continued federal assistance in the Medicaid Federal/State match formula, i.e., the “enhanced FMAP” continued through the end of the Public Health Emergency that formally expired on May 11, 2023. The enhanced FMAP formula reduced University Health’s intergovernmental transfer (IGT) expense for its federally funded Medicaid programs. The value of the enhanced FMAP to University Health in 2023 was \$20 million but is eliminated for 2024.

Supplemental Medicaid Funding Programs

Supplemental Payments are additional Medicaid payments to healthcare providers that are separate from and in addition to “base Medicaid payments”. The payments are typically made lump sum to University Health. In 2024, University Health estimates Medicaid supplemental funding as follows:

- **The Texas’ Uncompensated Care (UC) fund**

On January 15, 2021, Texas received Federal approval for the Texas Healthcare Transformation and Quality Improvement 1115 Demonstration Waiver through September 30, 2030. The waiver allows the state to expand Medicaid managed care while preserving hospital funding, provides incentive payments for health care improvements and directs more funding to hospitals that serve large numbers of uninsured patients. The source of Texas’ Uncompensated Care (UC) funding is the Waiver. The UC funding benefit to University Health for 2024 is estimated at \$140.0 million, a decrease of \$31.2 million from the 2023 funding level. The decrease is related to the reduced FMAP discussed above and a prior year pick up recorded in 2023.

The 1115 Waiver no longer funds the Delivery System Reform Incentive Program (DSRIP). The loss of the DSRIP program negatively impacted University Health’s revenue by \$78 million in 2022. No legacy DSRIP funds were received during 2023 or are planned in future years.

- **The Disproportionate Share Hospital (DSH) Program**

The DSH program provides payments to hospitals that serve a disproportionately large number of Medicaid and low-income patients. The estimated benefit from this program for 2024 is \$33.2 million, which is \$13.2 million less than the 2023 projection. The cut is a result of scheduled DSH reductions at the Federal level from the initial passage of the Affordable Care Act. The reductions will take effect in October 2023 unless Congress delays the cuts again.

- **The Graduate Medical Education Fund (GME)**

Parkland Health, Harris Health and University Health all have significant unfunded costs for Graduate Medical Education (GME). This program allows for partial reimbursement of those costs through the Medicaid program, provided the local public health system like University Health agrees to make the intergovernmental transfer (IGT) for the State. This program provided University Health with a net benefit of \$15.6 million in 2023. It is projected to remain at the same level for 2024. The unreimbursed GME expense for 2024 is \$12 million, after the partial Medicaid GME program reimbursement.

- **The Hospital Augmented Reimbursement Program (HARP)**

HARP is a supplemental program that provides additional funding for public hospitals to help cover the loss of DSRIP by supplementing the cost for non-Managed Care Medicaid patients, sometimes called Fee-For-Service patients. The estimated benefit from this program for 2024 is \$23.3 million, which is \$2.1 million less than the 2023 projection.

Directed Payment Programs (DPPs)

Directed Payments are authorized under 42 CFR 438.6(c) which allow states to set parameters for Medicaid managed care spending to assist states in achieving their overall goal of delivery system and payment reform. Specifically, Texas directs Medicaid Managed Care Organizations (MCOs) to make certain payments to healthcare providers, either through an adjustment to the monthly base capitation rates or through a separate payment term. These programs normally have quality metrics as a component of the payment calculation and funding helps offset the cost of treating managed Medicaid patients. In 2024, University Health estimates Medicaid Directed Payment Program funding as follows:

- **The Network Access Improvement Program (NAIP)**

NAIP is a designated pass through program, which is a lump sum payment that is passed through Managed Medicaid payers to participating providers. The NAIP program is projected to provide \$29.5 million in benefit for 2024, which is \$8.3 million lower than in 2023 due to the loss of the enhanced FMAP and other reductions.

- **The Comprehensive Hospital Increase Reimbursement Program (CHIRP) :**

CHIRP replaced the Uniform Hospital Rate Increase Program beginning September 1, 2021. CHIRP provides increased Medicaid payments to hospitals for inpatient and outpatient services provided to persons enrolled in STAR and STAR+PLUS. CHIRP funds are paid through two components of the managed care capitation rates.

University Health qualifies for a the Uniform Hospital Rate Increase Payment component that provides a uniform rate increase payment which is based on a percentage of the Medicare gap (the difference between what Medicare is estimated to pay for the services and what Medicaid actually paid for the same services). The estimated benefit from this program for 2024 is \$53.4 million, which is \$18.1 million more than the 2023 projection. These payments are added on to each qualifying Managed Medicaid payments and are included in Net Patient Revenue.

- **The Texas Incentives for Physicians and Professional Services (TIPPS):** TIPPS increases the payments for physician services provided to Managed Medicaid patients. The estimated benefit from this program for 2024 is \$5.3 million, which is \$2.0 million less than the 2023 projection. Some of the TIPPS payments are added to individual claims recognized in Net Patient Revenue while part of the payment is in a lump sum amount.

Property Tax M&O

Property tax revenue for operations (M&O) is projected to increase \$44.7 million, which is the combination of \$13.2 million for new properties and \$31.5 million for the increased value of existing properties. Excluding Community First, property taxes for operations as a percent of Total Operating Revenue decreased from 27% in Budget 2023 to 25% in Budget 2024. The existing tax rate of \$0.276235 was approved by the Bexar County Commissioners Court on September 12, 2023.

A summary of the property taxes reflected is as follows:

Preliminary 2024 Budget: Analysis of Tax Rate

Dollars in Thousands	2022 Tax Rate	2023 Tax Rate	Tax Rate Change from Existing Rate	% Change from Existing Tax Rate	2023 Estimated Taxes ¹	2024 Estimated Taxes ²	Proposed Net Change From Prior Year	% Increase
Operating Rate	0.236735	0.236335	(0.000400)	(0.17%)	\$524,752	\$569,408	\$44,656	8.51%
Debt Rate	0.039500	0.039900	0.000400	1.01%	\$87,515	\$96,329	\$8,814	10.07%
Total Tax Rate	0.276235	0.276235	-	0.00%	\$612,267	\$665,737	\$53,470	8.73%

¹ 2023 Estimated Tax revenue calculated on 2022 property values as of 10/01/22 and 2022 Tax Rate

² 2024 Estimated Tax revenue calculated on 2023 property values certified on 07/25/2023 and 2023 Tax Rate with an assumed collection rate of 98.94%

Exhibit 7 reflects the tax rate calculation.

Other Revenue

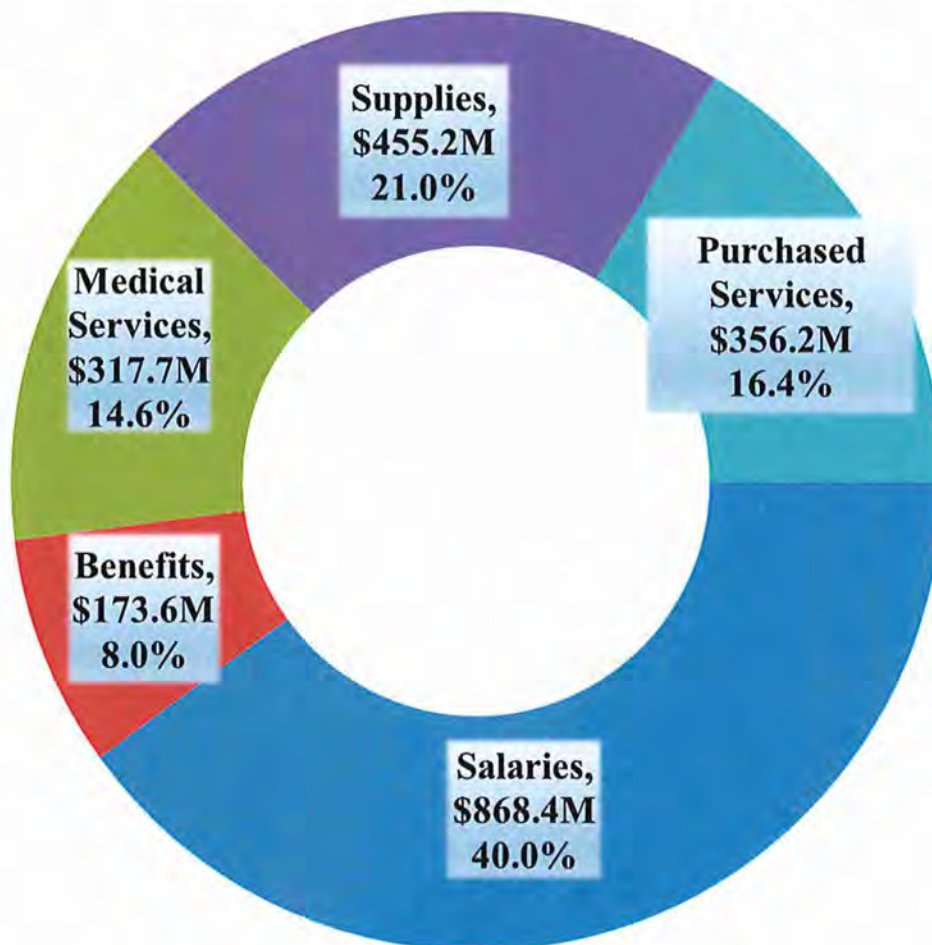
Other Revenue		
(Dollars in Millions)		
2023 Projected	\$91.3	
Changes		
Grant Revenue	\$3.8	4.2%
Total Change	\$3.8	4.2%
2024 Preliminary Budget	\$95.1	

Other Revenue of \$95.1 million includes reimbursement for residents that work in non-University Health sites, Grants, Foundation revenue, cafeteria revenue for visitors and staff, catering revenue, sundry revenue from parking, disposal of assets, clinical research studies, UT leased space at University Hospital and the Texas Diabetes Institute, pharmacy rebates, vendor rebates, medical records copies, lease payments, and other miscellaneous items.

- Grant Revenue is budgeted to increase by \$3.8 million due to new grants received and increases in existing grants.
- Foundation revenue is projected to remain flat with 2023 projection as staff transition from the fundraising for the Women's & Children's Hospital campaign toward the new initiatives focused on expansion of Community Hospitals.

Total Operating Expense

Total Operating Expense for 2024 is budgeted at \$2.17 billion, a \$220.0 million or 11.3% increase over the 2023 projected total. For the Clinical Services Division (University Health less Community First) salaries and benefits make up 48.0% of operating expense. Medical Services, Purchased Services, and Supplies make up 14.6%, 16.4%, and 21.0%, respectively. A chart summarizing the changes in expense category and the drivers that impact the changes is provided in Exhibit 5.

Total Operating Expenses: \$2.17B

Salaries

Salaries		
(Dollars in Millions)		
2023 Projected	\$794.5	
Changes		
Merit Increase and Market Adjustment	\$47.3	5.9%
UMA Growth and Employment of Anesthesia Staff	\$19.8	2.5%
Volume Impact	\$19.4	2.4%
Fill 2023 Vacant Positions	\$12.1	1.5%
New Grants and Programs	\$3.0	0.4%
Infrastructure	\$1.5	0.2%
Detention Services	\$0.6	0.1%
Contract Labor Premium	(\$29.8)	-3.8%
Total Change	\$73.9	9.3%
2024 Preliminary Budget	\$868.4	

The 2024 Budgeted Salary cost of \$868.4 million is \$73.9 million or 9.3% higher than 2023 projected.

- The staffing budget was built in Premier Budget and Financial Reporting (BFR), University Health's budgeting and financial reporting system using historical and benchmark productivity standards at the cost center and 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. For departments without patient driven activity, staff leadership was asked to present justification for each position requested to be budgeted in 2024 that was unfilled in late July 2023.
- The 2024 budget reflects a significant investment in University Health staff to overcome significant labor market disruption impacting the overall economy throughout the PHE. Substantial efforts to recruit and retain employed staff are reflected in the 2024 salary dollars with a budgeted increase of \$27.4 million for market adjustments to support these efforts. These increases address specific job titles or categories that require supplemental pay increase to maintain market competitiveness.
- Labor market disruptions in 2022-2023 drove a material increase in premium pay for contract clinical staff to support the patient volumes across University Health. The budgeted investment in increased salary amounts will result in a lower reliance on contracted clinical staff in Budget 2024 and reduce the premium by an estimated \$29.8 million from the 2023 Projection.

- An additional 2.5% salary increase, or \$19.9 million, is budgeted for performance based merit increases.
A \$2.7 million salary investment for Living Wage efforts is budgeted in 2024 to reflect the increase in the living wage to \$18.49 per hour.
- The combination of increased activity in patient care areas and improved efficiency will increase salary expense by a net impact of \$19.4 million.
- Additional positions in non-volume adjusted patient care departments will support the improved service delivery of Transplant, Specialty Pharmacy programs, Detention Health services, and other miscellaneous support functions will increase salary expense by \$5.0 million in 2024.
- Growth in the number of UMA ambulatory clinic providers and support staff along with the conversion of formerly contracted Anesthesia providers to employed status will impact the 2024 Salary Budget by \$19.8 million.
- Compared to the Projected 2023 amount, \$12.1 million of salary is included in Budget 2024 to accommodate for a full-year of positions and their salaries that were budgeted in 2023 but were unfilled through a portion of 2023.

Employee Benefits

Benefits			
(Dollars in Millions)			
2023 Projected	\$156.8		
Changes			
OPEB Liability	\$6.9	4.4%	
FICA & Employment Taxes	\$6.6	3.3%	
Health Benefit	\$3.3	2.1%	
Total Change	\$16.8	10.7%	
2024 Preliminary Budget	\$173.6		

Benefits of \$173.6 million are \$16.8 million or 10.7% higher than 2023 projected primarily driven by a combination of an increase in FICA taxes on behalf of our employees, Other Post Employment Benefit (OPEB) expense, an increase in Health Benefit expense, and slight increase in Pension expense. Both the OPEB and Pension plans are impacted by third-party actuarial valuations and accounting guidance that define the expected contributions for University Health to support former employees and their dependents.

