



BEXAR COUNTY COMMISSIONERS COURT

Tuesday, December 13, 2022

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 2023

Key Assumptions:

Improving quality, safety and outcomes, improving the patient experience, improving efficiencies, and improving access to care, are the guiding principles University Health uses during its budget planning process. We collectively refer to these principles as the Triple Aim Plus. The consolidated 2023 budget incorporates many known or expected challenges for 2023. These include supply chain issues, inflation, labor shortages, and changes in Medicaid supplemental funding. To address these issues, University Health continues to improve operational efficiency and reduce expenses wherever possible without sacrificing quality of care.

Inflation Impacts:

Inflation on wages, supplies, and many purchased services has a substantial impact University Health and other health care systems across the country. This inflationary environment is squeezing margins as costs are increasing faster than payer 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 but annual contractual escalators built-in to those agreements are inadequate to address the current inflationary environment for wages and supplies. Health care providers will be under financial stress until payment rates catch up to current expense levels.

Impact of the Public Health Emergency (PHE):

University Health received no CARES Act funding in FY2022. However, it projects continued federal assistance in the Medicaid Federal/State match formula, i.e., the “enhanced FMAP” through March 31, 2023. The enhanced FMAP formula reduces University Health’s intergovernmental transfer (IGT) expense for its federally funded Medicaid programs. The value of the enhanced FMAP to University Health in 2022 was \$29 million. This PHE benefit through March 31, 2023 is \$7 million.

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. University Health estimates Medicaid supplemental funding for 2023 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. University Health estimates the UC funding benefit for 2023 as \$114.2 million, an increase of \$9.7 million over the 2022 funding level. The 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 are projected for 2023 and beyond.

b. The Disproportionate Share Hospital (DSH) Program:

University Health receives Disproportionate Share Hospital (DSH) program supplemental payments. 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 2023 is \$34.5 million, which is \$11 million less than the 2022 projection. The cut is a result of scheduled DSH reductions at the Federal level. The reductions will take effect in 2023 unless Congress delays the cuts.

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 million in 2022. It is projected decrease to \$13.4 million in 2023 due to the loss of the enhanced FMAP benefit. The unreimbursed GME expense for 2023 is \$13 million, after the partial Medicaid GME program reimbursement.

d. The Hospital Augmented Reimbursement Program (HARP):

HARP is a new supplemental program approved for Federal Fiscal Year 2022. This program 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 2023 is \$30.8 million. Program revenue for 2022 is \$12.6 million more than estimated for 2023 because 2022 revenue includes retroactive payments for the last three months of 2021.

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 2023, University Health estimates Medicaid Directed Payment Program funding as follows:

a. The Network Access Improvement Program (NAIP):

NAIP, which is designated as a pass through program, is a lump sum payment that is passed through Managed Medicaid payers to participating providers. The NAIP program will provide \$36.4 million in benefit for 2023, which is \$5.9 million lower than in 2022 due to the loss of the enhanced FMAP.

- b. The Comprehensive Hospital Increase Reimbursement Program (CHIRP): The Comprehensive Hospital Increase Reimbursement Program (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 that 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 2023 is \$38.4 million. Program revenue for 2022 is \$15.5 million more than estimated for 2023 because 2022 revenue includes retroactive payments for the last four months of 2021.
- c. The Texas Incentives for Physicians and Professional Services (TIPPS)
The Texas Incentives for Physicians and Professional Services (TIPPS) is a program similar to CHIRP but is an add-on for physician services provided to managed Medicaid patients. The estimated benefit from this program for 2023 is \$5.1 million, which is \$0.4 million more than the 2022 projection.

Large Projects:

There are a number of large projects with budget implications that staff and leadership will focus on during 2023.

- Construction on the Women’s and Children’s Hospital will be completed in the summer of 2023 with the planned opening in August. This project will continue to be a disruptor to the traffic and pedestrian flow at the hospital campus until opening. Additional resources have been committed to assure the safety of our patients, visitors and employees around the campus during the construction period including shuttle bus service and contracted ambassador personnel. Additional labor expense is included in the consolidated 2023 budget related to transitioning into the new space.
- Planning and design for two community hospitals, one in Northeast Bexar County and another in South Bexar County near Texas A&M-San Antonio begins in 2023. It is anticipated that preliminary site work will begin in the fourth quarter of 2023. Although these projects will require significant time

and effort from staff there will be minimal impact to the operating budget until the facilities come on line. Staff acquired \$300 million of bond funding in September 2022 to supplement the initial \$250 million in cash reserves that have been encumbered for the initial phase of the project.

- 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 will be in the planning and design phase for most of 2023 and will have minimal impact to the 2023 operating budget.
- University Health will open a new dialysis facility in the Medical Center area in the spring of 2023. This clinic replaces a dialysis facility previously located in the Medical Center area but closed in 2019 due to the quality of the leased space. There are currently three other University Health Dialysis Clinics operating on the South, Southeast, and Southwest sides of San Antonio, this fourth clinic will serve patients that live closer to the Medical Center area where there is considerable demand for this service.
- Planned reduction in the use of contract and agency staff, which dramatically increased during the PHE. Investments in recruiting and retaining staff are included in the 2023 budget including an increase in the living wage to \$16.75 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, buildout of the new Women’s Imaging Center, and planned opening of additional school based and regional clinic locations. Engineers are evaluating life safety repairs to the facade of the 1968 hospital tower. The “eyebrows” which are located under the windows are deteriorating and need to be removed or replaced.
- Expansion of the Specialty Pharmacy program is budgeted to significantly increase during 2023. This service provides high cost specialty drugs to patients with complex health conditions or cancer. The increase of pharmacy supply and staffing costs will be offset by additional pharmacy revenue.

