

MEMORANDUM

To: Board of Directors

From: Mike Richards
Executive Physician-in-Chief

Steve McKernan
Chief Operating Officer

Date: February 1, 2016

Subject: Monthly Health System Activity Update

The System has been involved in a variety of activities. This report is based on December 2015 activity.

Activities Levels: In comparison of Fiscal Year 2016 to Fiscal Year 2015, we saw increases in activity levels in some services and decreases in some services.

Patient days were about 1% less than the prior year mostly in the pediatric units. Obstetric days have increase 4% from the prior year. Discharges have decreased 3% overall with a 3% decrease for adults, a 13% decrease for pediatrics and a 2% increase in obstetrics. The length of stay is 2% greater this year compared to the prior year without adjustment for the Case Mix Index. The Case Mix Index aggregate Length of Stay stable at 3.4 day because of 5% increase in the case mix index.

Clinic visits show a increase of about 1% compared to the prior year There are still delays in inputting clinic visit charges as of the result of a new billing process and the implementation of ICD 10. The total emergency room and urgent care visits have decreased over the prior, mostly due to some staffing issues in the urgent care center and the billing issues. Surgeries are 4% higher than the prior year and births are 4% greater than the prior year. The obstetrics activity seems to have been increasing in a positive trend.

The Medical Group RVU's are about the same as the prior year. There are still delays in billing at the Medical Group due to the ICD 10 conversion issues.

The revenue cycle group in the Health System has been implementing changes in processes to assure better compliance with billing regulations. It is expected that this process will clear up before the end of the first quarter of the calendar year.

Finances: For the first six months of the fiscal year, UNM Health System had a 9% increase in revenue for an increase of \$49 million to \$561 million. The net margin was approximately a \$7 million gain. Total operating expenses increased 7% to \$627 million. UNMH had a \$7 million margin on \$407 million in Total Operating Revenues. The Medical Group ended with at a \$0 million loss on revenues of \$102 million. SRMC ended with a small gain on \$38 million in revenues. The revenue increase was due to a movement of patient onto Medicaid. The Medicare and Commercial insurance revenues have also increased. Uncompensated care dropped by 33% for this year compared to the prior year from \$106 million to \$92 million at charges. We have also been involved in an initiate to lower the billed charge structure to make the system more affordable to patients with high deductible policies. The cost to charge ratio increased from .51 to .53. The balance sheet is stable. The cash position decreased from \$146 million to \$143 which is common at this time of the year because the mil levy revenues have not been collected and remitted to the hospitals. Accounts receivable have are stable. We have made good progress in collecting Medicaid accounts. UNMH met its debt covenant ratios. SRMC met all its debt covenant ratios.

There had been an accrual in the prior year and the current year for Disproportionate Share revenue under the Medicaid program. UNMH has historically received about \$21 million in DSH payments each year. During the cost report evaluation, it would appear that the increase in patients covered by Medicaid and the payments for those patients have reduced the level of uncompensated care costs. The uncompensated care costs are part of the formula used to calculate the amount of DSH payments that a hospital is eligible for

under Medicaid. UNMH has a significant uncompensated cost related to the write off of deductibles and out of pocket costs for high deductible commercial insurance and Medicare patients. CMS has ruled that those uncompensated care write offs do not qualify to be taken into consideration for the formula to calculate the amount of DSH payment that a hospital is eligible for. The \$21 million revenue for the prior year and the \$9 million accrued for the current year will need to be reversed out of revenues of the hospital and the funds returned to the State. This process is consistent with how the cost report reconciliation process works.

Network Development: UNM Health System is working with providers in the metro area and around the state on developing a network to coordinate care for patients and to coordinate with insurance companies. The principal focus is on contracts with the post-acute providers to make sure we have better placement options for our patients. UNM signed a major contract with Genesis Health Care which has 11 nursing homes in Albuquerque and 15 around the state. This contract will allow UNM to access 4 beds at all times. The next stage of the contract is to develop a tight coordination of care between UNM and Genesis. There are other contracts under development that will coordinate care for other levels of post-acute care.