Medical Services

Medical Services		
(Dollars in Millions)		
2023 Projected	\$265.7	
Changes		
Medicaid Intergovernmental Transfer Expense	\$18.2	6.9%
UMA Provider Lease from UT Health	\$14.0	5.3%
UT Master Services Increase	\$13.8	5.2%
Carelink Payments to Community Providers	\$6.0	2.3%
Total Change	\$52.0	19.6%
2024 Preliminary Budget	\$317.7	

Medical Services expense includes payments to third-party physician partners and other professional providers of service to University Health's patients. The 2024 budgeted expense of \$317.7 million reflects an increase of \$52.0 million or 19.6% from the projected 2023 amount. The increase is primarily due to the following:

- The increase in Texas Medicaid's CHIRP funding requires University Health to IGT funding to the State in order to draw down the increased net patient revenue for this important program. The 2024 increase in IGT expense for this program is \$18.2 million that is reflected in the Medical Service expense grouping for 2024 Budget.
- Conversion of Anesthesia service from a contracted service with UT Health through the Master Service Agreement to one directly leased by UT Health to UMA results in a Medical Service Expense increase of \$14.0 million due to UMA retaining responsibility of billing for these professional Anesthesia services. A complete offset of the increased Medical Service expense is a budgeted \$16.8 million increase in Net Patient Revenue to record the collections for this professional Anesthesia service.
- UT Health's Master Services Agreement, budgeted at \$157.4 million in 2024, results from adjustments to the agreement to accommodate for the direct leasing of providers through UMA and offsetting increase of \$13.8 million as a commitment from University Health to fund UT Physician salary increases to ensure market competitiveness ability to meet the coverage needs at University Hospital.
- Carelink payments to community providers is expected to increase \$6.0 million in Budget 2024 due to the end of the PHE and resulting Medicaid disenrollment. As Bexar County residents lose Medicaid coverage, staff are planning to offer Carelink services as an alternative to continue supporting their health needs.

Purchased Services

Purchased Services		
(Dollars in Millions)		
2023 Projected	\$318.3	
Changes		
Information Technology	\$12.0	3.8%
Aged Facilities Renovation	\$9.2	2.9%
Grant Expansion and Public Health Programs	\$6.1	1.9%
Transplant Growth	\$3.9	1.2%
Insurance Premium	\$2.2	0.7%
Utilities and Maintenance	\$2.0	0.6%
Retail/Specialty Pharmacy	\$1.5	0.5%
Third-Party Anesthesia Billing	\$0.9	0.3%
Total Change	\$37.8	11.9%
2024 Preliminary Budget	\$356.2	

Purchased Services are budgeted overall at \$356.2 million, a \$37.8 million increase or 11.9% higher than the 2023 projection. Contributing to this change are the following:

- University Health is a proud award winning system that deeply invests in supportive technology and has earned designation as Level 10 Most Wired by CHiME, one of fifteen hospitals to earn Epic's three diamond distinction, and HIMMS Level 7, among others. Investment in technology drives efficiency in operational performance, reduction in unnecessary care variation, and enhancement in revenue. These investments continue in Budget 2024 with a planned \$12 million increase of IT license maintenance and service expense with approximately \$6 million of that related to Epic volume-driven license expenses and another \$6 million to support additional technology resulting from the opening of the Women's & Children's Hospital.
- Facilities and Planning, Design and Construction teams are budgeted with a \$9.2 million dollar increase for repair and improvement to University Health's aged facilities and infrastructure. Specifically, University Health has planned to completely renovate the former PHC locations of Kenwood and Zarzamora to enhance the patient experience and has dedicated additional amounts to repair the aged Rio Tower that was constructed in 1968 and has deteriorating decorative ledges, or 'eyebrows' that need to be removed or replaced.
- Grant Services and the Institute for Public Health continue to grow to better serve the Bexar County population with programs that positively improve wellness in our community. Coordination with third-party organizations further improve the timeliness of these program impacts and expect a \$6.1 million increase in contract with these third-parties in Budget 2024.

- Transplant Programs increased by \$3.9 million in 2024 for organ acquisition and the corresponding cost of timely travel and support of those organs due to an expanded organ procurement service area in support of the continued growth in kidney, liver, and lung transplant cases.
- The addition of the Women's & Children's Hospital comes with additional expenses for utility costs to support the additional square footage and property insurance to protect University Health from unforeseen circumstances. The planned increases in 2024 Budget for these items is \$2.0 million and \$2.2 million, respectively.
- Growth in Retail and Specialty Pharmacy programs are done with the support of a third-party who specializes in optimization of the process, credentialing, and reimbursement of services related to these programs. As these programs mature, University Health is budgeting a \$1.5 million increase in contingent management fee that will be offset by an increase in net patient revenue.

Supplies

Supplies		
(Dollars in Millions)		
2023 Projected	\$415.8	
Changes		
Pharmaceuticals	\$19.3	4.6%
OR & Procedural Supply Cost	\$6.7	1.6%
Volume Driven Supply Increase	\$9.1	2.2%
Non-medical Supplies	\$4.3	1.0%
Total Change	\$39.4	9.5%
2024 Preliminary Budget	\$455.2	

In 2024, supplies are budgeted at \$455.2 million, which is a \$39.4 million or 9.5 % increase over projected 2023. Major impacts to the increase in supply cost are due to the following:

- Pharmaceutical expenses are planned to increase by \$19.3 million primarily related to continued growth in the Meds-to-Beds, Retail Pharmacy, and Specialty Pharmacy volumes which generate additional pharmacy revenue to cover the expense increase.
- Operating Room and advanced procedures are expected to use an additional \$6.7 million more in supplies during Budget 2024. The increase is due to additional procedural volume as University Health continues to optimize room utilization post-pandemic. The additional procedural supply expense will generate additional net patient revenue.
- Logistical and Supply Chain disruptions significantly impacted availability of medical and non-medical supplies in 2023.

Inconsistency of available supplies, pockets of elevated inflation, and expected volume increases at the hospital and ambulatory locations will impact medical supply cost by an estimated \$9.1 million in Budget 2024. Staff are diligently pursuing measures to mitigate this risk and ensure availability of supplies at the lowest possible cost.

- Non-medical supply expenses are expected to increase by \$4.3 million due to investing \$3.0 million on a complete fleet of internal communication devices with Epic fully integrated technology to drive efficiency of staff and prevent alarm fatigue. In addition, Budget 2024 includes an additional \$1.3 million to support the non-capital supply needs for infrastructure repair and renovation projects.

Non-Operating Revenue/(Expense Assumptions)

Non-Operating Revenue/Expense	
(Dollars in Millions)	
2023 Projected	(\$24.2)
Changes	
Depreciation	(\$29.9) -123.6%
Unrealized Gain/Loss	(\$22.2) -92.0%
Interest Income	\$10.4 42.9%
Total Change	(\$41.7) -172.7%
2024 Preliminary Budget	(\$65.9)

The Non-Operating Revenue/(Expense) budget for 2024 has three primary assumptions driving the \$41.7 million increase of expense in this area.

- The opening of Women's & Children's Hospital in late 2023 will result in additional depreciation expense of \$32.1 million in Budget 2024 but will be slightly offset by a reduction of Sky Tower equipment with no additional depreciable life.
- The 2023 projection includes \$22.2 million in unrealized gain related to the current weighting of investment rates being higher than long-term investment yields. In 2024 Budget, we are expecting continued volatility in interest rates but due to the uncertainty of rate direction, will not budget any unrealized gain or loss.
- Interest Income is projected to increase by \$10.4 million due to interest rates remaining higher than achieved over the 2023 projection period and University Health will have higher investable balances due to recent Bond issuances and internal reserve policy.

Debt Service Requirement

Debt service payments for 2024 are estimated at \$99.6 million. The 2023 debt tax rate, which funds payments due in 2024, is \$0.03990 per \$100 valuation. The required debt payment for 2024 increases by \$12.0 million, due to \$200 million in bonds issued in 2023 for the Community Hospitals project and a defeasance of \$8.7 million of existing bonds to support a lower total interest cost on the new debt. The Commissioners Court approved the Debt Service tax levy of \$96.3 million and the planned defeasance on September 12, 2023.

Debt Service				
Dollars in millions	2023 Projected	2024 Preliminary Budget	Variance from Projected	% Variance
Debt Service Payment	\$ 87.6	\$ 99.6	\$ 12.0	13.7%

Ongoing Capital Requirements

The capital budget for 2024 Clinical Services is recommended to be set at \$46.7 million. In prioritizing the capital needs for 2024, 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:

2024 Routine Capital Requirements					
Priority	Mandated (Regulatory Safety & Required Maintenance)	Replacement	Strategic (New Service / Expansion)	Grand Total	
Essential: Cannot Function Without	\$ 8,224,953	\$ 13,773,007	\$ 4,514,074	\$ 26,512,034	
Important: Necessary For Improvement	\$ 1,360,053	\$ 6,504,468	\$ 7,217,135	\$ 15,081,656	
Proactive: Necessary To Avoid Problems	\$ 3,346,116	\$ 1,567,442	\$ 231,040	\$ 5,144,597	
Total Clinical Services	\$ 12,931,122	\$ 21,844,916	\$ 11,962,249	\$ 46,738,287	

A detailed listing of capital requests is displayed on **Exhibit 8**.

Community First Health Plans Consolidated Operating and Capital Budget for Fiscal Year 2024

Executive Summary:

Community First Health Plans, Inc. (Community First) was established in 1995 to begin providing health care coverage to the citizens of Bexar and seven surrounding counties. Community First commitment to our members is to provide excellent healthcare benefits and services with quality outcomes. Our goal is to ensure that the community we serve has access to healthcare for all stages of life and the assurance of care when most needed.

Throughout FY 2024, Community First will manage the healthcare needs for an expected average consolidated membership of 184,265 members while delivering a budgeted net income of \$15,116,255. The budgeted underwriting income (excluding Investment Income, Premium Deficiency Reserve, and Federal Income Tax) is budgeted to be \$9,464,679.

The Executive Management team has considered and incorporated into the FY 2024 Budget all necessary resources that will enable Community First to achieve its financial targets while still delivering operational excellence and providing quality care. The goals and strategic priorities include:

- 1) Expand market share in the STAR, CHIP and STAR Kids lines of business as it relates to membership.
- 2) Increase membership in Medicare Advantage, Medicare DSNP and Individual Plans.
- 3) Implement STAR+PLUS for an anticipated September 1 GO LIVE.
- 4) Continue development and implementation of advanced alternative payment models and expansion of the provider incentive program.
- 5) Enhance and expand coordination and integration with University Health in support of ongoing evolution towards an industry leading integrated delivery system.
- 6) Enhance and expand advanced financial and medical economic analytics, including predictive modeling and risk score optimization.
- 7) Continue to improve member and provider satisfaction, and quality medical outcome measures.

The remainder of this report provides insight into the development of the FY 2024 budget for review and consideration:

Membership:

Throughout FY 2024, Community First will manage the health care services for an expected average membership of 194,678 members. This represents an overall decrease of 7,992 members, which is a -4.1% change when compared to FY 2023 Outlook.

Product	Avg Mthly FY2023 Outlook Membership	Avg Mthly FY2024 Budget Membership	Inc / (Dec)	% Change
STAR	170,164	137,064	(33,099)	-24.1%
STAR KIDS	7,898	7,643	(255)	-3.3%
STAR+PLUS	-	10,000	10,000	100.0%
CHIP	2,172	10,210	8,038	78.7%
CHIP PERINATE	490	517	27	5.3%
MEDICARE ADVANTAGE	71	6,116	6,045	98.8%
INDIVIDUAL PLAN	1,490	2,199	709	32.2%
COMMERCIAL	2	2	-	0.0%
ASO	20,383	20,927	543	2.6%
TOTAL	202,670	194,678	(7,992)	-4.1%

The expected change in membership is due to several factors:

- Reinstatement Health & Human Services Commission (HHSC) enrollment and disenrollment procedures because of the end of continuous Medicaid Coverage (STAR/CHIP).
- Continuing the diversification strategy by expanding Medicare Advantage, Medicare DSNP and Individual Plans.
- Execution of the STAR+PLUS beginning September 2024.

Revenue:

Total Revenue FY 2024 is budgeted at \$951.9M. This represents an increase of 6.1% over the FY 2023 Outlook.

The table below represents the change in revenue per member per month (PMPM) between FY 2024 Budget and FY 2023 Outlook.

Product	FY2023 Outlook Revenue - PMPM	FY2024 Budget Revenue-PMPM	Inc / (Dec)	% Change
STAR	315.64	348.77	33.13	9.5%
STAR KIDS	2,220.56	2,278.08	57.52	2.5%
STAR+PLUS	-	2,089.70	2,089.70	100.0%
CHIP	135.26	136.62	1.36	1.0%
CHIP PERINATE	507.78	455.78	(52.00)	-11.4%
MEDICARE ADVANTAGE	748.92	532.75	(216.16)	-40.6%
INDIVIDUAL PLAN	878.47	835.15	(43.32)	-5.2%
COMMERCIAL	995.01	995.01	0.00	0.0%
ASO	20.00	20.00	-	0.0%

FY 2024 revenues were based on rate information provided by HHSC for STAR/STAR Kids/CHIP/STAR+PLUS. Medicare and Individual plan rates are based on rates calculated by Community First external actuaries and approved by CMS and TDI, respectively.

Medical Expense:

The total Medical Expense for FY 2024 is budgeted at \$835.7M. This represents an increase of 8.6% over the FY 2023 Outlook. The projected Medical Loss Ratio (MLR) for FY 2024 is 87.8%. Factored into the medical expenses was an increase in utilization, COVID-19 medical expenses now being at risk, and implementation of STAR+PLUS.

The FY 2024 medical expenses were developed by line of business based on underlying utilization and costs, separated by medical service category, i.e., Inpatient, Outpatient, Physician, Pharmacy, and Ancillary.

Product	FY2023 Outlook Medical- PMPM	FY2024 Budget Medical-PMPM	Inc / (Dec)	% Change
STAR	274.18	311.40	37.22	12.0%
STAR KIDS	1,840.89	1,958.17	117.28	6.0%
STAR+PLUS	-	1,882.07	1,882.07	100.0%
CHIP	95.35	116.13	20.78	17.9%
CHIP PERINATE	458.78	387.41	(71.37)	-18.4%
MEDICARE ADVANTAGE	963.20	1,237.56	274.36	22.2%
INDIVIDUAL PLAN	713.38	635.37	(78.01)	-12.3%
COMMERCIAL	2,768.89	425.12	(2,343.77)	-551.3%
ASO	-	-	-	0.0%

Administrative Expense:

The total Administrative Expense for FY 2024 is budgeted at \$106.8M, an increase of 18.8% over the FY 2023 Outlook, and represents a fully loaded administrative expense ratio of 11.2% when compared to total revenue.

The FY 2024 administrative expense budget incorporates 503 FTEs, an increase of 67 FTEs over the FY 2023. The following table identifies these incremental positions and their expected hire date.