- Community First Health Plans (Community First) is expecting a large increase in membership for its Health Exchange plan resulting from the assignment of new members from insurance companies leaving the Texas exchange market. Although the Public Health Emergency is scheduled to end in January, planned disenrollment in the State’s Medicaid membership will take time to implement. The estimated impact will be over eight thousand new exchange members and over nine thousand Medicaid Star members. This increase in membership will drive an additional \$170 million in premium revenue.

There are also multiple ongoing operational and quality improvement initiatives that will impact the 2023 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 care transition improvements, expansion of the retail and specialty pharmacy services, continuing Emergency Department and University Hospital process improvements and many other smaller projects.

The table below details the summary information for the consolidated 2023 Operating, Debt Service, and Capital Budget for University Health.

| Consolidated (Dollars in Millions) | 2021 Audited | 2022 Projected | 2023 Budget | Variance from Projected | % Variance |
|--|-------------------------------|---------------------------------|------------------------------|--|-------------------|
| Total Operating Revenue | \$2,459.4 | \$2,738.6 | \$2,955.8 | \$217.2 | 7.9% |
| Total Operating Expense | \$2,119.8 | \$2,486.8 | \$2,828.9 | \$342.1 | 13.8% |
| Operating Gain | \$339.7 | \$251.8 | \$126.9 | (\$124.9) | (49.6%) |
| Nonoperating Revenue/(Expense): | | | | | |
| Depreciation/Amortization | (\$87.8) | (\$86.9) | (\$105.6) | (\$18.7) | (21.5%) |
| Other Non-operating | (\$0.0) | (\$14.4) | \$2.9 | \$17.2 | (119.9%) |
| Premium Deficiency Reserve | \$1.2 | \$1.0 | \$1.0 | \$0.0 | 5.1% |
| Total Non-Operating Revenue | (\$86.6) | (\$100.3) | (\$101.7) | (\$1.4) | (1.4%) |
| Bottom Line excluding Debt Service | \$253.1 | \$151.5 | \$25.2 | (\$126.3) | (83.4%) |
| Debt Service Revenue | | | | | |
| Debt Service Revenue | \$75.2 | \$69.2 | \$87.5 | \$18.3 | 26.4% |
| Debt Service | \$75.2 | \$69.2 | \$87.5 | \$18.3 | 26.4% |
| Net Debt Service | \$0.0 | \$0.0 | \$0.0 | \$0.0 | 0.0% |
| Capital Requirements | | | | | |
| Capital Requirements | \$40.5 | \$40.9 | \$45.1 | \$4.2 | 10.2% |

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

| | |
|--------------|---|
| Attachment 1 | 2023 Operating Budget - University Health |
| Exhibit 1A | 2023 Consolidated University Health - Revenues and Expenses |
| Exhibit 1B | 2023 University Health less Community First - Revenues and Expenses |
| Exhibit 1C | 2023 Community First - Revenues and Expenses |
| Exhibit 2 | 2023 Activity and notes |
| Exhibit 3 | 2023 Budget, Changes to Total Operating Revenue |
| Exhibit 4 | 2023 Budget, Legislative Changes |
| Exhibit 5 | 2023 Budget, Changes to Total Operating Expense |
| Exhibit 6 | 2023 Budget, FTE Changes |
| Exhibit 7 | 2023 Budget, Analysis of Tax Rate |
| Exhibit 8 | 2023 Budget, Detail of Capital Request |
| Exhibit 9 | Summary of Real Estate Transactions in 2022 |

Changes in Utilization:

Total discharges are projected to grow by 2.4% with 2.2% growth in adults and 4.8% in pediatrics. The primary driver for the increase in discharge volume relates to planned increases in deliveries and pediatric admissions. Outpatient ambulatory clinic volume is budgeted to increase by 10.8% over 2022-projected activity. The outpatient ambulatory volume increase relates to the hiring of additional providers by University Medicine Associates (UMA) and the new dialysis facility in the Medical Center.

Routine Capital:

The Capital Committee, working with the area Vice Presidents, prioritized the 2023 capital request. The routine capital budget for 2023 is \$45.1 million, which is \$4.2 million higher than the 2022 routine capital budget. In prioritizing the capital needs for 2023, 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 and the detail of the Community First Capital request of \$274 thousand is on page 31 of Attachment 1.

| 2023 Routine Capital Requirements | | | | |
|--|--|----------------------|--|----------------------|
| Priority | Mandated (Regulatory Safety & Required Maintenance) | Replacement | Strategic (New Service / Expansion) | Grand Total |
| Essential: Cannot Function Without | \$ 8,081,312 | \$ 17,894,205 | \$ 1,189,359 | \$ 27,164,875 |
| Important: Necessary For Improvement | \$ 1,293,395 | \$ 3,860,670 | \$ 2,413,396 | \$ 7,567,461 |
| Proactive: Necessary To Avoid Problems | \$ 811,701 | \$ 9,321,709 | \$ 237,150 | \$ 10,370,560 |
| Total Clinical Services | \$ 10,186,408 | \$ 31,076,584 | \$ 3,839,904 | \$ 45,102,896 |