Community Activities: We have been involved with Bernalillo County and Sandoval County on plans for care in the County and community. The focus is particularly on behavioral health care access and expansion of community based clinics. The County would like to partner with UNM on future development of the services in the community and on the campuses. We are also now focused on the mil levy and the support that UNM will seek from Bernalillo and Sandoval County. We have had our first meeting with Bernalillo County to understand the County's requests and how UNM would be able to support the programs.

Quality and Safety: UNM HS has been involved in a number of accreditations. UNMH was involved with its Joint Commission survey and did well in the survey. The Level 1 Trauma was recertified. The Basic Stroke Center was reaccredited. The Chest Pain Center was reaccredited.

Operations: The census remains very high. This has resulted in patient's stays in the Emergency Department and the Recovery Room to be much longer than standards. There is also a project that we are involved with to upgrade the electronic medical record and to improve documentation of the patient experience while trying ease practice for the physicians. There is an initiative that will be presented to the HSC Board today in to engage an experienced firm to assist management and the medical staff in improving throughput in the surgical venues. There is an initiative to work with Cerner to improve the management and experience in the clinics. There is an initiative with a consulting firm to assist in improving throughput in the inpatient units. The Studer Group has been engaged to assist in using best practices in engaging the medical and hospital staff and using hard wiring processes

Strategic Planning: We are finalizing the strategic plan for UNMH. We are initiating a strategic plan for SRMC. Hospitals, as a part of accreditation and as a matter of good practice, need to maintain up to date strategic plans. Part of the strategic plan for each hospital is a master facility plan. Accreditation standards require three year facility plans. The UNMH Board has made a recommendation to engage an architecture firm to develop the plan for a replacement adult hospital. That recommendation will be brought to the HSC Board at this week's meeting.

If there are any questions on this or other matters, please feel free to contact me.

