

# ***Mondays in March***

***March 31, 2008***

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## **Business and Finance**

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***Vice President of Finance and***  
***Chief Financial Officer***

# Financial Statements

# Operating Results

(\$ 000's)

	<b>FY 07</b>	<b>FY 08</b>	<b>FY 09</b>
	<b>Actual</b>	<b>Forecast</b>	<b>Target</b>
<b>Operating Revenues:</b>			
Net Patient Care Revenue	\$ 825,865	\$ 845,958	\$ 921,852
Grants and Contracts	218,084	253,834	264,281
Other Operating Revenue	49,499	51,188	55,365
<b>Total Operating Revenues</b>	<u>1,093,448</u>	<u>1,150,980</u>	<u>1,241,499</u>
<b>Operating Expenses:</b>			
Salaries and Benefits	937,876	1,021,766	1,071,980
Supplies, Services and Other	437,926	432,695	453,836
Depreciation and Interest Expense	57,175	63,390	77,378
<b>Total Operating Expenses</b>	<u>1,432,977</u>	<u>1,517,851</u>	<u>1,603,194</u>
<b>Operating Income (Loss)</b>	<u>(339,530)</u>	<u>(366,871)</u>	<u>(361,695)</u>
<b>Non-Operating Revenues (Expenses):</b>			
General Revenue	306,206	306,788	309,188
Net Investment Income (Loss)	35,081	35,524	36,814
Interest Expense for Capital Asset Financing	(5,513)	(6,325)	(8,827)
Gifts	6,336	9,670	11,099
<b>Net Non-Operating Revenues (Expenses)</b>	<u>342,110</u>	<u>345,656</u>	<u>348,274</u>
<b>Adjusted Margin</b>	<u>\$ 2,581</u>	<u>\$ (21,215)</u>	<u>\$ (13,422)</u>
<b>Adjusted Margin before Depreciation</b>	\$ 59,704	\$ 42,117	\$ 63,944

## Statement of Changes in Net Assets

(\$ 000's)

	FY 07 Actual	FY 08 Forecast	FY 09 Target
<b>Adjusted Margin</b>	\$ 2,581	\$ (21,215)	\$ (13,422)
Investment Gains (Losses) and Other	67,982	-	-
<b>Income (Loss) Before Capital and Endowments Adds</b>	70,563	(21,215)	(13,422)
Grants and Gifts for Capital Acquisitions	72,171	63,310	77,450
Additions to Endowments	13,125	7,827	-
Transfers from (to) System/Other State Components	(12,084)	27,300	18,165
<b>Increase (Decrease) in Net Assets</b>	143,774	77,222	82,193
<b>Beginning Balance in Net Assets</b>	1,157,548	1,301,322	1,378,545
<b>Ending Balance in Net Assets</b>	\$ 1,301,322	\$ 1,378,545	\$ 1,460,738

# Combined Statement of Net Assets

(\$ 000's)

<b>Assets:</b>	<b>FY 07</b>	<b>FY08</b>
<b>Current Assets</b>	<b>Actual</b>	<b>Feb YTD Actual</b>
Unrestr Cash and Equivalents	\$ 57,856	\$ 81,132
Restricted Cash and Equivalents	15,394	17,981
Patient Accounts Receivable	91,447	104,469
Other Accounts Receivable, Net	75,377	81,051
Other Current Assets	18,545	139,474
<b>Total Current Assets</b>	<b>258,621</b>	<b>424,107</b>
<b>Non-Current Assets</b>		
<b>Property, Plant and Equipment</b>		
Prop, Plant, and Equip at Cost	1,287,082	1,328,564
Accumulated Depreciation	(691,864)	(719,175)
<b>Property, Plant and Equip, Net</b>	<b>595,218</b>	<b>609,389</b>
<b>Other Long-Term Assets</b>		
Endowments	503,164	501,691
Other Investments	214,036	278,022
<b>Total Other Long-Term Assets</b>	<b>717,200</b>	<b>779,713</b>
<b>Total Assets</b>	<b>\$ 1,571,039</b>	<b>\$ 1,813,209</b>
<b>Liabilities and Net Assets:</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accts Payable, Accr Liab, Curr Port LT Debt	\$ 102,517	\$ 83,296
Payroll and Accrued Leave	86,896	99,663
Deferred Revenue	45,100	280,403
<b>Total Current Liabilities</b>	<b>234,512</b>	<b>463,362</b>
<b>Long-Term Liabilities</b>	<b>136,801</b>	<b>139,598</b>
<b>Total Liabilities</b>	<b>371,313</b>	<b>602,960</b>
<b>Total Net Assets</b>	<b>1,199,726</b>	<b>1,210,249</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,571,039</b>	<b>\$ 1,813,209</b>