Departments	Job Title	FTE Count	Hire Month
Corporate Communications MKT	Coordinator, Marketing and Outreach	1	1/1/2024
Plan Reimbursement & Data Mgmt	Coordinator, Directory Audit	1	1/1/2024
Special Investigative Unit	Coordinator, SIU	1	3/1/2024
Population Health Management	Director, Clinical Services (D-SNP)	1	1/1/2024
Government Programs	Senior Analyst, Medicare	1	10/1/2024
PHM - STAR+PLUS Service Coordination	Coord Service (LCSW)	1	8/31/2024
PHM - STAR+PLUS Service Coordination	Coord Service (LVN)	13	9/1/2024
PHM - STAR+PLUS Service Coordination	Coord Service (NC)	8	9/1/2024
PHM - STAR+PLUS Service Coordination	Coord Service (RN)	9	9/1/2024
PHM - STAR+PLUS Service Coordination	Coord Service (SW)	5	9/1/2024
PHM - STAR+PLUS Service Coordination	Coord Service II (RN)	2	9/1/2024
PHM - STAR+PLUS Service Coordination	Mgr Hlth Svcs Management (RN)	2	9/1/2024
PHM - STAR+PLUS Service Coordination	Spec Transition (NC)	2	9/1/2024
PHM - STAR+PLUS Service Coordination	Spec Transition (SW)	1	9/1/2024
PHM - STAR+PLUS Service Coordination	Supv Population Health Mgmt	2	9/1/2024
PHM - STAR+PLUS Service Coordination	Supv Population Hlth Mgmt (RN)	2	9/1/2024
PHM - STAR+PLUS Service Coordination	Supv Population Hlth Mgmt(LVN)	1	9/1/2024
PHM - STAR+PLUS	Asst Speech Pathologist	1	9/1/2024
PHM - STAR+PLUS	Dir Population Health	1	9/1/2024
PHM - STAR+PLUS	Mgr Clini Staff Education (RN)	1	9/1/2024
PHM - STAR+PLUS	Nurse Case Mgr II	1	9/1/2024
PHM - STAR+PLUS	Rep Intake - CFHP	2	9/1/2024
PHM - STAR+PLUS	Spec U/CM Adm Data-CFHP	1	9/1/2024
PHM - STAR+PLUS	Therapist ABA	1	9/1/2024
PHM - STAR+PLUS	Therapist Occupational II	1	9/1/2024
PHM - STAR+PLUS	Therapist Physical II	1	9/1/2024
PHM - STAR+PLUS	Dir Medical - CFHP	1	9/1/2024
PHM - STAR+PLUS	Pharmacist	1	9/1/2024
PHM - STAR+PLUS	Pharmacy Tech	2	9/1/2024

The FY 2024 budgeted salaries reflect an average merit increase of 3.0% that was based upon the employee's annual performance evaluation date.

Significant changes in the FY 2024 Administrative Expense budget compared to the FY 2023 Outlook include:

- 1) Salaries and Benefits increased approximately \$6.2M due to:
 - a. Additional FTEs
 - b. Market Rate Adjustments

c. STAR+PLUS implementation

- 2) Marketing (market outreach, advertising, agency, sponsorships, value adds, etc.) increased approximately \$4.2M due to enhanced marketing strategies for Medicare Advantage, Individual Plan, and STAR+PLUS.
- 3) Computer licensing and maintenance increased approximately \$3.8M due to the continue enhancement of the application systems and PC/Laptop refresh.
- 4) Postage and Supplies increased approximately \$800K due to enhanced marketing and outreach initiatives.
- 5) Consulting services increased approximately \$1.2M due to departmental support in Executive, Information Systems, and Business Development for enhancements and implementation of services.
- 6) Execution of STAR+PLUS beginning in September 2024, \$8.2M.

HHSC utilizes defined formulas in their rate development process to determine the percentage of premium allocated for administrative expense spending. The Community First FY 2024 administrative expense budget of \$96.4M for STAR/STAR Kids/STAR+PLUS/CHIP is compliant with these regulatory formulas.

Investment Income:

Investment Income for FY 2024 is budgeted at \$3.8M and is based on projected assets and yields consistent with the COMMUNITY FIRST investment policy.

Premium Deficiency Reserve:

The FY 2024 Premium Deficiency Reserve (PDR) was calculated based on financial performance. A total PDR of \$2.0M will be budgeted for Medicare. It will be amortized from January 2024 through December 2024.

Capital:

The Community First FY 2024 Capital Budget is \$561K, consisting of both Information Services and Facilities projects. Community First adheres to the University Health capitalization policy threshold of \$5,000 per unit cost.

Item	Asset Type	Amount
NEXUS	Computer Hardware	\$ 137,050.20
Server Replacement	Computer Hardware	\$ 75,525.28
Server Replacement	Computer Hardware	\$ 58,666.52
Server Software	Computer Software	\$ 41,684.86
Switch Update (Oaks V)	Computer Hardware	\$ 234,150.53
HVAC AC	Leasehold Improvements	\$ 14,000.00
	Total	\$ 561,077.39

EXHIBITS

Exhibit 1A	2024 Consolidated University Health - Revenues and Expenses
Exhibit 1B	2024 University Health less Community First-Revenues and Expenses
Exhibit 1C	2024 Community First - Revenues and Expenses
Exhibit 2	2024 Activity and Notes
Exhibit 3	2024 Budget, Changes to Total Operating Revenue
Exhibit 4	2024 Budget, Legislative Changes
Exhibit 5	2024 Budget, Changes to Total Operating Expense
Exhibit 6	2024 Budget, FTE Changes
Exhibit 7	2024 Budget, Analysis of Tax Rate
Exhibit 8	2024 Budget, Detail of Capital Request
Exhibit 9	Summary of Real Estate Transactions in 2023

Statement of Revenues and Expenses

Consolidated (Dollars are in Thousands)	2023 Budget	2023 Projected	2024 Preliminary Budget	Variance from Projected	% Variance
Revenues					
Net Patient Service Revenue	\$1,043,725	\$1,196,718	\$1,299,757	\$103,039	8.6%
Property Taxes M & O	\$524,495	\$524,752	\$569,408	\$44,656	8.5%
Supplemental Revenue	\$242,109	\$311,368	\$254,424	(\$56,944)	(18.3%)
SNF Revenue	\$42,170	\$45,344	\$43,733	(\$1,610)	(3.6%)
CFHP Premium Revenue	\$1,021,438	\$896,970	\$951,918	\$54,948	6.1%
Other Revenue	<u>\$81,852</u>	<u>\$91,316</u>	<u>\$95,130</u>	<u>\$3,813</u>	<u>4.2%</u>
Total Operating Revenues	\$2,955,789	\$3,066,468	\$3,214,369	\$152,518	5.0%
Expenses					
Salaries	\$777,551	\$828,211	\$908,313	(\$80,101)	(9.7%)
Benefits	\$133,194	\$162,804	\$180,684	(\$17,880)	(11.0%)
Medical Services	\$252,531	\$265,653	\$317,679	(\$52,025)	(19.6%)
Purchased Services	\$378,806	\$364,509	\$410,311	(\$45,802)	(12.6%)
Supplies	\$379,064	\$416,693	\$458,106	(\$41,413)	(9.9%)
Medical Claims Expense	<u>\$907,737</u>	<u>\$769,432</u>	<u>\$835,847</u>	<u>(\$66,415)</u>	<u>(8.6%)</u>
Total Operating Expenses	\$2,828,883	\$2,807,303	\$3,110,940	(\$303,637)	(10.8%)
Gain (Loss) from Operations	\$126,906	\$259,165	\$103,430	(\$155,735)	(60.1%)
Non-operating Revenue/(Expense):					
Depreciation and Amortization	(\$105,559)	(\$99,124)	(\$129,072)	(\$29,949)	(30.2%)
Other Non-operating	\$2,862	\$86,715	\$64,330	(\$22,386)	(25.8%)
Premium Deficiency Reserve	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$2,000</u>	<u>\$1,000</u>	<u>100.0%</u>
Total Non-operating Revenue/Expense	(\$101,697)	(\$11,408)	(\$62,743)	(\$51,334)	(450.0%)
Bottom Line Excluding Debt Service	\$25,209	\$247,757	\$40,687	(\$207,070)	(83.6%)
Debt Service					
Debt Service Expense	\$87,515	\$87,601	\$99,614	\$12,013	13.7%
Ongoing Capital Requirements	\$45,103	\$47,039	\$47,299	(\$260)	(0.6%)



Statement of Revenues and Expenses

University Health less Community First (Dollars are in Thousands)	2023 Budget	2023 Projected	2024 Preliminary Budget	Variance from Projected	% Variance
Revenues					
Net Patient Service Revenue	\$1,043,725	\$1,196,718	\$1,299,757	\$103,039	8.6%
Property Taxes M & O	\$524,495	\$524,752	\$569,408	\$44,656	8.5%
Supplemental Revenue	\$242,109	\$311,368	\$254,424	(\$56,944)	(18.3%)
SNF Revenue	\$42,170	\$45,344	\$43,733	(\$1,610)	(3.6%)
Other Revenue	<u>\$81,852</u>	<u>\$91,316</u>	<u>\$95,130</u>	<u>\$3,813</u>	<u>4.2%</u>
Total Operating Revenues	\$1,934,351	\$2,169,498	\$2,262,451	\$92,954	4.3%
Expenses					
Salaries	\$741,759	\$794,497	\$868,375	\$73,879	9.3%
Benefits	\$126,410	\$156,768	\$173,584	\$16,817	10.7%
Medical Services	\$252,531	\$265,653	\$317,679	\$52,025	19.6%
Purchased Services	\$320,979	\$318,347	\$356,182	\$37,835	11.9%
Supplies	\$377,539	\$415,768	\$455,180	\$39,412	9.5%
Total Operating Expenses	<u>\$1,819,218</u>	<u>\$1,951,033</u>	<u>\$2,171,001</u>	<u>\$219,968</u>	<u>11.3%</u>
Gain (Loss) from Operations	\$115,133	\$218,465	\$91,451	(\$127,014)	(58.1%)
Non-operating Revenue/(Expense):					
Depreciation and Amortization	(\$105,138)	(\$96,547)	(\$126,410)	(\$29,862)	30.9%
Other Non-operating	<u>\$2,362</u>	<u>\$72,389</u>	<u>\$60,530</u>	<u>(\$11,860)</u>	<u>(16.4%)</u>
Total Non-operating Revenue/(Expense)	<u>(\$102,776)</u>	<u>(\$24,158)</u>	<u>(\$65,880)</u>	<u>(\$41,722)</u>	<u>(172.7%)</u>
Bottom Line Excluding Debt Service	\$12,357	\$194,307	\$25,571	(\$168,736)	(86.8%)
Debt Service					
Debt Service Expense	(\$87,515)	(\$87,601)	(\$99,614)	(\$12,013)	13.7%
Ongoing Capital Requirements	\$44,829	\$44,829	\$46,738	\$1,909	4.3%



Statement of Revenues and Expenses

Community First Health Plan (Dollars are in Thousands)	2023 Budget	2023 Projected	2024 Preliminary Budget	Variance from Projected	% Variance
Revenues					
CFHP Premium Revenue	\$1,021,438	\$896,970	\$951,918	\$54,948	6.1%
Total Operating Revenues	\$1,021,438	\$896,970	\$951,918	\$54,948	6.1%
Expenses					
Salaries	\$35,792	\$33,715	\$39,937	\$6,222	18.5%
Benefits	\$6,784	\$6,036	\$7,100	\$1,064	17.6%
Purchased Services	\$57,827	\$46,163	\$54,129	\$7,967	17.3%
Supplies	\$1,525	\$925	\$2,926	\$2,001	216.5%
Medical Claims Expense	\$907,737	\$769,432	\$835,847	\$66,415	8.6%
Total Operating Expenses	\$1,009,665	\$856,270	\$939,939	\$83,669	9.8%
Gain (Loss) from Operations	\$11,773	\$40,700	\$11,979	(\$28,721)	(70.6%)
Non-operating Revenue/(Expense):					
Depreciation and Amortization	(\$421)	(\$2,576)	(\$2,663)	(\$86)	3.3%
Other Non-operating	\$500	\$14,326	\$3,800	(\$10,526)	(73.5%)
Premium Deficiency Reserve	\$1,000	\$1,000	\$2,000	\$1,000	100.0%
Total Non-operating Revenue/Expense	\$1,079	\$12,750	\$3,137	(\$9,612)	(75.4%)
Bottom Line	\$12,852	\$53,450	\$15,116	\$38,333	71.7%
Ongoing Capital Requirements	\$274	\$2,210	\$561	(\$1,649)	(74.6%)

Exhibit 2

INPATIENT ACTIVITY	2023 Budget	2023 Projected*	2024 Budget	Var. Bud 2024 to Projected	Var %
In-Patient Activity					
Heart Vascular	2,574	2,626	2,640	14	0.5%
Women Services ¹	4,379	4,478	4,678	200	4.5%
Neonates ²	1,517	2,170	2,322	152	7.0%
Neurology	1,986	2,346	2,431	85	3.6%
Orthopedics	2,020	2,072	2,097	25	1.2%
Trauma	1,288	1,306	1,306	0	0.0%
Transplant ³	306	310	326	16	5.0%
All Other	15,327	15,310	15,369	59	0.4%
Sub-Total: Adult Discharges	29,397	30,618	31,169	551	1.8%
Heart Vascular ⁴	147	168	181	13	7.7%
Neurology	289	280	322	42	15.0%
Orthopedics	148	170	187	17	9.8%
Trauma ⁵	283	281	346	65	23.0%
Transplant	20	14	15	1	10.0%
All Other	1,388	1,456	1,559	103	7.1%
Sub-Total: Pedi Discharges	2,275	2,369	2,609	241	10.2%
Total Discharges	31,672	32,987	33,778	791	2.4%
Heart Vascular	15,331	17,684	19,172	1488	8.4%
Women Services	11,638	13,588	14,013	425	3.1%
Neonates	17,740	19,313	20,236	923	4.8%
Neurology	12,820	13,454	14,261	807	6.0%
Orthopedics	13,096	15,748	16,944	1196	7.6%
Trauma	8,184	8,692	9,041	349	4.0%
Transplant	3,461	3,844	4,036	192	5.0%
All Other	106,515	115,014	117,074	2060	1.8%
Sub-Total: Adult Days	188,786	207,337	214,777	7440	3.6%
Sub-Total: Adult ADC	517.2	568.0	586.8	18.8	3.3%
Heart Vascular	1,587	2,152	2,322	170	7.9%
Neurology	1,709	1,692	1,946	254	15.0%
Orthopedics	591	778	854	76	9.8%
Trauma	1,789	2,024	2,360	336	16.6%
Transplant	324	738	768	30	4.0%
All Other	9,201	10,016	10,464	448	4.5%
Sub-Total: Pedi Days	15,201	17,400	18,714	1,314	7.6%
Sub-Total: Pedi ADC	41.6	47.7	51.1	3.5	7.3%
Total: Days	203,987	224,737	233,491	8,754	3.9%
Total: ADC	558.9	615.7	639.7	24.0	3.9%
Births ⁶	3,647	4,125	4,261	136	3.3%