UNM HS Total Operations - Stats
YTD December 31, 2015

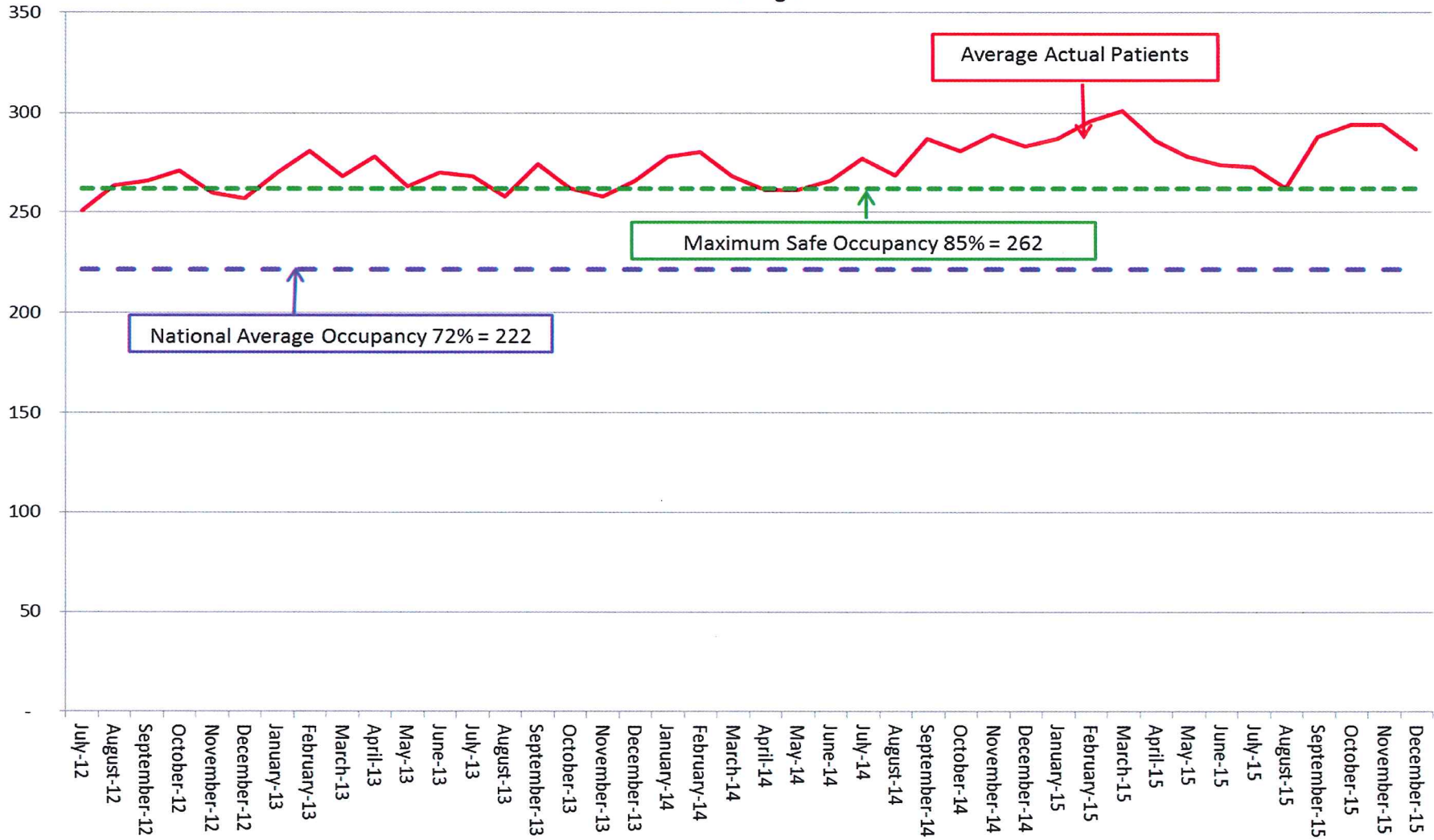
	Total HS	Total HS Prior Year	FY 15 vs. FY 16		Total HS FY 16 Budget	Budget Variance
			\$ Change	% Change		
TOTAL PATIENT DAYS	84,333	85,213	(880)	-1%	89,174	(4,841)
TOTAL DISCHARGES	14,100	14,580	(480)	-3%	15,756	(1,656)
TOTAL LENGTH OF STAY	6.0	5.8	0.1	2%	5.7	0.3
BEHAVIORAL						
Patient Days	13,483	13,748	(265)	-2%	13,934	(451)
Discharges	1,296	1,317	(21)	-2%	1,340	(44)
Length of Stay	10.4	10.4	(0.0)	0%	10.4	0.0
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OUTPATIENT VISITS						
TOTAL OUTPATIENT CLINICS	385,458	382,025	3,433	1%	413,069	(27,612)
URGENT CARE	7,100	11,481	(4,381)	-38%	11,762	(4,662)
EMERGENCY ROOM	43,898	47,936	(4,038)	-8%	47,041	(3,143)
TOTAL OUTPATIENT VISITS	436,456	441,442	(4,986)	-1%	471,872	(35,416)
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TOTAL SURGERIES	11,976	11,565	411	4%	12,316	(340)
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TOTAL BIRTHS	1,547	1,527	20	1%	1,493	54
ECT Stats	989	991	(2)	0%		
Total Work RVU's	1,465,324	1,466,214	(890)	-0.1%	1,638,608	(173,284)

	A	H	I	J	K	L	M	N	O	P	S
1	UNM HS Total Operations - Income Statement										
2	YTD December 31, 2015										
3	(In thousands)										
4											
5		Total HS	Total HS	Total HS	FY 15 vs. FY 16		Total HS	Total HS			Cap Ini
			Prior Year		\$ Change	% Change	FY 16 Budget				
21	Total NET Patient Revenue	561,721	513,150		48,572	9%	574,482				
22											
23	State/Local Contracts/Grants	1,404	1,375		28	2%	1,609				
24	Other Operating Revenues	17,764	17,041		723	4%	15,750				
25											
26	Total Operating Revenues	580,889	531,566		49,323	9%	591,841				
27											
43	Total Operating Expenses	626,714	585,170		41,544	7%	640,301				216
44											
45	Total Operating (Loss) Gain	(45,825)	(53,604)		7,779	-15%	(48,461)				(216)
46											
62	Total Net Non-Operating Revenue	53,294	58,091		(4,797)	-8%	53,060				216
63											
64	Total Increase in Net Position	7,469	4,487		2,982	66%	4,600				-
65											
66											