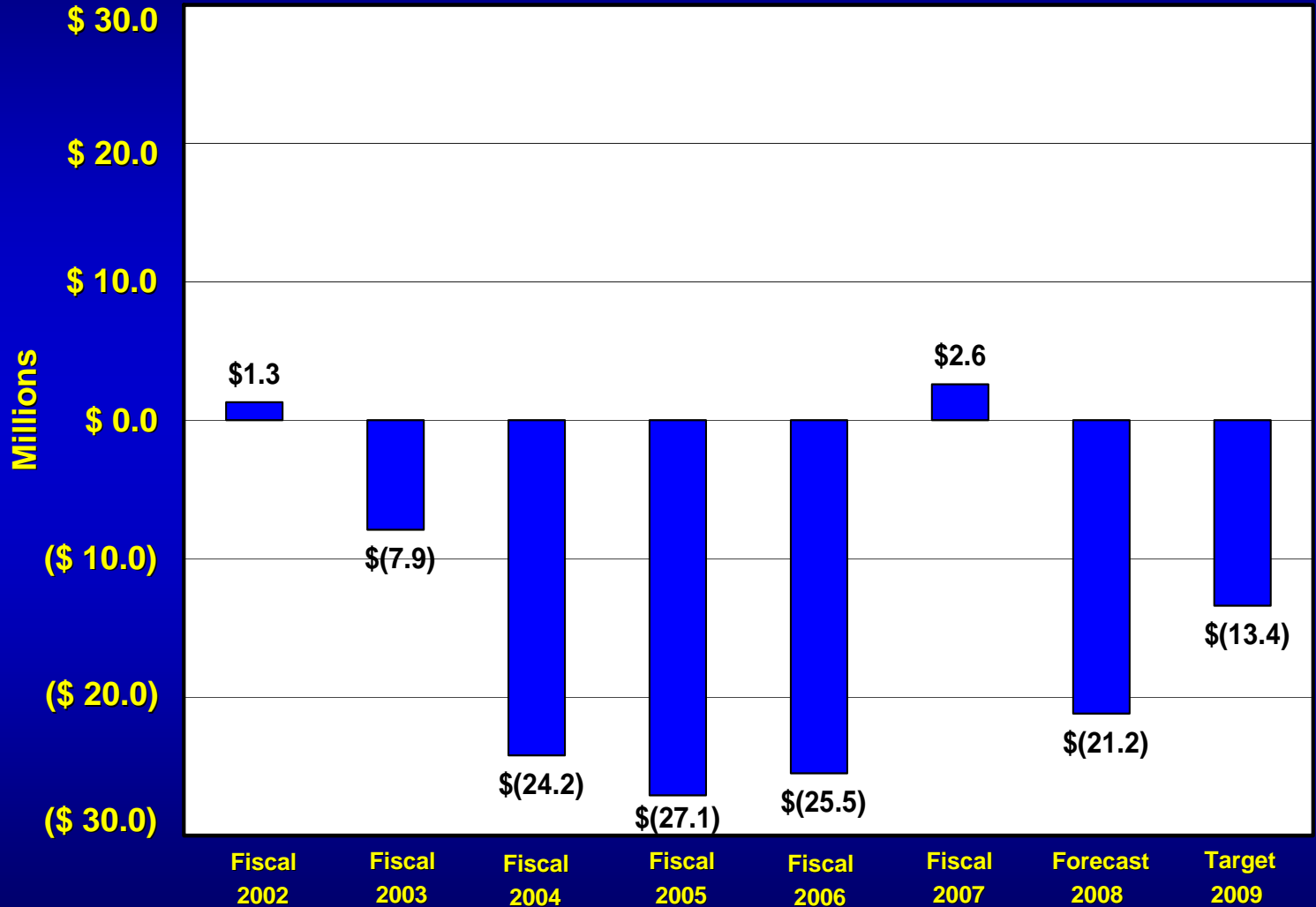
# Combined Statement of Cash Flows

(\$ 000's)

