

## University of Wisconsin Medical Foundation

Finance Committee Meeting

August 17, 2004

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**Present:** Drs. B. Badie, J. Davis, B. Edmonson, S. Goelzer, J. Heiner, S. Kamnetz, S. Koslov, M. Lucey, D. Olive, L. Ridders, E. Siegal, R. Vega, E. Williams, Messrs. J. Burgess, G. Ridley, J. Sorenson, Ms. M. Marshall

**Mgmt:** Messes. K. Doty, S. Meyer, Messrs. P. Christman, R. Flannery, K. McMahon, M. Rosencrance, Drs. J. Grossman, R. Welnick

**Guests:** Ms. S. Pelatzke, C. Sanders, Messrs. K. Mount, S. Sibley

**Absent:** Drs. S. Bartosh, A. Bridges, F. Edelman, J. Glassroth, P. Kraemer, G. Wendt, Ms. C. Kinsella

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**Minutes.** Dr. John Heiner called the meeting to order at 7:01 am. The minutes of the June 15, 2004 Finance Committee Meeting were approved as presented. *Minutes*

**June 30, 2004 Financial Statements.** Mr. Robert Flannery began presentation of the June 2004 Financial Statements by discussing with the group that the auditors from E&Y are currently working on the year end audit and the statements will be labeled preliminary until the audit is closed. He continued by noting that June was a strong revenue month. Preliminary results indicate a good year end; ending with a net income of \$18.6M compared to a budgeted net income of \$7.4M. Mr. Flannery discussed gross monthly charges and collections for the month. Charges were at 14.0% above YTD prior year (11.59% without UCC) and collections above prior YTD by 14.14% (10.98% without UCC). All departments indicated increases in charges for the month. Days Revenue Outstanding declined slightly. *June 30, 2004 Financial Statements*

**July 31, 2004 Financial Statements.** Mr. Robert Flannery presented preliminary July 2004 Financial Statements indicating that a new format has been created in order to provide more information; however, presentation of the statements will remain at the summary level. The month of July had cash collections of \$29.9M compared to June of \$34.6M and July 2003 of \$28.1M. July collections were 6.36% ahead of last year. Gross charges for July were \$64.4M compared to June of \$77.6M and July of \$58.1M. Net revenue for the month of July was 6.4% over budget. Mr. Flannery indicated that July Operating Expenses were under budget by 1.8%. Net income for the month was \$1.7M compared to a budgeted loss of \$0.777M. *July 31, 2004 Financial Statements*

**Preliminary Year End Report.** Mr. Kevin McMahon began presentation of the year end report by noting that we use work RVUs because it takes the change in fees out of the equation and measures professional work of the physician – it only goes up if more work is done. Mr. McMahon noted that the physician count is growing and RVUs per physician this year to last year is flat. He discussed process improvements and other changes. A reduction in lag days occurred during FY04. Charges by Payor (as a % of total) showed Medicare increasing from 25% for FY03 to 27% for FY04. Likewise, contracted care rose from 23% to 25%. PPIC declined by 2% between FY03 and FY04 as did Self-Other. Net Payments by Payor (as a % of total) were also discussed. Charges and Net Payments for all departments either remained flat or increased between FY03 and FY04; no overall decreases were noted. Expenses rose by only 6.81% between 2002 and FY04. Due to the change in fiscal years, 2002 data was used rather than stub period data. Mr. McMahon reviewed variances in non-physician expenses and what contributing factors were (including: health insurance, oncology drugs, etc.). Mr. McMahon continued by discussing physician compensation as a percent of revenue. Regardless as to which method of calculating revenue is used, physician compensation is above the national average as presented.

***Prelim Year  
End Report***

**Closed Session.** A motion was made to move the committee into a closed session to confer regarding competitive and personnel matters and matters involving actual or potential litigation as authorized by Wisconsin Statue 19.85 (1)(b), 19.85 (1)(e) and 19.85(g). A roll call vote was taken and all members present approved the motion to go into closed session.

***Closed  
Session***

**Open Session.** Dr. John Heiner announced that competitive matters were discussed and the meeting returned to open session. The motion to use department assessments that exceeded necessary assessments in funding of the Unity purchase was re-voted upon and approved. The motion of the Finance Committee will be recommended to the Board of Directors at their next meeting.

***Open Session***

**Next Meeting.** The next regular meeting of the UWMF Finance Committee is scheduled for:

***Next  
Meeting***

**Tuesday, September 21, 7:00 – 8:30 a.m., Room H6/215 UWHC**