Debt Service Requirement:

The required principal and interest payments on University Health’s outstanding bonds due in 2023, is \$87.5 million. A Debt Service tax levy of \$87.5 million to cover payments due in 2023, was approved by Commissioners Court on September 6, 2022.

| Debt Service | | | | | |
|---------------------------------------|-----------------------|--------------------|--------------------------------|-------------------|--|
| Dollars in millions | 2022 Projected | 2023 Budget | Variance from Projected | % Variance | |
| Debt Service I&S Tax Funds | \$ 69.2 | \$ 87.5 | \$ 18.3 | 26.4% | |
| Debt Service Payment | \$ 69.2 | \$ 87.5 | \$ 18.3 | 26.4% | |
| Net Debt Service Revenue | \$ - | \$ - | \$ - | 0.0% | |

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, at its meeting on November 15, 2022, reviewed and recommended for approval by Commissioners Court the Operating, Debt Service and Capital Budgets for University Health for Fiscal Year 2023. Consideration by the Court is scheduled for December 13, 2022.

Reed Hurley
Executive Vice President/
Chief Financial Officer

Edward Banos
Executive Vice President/
Chief Operating Officer

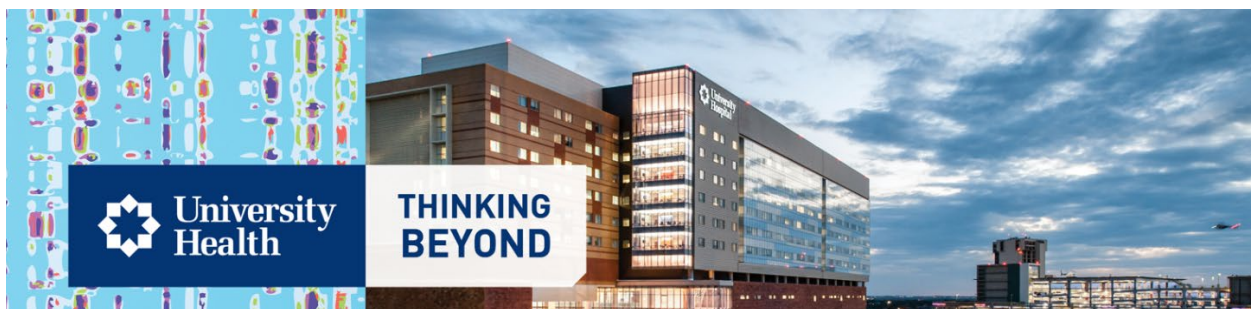
George B. Hernández, Jr.
President/Chief Executive Officer



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 2023

Tuesday, December 13, 2022

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



**University Health
Consolidated, Operating, Debt Service,
and Capital Budgets
For Fiscal Year 2023**

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University Health Consolidated 2023 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 2023 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 2023 Budget

- 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.
- The expected end of the Public Health Emergency (PHE) will impact University Health's Consolidated 2023 Budget. University Health received no CARES Act funding in FY2022. However, it projects continued federal assistance in the Medicaid Federal/State match formula, i.e., the "enhanced FMAP" through March 31, 2023. The enhanced FMAP formula reduces University Health's intergovernmental transfer (IGT) expense for its federally funded Medicaid programs. The value of the enhanced FMAP to University Health in 2022 was \$29 million. This PHE benefit is projected to be about \$7 million in 2023.
- Planned investments in recruiting and retaining staff are included in the 2023 budget, including market adjustments for clinical staff which went into effect in September 2022. Staff budgeted an increase to the living wage from \$15/hour to \$16.75/hour which will go into effect in November of 2022. Additional funds for market increases are included in the consolidated 2023 Operating Budget and will be implemented over the year as needed to recruit and retain staff.
- 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 2023. The increased costs will be offset by increased patient revenue from insured populations.
- The Hospital at Home program is projected to grow to an average daily census of 16 patients, freeing up additional bed capacity at University Hospital by providing high quality inpatient care in the patient's home.
- Resource investment to improve and upgrade existing buildings, equipment, and software will be a focus in 2023, as University Health continues pursuit of being the preferred health system in the community.

- Community First Health Plans, Inc., (Community First) is expecting a large increase in membership in the Health Exchange plan due to several insurance companies leaving the Texas exchange market. Although the Public Health Emergency is scheduled to end in January, planned dis-enrollments in the State's Medicaid membership will take time to implement. The estimated impact will be over eight thousand new exchange members and over nine thousand Medicaid Star members. This increase in membership will drive an additional \$170 million in premium revenue.

Capital Budget Projects

Funded Projects that will impact operations and the 2023 Budget:

- The Women's and Children's Hospital project will be completed and is planned to open in August 2023, additional staff are budgeted as well as staff time for training and transitioning into the new space. Slight growth is projected for Women's and Children's service lines for 2023 related to opening the new facility. Staff expect more significant volume increases into 2024 and beyond as services mature into the additional available capacity.
- Facilities improvements will continue with infrastructure repair and upgrades at existing locations, buildout of the new Women's Imaging Center, and planned opening of additional school based and regional clinic locations.
- University Health went live with the EPIC electronic health record (EHR) on July 11, 2020. Continued optimization of the system and operational workflows are continuing throughout 2023.