	FY 07 <u>Actual</u>	FY08 <u>Feb YTD Actual</u>
<b>Increase (Decrease) in Net Assets:</b>		
Adjusted Margin	\$ 2,581	\$ (15,945)
Increase (Decrease) in Fair Value of Investments	61,580	(3,357)
Net Capital and Endowment Additions	106,201	(293)
Other	6,402	30,117
<b>Increase (Decrease) in Net Assets</b>	<u>176,764</u>	<u>10,523</u>
<b>Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:</b>		
Depreciation	57,124	32,244
Changes in Working Capital	(6,696)	89,258
<b>Total Adjustments to Reconcile</b>	<u>50,428</u>	<u>121,502</u>
<b>Net Cash Provided by Operating Activities</b>	<u>227,192</u>	<u>132,025</u>
<b>Cash Flow from Investing Activities:</b>		
Capital Additions and Other	(121,952)	(46,269)
[Increase]/Decrease in Funds Held by System Administration	(65,112)	1,340
<b>Cash Flows from Investing Activities</b>	<u>(187,064)</u>	<u>(44,929)</u>
<b>Cash Flow from Financing Activities:</b>		
Increase/[Decrease] in Debt	(14,329)	2,765
<b>Cash Flows from Financing Activities</b>	<u>(14,329)</u>	<u>2,765</u>
<b>Net Change in Cash and Investments During Period</b>	25,799	89,861
<b>Cash and Investments at Beginning of Period</b>	<u>254,708</u>	<u>280,506</u>
<b>Cash and Investments at End of Period</b>	<u>\$ 280,506</u>	<u>\$ 370,366</u>

# Adjusted Margin

## Fiscal Year 2002 – Fiscal Year 2009



people

growth

education

finance

quality/service

community



**Mission:** *Define the Future*

**Vision:** *Be the Best!*

people

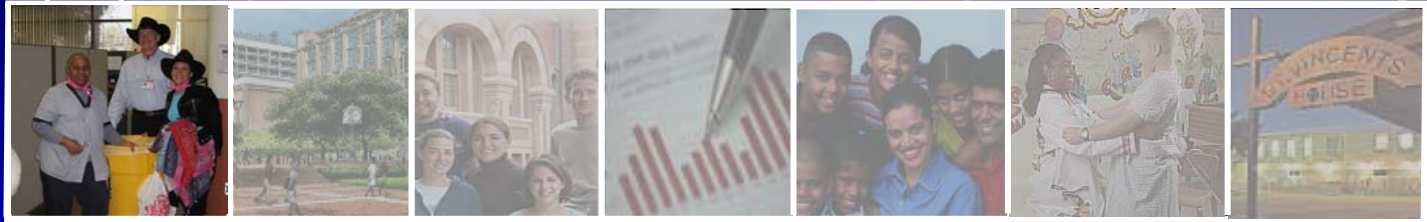
growth

education

finance

quality/service

community



**Attract and retain a world-class workforce, and achieve recognition as a preferred employer and workplace.**

people

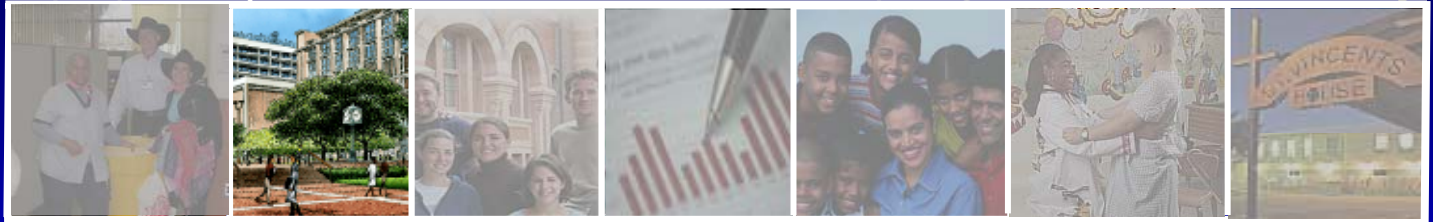
growth

education

finance

quality/service

community



**Become known nationally and globally as a leader in health care delivery and biomedical science by developing or expanding priority clinical and research programs and facilities.**