OUTPATIENT ACTIVITY	2023 Budget	2023 Projected	2024 Budget	Var. Bud 2024 to Projected	Var %
Total Emergency Center (IP - Adult)	15,814	16,522	17,224	702	4.2%
Total Emergency Center (OP - Adult)	51,033	55,252	57,601	2,349	4.3%
Sub Total: Adult Emergency Center	66,847	71,774	74,825	3,051	4.3%
Total Emergency Center (IP - OB/GYN)	3,802	3,486	4,258	772	22.1%
Total Emergency Center (OP - OB GYN)	10,278	10,766	11,926	1,160	10.8%
Sub Total: OB GYN Emergency Center ⁷	14,080	14,252	16,184	1,932	13.6%
Total Emergency Center (IP - Pedi)	1,327	1,306	1,357	51	3.9%
Total Emergency Center (OP - Pedi)	13,696	15,606	17,246	1,640	10.5%
Sub Total: Pedi Emergency Center ⁸	15,023	16,912	18,603	1,691	10.0%
Total Emergency Center (IP - Trauma)	3,517	3,506	3,518	12	0.3%
Total Emergency Center (OP - Trauma)	4,432	4,986	5,105	119	2.4%
Sub Total: Trauma Emergency Center	7,949	8,492	8,623	131	1.5%
Total Emergency Center	103,899	111,430	118,235	6,805	6.1%
Surgery - University Hospital (IP - Adult)	9,622	9,825	10,291	466	4.7%
Surgery - University Hospital (OP - Adult)	8,079	8,809	9,271	461	5.2%
Sub Total: UH Adult Surgery	17,701	18,634	19,561	927	5.0%
Surgery - University Hospital (IP - Pedi)	1,086	1,041	1,090	49	4.7%
Surgery - University Hospital (OP - Pedi)	1,523	1,635	1,720	86	5.2%
Sub Total: University Hospital Pedi Surgery	2,609	2,676	2,811	135	5.0%
Total: University Hospital Surgery	20,310	21,310	22,372	1,062	5.0%
Sub Total Obs: University Hospital	6,899	6,448	6,734	286	4.4%
Total Other Vol: (Emergency Center, Surg, & Obs)	131,108	139,188	147,341	8,153	5.9%
Ambulatory Surgery Center Volume and other Outpatient Visits (includes PHC's)					
RBG ASC (Surg)	712	858	950	92	10.7%
RBG ASC (Endo)	4,698	4,718	5,155	437	9.3%
MARC ASC (Surg)	4,260	4,252	4,255	3	0.1%
MARC ASC (Endo) ⁹	2,617	2,662	4,035	1,373	51.6%
Clinics (University Hospital - Adult)	76,712	72,684	76,505	3,821	5.3%
Clinics (Pavilion) ¹⁰	50,874	51,216	49,225	(1,991)	-3.9%
Dialysis (Adult) ¹¹	77,702	57,348	62,178	4,830	8.4%
Clinics Ambulatory Ops (Adult) ¹²	581,060	520,618	614,317	93,699	18.0%
Clinics (PHCs)	44,280	37,108	43,538	6,430	17.3%
Sub-Total: OP Clinics -Adult	842,915	751,464	860,158	108,694	14.5%
Clinics (University Hospital - Pedi) ¹⁰	16,075	15,252	13,608	(1,644)	-10.8%
Dialysis (Pedi)	4,427	3,552	3,623	71	2.0%
Clinics Ambulatory Ops (Pedi)	91,127	84,482	86,636	2,154	2.5%
Sub-Total: OP Clinics - Pedi	111,629	103,286	103,867	581	0.6%
Total Other Vol: (OP ASCs, OP Clinics, PHCs)	954,544	854,750	964,025	109,275	12.8%
Total Outpatient Volume	1,085,652	993,938	1,111,366	117,428	11.8%

Preliminary 2024 Budget, Activity Notes

Service Line	Activity Note
Outpatient Services	
1. Women Services	Expanded capacity of Women's & Children's Hospital provides growth opportunities along with improved patient experience.
2. Neonatal Services	Dedicated air transport team and equipment driving inbound transfer volume and additional Women's & Children's capacity no longer limiting maximum census.
3. Transplant Services	Strategic plan implementation expecting to drive additional kidney transplants.
4. Pediatric Heart & Vascular	Pediatric Heart Surgical program continuing to mature with improving community referral patterns.
5. Pediatric Trauma	Improved capacity and visibility of pediatric service expected to drive volume with the opening of Women's & Children's Hospital.
6. Births	Continued volume growth from the improved model of care for Maternal population resulting in a high-level of patient retention.
University Hospital Emergency Center Volume	
7. OB GYN Emergency Center	Women's & Children's Hospital provides capacity for improved throughput for maternal patients.
8. Pedi Emergency Center	Improved visibility of Pediatric Emergency Center expected to drive volume increase.
Ambulatory Surgery Centers (ASCs)	
9. MARC ASC (Endoscopy)	Optimized performance of ASC Endoscopy Suites in continued strategy to provide service to elective outpatient procedures outside University Hospital.
OP Clinics - Adult	
10. Clinics Pavilion & UH Pediatric	Relocation of Pedi ENT & the Hearing & Balance Center to a new clinic location on Huebner will provide improved patient throughput and experience.
11. Dialysis (Adult)	Continued maturation of the Medical Center Dialysis location .
12. Clinics Ambulatory Ops (Adult)	Improved utilization of provider template and referral process will drive enhanced volumes in existing clinic locations.

Preliminary 2024 Budget, Changes to Total Operating Revenue

Dollars in Millions	Variance from Projected 2023	% Variance	Driver
2023 Projected Total Operating Revenue	\$2,170.1		
Net Patient Revenue	\$103.0	8.6%	
CHIRP/UHRIP Payment Enhancement	\$36.2		Texas Medicaid payment enhancement from 45% to 87% to a more commercially equivalent rate. Offset by an \$18.1M IGT Medical Service expense.
OP Pharmacy Retail & Specialty Programs	\$24.1		Continued maturation of Specialty Pharmacy program primarily for High Cost Drug Regimens; ie, Transplant and HIV
UMA Conversion of Anesthesia Models	\$24.0		UT Anesthesia \$16.8M, Tejas Pedi Anesthesia \$7.2M
Inpatient Volume	\$17.6		Increased Capacity after Women's & Children's opening.
Outpatient Volume	\$4.3		Outpatient ancillary volume growth related to UMA provider expansion and optimized performance of Procedural areas.
UMA Volume	\$4.2		Improved efficiency and Growth of UMA providers
Medicare & Managed Medicare	\$11.8		3.1% Cost of Living Adjustment (COLA)
Commercial Rate Improvement	\$8.0		Renegotiated managed care agreements.
Medicare DSH Reduction	(\$7.4)		Lower pool of available Medicare DSH funds payable through Net Patient Revenue.
One-time Cost Report Impact to 2023	(\$19.8)		Additional Medicare cost report revenue paid in 2023 related to the increased volumes of Transplant Institute's Center for Life, we do not anticipate the same benefit in 2024.
Other Operating Revenue	(\$10.9)	4.2%	
Property Taxes	\$44.7		Maintain existing tax rate; increase in property values and new properties.
Other Revenue	\$3.8		Slight increase in Grant Revenues to cover expanded service and outreach efforts that improve the wellness of Bexar County.
Skilled Nursing Facility	(\$1.6)		Minimal decrease in SNF payments resulting from the removal of enhanced FMAP expected in 2024.
HARP Revenue	(\$2.1)		Payment program for Traditional Medicaid patients to offset the shortfall in Medicaid. Expected 2024 payments are reduced due to the end of COVID-19 disaster declaration in 2023 and the associated enhanced Federal Matching dollars.
TIPPS Revenue	(\$3.1)		Medicaid payment enhancement primarily tied to physician services provided by UMA.
NAIP	(\$8.3)		Continued trajectory of expected program phase out. 2024 payments are also reduced due to the end of the enhanced FMAP related to the COVID-19 disaster declaration in 2023.
Disproportionate Share Funding	(\$13.2)		Impact of Federal Regulation DSH cuts and the loss of enhanced FMAP due to the end of COVID-19 disaster declaration in 2023 and the associated enhanced Federal Matching dollars.
Uncompensated Care (UC)	(\$31.2)		UC pool increased in 2023 due to upper limit availability, 2023 projection includes an additional 4 months of increased payments due to timing of program approval that was effective September 1, 2022 but not announced until mid-2023. Offset by the end of COVID-19 disaster declaration and associated enhanced Federal Matching dollars.
Changes to Total Operating Revenue	\$92.4	4.3%	
Total Operating Revenue	\$2,262.5		

*Positive numbers indicate an increase in Operating Revenue

Preliminary 2024 Budget, Financial Impact of Legislative Changes

Dollars in millions	2023 Budget	2023 Projected	2024 Preliminary Budget	Variance from Projected	Notes
Uncompensated Care (UC) for Hospital and UMA	\$114.2	\$171.1	\$140.0	(\$31.2)	Mid-2023 awarded a higher amount of available dollars to offset losses from uninsured patients in the UC Pool but was effective 09/01/2022. Decrease of \$31.2 million in 2024 due to the loss of enhanced FMAP and the prior year pick-up recorded in 2023.
Disproportionate Share (DSH)	\$34.5	\$46.4	\$33.2	(\$13.2)	Reduction due to planned DSH cuts related to the Affordable Care Act and loss of enhanced FMAP
Network Access Improvement Program (NAIP)	\$36.4	\$37.8	\$29.5	(\$8.3)	Variance due to loss of enhanced FMAP and continued planned phase out of the program.
Comprehensive Hospital Increase Reimbursement Program (CHIRP), net of IGT	\$32.5	\$35.3	\$53.4	\$18.1	Adjustment of Managed Medicaid payment to better reflect commercial payment rates for similar services.
Graduate Medical Education Revenue (GME)	\$13.4	\$15.6	\$15.6	\$0.0	State funding to support GME to remain flat in 2024 although the overall unreimbursed GME expense for 2024 is \$14 million.
Nursing Home Quality Incentive Payment Program (QIPP)	\$2.3	\$2.7	\$2.3	(\$0.4)	Nursing Home quality performance program, benefits are shared with Touchstone. Variance due to loss of eFMAP and timing of payment booked in 2023 that will not reoccur.
Hospital Augmented Reimbursement Program (HARP)	\$30.8	\$25.4	\$23.3	(\$2.1)	HARP is a supplemental program that provides additional funding for public hospitals to help cover the loss of DSRIP funding. The planned 2024 reduction is due to the loss of enhanced FMAP.
Texas Incentives for Physicians and Professional Services (TIPPS)	\$6.8	\$7.3	\$5.3	(\$2.0)	A mix between rate enhancement reflected in Net Patient Revenue and a portion that is a lump sum payment for UMA that is part of the DSRIP transition plan. Reduction in 2024 due to the loss of enhanced FMAP and a drafted restructuring of program to more heavily weigh funding to GME physician groups.

*Enhanced Federal Medical Assistance Percentage (FMAP) declined from 67.0% to 60.8% with the end of the Public Health

Preliminary 2024 Budget, Changes to the Total Operating Expense

Dollars in Millions	Variance from Projected 2023	% Variance	Driver
2022 Projected Total Operating Expense	\$1,951.0		
Salaries	\$73.9	9.3%	
Merit Increase and Market Adjustment	\$47.3		Reflects 2.5% annual merit increase, \$15 million for the full-year of clinical staff retention incentive, \$10 million in market adjustments, and \$2.4 in salary increases for medical residents.
UMA Growth and Employment of Anesthesia Staff	\$19.8		Continued growth of UMA Employed Providers including expansion of specialty services where patient demand exceeds current ability to schedule patients in a timely manner.
Volume Impact	\$19.4		Variable staffing related to the 3.9% volume increase from 2023 Projection.
Fill 2023 Vacant Positions	\$12.1		Budgeting to fill to 2024 Budgeted positions that became vacant in 2023
New Grants and Programs	\$3.0		Growth of Grant programs to improve community outreach and implementation of a new pharmacy technician training program.
Support staff for new Women's & Children's Infrastructure	\$1.5		Additional staff to support cleaning of additional Women's & Children's Hospital square footage and building infrastructure maintenance needs.
Detention Services	\$0.6		Investment in advanced level of behavioral health programs for Detention Health Services.
Contract Labor Premium	(\$29.8)		Labor market disruption impacting availability of employed clinical staff in 2023. Diligently working to recruit and retain employed clinical workforce resulting in lower premium payment to non-employed staff.
Benefits	\$16.8	10.7%	
OPEB Liability	\$6.9		Increased health benefit cost for retirees and dependents due to strategic reduction in premium cost for retirees with Medicare benefits.
FICA & Employment Taxes	\$6.6		Federal Tax increase due to higher base wage increase as the result of labor market disruption.
Health Benefit	\$3.3		Health benefit increases corresponding to employee increase.

Medical Services	\$52.0	19.6%
Medicaid Intergovernmental Transfer Expense	\$18.2	Increase in IGT expense to support the \$36.2 million expansion of CHIRP/UHRIP program as captured in Net Patient Revenue.
UMA Provider Lease from UT Health	\$14.0	UMA lease of UT Anesthesiology providers under a management agreement. The increase of expense is offset by \$16.8 million increase in Net Patient Revenue.
UT Master Services Increase	\$13.8	Investment of \$13.8 million increase in salary amounts for UT employed providers to ensure market competitiveness and ensure coverage deliverables for University Hospital.
Carelink Payments to Community Providers	\$6.0	Expected increase of Carelink payments to community providers as Medicaid disenrollments drive an expected increase of Bexar County patients no longer eligible for Medicaid.
Purchased Services	\$37.8	11.9%
Information Technology	\$12.0	Epic and supporting programs increase their maintenance and support expenses based on volume of equipment, user counts, and patient activity. The increase for 2024 is reflective of the expected growth for each of these. Additional software and support of cyber-security software and associated support to protect from a growing effort to penetrate University Health's cyber-environment.
Aged Facilities Renovation	\$9.2	Additional support to repair and renovate aged facilities of Zarzamora and Kenwood clinics to improve patient care and overall experience at these former PHC locations.
Grant Expansion and Public Health Programs	\$6.1	Continued growth of the Institute for Public Health and grant programs contracting with outside agencies to improve outreach and the health of the Bexar County population.
Transplant Growth	\$3.9	Increase in Organ acquisition and transportation cost related to expected volume increases.
Insurance Premium	\$2.2	Increased amount for premium for Commercial Property insurance due to additional square footage and enhanced business disruption coverage.
Utilities and Maintenance	\$2.0	Increase in utility and maintenance cost associated with the new Women's & Children's Hospital and regional clinics in support of expanded care.
Retail/Specialty Pharmacy	\$1.5	Payments for contracted vendor support of retail specialty pharmacy programs. Offset by increased revenue.
Third-Party Anesthesia Billing	\$0.9	New contract with Fusion Anesthesia to support the complex billing and accurate collections from insurance companies due to the onboarding of Anesthesia services.