Operational Improvements – Working in conjunction with UT Physicians

- Emergency Room throughput and efficiency: Power UP
- Inpatient Care Transitions: Power Through
- Clinical Documentation improvements
- Maintain and improve patient satisfaction
- Length of stay reductions
- Improvement in quality metrics
- 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

2023 Consolidated Budget Summary

The table below is a summary of the 2023 Consolidated Budget and a comparison to Projected 2022.

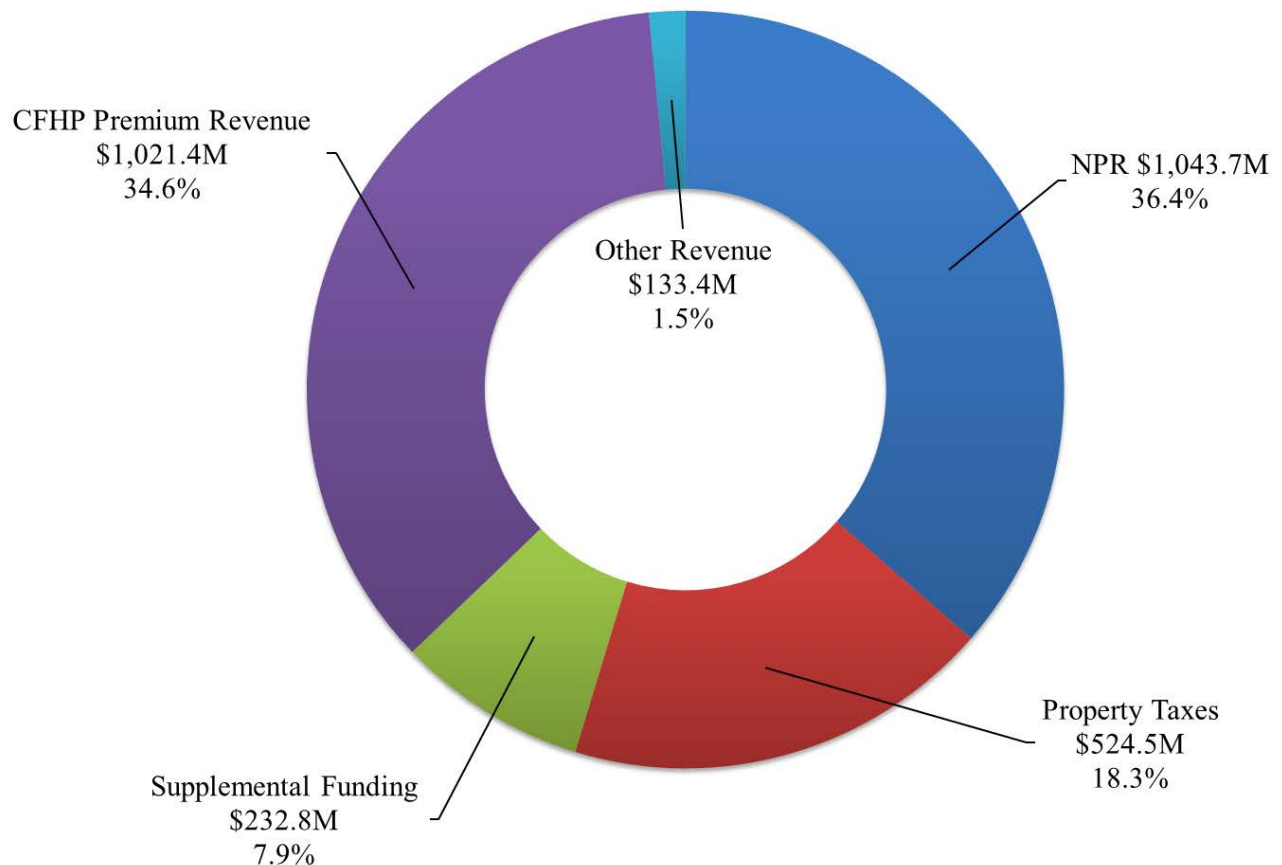
| Consolidated (Dollars in Millions) | 2021 Audited | 2022 Projected | 2023 Budget | Variance from Projected | % Variance |
|--|-------------------------|---------------------------|------------------------|--|-------------------|
| Total Operating Revenue | \$2,459.4 | \$2,738.6 | \$2,955.8 | \$217.2 | 7.9% |
| Total Operating Expense | \$2,119.8 | \$2,486.8 | \$2,828.9 | \$342.1 | 13.8% |
| Operating Gain | \$339.7 | \$251.8 | \$126.9 | (\$124.9) | (49.6%) |
| Nonoperating Revenue/(Expense): | | | | | |
| Depreciation/Amortization | (\$87.8) | (\$86.9) | (\$105.6) | (\$18.7) | (21.5%) |
| Other Non-operating | (\$0.0) | (\$14.4) | \$2.9 | \$17.2 | (119.9%) |
| Premium Deficiency Reserve | \$1.2 | \$1.0 | \$1.0 | \$0.0 | 5.1% |
| Total Non-Operating Revenue | (\$86.6) | (\$100.3) | (\$101.7) | (\$1.4) | (1.4%) |
| Bottom Line excluding Debt Service | \$253.1 | \$151.5 | \$25.2 | (\$126.3) | (83.4%) |
| Debt Service Revenue | \$75.2 | \$69.2 | \$87.5 | \$18.3 | 26.4% |
| Debt Service | \$75.2 | \$69.2 | \$87.5 | \$18.3 | 26.4% |
| Net Debt Service | \$0.0 | \$0.0 | \$0.0 | \$0.0 | 0.0% |
| Capital Requirements | \$40.5 | \$40.9 | \$45.1 | \$4.2 | 10.2% |

- University Health's Consolidated 2023 Budget (Exhibit 1A) reflects a gain from operations of \$126.9 million and a bottom line gain of \$25.2 million after including non-operating income/(expense) of (\$101.7) million.
- University Health less Community First, the Clinical Services Division (Exhibit 1B) reflects a \$115.1 million gain from operations and a bottom line gain of \$12.4 million after including depreciation expense of \$105.1 million and \$2.4 million of non-operating revenue.