people

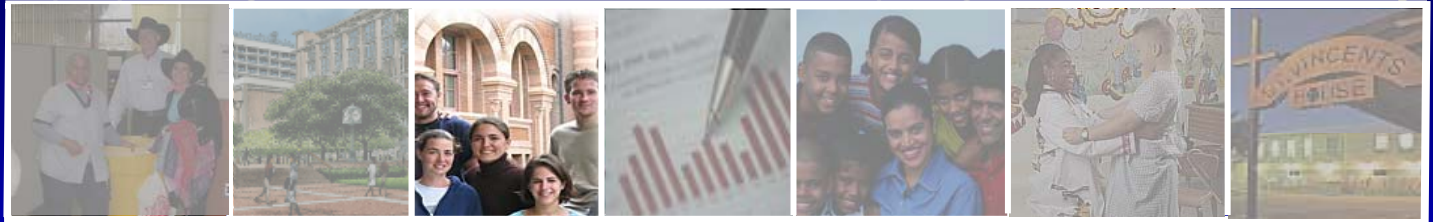
growth

education

finance

quality/service

community



**Achieve national prominence for innovative and effective educational curricula focused on evidence-based learning and practice across the health professions.**

people

growth

education

finance

quality/service

community



**Generate financial strength with strategic investments in programs and growth in philanthropic support.**

people

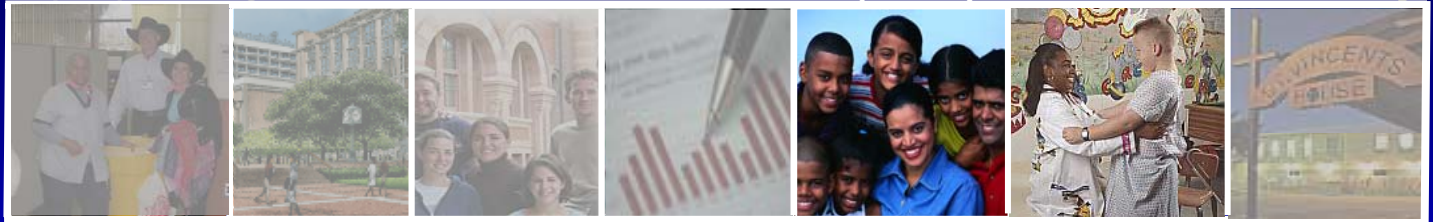
growth

education

finance

quality/service

community



**Achieve and sustain top-quartile performance in clinical outcomes, patient service and employee satisfaction.**

people

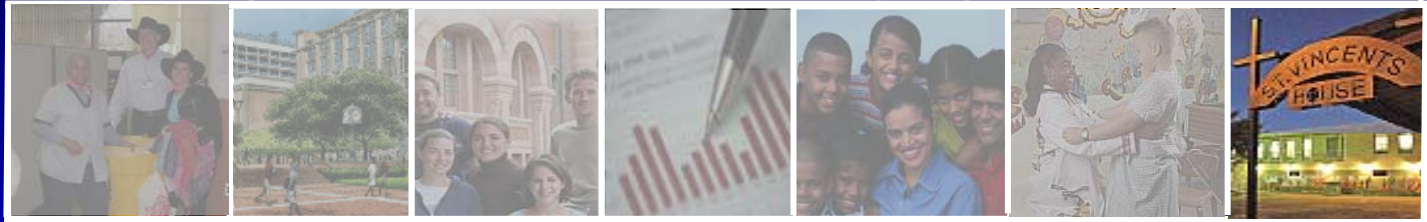
growth

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quality/service

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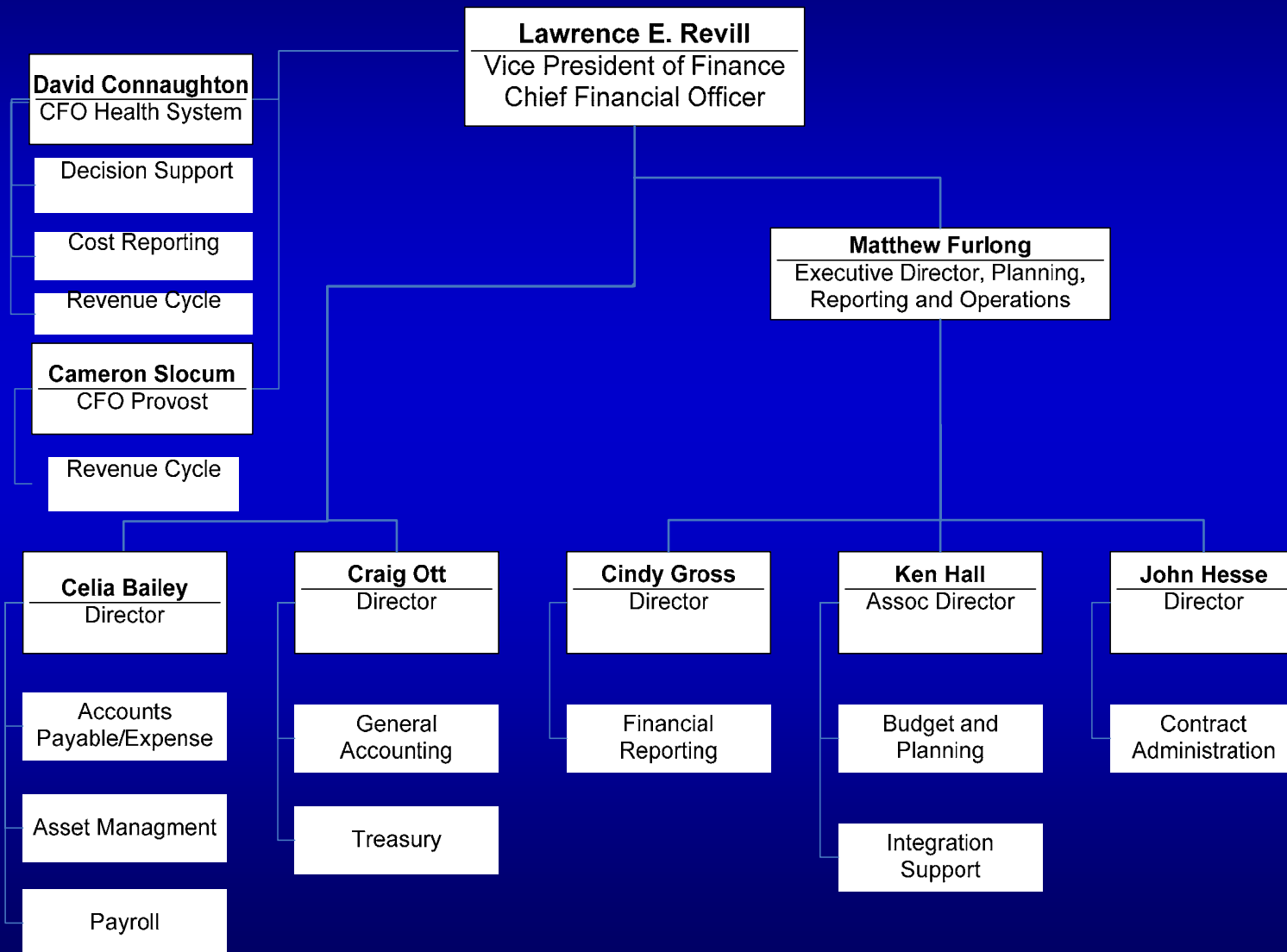


**Develop and implement model programs that optimize the health of the populations we serve, including those that are vulnerable or underserved.**

# Finance

**The mission of Finance is to be a strategic partner with the operational areas of the institution and to provide high quality, cost effective administrative systems and financial support.**

# FINANCE ORGANIZATION



# Finance

**The recent reorganization establishes an integrated finance organization that will more effectively deliver financial services across the institution.**

- **Improved communication and coordination**
- **Increased efficiency**
- **Consistency**

# Finance Strategic Objectives

- **Improve support to operational areas to better help them achieve their strategic objectives.**
- **Maximize performance and return on investment of administrative systems.**
- **Ensure operational effectiveness of Finance across the organization.**
- **Improve budgeting process to optimize decision making and resource allocation.**

# What will success look like?

- **Leadership has the information and analysis it needs to effectively manage the organization.**
  - ✓ **Timely**
  - ✓ **Accurate**
  - ✓ **Relevant**
  - ✓ **Consistently presented**
  - ✓ **Easily understood**
  
- **Administrative systems are accessible and trusted, and deliver timely, accurate, and useful information.**