Supplies	\$39.4	9.5%	Continued increase of the retail and specialty pharmacy programs that enhance patient experience and improve medication compliance along with a corresponding increase of net patient revenue. Additional 4% increase of pharmaceutical inflation is expected in 2024 due to manufacturer backlog and shortages across key suppliers.
Pharmaceuticals	\$19.3		
OR & Procedural Supply Cost	\$6.7		Expected procedural volume increase from 2023 to 2024 as volumes are enhanced where capacity is available across surgical and procedural locations although often with high cost per case supplies. Concentrated efforts to optimize reimbursement of these high cost procedural areas.
Volume Driven Supply Increase	\$9.1		Medical supply cost directly related to the expected 3.9% increase in inpatient volume and 10% UMA clinic increase.
Non-medical Supplies	\$4.3		Replacement of internal communication devices across University Health with Epic fully integrated technology to drive efficiency of staff and prevent alarm fatigue. Additional cost of supply increase related to repair of aging infrastructure and equipment.
Changes to Total Operating Expense	\$220.0	11.3%	
2024 Preliminary Budget			
Total Operating Expense	\$2,171.0		

Preliminary 2024 Budget, FTE Change

Service Line	Variance from Projected 2023
2023 Projected FTE	9,541
W&C Hospital Support Staff ¹	38
Grant Services ²	26
Pharmacy Service ³	18
Transplant ⁴	18
Detention Locations ⁵	9
IT ⁶	5
Volume Impact ⁷	203
Other Vacancy Replacement ⁸	105
Preliminary 2024 Budget, Total Paid FTE	9,963
FTE Variance	422
FTE % Growth	4.4%

Driver of FTE Increase

¹ Additional EVS and Facilities support staff to ensure optimal service to the additional square footage of the new Women's & Children's Hospital.

² Expansion of Grant Service and outreach efforts that improve the wellness of Bexar County residents. Additional expense is offset with additional Grant Revenue.

³ Pharmacist coverage of dedicated Pediatric Pharmacy in the Women's & Children's Hospital and establishment of a new Pharmacy Technologist school within University Health.

⁴ Investment in transplant programs aligned with strategic business plan's growth trajectory.

⁵ Additional behavioral health care providers including Licensed Master Social Workers and Licensed Professional Counselors in support of Detention Services.

⁶ IT Tech staff to support a growing number of projects and tickets that benefit the efficiency of the organization with a more timely response and resolution.

⁷ Additional support staff to facilitate the 2.4% inpatient discharge growth and 14% outpatient clinic growth in variable departments. The amount is net of additional efficiencies gained where labor productivity targets were reset to drive further efficiency.

⁸ Budgeting to fill positions that were previously approved and validated but were vacant during 2023.

Preliminary 2024 Budget: Analysis of Tax Rate

Dollars in Thousands	2022 Tax Rate	2023 Tax Rate	Tax Rate Change from Existing Rate	% Change from Existing Tax Rate	2023 Estimated Taxes ¹	2024 Estimated Taxes ²	Proposed Net Change From Prior Year	% Increase
Operating Rate	0.236735	0.236335	(0.000400)	(0.17%)	\$524,752	\$569,408	\$44,656	8.51%
Debt Rate	0.0395	0.039900	0.000400	1.01%	\$87,515	\$96,329	\$8,814	10.07%
Total Tax Rate	0.276235	0.276235	0	0.00%	\$612,267	\$665,737	\$53,470	8.73%

¹ 2023 Estimated Tax revenue calculated on 2022 property values as of 10/01/22 and 2022 Tax Rate

² 2024 Estimated Tax revenue calculated on 2023 property values certified on 07/25/2023 and 2023 Tax Rate with an assumed collection rate of 98.94%

**Preliminary 2024 Budget, Capital Requests
University Health less Community First**

Dept. Name	Request Name	2024 Amount	Priority	Reason	Class	Category
FACILITIES MANAGEMENT	Facilities Aged Infrastructure & Equipment Replacement	4,399,336	Essential: Cannot Function Without	Required Maintenance	Replacement	Construction/ Renovation
UH CT SCAN	CT Scanner	3,500,000	Essential: Cannot Function Without	Safety Mandated	Replacement	Clinical Equipment
UH INTERVENTIONAL RADIOLOGY	Interventional Radiology Equipment Azurion 7 M20	3,436,289	Essential: Cannot Function Without	Required Maintenance	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
BIOMEDICAL ENGINEERING	Aged Medical Equipment Replacement	3,367,414	Essential: Cannot Function Without	Required Maintenance	Replacement	Clinical Equipment
TECHNICAL SERVICES	CSB(RBG) Switches Replacement	2,378,295	Important: Necessary for Improvement	Required Maintenance	Replacement	Information Systems
TECHNICAL SERVICES	Workstation on Wheels (WOWs)	1,717,200	Essential: Cannot Function Without	Safety Mandated	Strategic (New Service/Expansion)	Information Systems
TECHNICAL SERVICES	Nutanix HCI Servers and network core for VDI	1,499,150	Important: Necessary for Improvement	New Service	Strategic (New Service/Expansion)	Information Systems
TECHNICAL SERVICES	Cisco Wireless Equipment Replacement	1,476,651	Important: Necessary for Improvement	Required Maintenance	Replacement	Information Systems
FACILITIES MANAGEMENT	AHU 48&49	1,300,000	Proactive: Necessary To Avoid Problems	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Construction/ Renovation
FACILITIES MANAGEMENT CHILL WATER PLANT	CEP Chiller Control Valves	1,250,000	Essential: Cannot Function Without	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Construction/ Renovation
FACILITIES MANAGEMENT	NAE's	1,200,000	Essential: Cannot Function Without	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Construction/ Renovation
UH RADIOLOGY XRAY	Diagnostic Fluoroscopy Equipment	1,000,000	Essential: Cannot Function Without	Required Maintenance	Replacement	Clinical Equipment
TECHNICAL SERVICES	Voice UC - Equipment	896,896	Important: Necessary for Improvement	Required Maintenance	Strategic (New Service/Expansion)	Information Systems
FACILITIES MANAGEMENT	Add "smart system" to fire alarm for WC and Sky	800,000	Important: Necessary for Improvement	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Construction/ Renovation
TECHNICAL SERVICES	Pure storage array to support security video's.	797,973	Essential: Cannot Function Without	New Technology	Strategic (New Service/Expansion)	Information Systems
STERILE PROCESSING	Surgical Instrument Washers	776,357	Essential: Cannot Function Without	Safety Mandated	Replacement	Clinical Equipment
FACILITIES MANAGEMENT	AHU 47 Replacement	756,000	Essential: Cannot Function Without	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Construction/ Renovation
FACILITIES MANAGEMENT	Water Softener	750,000	Proactive: Necessary To Avoid Problems	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Construction/ Renovation

**Preliminary 2024 Budget, Capital Requests
University Health less Community First**

Dept. Name	Request Name	2024 Amount	Priority	Reason	Class	Category
UMA - UHS WOUND CARE	Hyperbaric Chambers	632,024	Essential: Cannot Function Without	Regulatory Mandated	Replacement	Clinical Equipment
PLANNING, DESIGN AND CONSTRUCTION (PDC)	Roof Replacement - Rio Core Lab	610,000	Important: Necessary for Improvement	Required Maintenance	Replacement	Construction/ Renovation
UH PEDI RESP THERAPY VR	Nihon Kohden NKV-330 BiPAP	531,468	Proactive: Necessary To Avoid Problems	Safety Mandated	Replacement	Clinical Equipment
TECHNICAL SERVICES	Sky Tower's GetWell Switches Replacement	471,655	Important: Necessary for Improvement	Required Maintenance	Replacement	Information Systems
STERILE PROCESSING	Sterile Storage Shelving	469,683	Important: Necessary for Improvement	Safety Mandated	Replacement	Clinical Equipment
FACILITIES MANAGEMENT	Machine Room 1 - ATS	432,000	Essential: Cannot Function Without	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Construction/ Renovation
TECHNICAL SERVICES	Replace end-of-life Cisco UCS M4 servers	425,000	Essential: Cannot Function Without	Required Maintenance	Replacement	Information Systems
CLINICAL SYSTEMS	Upgrade EEG systems (NeuroWorkbench / Persyst)	420,000	Proactive: Necessary To Avoid Problems	Required Maintenance	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
ARC ASC	Zeiss Lumera 700 Microscope	407,454	Essential: Cannot Function Without	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
UH RT SL IP PHARMACY	High-speed packager	350,000	Important: Necessary for Improvement	Required Maintenance	Replacement	Information Systems
UH ST OPERATING ROOM	Pentero 800	320,709	Essential: Cannot Function Without	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
UH ANATOMICAL PATHOLOGY	Tissue Processor	305,592	Essential: Cannot Function Without	Required Maintenance	Replacement	Clinical Equipment
FACILITIES MANAGEMENT	Pneumatic control replacement	275,000	Important: Necessary for Improvement	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Construction/ Renovation
UH RT 3 HLA LAB	BD FACSLyric Flow Cytometer	251,827	Proactive: Necessary To Avoid Problems	Required Maintenance	Replacement	Clinical Equipment
UH HT 2 NUCLEAR MEDICINE	Nuclear Medicine Portable Camera	247,324	Essential: Cannot Function Without	Required Maintenance	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
UH ST OPERATING ROOM	Pro Axis Table & Accessories	240,252	Important: Necessary for Improvement	New Service	Strategic (New Service/Expansion)	Clinical Equipment
FACILITIES MANAGEMENT	AHU-8	225,000	Proactive: Necessary To Avoid Problems	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Construction/ Renovation
PLICATION SYSTEMS	Encelium Lighting Upgrade (Sky Tower)	220,000	Essential: Cannot Function Without	Required Maintenance	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
UH ST OPERATING ROOM	Sonopet iQ Ultrasonic Aspirator Console	213,375	Important: Necessary for Improvement	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment

**Preliminary 2024 Budget, Capital Requests
University Health less Community First**

Dept. Name	Request Name	2024 Amount	Priority	Reason	Class	Category
UH ECMO ADV TECHNOLOGY VR	ECMO Pump cart with accessories	210,000	Proactive: Necessary To Avoid Problems	Staff Request	Replacement	Clinical Equipment
UH ST OPERATING ROOM	MPS3 Pump for Perfusion	204,000	Essential: Cannot Function Without	Safety Mandated	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
UH RT 2 ENDOSCOPY	Pedi Colon Scope	190,592	Essential: Cannot Function Without	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
PEDIATRIC PACU	Oscillator Ventilators	185,175	Proactive: Necessary To Avoid Problems	Safety Mandated	Replacement	Clinical Equipment
UH MRI	Mridium MRI Infusion System	180,000	Essential: Cannot Function Without	Safety Mandated	Strategic (New Service/Expansion)	Clinical Equipment
UH ANATOMICAL PATHOLOGY	IHC stainer	170,310	Important: Necessary for Improvement	Required Maintenance	Strategic (New Service/Expansion)	Clinical Equipment
STERILE PROCESSING	Cart Washer	169,590	Essential: Cannot Function Without	Safety Mandated	Replacement	Clinical Equipment
UMA - UHS WOUND CARE	TCOMs	164,036	Essential: Cannot Function Without	Regulatory Mandated	Replacement	Clinical Equipment
UH ST OPERATING ROOM	Pro FX Table & Accessories	157,641	Important: Necessary for Improvement	New Service	Strategic (New Service/Expansion)	Clinical Equipment
FACILITIES MANAGEMENT	Control Replacement Plate and Frame	155,000	Important: Necessary for Improvement	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Construction/ Renovation
APPLICATION SYSTEMS	Policy & Procedures Document Tracking	150,000	Important: Necessary for Improvement	Staff Request	Strategic (New Service/Expansion)	Information Systems
FACILITIES MANAGEMENT CHILL WATER PLANT	Add stand-alone radiators for Generators 9&10	150,000	Essential: Cannot Function Without	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Construction/ Renovation
UH RT 3 HLA LAB	RoboSep-S Double Package	141,843	Important: Necessary for Improvement	New Service	Strategic (New Service/Expansion)	Clinical Equipment
FACILITIES MANAGEMENT	R-22 RTU Horizon UPS Room	140,000	Essential: Cannot Function Without	Safety Mandated	Replacement	Construction/ Renovation
UH ANATOMICAL PATHOLOGY	Microscope coverslipper, 2 ea.	134,260	Essential: Cannot Function Without	Safety Mandated	Strategic (New Service/Expansion)	Clinical Equipment
UH ST OPERATING ROOM	General Thompson Retractor Tray	133,801	Essential: Cannot Function Without	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
FLEET SERVICES	2-Police Explorers	130,000	Proactive: Necessary To Avoid Problems	Required Maintenance	Mandated (Regulatory Safety & Required Maintenance)	Administrative Equipment
CENTER FOR CLINICAL EXCELLENCE	Simulation Manikin for resuscitation training	128,937	Important: Necessary for Improvement	Physician Request	Replacement	Clinical Equipment
UH DIAGNOSTIC CARDIOLOGY	Echo Machine Upgrades	126,000	Important: Necessary for Improvement	New Technology	Strategic (New Service/Expansion)	Clinical Equipment
RBG ENT CLINIC	ENF-V3: Flexible ultra thin video Rhino L	124,465	Essential: Cannot Function Without	Required Maintenance	Replacement	Clinical Equipment