- Community First (Exhibit 1C) reflects a gain from operations of \$11.8 million and a bottom line gain of \$12.9 million after including depreciation expense of \$0.4 million, premium deficiency reserve of \$1.0 million and non-operating income of \$0.5 million.
- The budget includes \$87.5 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 2023 is \$0.039500 per \$100 valuation (Exhibit 7).
- University Health’s 2023 on-going capital budget for the clinical services includes \$44.8 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 \$274 thousand.

A summary of consolidated sources of funding is as follows:

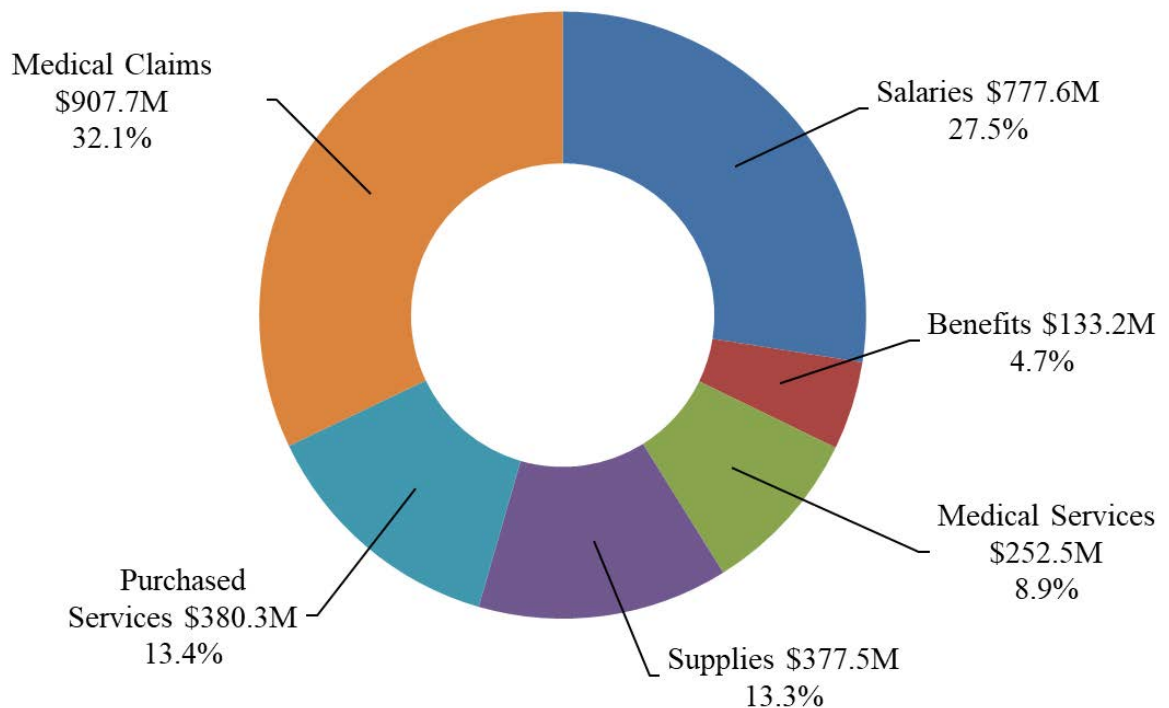
Consolidated Total Operating Revenue: \$2.96B



On a consolidated basis, Total Operating Revenue is \$2.96 billion. Net Patient Revenue (NPR), or collections from third party payers and patients, represents the largest percent at 36.4%. Premium revenue from Community First follows at 34.6%. Property taxes account for 18.3% of total operating revenue, Supplemental Funding accounts for 7.9%, and Other Revenue sources are 1.5% of total operating revenue.

A summary of Consolidated Total Operating Expense is as follows:

Consolidated Total Operating Expenses: \$2.83B



On a consolidated basis, Total Operating Expense is \$2.83 billion. Salaries and benefits represent the largest percentage at 32.2% followed by Medical Claims for Community First at 32.1%, Purchased Services at 13.4%, Supplies are 13.3%, and Medical Services are at 8.9%.

Clinical Services Division (University Health less Community First) Consolidated Operating and Capital Budget for Fiscal Year 2023

University Health developed the 2023 Clinical Services Division Budget to incorporate the strategies and initiatives described in the preceding sections. The Clinical Services Division Consolidated 2023 Budget will produce an operating gain of \$115.1 million and bottom line of \$12.4 million.