## What will success look like?

- **Finance organization delivers exceptional support to operational areas effectively and efficiently.**
- **Resources are effectively allocated to those uses that best support achievement of institutional strategic objectives.**

# Administrative Systems

**UTMB has made significant investments in administrative systems to improve managerial and operational effectiveness.**

- **Improve system viability and reduce IT risk**
- **Facilitate timely accessibility to information**
- **Improve quality and reliability of information**
- **Support transparency and accountability**
- **Ensure compliance**
- **Reduce cost and improve efficiency**

# Administrative Systems

## ➤ PeopleSoft

### ✓ Financial Management Solutions (8.8)

- General Ledger
- Travel
- Purchasing
- Commitment Control
- Accounts Receivable
- Project Costing
- Asset Management
- Accounts Payable
- Expense
- eProcurement
- Grants
- Billing
- Contracts

### ✓ Human Capital Management (8.9)

- Payroll
- Talent Acquisition Mgmt.
- Benefits Administration
- Workforce Administration

# Administrative Systems

- **Hyperion Enterprise (9.3.01)**
  - ✓ Financial Reporting
  - ✓ Interactive Reporting
  - ✓ Master Data Management
  - ✓ Planning
  - ✓ Smartview
  - ✓ Essbase
- **SMS Invision – Hospital Registration/Billing**
- **SMS Signature – Physician Billing**
- **Kronos (4.3)**
- **Eclipsys Decision Support**
- **CG4 Asset Tracking (3.3.0)**

# Administrative Systems

**Several administrative systems enhancements are planned over the next several years, to improve performance, usefulness, and ROI .**

- **Upgrade to PeopleSoft 9.0 - FY09 / FY10**
- **Upgrade to Hyperion 9.3.1 – April 2008**
- **Upgrade to Kronos 6.0 – underway / May 2008**
- **New Student Information System - FY09 / FY11**
- **New Patient Billing systems – FY10 / FY11**

# Revenue Cycle

**Efficient and effective revenue cycle processes are essential to our success. Several enhancements have been implemented and more are planned to optimize the performance of this critical function.**

- **Integrated revenue cycle functions**
- **Centralized registration functions**
- **Re-organized functional areas to gain efficiencies**
- **Expanded financial counseling process**
- **Working with HHSC to improve Medicaid revenue**
- **Pursuing GME, DSH, UPL enhancements**
- **Coding initiatives**
- **Managed Care Contracting**

# Strategic Initiative Support

## Health System

- **Coordinated development of Clinical Enterprise Strategic Business Plan, supporting implementation activities**
- **Business plan for replacement hospital**
- **Developing Mainland strategy**
- **Business planning for Service lines and Centers of Excellence**
- **Productivity monitoring and operational performance improvement**
- **Market monitoring and needs assessment**
- **Evaluation of business development opportunities**

# Strategic Initiative Support

## Academic Enterprise

- **Developing integrated framework of performance management capabilities using Hyperion to enable management to effectively and efficiently plan, monitor, and act to optimize business performance.**
  - ✓ **30 month reporting strategy**
  - ✓ **Transition all research and physician clinical data – physician dashboards, ad hoc reporting, etc., complete by July 08**

# Finance Initiatives

- **Continuous improvement of financial reporting processes**
  - ✓ Shortening close cycle
  - ✓ Automating entries
  - ✓ Enhancing access (Hyperion)
  - ✓ School of Medicine initiatives
  
- **Developing and implementing performance dashboards to facilitate monitoring and management of institutional performance.**
  - ✓ Phase I in FY08
  - ✓ Phase II in FY09

# Finance Initiatives

- **Capital planning**
  - ✓ **Changing planning process**
  - ✓ **Establishing long-range plan**
  - ✓ **StrataCap software to optimize allocation of resources in Hospital**
  
- **Asset management**
  - ✓ **Assignment of assets**
  - ✓ **Depreciation reporting and forecasting**
  - ✓ **Annual inventory process**
  
- **Implementing E-Invoicing**

# Finance

**Finance is here to assist you as we all work to support the continued growth and success of UTMB, to**

**Define the Future, and**

**Be the Best!**

- **Financial reporting and analysis**
- **Performance monitoring and management**
- **Business planning**
- **Resource allocation**
- **Contracting and revenue growth**

# ***Mondays in March***

***March 31, 2008***

***Questions & Discussion***

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**Business and Finance**