**Preliminary 2024 Budget, Capital Requests
University Health less Community First**

Dept. Name	Request Name	2024 Amount	Priority	Reason	Class	Category
ENVIRONMENTAL SERVICES	Robot Sweeper	120,000	Important: Necessary for Improvement	Regulatory Mandated	Strategic (New Service/Expansion)	Administrative Equipment
FLEET SERVICES	Ford 26' Box Truck with lift	120,000	Proactive: Necessary To Avoid Problems	Required Maintenance	Mandated (Regulatory Safety & Required Maintenance)	Administrative Equipment
UH CORE LAB	Microscopes	114,649	Essential: Cannot Function Without	Required Maintenance	Replacement	Clinical Equipment
UH ST 6 TRAUMA ICU	SonoSite LX	113,980	Important: Necessary for Improvement	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
STERILE PROCESSING	Surgical Instrument Washers	111,331	Important: Necessary for Improvement	Safety Mandated	Replacement	Clinical Equipment
UH HT 8 PEDI CYSTIC FIBROSIS	MCG PFT equipment for PEDI pulmonary lab at RBG	109,067	Essential: Cannot Function Without	Regulatory Mandated	Replacement	Clinical Equipment
FLEET SERVICES	2-Ford Transit Cargo Vans	106,000	Proactive: Necessary To Avoid Problems	Required Maintenance	Mandated (Regulatory Safety & Required Maintenance)	Administrative Equipment
UH ST 9 TRANSPLANT/CT ICU	SonoSite w/4 transducers	105,480	Essential: Cannot Function Without	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
FLEET SERVICES	3-2024 Ford Escapes vehicles	105,000	Proactive: Necessary To Avoid Problems	Required Maintenance	Mandated (Regulatory Safety & Required Maintenance)	Administrative Equipment
UH ST G ADULT ED	MX 450 Monitors	102,623	Essential: Cannot Function Without	Staff Request	Replacement	Clinical Equipment
RADIOLOGY SUPPORT	Philips IntelliVue MX450 X3.	100,000	Essential: Cannot Function Without	Safety Mandated	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
UMA - UHS WOUND CARE	Bariatric Chairs	96,789	Essential: Cannot Function Without	Regulatory Mandated	Replacement	Clinical Equipment
APPLICATION SYSTEMS	Volante POS for Sky Bistro, RBG, TDI and BC1	94,675	Important: Necessary for Improvement	New Technology	Replacement	Information Systems
CLINICAL SYSTEMS	Upgrade Sleep Lab systems (Polysmith)	94,000	Proactive: Necessary To Avoid Problems	Required Maintenance	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
RBG ASC OR	Adult Colonoscope	93,991	Important: Necessary for Improvement	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
FLEET SERVICES	2-Toyota Sienna Passenger Vans	90,000	Proactive: Necessary To Avoid Problems	Required Maintenance	Mandated (Regulatory Safety & Required Maintenance)	Administrative Equipment
UH IP DIALYSIS VR	Ergo Express Two Piece Motorized Dialysis Cart	88,949	Essential: Cannot Function Without	Safety Mandated	Replacement	Clinical Equipment
RBG ASC OR	Adult Endoscope	85,856	Important: Necessary for Improvement	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
DETENTION HEALTH CARE - ADULT	Power-PRO XT Powered Stretcher	85,346	Essential: Cannot Function Without	Safety Mandated	Replacement	Clinical Equipment

**Preliminary 2024 Budget, Capital Requests
University Health less Community First**

Dept. Name	Request Name	2024 Amount	Priority	Reason	Class	Category
UH RT 2 NEURODIAGNOSTICS	EEG Portables	84,000	Important: Necessary for Improvement	New Service	Strategic (New Service/Expansion)	Clinical Equipment
RBG ASC OR	Belimed Instrument Washer (WD 290)	82,499	Essential: Cannot Function Without	Required Maintenance	Replacement	Clinical Equipment
RBG ASC OR	Pedi Endoscope	77,770	Essential: Cannot Function Without	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
UH RT 2 ENDOSCOPY	EVIS Exera Ultra Slim Gastro Scope	77,724	Essential: Cannot Function Without	New Service	Strategic (New Service/Expansion)	Clinical Equipment
UH ST OPERATING ROOM	Airseal IFS	75,429	Important: Necessary for Improvement	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
UH RT 3 HLA LAB	Lab Refrigerators/Freezers	69,703	Proactive: Necessary To Avoid Problems	Required Maintenance	Replacement	Clinical Equipment
RENAL DIALYSIS	5 Dialysis Machines -to expand services	69,250	Essential: Cannot Function Without	New Service	Strategic (New Service/Expansion)	Clinical Equipment
UH PEDI SPECIALTY CLINIC	Pedi ENT: Sonosite LX Ultrasound System	67,400	Essential: Cannot Function Without	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
UH CORE LAB	OsmoPro	66,456	Essential: Cannot Function Without	Required Maintenance	Replacement	Clinical Equipment
UH MICROBIOLOGICAL PATHOLOGY	Sensititre System	65,000	Proactive: Necessary To Avoid Problems	Safety Mandated	Strategic (New Service/Expansion)	Clinical Equipment
UH ST OPERATING ROOM	ENT Feder-Ossoff Phonosurgery Tray	56,230	Proactive: Necessary To Avoid Problems	Safety Mandated	Strategic (New Service/Expansion)	Clinical Equipment
MARC ASC	Smith & Nephew Arthroscopy Tray	54,268	Essential: Cannot Function Without	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
UH ULTRASOUND	Trophon 2 disinfectant probe cleaning station	54,000	Important: Necessary for Improvement	Safety Mandated	Replacement	Clinical Equipment
UH ST 9 TRANSPLANT/CT ACU	Sofas for patient rooms	53,632	Important: Necessary for Improvement	Staff Request	Replacement	Clinical Equipment
UH ANATOMICAL PATHOLOGY	Microtomes	53,400	Essential: Cannot Function Without	Required Maintenance	Replacement	Clinical Equipment
UH RT 3 HLA LAB	Thermocyclers	51,800	Proactive: Necessary To Avoid Problems	Required Maintenance	Replacement	Clinical Equipment
UH ST G ADULT ED	Recliners	51,187	Important: Necessary for Improvement	Staff Request	Replacement	Clinical Equipment
UH ST OPERATING ROOM	ENT Dr. Simpson DML Tray	50,091	Proactive: Necessary To Avoid Problems	Safety Mandated	Strategic (New Service/Expansion)	Clinical Equipment
UH RT SL IP PHARMACY	Printer for Oral syringe packager	50,000	Important: Necessary for Improvement	Safety Mandated	Replacement	Information Systems
MARC ASC	GETINGE	48,431	Essential: Cannot Function Without	Required Maintenance	Replacement	Clinical Equipment
DETENTION HEALTH CARE - ADULT	LUCAS Chest Compression System	47,818	Important: Necessary for Improvement	Staff Request	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment

**Preliminary 2024 Budget, Capital Requests
University Health less Community First**

Dept. Name	Request Name	2024 Amount	Priority	Reason	Class	Category
UH ST G ADULT ED	Decon tent	44,583	Essential: Cannot Function Without	Safety Mandated	Replacement	Clinical Equipment
UH ST 10 ORTHO SURG ACU	MACVU360Resting EKG Machine	43,752	Important: Necessary for Improvement	Safety Mandated	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
UH RT 9 MEDICINE	GE EKG Machine MAC VU360	43,752	Important: Necessary for Improvement	Staff Request	Replacement	Clinical Equipment
UH CORE LAB	Flow Lyse Wash Asst	42,000	Essential: Cannot Function Without	Required Maintenance	Strategic (New Service/Expansion)	Clinical Equipment
UH ST OPERATING ROOM	Argon Generator	41,356	Essential: Cannot Function Without	Physician Request	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
RBG ASC OR	TruClear Hysteroscopy Set	41,302	Essential: Cannot Function Without	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
DETENTION HEALTH CARE - JUVENILE	Promax S#-2D Digital Xray Machine	40,477	Essential: Cannot Function Without	New Technology	Replacement	Clinical Equipment
DETENTION HEALTH CARE - SOUTHTON	Promax S#-2D Digital Xray Machine	40,477	Essential: Cannot Function Without	New Technology	Replacement	Clinical Equipment
UH RT 2 NEURODIAGNOSTICS	Vital EEGs	40,000	Important: Necessary for Improvement	New Service	Strategic (New Service/Expansion)	Clinical Equipment
UMA - TDI PODIATRY CLINIC	Podiatric Chairs	39,908	Essential: Cannot Function Without	New Service	Strategic (New Service/Expansion)	Clinical Equipment
UH PULMONARY FUNCTION	Mobile Ultima CCM Portable PFT Machine.	39,847	Proactive: Necessary To Avoid Problems	Staff Request	Replacement	Clinical Equipment
UH DIAGNOSTIC CARDIOLOGY	CPET	38,266	Essential: Cannot Function Without	New Technology	Replacement	Clinical Equipment
UH RT 2 NEURODIAGNOSTICS	Outpatient EEG Room	38,000	Important: Necessary for Improvement	New Service	Strategic (New Service/Expansion)	Clinical Equipment
UH ST G ADULT ED	Exam table	36,737	Important: Necessary for Improvement	Staff Request	Replacement	Clinical Equipment
UH ST OPERATING ROOM	Sialendoscopy Set	36,545	Proactive: Necessary To Avoid Problems	New Service	Strategic (New Service/Expansion)	Clinical Equipment
UH ST 7 AYA	Fujifilm Sonosite ST	34,340	Essential: Cannot Function Without	Staff Request	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
UH HEMATOLOGY CLINIC	Fujifilm Sonosite ST	34,340	Important: Necessary for Improvement	Staff Request	Strategic (New Service/Expansion)	Clinical Equipment
UH RT 9 MEDICINE	Fujifilm Sonosite ST	34,340	Important: Necessary for Improvement	Staff Request	Strategic (New Service/Expansion)	Clinical Equipment
UH HT 12 MED SURG	Fujifilm Sonosite ST	34,340	Important: Necessary for Improvement	Staff Request	Replacement	Clinical Equipment
UH RT 8 CONTROLLED ACCESS	Fujifilm Sonosite ST	34,340	Important: Necessary for Improvement	Staff Request	Strategic (New Service/Expansion)	Clinical Equipment

**Preliminary 2024 Budget, Capital Requests
University Health less Community First**

Dept. Name	Request Name	2024 Amount	Priority	Reason	Class	Category
UH ST 5 MEDICINE ACU	Fujifilm Sonosite ST	34,340	Important: Necessary for Improvement	Staff Request	Strategic (New Service/Expansion)	Clinical Equipment
RBG ASC OR	Belimed Ultrasonic Cleaner (246C)	33,291	Essential: Cannot Function Without	Required Maintenance	Replacement	Clinical Equipment
UH ST 8 NEURO ACU	Bladder Scanner	33,218	Proactive: Necessary To Avoid Problems	Safety Mandated	Replacement	Clinical Equipment
UH ST 9 TRANSPLANT/CT ACU	Bladder Scanner	33,218	Proactive: Necessary To Avoid Problems	Safety Mandated	Replacement	Clinical Equipment
UMA - RBG SKIN CLINIC	POWER4011P ULTRA PROCEDURE CHAIR WITH STIRRUPS,	32,527	Important: Necessary for Improvement	New Service	Strategic (New Service/Expansion)	Clinical Equipment
ENVIRONMENTAL SERVICES	Walk Behind Scrubbers	30,766	Important: Necessary for Improvement	Safety Mandated	Replacement	Administrative Equipment
PAV PHYSICAL THERAPY	REAL System	28,936	Important: Necessary for Improvement	New Service	Strategic (New Service/Expansion)	Clinical Equipment
TDI PODIATRY CLINIC	Power Base Podiatric Exam Chairs	26,966	Essential: Cannot Function Without	Required Maintenance	Replacement	Clinical Equipment
TDI DIALYSIS	Fluke Electrical Safety Analyzer	26,200	Essential: Cannot Function Without	Safety Mandated	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
UH RT 5 PEDI OP DIALYSIS	Fluke Electrical Safety Analyzer	26,200	Essential: Cannot Function Without	Safety Mandated	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
RENAL DIALYSIS	Fluke Electrical Safety Analyzer	26,200	Essential: Cannot Function Without	Safety Mandated	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
RBG OP PHARMACY	Eyecon VPC for remote order verification	26,000	Important: Necessary for Improvement	Staff Request	Strategic (New Service/Expansion)	Information Systems
UH OP PHARMACY	Medication Refrigerator/Freezer	26,000	Essential: Cannot Function Without	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
MARC ASC	STORZ Semi-Rigid Uretero-Renoscope	23,959	Essential: Cannot Function Without	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
RBG ENT CLINIC	3 -Step A-Series Microscope AXIS system	23,760	Essential: Cannot Function Without	Required Maintenance	Replacement	Clinical Equipment
UH ST G ADULT ED	Bladder scanner	22,645	Essential: Cannot Function Without	Staff Request	Replacement	Clinical Equipment
UH HT 6 MEDICINE	Defibrillator	22,303	Important: Necessary for Improvement	Safety Mandated	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
UH ST 8 NEURO ICU	Bladder Scanner	22,145	Proactive: Necessary To Avoid Problems	Safety Mandated	Replacement	Clinical Equipment
UH ST 9 TRANSPLANT/CT ICU	Bladder Scanner	22,145	Proactive: Necessary To Avoid Problems	Safety Mandated	Replacement	Clinical Equipment
MARC ASC	Zimmer Biomet	21,950	Important: Necessary for Improvement	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
UH HT 7 MEDICINE	GE EKG Machine MAC VU360	21,876	Important: Necessary for Improvement	Staff Request	Strategic (New Service/Expansion)	Clinical Equipment