Below is a summary of the 2023 Consolidated Budget and a comparison to Projected 2022:

| University Health (Less CFHP) | 2021 Audited | 2022 Projected | 2023 Budget | Variance from Projected | % Variance |
|--|-------------------------------|---------------------------------|------------------------------|--|-----------------------------|
| Dollars in Millions | | | | | |
| Total Operating Revenue | \$1,803.2 | \$1,887.2 | \$1,934.4 | \$47.2 | 2.5% |
| Total Operating Expense | \$1,521.5 | \$1,674.2 | \$1,819.2 | \$145.0 | 8.7% |
| Gain/(Loss) from Operations | \$281.7 | \$212.9 | \$115.1 | (\$97.8) | (45.9%) |
| Depreciation Expense | (\$86.2) | (\$85.5) | (\$105.1) | (\$19.6) | 23.0% |
| Other Non-Operating | (\$1.0) | (\$13.0) | \$2.4 | \$15.4 | (118.2%) |
| Total Non-Operating Revenue/Expense | (\$87.2) | (\$98.5) | (\$102.8) | (\$4.3) | (4.3%) |
| Bottom Line Excluding Debt Service | \$194.5 | \$114.4 | \$12.4 | (\$102.1) | (89.2%) |
| Debt Service Revenue | \$75.2 | \$69.2 | \$87.5 | \$18.3 | 26.4% |
| Debt Service | \$75.2 | \$69.2 | \$87.5 | \$18.3 | 26.4% |
| Net Debt Service | \$0.0 | \$0.0 | \$0.0 | \$0.0 | 0.0% |
| Capital Requirements | \$39.9 | \$40.6 | \$44.8 | \$4.2 | 10.4% |

- University Health (less Community First), the Clinical Services Division (Exhibit 1) reflects a \$115.1 million gain from operations and a bottom line gain of \$12.4 million after including depreciation expense of \$105.1 million and \$2.4 million of non-operating gain.
- The budget includes \$87.5 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 2023 is \$0.03950 per \$100 valuation (Exhibit 7).
- University Health's 2023 on-going capital budget for Clinical Services includes \$44.8 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 \$30.8 million, \$3.8 million for strategic or new services, and \$10.2 million for mandated regulatory or safety items. Several large

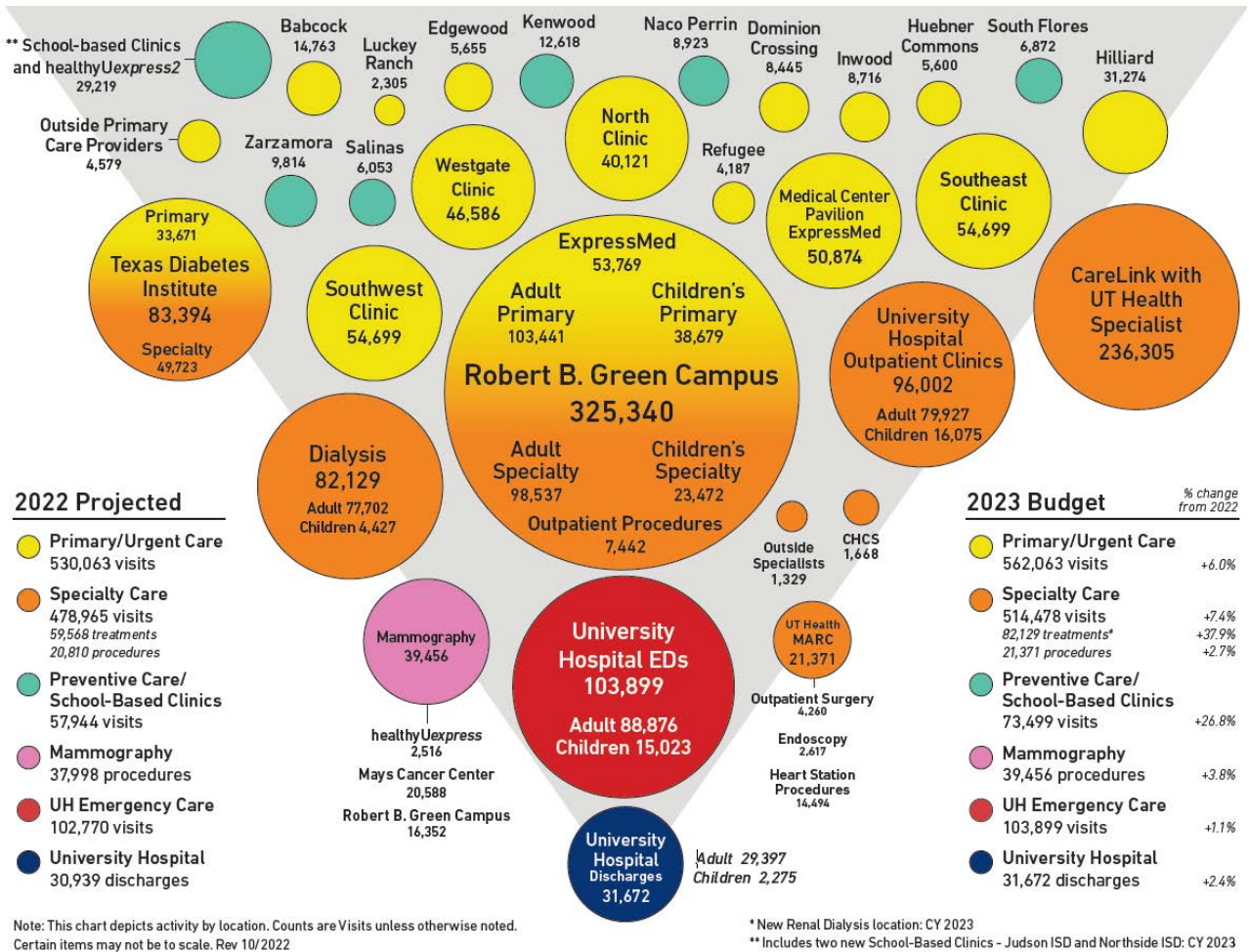
capital projects include \$10.4 million for replacing and upgrading the Operating Room Video Integration System, \$9.3 million for replacement of aged HVAC systems across University Health locations, \$3.6 million to replace aged medical equipment initially purchased for the Sky Tower project, and \$2.8 million to replace and upgrade an Interventional Radiology suite.