	A	H	I	J	K	L	M	N	O
84	UNM HS Total Operations -Balance Sheet								
85	YTD December 31, 2015								
86	(In thousands)								
87						FY 15 vs. FY 16			
88		Total HS		Total HS		\$ Change	% Change		Cap Ini
89	ASSETS								
90									
91	Cash & Cash Equivalents	205,843		217,528		(11,685)	-5%		212,633
92									
93	Total Net Patient Receivable	185,876		171,724		14,152	8%		-
94									
95	Other Assets	150,598		131,376		19,222	15%		-
96									
97	Total Net PP&E	361,241		364,615		(3,374)	-1%		50,451
98									
99	Total Assets	903,791		885,243		18,547	2%		263,084
100									
101	DEFERRED OUTFLOWS	357		357		-	0%		-
102									
103	LIABILITIES								
104									
105	Total Current Liabilities	259,603		239,542		20,061	8%		-
106									
107	Total Long-Term Liabilities	241,846		250,829		(8,983)	-4%		-
108									
109	Total Liabilities	501,449		490,371		11,078	2%		-
110									
111	DEFERRED INFLOWS	1,310		1,310		-	0%		-
112									
113	Total Net Position	401,389		393,919		7,469	2%		263,084
114									
115	<i>Current Ratio</i>	<i>1.80</i>		<i>1.89</i>		<i>(0.09)</i>	<i>-5%</i>		
116									
117									

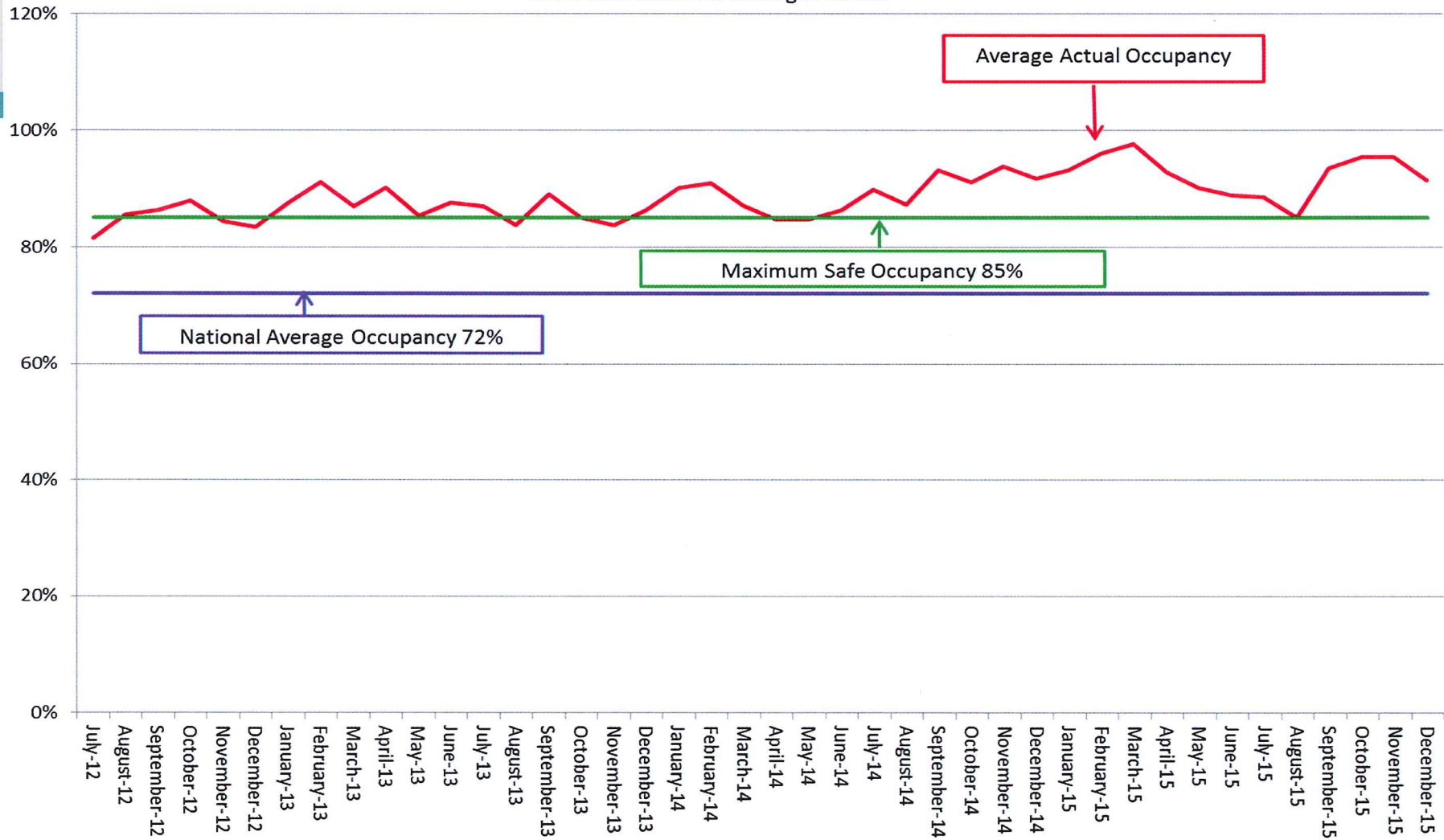
UNMH - Average Patients in Adult Licensed Beds (by Month)