**Preliminary 2024 Budget, Capital Requests
University Health less Community First**

Dept. Name	Request Name	2024 Amount	Priority	Reason	Class	Category
IRF INPATIENT REHAB THERAPY	Motomed Muvi Leg and Arm Trainer with FES	21,721	Important: Necessary for Improvement	New Technology	Strategic (New Service/Expansion)	Clinical Equipment
RBG DIAGNOSTIC CARDIOLOGY	EKG Machine	20,270	Essential: Cannot Function Without	New Technology	Replacement	Clinical Equipment
CENTER FOR CLINICAL EXCELLENCE	Intelligent Video Solutions (IVS)	19,308	Important: Necessary for Improvement	Required Maintenance	Strategic (New Service/Expansion)	Clinical Equipment
UMA - HILLIARD CLINIC	EKG Machine	19,111	Essential: Cannot Function Without	Required Maintenance	Replacement	Clinical Equipment
UMA - WESTGATE PRIMARY CARE CLINIC	EKG Machine	19,111	Essential: Cannot Function Without	Required Maintenance	Replacement	Clinical Equipment
UH ST 6 TRAUMA ICU	Cardiac Chair	18,713	Important: Necessary for Improvement	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
UH ST G ADULT ED	TonoMeters	18,585	Essential: Cannot Function Without	Physician Request	Replacement	Clinical Equipment
UH ST G TRAUMA RESUSCITATION UNIT	Recliners	18,219	Important: Necessary for Improvement	Staff Request	Strategic (New Service/Expansion)	Clinical Equipment
UH RT 5 PEDI OP DIALYSIS	Ergo Express Two Piece Motorized Dialysis Cart	17,125	Essential: Cannot Function Without	Safety Mandated	Strategic (New Service/Expansion)	Clinical Equipment
UH ST OPERATING ROOM	Arc Wrist Tower	16,651	Important: Necessary for Improvement	New Service	Strategic (New Service/Expansion)	Clinical Equipment
TDI DIALYSIS	Replace 3 ea. Carbon & Softener Tank Valves and Timers at West Dialysis	16,368	Proactive: Necessary To Avoid Problems	Safety Mandated	Replacement	Clinical Equipment
UH HT 8 PEDI CYSTIC FIBROSIS	Resmon Forced Oscillation Technique device	16,250	Essential: Cannot Function Without	Regulatory Mandated	Replacement	Clinical Equipment
UH IP DIALYSIS VR	Dry Acid Dissolution 99 Gallons	16,194	Essential: Cannot Function Without	Regulatory Mandated	Replacement	Clinical Equipment
UH ST G ADULT ED	Temp pacemakers	15,990	Essential: Cannot Function Without	Physician Request	Replacement	Clinical Equipment
COPY CENTER	Automatic Laminator	15,594	Proactive: Necessary To Avoid Problems	New Technology	Replacement	Administrative Equipment
SE DIALYSIS	Replace City Booster Pump at SE Dialysis	15,353	Proactive: Necessary To Avoid Problems	Safety Mandated	Replacement	Clinical Equipment
UH IP DIALYSIS VR	Dry Acid Dissolution 99 Gallons	15,000	Essential: Cannot Function Without	Regulatory Mandated	Replacement	Clinical Equipment
GROUNDKEEPING	Golf Cart	14,000	Important: Necessary for Improvement	Safety Mandated	Replacement	Administrative Equipment
MA - KENNEDY WOMEN'S CLINIC	Colposcope(1)	13,905	Important: Necessary for Improvement	New Service	Strategic (New Service/Expansion)	Clinical Equipment
UMA - KENWOOD CLINIC	Colposcope(1)	13,905	Important: Necessary for Improvement	Staff Request	Strategic (New Service/Expansion)	Clinical Equipment

**Preliminary 2024 Budget, Capital Requests
University Health less Community First**

Dept. Name	Request Name	2024 Amount	Priority	Reason	Class	Category
UH ST 6 TRAUMA ICU	Patient Room Sofa	13,744	Proactive: Necessary To Avoid Problems	Staff Request	Replacement	Clinical Equipment
RBG OBSTETRIC CLINIC	HYSTEROCOPY SYSTEM	13,116	Proactive: Necessary To Avoid Problems	Staff Request	Replacement	Clinical Equipment
UH CATH LAB	Cath Ergometer	13,000	Important: Necessary for Improvement	Physician Request	Replacement	Clinical Equipment
TDI OP PHARMACY	Medication Refrigerator	13,000	Essential: Cannot Function Without	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
RBG OP PHARMACY	Medication Refrigerator	13,000	Essential: Cannot Function Without	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
RBG OP PHARMACY	Medication Refrigerator	13,000	Essential: Cannot Function Without	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Information Systems
COPY CENTER	1800S Folder	12,748	Proactive: Necessary To Avoid Problems	New Technology	Replacement	Administrative Equipment
MARC ASC	Stryker FluidSmart Fluid Management System	12,436	Important: Necessary for Improvement	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
UH ST G TRAUMA RESUSCITATION UNIT	Bladder Scanner	11,478	Important: Necessary for Improvement	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
UMA - RBG PRIMARY CARE MOBILE	Vaccine Refrigerator	11,392	Important: Necessary for Improvement	Regulatory Mandated	Replacement	Clinical Equipment
SE DIALYSIS	Replace 2ea Carbon Tank Valves and Timers at SE Dialysis	10,912	Proactive: Necessary To Avoid Problems	Safety Mandated	Replacement	Clinical Equipment
SOUTH DIALYSIS	Replace 2ea Carbon Tank Valves and Timers at South Dialysis	10,912	Proactive: Necessary To Avoid Problems	Safety Mandated	Replacement	Clinical Equipment
UH HEMATOLOGY CLINIC	Veinfinder	10,600	Important: Necessary for Improvement	Staff Request	Strategic (New Service/Expansion)	Clinical Equipment
RBG ASC OR	Steris Bore Scope	10,485	Important: Necessary for Improvement	Safety Mandated	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
UMA - UHS HEARING AND BALANCE	Interacoustic AA222 portable Audiometer	10,044	Essential: Cannot Function Without	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
MARC ASC	Minerva ES Control Unit for GYN ablation cases	9,995	Essential: Cannot Function Without	Physician Request	Strategic (New Service/Expansion)	Clinical Equipment
ENVIRONMENTAL SERVICES	Battery Operated Burnisher	9,128	Important: Necessary for Improvement	Safety Mandated	Replacement	Administrative Equipment
RBG UT SPECIALITY CLINIC	ENF-GP2 Portable fiber Rhinolaryngoscope	8,419	Important: Necessary for Improvement	New Service	Strategic (New Service/Expansion)	Clinical Equipment
UH ST G ADULT ED	Gyn stretcher	8,367	Essential: Cannot Function Without	Staff Request	Replacement	Clinical Equipment
RBG OBSTETRIC CLINIC	BARRIER FREE HIGH LOW EXAM ,450LBS,GUN METAL	8,150	Proactive: Necessary To Avoid Problems	Staff Request	Replacement	Clinical Equipment

**Preliminary 2024 Budget, Capital Requests
University Health less Community First**

Dept. Name	Request Name	2024 Amount	Priority	Reason	Class	Category
UH OP TRANSPLANT SERVICES	Lumify Ultrasound Transducer/Tablet	8,000	Proactive: Necessary To Avoid Problems	New Service	Strategic (New Service/Expansion)	Clinical Equipment
RBG ASC OR	Nasal Instrument Tray	7,936	Proactive: Necessary To Avoid Problems	Staff Request	Strategic (New Service/Expansion)	Clinical Equipment
SE PHYSICAL THERAPY	NuStep T6 Pro Recumbent bike cross trainer	7,530	Essential: Cannot Function Without	Safety Mandated	Replacement	Clinical Equipment
ADMINISTRATION - GENERAL	Fisherbrand Isotemp General Purpose Chromatography Refrigerators Sliding Glass	7,307	Essential: Cannot Function Without	Required Maintenance	Replacement	Clinical Equipment
UH RT 3 HLA LAB	315 Camera Upgrade with windows 10 computer	7,238	Proactive: Necessary To Avoid Problems	New Technology	Strategic (New Service/Expansion)	Administrative Equipment
UH ST 9 TRANSPLANT/CT ACU	Cardiac Chair	6,116	Proactive: Necessary To Avoid Problems	Safety Mandated	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
RBG PHYSICAL THERAPY	SCIFIT ProSeries Total Upper Body Exercises	6,045	Essential: Cannot Function Without	Safety Mandated	Replacement	Clinical Equipment
IRF HT 6 REEVES REHAB	Hoyer Lift	5,905	Essential: Cannot Function Without	Staff Request	Replacement	Clinical Equipment
UH HT 6 MEDICINE	Hoyer Lift	5,905	Essential: Cannot Function Without	Staff Request	Strategic (New Service/Expansion)	Clinical Equipment
UMA - HISD SCHOOL BASED CLINIC	Vaccine Refrigerator	5,696	Important: Necessary for Improvement	Regulatory Mandated	Mandated (Regulatory Safety & Required Maintenance)	Clinical Equipment
TDI PODIATRY CLINIC	Electric Cast Saw with Dust extraction System	5,659	Important: Necessary for Improvement	Safety Mandated	Strategic (New Service/Expansion)	Clinical Equipment
RBG CARDIOVASCULAR CLINIC	Phillips Lumify System POCUS	5,659	Important: Necessary for Improvement	Physician Request	Replacement	Clinical Equipment
RBG OBSTETRIC CLINIC	LEEP SYSTEM	5,649	Important: Necessary for Improvement	Staff Request	Replacement	Clinical Equipment
UH - 36TH STREET	Vaccine Refrigerator	5,605	Essential: Cannot Function Without	Required Maintenance	Replacement	Clinical Equipment

Total 2024 Amount 46,738,287

Property Acquisitions/Dispositions/Long Term Leases

Description	Address	Status	Building / Space Sqft
New Facility Acquisitions			

Inwood Clinic	15102 Huebner Road	Purchased	3486 sq.ft./936 acres
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The Inwood Clinic was previously leased before exercising its right to purchase option. This clinic provides primary care for adults and is part of the ambulatory network within University Health.

New Real Estate			
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Eastside Clinic	4.4 Acres (IH-10 / E. Houston)	Purchased	
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This site is designated for a clinical building to be constructed to serve Eastern Bexar County residents.

VIDA (Zarzamora St. and Jaguar Blvd.)	68.02 Acres (Southside-Southstar at Verano)	Purchased	
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This property is centrally located in South Bexar County adjacent to Texas A&M San Antonio. It serves as prime location for future clinical sites, projected to include but not limited to, clinics, medical office buildings, pharmacies, surgical and imaging centers and a community hospital.

Facility Dispositions			
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N/A

Long Term Leases			
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Medical Foundation Lease	Hamilton Wolfe/Floyd Curl Tract	Under Contract	22.25 Acres
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The proposed long term lease with the San Antonio Medical Foundation is for 22.25 acre tract of land and is located on the southwest corner of Hamilton Wolfe and Floyd Curl. This property is slated to build a multidisciplinary outpatient clinic to support the transplant, heart and trauma programs as well as ancillary services which will have a direct impact on access to care for immunocompromised patients. The initial lease term is 55 years and is subject to two, ten year options.



University
Health

**THINKING
BEYOND**

Consolidated Operating, Debt Service, & Capital Budget for FY 2024

December 12, 2023

George B. Hernandez, Jr.
President/Chief Executive Officer

Overview of Capital Projects



Opened December 5, 2023

University Health Vida



Groundbreaking December 13, 2023

University Health Wheatley



Groundbreaking March 2024

Increasing Demand for University Hospital Medical Center Services

Patient Volume Drives Staffing

Volume Growth Year over Year

		<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Outlook</u> <u>2023</u>	<u>Growth</u> <u>Since 2020</u>	<u>Growth</u> <u>Since 2019</u>
Patient Days		204,750	181,053	198,915	206,524	223,228	42,175	18,478
	% YOY Growth		-12%	10%	4%	8%	22%	9%
ER Visits		102,147	85,919	98,271	107,405	115,930	30,011	13,783
	% YOY Growth		-16%	14%	9%	8%	32%	13%
Surgery Cases		19,715	17,110	19,030	20,833	23,895	6,785	4,180
	% YOY Growth		-13%	11%	9%	15%	35%	21%

- Overall growth for 2024 projected at 4.5%
- Driven by:
 - Women's and Children's service line growth, projected at 10%
 - Adult medicine and specialty beds are close to capacity
 - 2024 capacity growth limited by Sky Tower refresh

University Health- Hospital Plan



- University Hospital**
 - Level I trauma center for adults and children
 - Transplant Institute
 - Highest level of medical/surgical care
- Hospital @Home**
 - Began July 2021
 - 1552 patients as of November 2023
 - 7735 bed days
- University Health- Women's & Children's Hospital**
 - Opened December of 2023
 - 300 beds
- University Health- Retama Hospital**
 - Opening with 166 beds (2026-27)
 - Designed for 286 beds
 - Includes an 100,000 sf MOB
- University Health- Palo Alto Hospital**
 - Opening with 166 beds (2026-27)
 - Designed for 286 beds
 - Includes an 100,000 sf MOB





Palo Alto Groundbreaking on January 18, 2024
Retama Groundbreaking in February 2024

Operational Performance

Advanced Services at Texas Urban Hospital Districts

Signature Services/ Programmatic Distinctions	Harris Health System	JPS Health Network	Parkland Health & Hospital System	University Medical Center of El Paso*	University Health
Level I Trauma	Adult	Adult	Adult	Adult	Adult & Pediatric
Burn Center			Cover Adults & Pediatrics		Pediatric (designation) + cover Adults
Level IV Maternal Center	✓	✓	✓	✓	✓
Level IV Neonatal Center	Level III	Level III	Level III	✓	✓
Level IV Epilepsy Center			Adult (NAEC Designation)		Adult & Pediatric (NAEC Designation)
Adult Congenital Heart Program					✓
Comprehensive Stroke Center	✓	✓	✓	✓	✓
ECMO Program			✓		✓
Cancer Center	✓	✓	✓		✓
Adolescent & Young Adult					✓
Nurse Magnet Designation	✓				✓
Pedi Heart Program				✓ Partial	✓
Transplant Program			Adult Kidney		Adult Kidney, Liver & Lung Pedi Kidney & Liver

Significant Projects Impacting Operations in 2024

- Opening the Women's and Children's Hospital (December 2023).
 - Additional staff
 - Depreciation
- Continued growth in Outpatient Services requires more Ambulatory Facilities.



Labor Challenges and Opportunities

The Budget Reflects:

- Market Adjustments for clinical staff positions due to inflation and worker shortages.
- Increased Living Wage from **\$16.75/hour** to **\$18.49/hour**
- Agency staffing reduced from **\$60 million** to **\$5 million**- 195+ recruitment events in 2023.



Lown Institute Hospital Rankings – 2023

In 2023, the Lown Institute assigned a grade of **A** to University Health for the **Social Responsibility Index**, ranking **16th** out of **258** hospitals in Texas (top 6%) and **107th** out of **3637** (top 3%) of all hospitals nationally.

SOCIAL RESPONSIBILITY



Reflects performance across health equity, value, and outcomes.