Clinical Activity (Access) Assumptions

The Consolidated 2023 Budget projects inpatient discharge activity will increase by 2.4% and outpatient activity will increase by 10.8% compared to the volumes projected for 2022. For budgeting purposes, the assumption is that the demand for services will remain strong and due to capacity constraints only slight growth is anticipated in 2023 as the Women's & Children's Hospital opens, Ambulatory Clinic capacity is made available, and through improvements in efficiency. A detail of Activity in the Consolidated 2023 Budget can be found in Exhibit 2. The major factors contributing to this growth include:

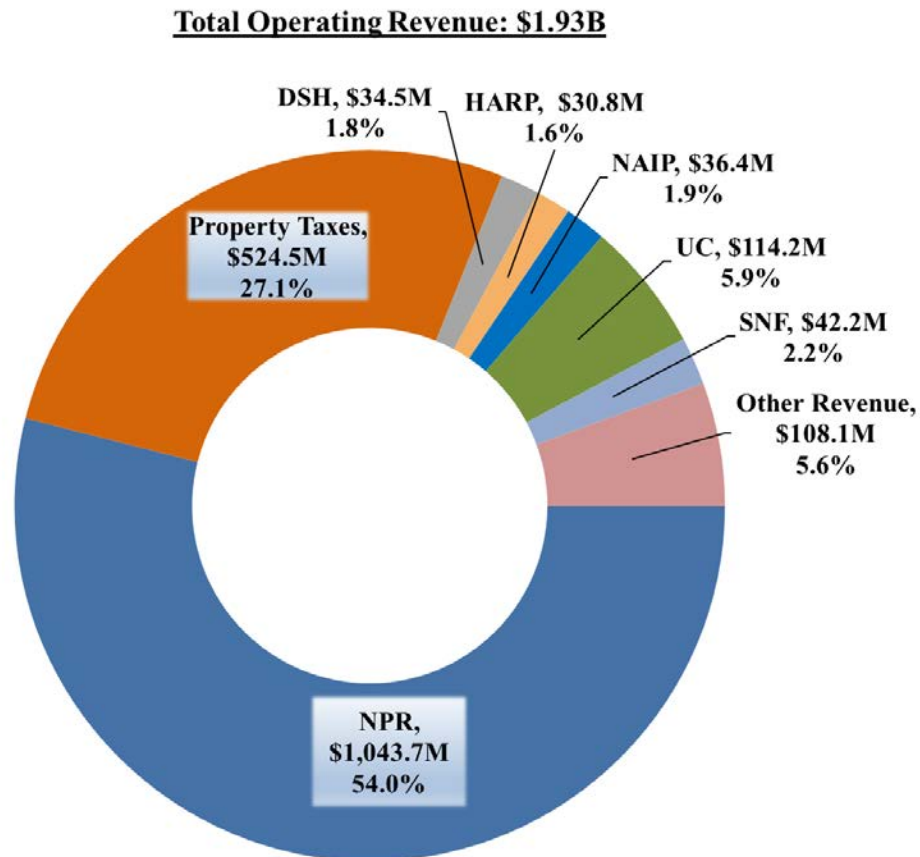
- Assumption that demand for services will remain strong.
- Women's & Children's service line enhancement will drive continued volume increases in both inpatient and outpatient settings.
- Additional ambulatory clinic locations, including additional school-based clinics and relocation of the Salinas Clinic to Kennedy, are supported by optimization of provider schedule templates and increased recruitment of new UMA providers.
- A proposed new Dialysis location in Northwest San Antonio will support retention of existing University Health patients who prefer to receive treatment closer to their home.

The following chart illustrates the relative magnitude of the activity projections.



Total Operating Revenue – Clinical Services Division

2023 Total Operating Revenue is budgeted at \$1.9 billion, which is \$47.2 million or 2.5% higher than the 2022 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.



Net Patient Revenue (NPR)

2023 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 \$1.04 billion which is an increase of \$21.2 million compared to the 2022 projection. The following is a summary of the key NPR assumptions:

- Actual inpatient payment rates by service line from calendar year 2022 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 \$17.7 million to NPR over the projected 2022 run rate.