Billed Data based on Midnight Census

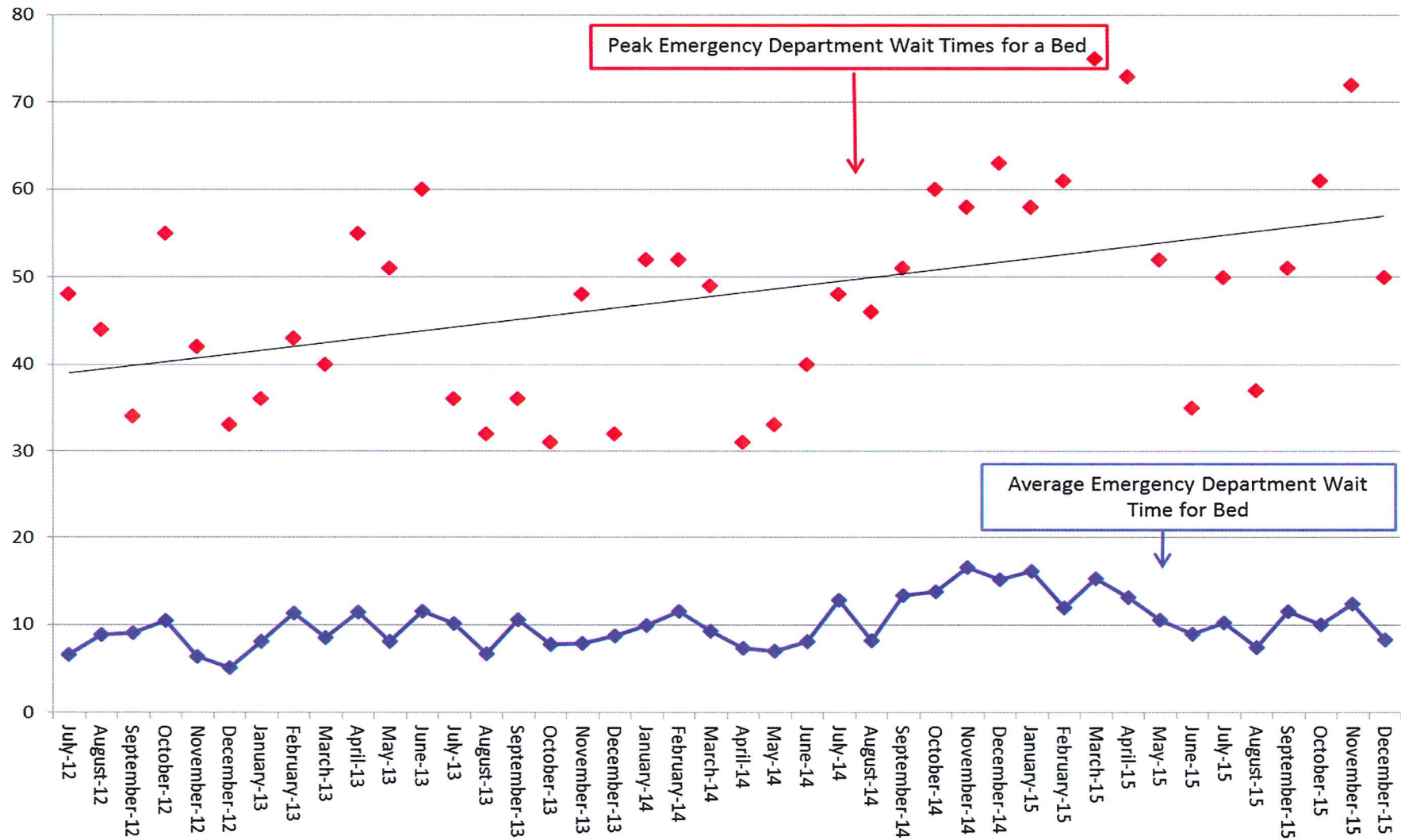


UNMH - Average Occupancy in Adult Licensed Beds (by Month)