NATIONAL	107 of 3637
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STATE	16 of 258
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LOWN INSTITUTE
HOSPITALS INDEX











 Hospital

University Health System

San Antonio, TX  ADD TO COMPARE

Top 20 Lown Ranked Hospitals in Texas

1	 Dell Seton Medical Center at the University of Texas Austin, TX	▶
2	 Baylor Scott & White Medical Center - Pflugerville Pflugerville, TX	▶
3	 Baylor Scott & White Medical Center - Brenham Brenham, TX	▶
4	 UT Health Quitman Quitman, TX	▶
5	 St. Joseph Health Regional Hospital Bryan, TX	▶
6	 HCA Houston Healthcare Medical Center Houston, TX	▶
7	 Dallas Medical Center Dallas, TX	▶
8	 Methodist Dallas Medical Center Dallas, TX	▶
9	 Ascension Seton Hays Kyle, TX	▶
10	 Baylor Scott & White Medical Center - Irving Irving, TX	▶

11	 Ascension Seton Medical Center Austin Austin, TX	▶
12	 St. David's Medical Center Austin, TX	▶
13	 Medical City Lewisville Lewisville, TX	▶
14	 Baylor University Medical Center Dallas, TX	▶
15	 Baylor Scott & White Medical Center - Marble Falls Marble Falls, TX	▶
16	 University Health System San Antonio, TX	▶
17	 St. David's South Austin Medical Center Austin, TX	▶
18	 Ascension Seton Northwest Austin, TX	▶
19	 HCA Houston Healthcare West Houston, TX	▶
20	 Medical City Denton Denton, TX	▶

Nationally recognized for quality and safety



The Leapfrog Group, a national nonprofit that sets standards for excellence in patient care.

Focused on excellence. Achieving results.

Quality and safety:



Specialized care:



Technology, employee learning & efficiency:



University Health 2024 Budget

Mission Guiding Principles – Triple Aim Plus

Triple Aim **PLUS**



- Improving Quality, Safety and Outcomes
- Improving the Patient Experience
- Improving Efficiencies
- Improving Access

University Health Foundation

- The Foundation advances the mission of University Health.
- The Foundation's philanthropy efforts have raised more than **\$33.6 million** since 2021 of which **\$28.5 million** has been for the new Women's & Children's Hospital
- Raised over **\$550,000** from 1851 donors to assist in the care of Uvalde patients & families



Major Investments by the Foundation



- Uvalde Community Services
\$350,000
- Mobile Blood Collection
\$200,000
- Robotic Surgery System
\$2.5 Million

Good Stewardship in the Care of the Uninsured

1999	\$157,367
2000	\$3,030,059
2001	\$7,851,720
2002	\$9,836,531
2003	\$13,618,501
2004	\$15,332,056
2005	\$17,602,281
2006	\$15,934,590
2007	\$13,828,639
2008	\$13,892,123
2009	\$13,515,160
2010	\$14,303,907
2011	\$15,810,581
2012	\$14,193,583
2013	\$14,328,104
2014	\$12,497,092
2015	\$13,471,860
2016	\$14,161,209
2017	\$18,203,653
2018	\$18,225,197
2019	\$25,544,288
2020	\$24,167,345
2021	\$26,174,769
2022	\$35,126,292
2023-09	<u>\$35,857,742</u>
	\$406,664,648

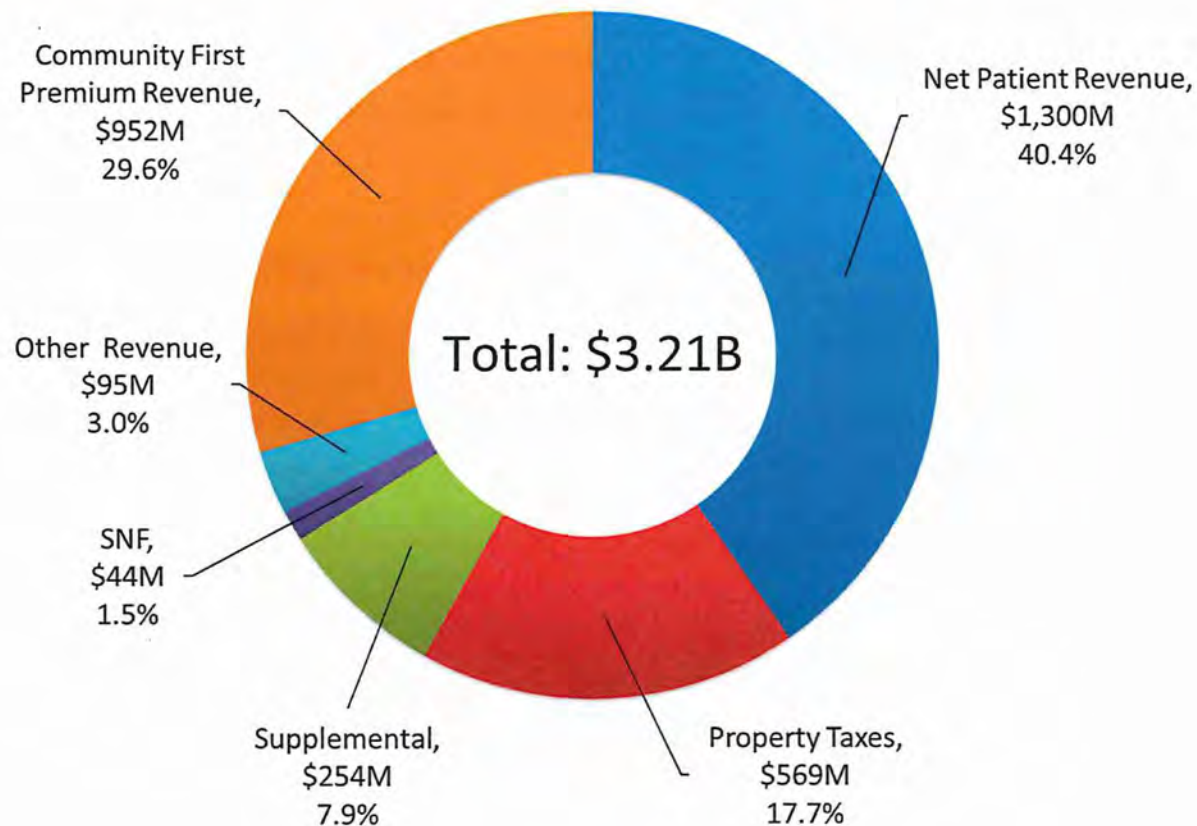
Medications Assistance Program*



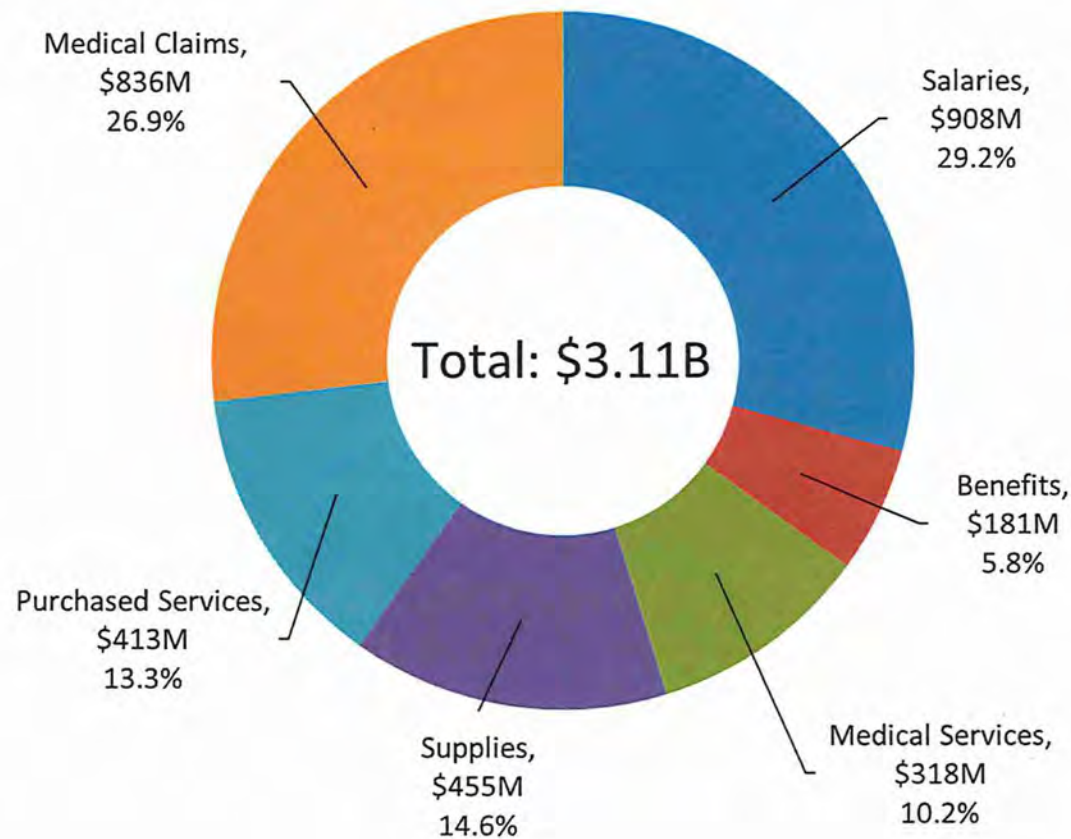
*University Health works with the pharmaceutical companies to secure free medications for CareLink members. UH cost savings through September 30, 2023.



Consolidated 2024 Revenue Budget



Consolidated 2024 Expense Budget



Consolidated 2024 Budget

Consolidated (Dollars in Millions)	2023 Projected	2024 Preliminary Budget	Variance from Projected	% Variance
Total Operating Revenue	\$3,066.5	\$3,214.4	\$147.9	4.8%
Total Operating Expense	\$2,807.3	\$3,110.6	\$303.3	10.8%
Operating Gain	\$259.2	\$103.7	(\$155.4)	(60.0%)
Nonoperating Revenue/(Expense):				
Depreciation/Amortization	(\$99.1)	(\$129.4)	(\$30.3)	(30.5%)
Other Non-operating	\$86.7	\$64.3	(\$22.4)	(25.8%)
Premium Deficiency Reserve	\$1.0	\$2.0	\$1.0	100.0%
Total Non-Operating Revenue	(\$11.4)	(\$63.1)	(\$51.6)	(452.7%)
Bottom Line excluding Debt Service	\$247.8	\$40.7	(\$207.1)	(83.6%)
Debt Service Expense	\$87.6	\$99.6	\$12.0	13.7%
Capital Requirements	\$47.0	\$47.3	\$0.3	0.6%

Routine Capital Budget

Priority	Mandated (Regulatory Safety & Required Maintenance)	Replacement	Strategic (New Service / Expansion)	Grand Total
Essential: Cannot Function Without	\$ 8,224,953	\$ 13,773,007	\$ 4,514,074	\$ 26,512,034
Important: Necessary For Improvement	\$ 1,360,053	\$ 7,065,545	\$ 7,217,135	\$ 15,642,733
Proactive: Necessary To Avoid Problems	\$ 3,346,116	\$ 1,567,442	\$ 231,040	\$ 5,144,597
Total Consolidated	\$ 12,931,122	\$ 22,405,993	\$ 11,962,249	\$ 47,299,364

- IT Equipment Replacement \$9M
- Aged Facilities Equipment \$4M
- CT Scanner Replacement \$4M
- Interventional Radiology Suite \$4M

* Additional Detail of Capital Requests on **Exhibit 8**

Debt Service Budget

Dollars in millions	2023 Projected	2024 Preliminary Budget	Variance from Projected	% Variance
Debt Service Payment	\$ 87.6	\$ 99.6	\$ 12.0	13.7%

Increase in 2024 Debt Service related to \$200 million bond issuance for the Retama and Palo Alto community hospital projects.

Recommended Motion:

The Board of Managers recommends
Commissioners Court approve the proposed
Fiscal Year 2024 Operating, Debt Service and Capital
Budgets for University Health.



University
Health

**THINKING
BEYOND**



Consideration of an Increase in the Homestead Exemption for University Health for Tax Year 2024

December 12, 2023

George B. Hernandez, Jr.
President/Chief Executive Officer

Increase in Homestead Exemption

- University Health recommends increasing the homestead exemption from 5% to 20% for Tax Year 2024.
- The increase in the exemption will save taxpayers \$54 million in 2025.
- The Board requests Commissioners Court approval of the increase in the exemption.



Recommended Action

**Adopt an Order increasing the Ad Valorem Tax
Homestead Exemption for University Health
to 20 percent for Tax Year 2024.**

**ORDER OF THE BEXAR COUNTY COMMISSIONERS COURT
ADOPTING A HOMESTEAD TAX EXEMPTION FOR THE BEXAR COUNTY HOSPITAL
DISTRICT D/B/A UNIVERSITY HEALTH**

WHEREAS, University Health currently provides a \$30,000 over-65 tax exemption to assist seniors income struggling to pay property taxes; and

WHEREAS, in addition, University Health implemented a homestead tax exemption of five percent (5%) earlier this year with the understanding that each year this rate would be evaluated and adjusted in order to reach the ultimate goal of twenty percent (20%); and

WHEREAS, University Health believes that it can further expand the tax exemptions it offers to homeowners without affecting University Health's ability to continue to provide high quality services and is recommending that the maximum twenty percent (20%) homestead tax exemption be implemented, beginning with the 2024 valuations; and

WHEREAS, through approval of this Order, the Bexar County Commissioners Court has determined that adopting the recommended twenty percent (20%) proposed exemption from taxation of the appraised value of the residence homestead as set out in this Order is advisable and is in the best interest of the residents of Bexar County.

WHEREAS, a quorum of the Bexar County Commissioners are present to consider the adoption of University Health's recommendation, **NOW, THEREFORE**;

**BE IT ORDERED, ADJUDGED AND DECREED BY THE COMMISSIONERS
COURT OF BEXAR COUNTY, TEXAS:**

SECTION 1. The Bexar County Commissioners Court hereby finds and determines that approval of a twenty percent (20%) homestead exemption for University Health's *ad valorem* taxes is in the best interest of the residents of the County.

SECTION 2. After due consideration, the Bexar County Commissioners Court hereby adopts a homestead property tax exemption of twenty percent (20%) for University Health *ad valorem* taxes, beginning with the 2024 valuations.

SECTION 3. This Order shall be effective and in full force immediately upon passage and adoption and shall be implemented in the manner provided by law for official action by the Bexar County Commissioners Court and prior to the July 1, 2024 deadline.

PASSED AND ADOPTED this 12th day of December, 2023.

PETER SAKAI
County Judge

ATTEST:

LUCY ADAME-CLARK
County Clerk, Bexar County Texas and
Ex-Officio Clerk of the Commissioners Court