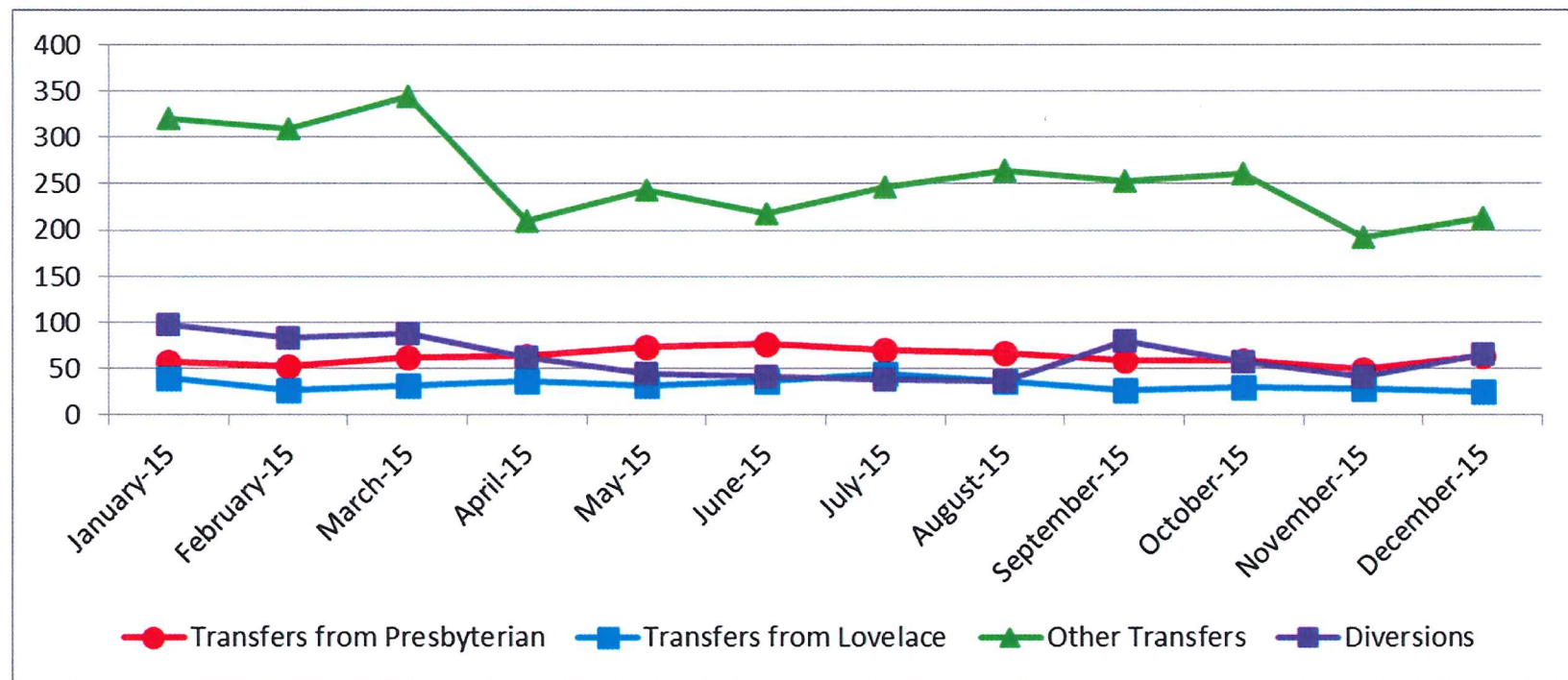
Billed Data based on Midnight Census



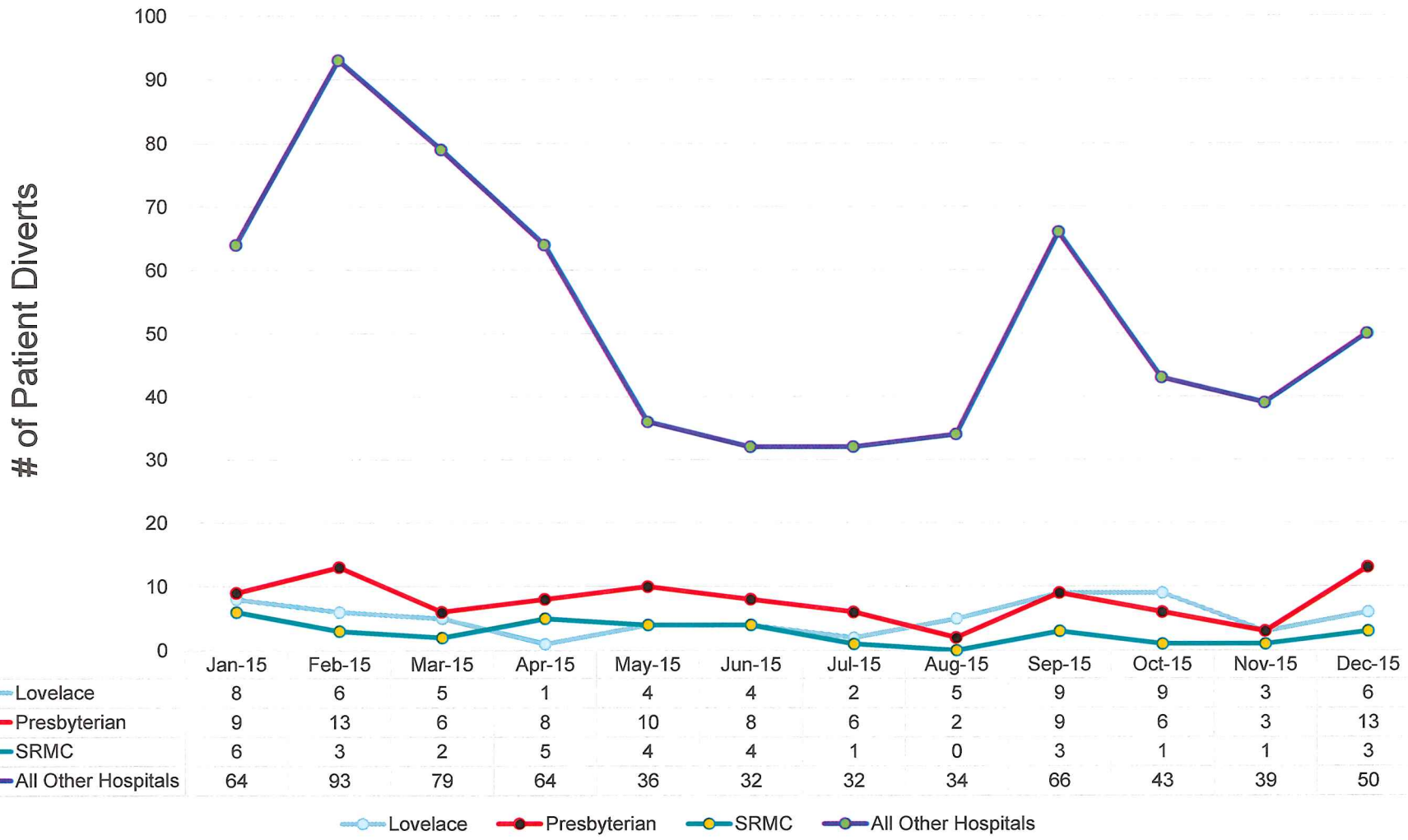
Emergency Department Wait Times for a Bed



Transfers to UNMH and Diversions from UNMH



Number of Patients Diverted from UNMH



of Warm Hand-Offs of Patients