- 2022 NPR includes four months of UHRIP funding, estimated at \$15.5 million that was carried forward from 2021, this lowers the year over year change.
- Budget 2023 accommodates for a reimplementation of the 2% Medicare sequestration that was postponed due to the COVID-19 pandemic, a reduction of \$3.3 million. Medicare cost report settlements related to the transplant program are estimated to be \$7 million lower than 2022. These amounts are partially offset by a CMS Cost of Living Adjustment and resulting in an overall decrease of Medicare NPR by \$5.7 million.
- Managed care contract rate improvements will increase NPR by \$3.0 million.
- Retail Pharmacy sales and the Meds-to-Beds program will continue to grow in 2023 Budget by an estimated \$9.9 million in NPR.
- The Specialty Pharmacy Program is budgeted to increase patient revenue by \$11.8 million. This program is designed to meet the needs of patients prescribed a “specialty drug.” Two pharmacies, RBG and Outpatient UH, have been designated as Specialty Pharmacies.

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 2022, to prepare the impact of Regulatory and Legislative actions (Exhibit 4). All of the changes in this chart, which reflect a \$40.1 million decrease in funding from the 2022 projection, are included in the Consolidated 2023 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 FY2022. However, it projects continued federal assistance in the Medicaid Federal/State match formula, i.e., the “enhanced FMAP” through March 31, 2023. The enhanced FMAP formula reduces University Health’s intergovernmental transfer (IGT) expense for its federally funded Medicaid programs. The value of the enhanced FMAP to University Health in 2022 was \$29 million. This PHE benefit is projected to be about \$7 million in 2023.

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 2023, 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 fund benefit to University Health for 2023 is estimated at \$114.2 million, an increase of \$9.7 million over the 2022 funding level. The 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 are projected for 2023 and beyond.

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

University Health receives Disproportionate Share Hospital (DSH) program supplemental payments. 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 2023 is \$34.5 million, which is \$11 million less than the 2022 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 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 million in 2022. It is projected decrease to \$13.4 million in 2023 due to the loss of the enhanced FMAP benefit. The unreimbursed GME expense for 2023 is \$13 million, after the partial Medicaid GME program reimbursement.

- **The Hospital Augmented Reimbursement Program (HARP)**
HARP is a new supplemental program approved for Federal Fiscal Year 2022. This program 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 2023 is \$30.8 million which is \$12.6 million less than the 2022 projection. Late approval of the program in 2022 resulted in 15 months of revenue being recorded in 2022.

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 2023, University Health estimates Medicaid Directed Payment Program funding as follows:

- **The Network Access Improvement Program (NAIP)**
NAIP, which is designated as a pass through program, is a lump sum payment that is passed through Managed Medicaid payers to participating providers. The NAIP program will provide \$36.4 million in benefit for 2023, which is \$5.9 million lower than in 2022 due to the loss of the enhanced FMAP.
- **The Comprehensive Hospital Increase Reimbursement Program (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 that 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 2023 is \$38.4 million, which is \$15.5 million less than the 2022 projection due to the delayed approval resulting in 16 months of benefit being recognized in 2022 while the 2023 Budget includes 12 months of benefit.

- **The Texas Incentives for Physicians and Professional Services (TIPPS)** is a program similar to CHIRP but is an add-on for physician services provided to managed Medicaid patients. The estimated benefit from this program for 2023 is \$5.1 million, which is \$0.4 million more than the 2022 projection.

Property Tax M&O

Property tax revenue for operations (M&O) is projected to increase \$51.6 million, which is the combination of \$16.9 million for new properties and \$34.7 million for the increased value of existing properties. Excluding Community First, property taxes for operations as a percent of Total Operating Revenue remains unchanged from the 2022 Budget to the 2023 Budget at 27%. The existing tax rate of \$0.276235 was approved by the Bexar County Commissioners Court on September 6, 2022.

A summary of the property taxes reflected is as follows:

| 2023 Budget: Analysis of Tax Rate | | | | | | | | |
|-----------------------------------|---------------|---------------|------------------------------------|---------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|------------|
| Dollars in Thousands | 2021 Tax Rate | 2022 Tax Rate | Tax Rate Change from Existing Rate | % Change from Existing Tax Rate | 2022 Estimated Taxes ¹ | 2023 Estimated Taxes ² | Proposed Net Change From Prior Year | % Increase |
| Operating Rate | 0.240964 | 0.236735 | (0.004229) | (1.76%) | \$472,231 | \$524,495 | \$52,264 | 11.07% |
| Debt Rate | 0.035271 | 0.039500 | 0.004229 | 11.99% | \$69,112 | \$87,515 | \$18,403 | 26.63% |
| Total Tax Rate | 0.276235 | 0.276235 | - | 0.00% | \$541,343 | \$612,010 | \$70,667 | 13.05% |

¹ 2022 Estimated Tax revenue calculated on 2021 property values as of 9/30/21 and 2021 Tax Rate

² 2023 Estimated Tax revenue calculated on 2022 property values certified on 10/01/22 and 2022 Tax Rate

Exhibit 7 reflects the tax rate calculation.

Other Revenue

| Other Revenue | | |
|----------------------------------|---------------|-------------|
| (Dollars in Millions) | | |
| 2022 Projected | \$81.6 | |
| Changes | | |
| Grant Revenue | \$3.2 | 3.9% |
| Foundation | \$0.7 | 0.8% |
| Medicaid Incentive Payments | (\$1.7) | -2.1% |
| Non-Recurring Gain on Asset Sale | (\$1.0) | -1.2% |
| Net Other Revenue Changes | (\$0.9) | -1.1% |
| Total Change | \$0.2 | 0.3% |
| 2023 Budget | \$81.9 | |

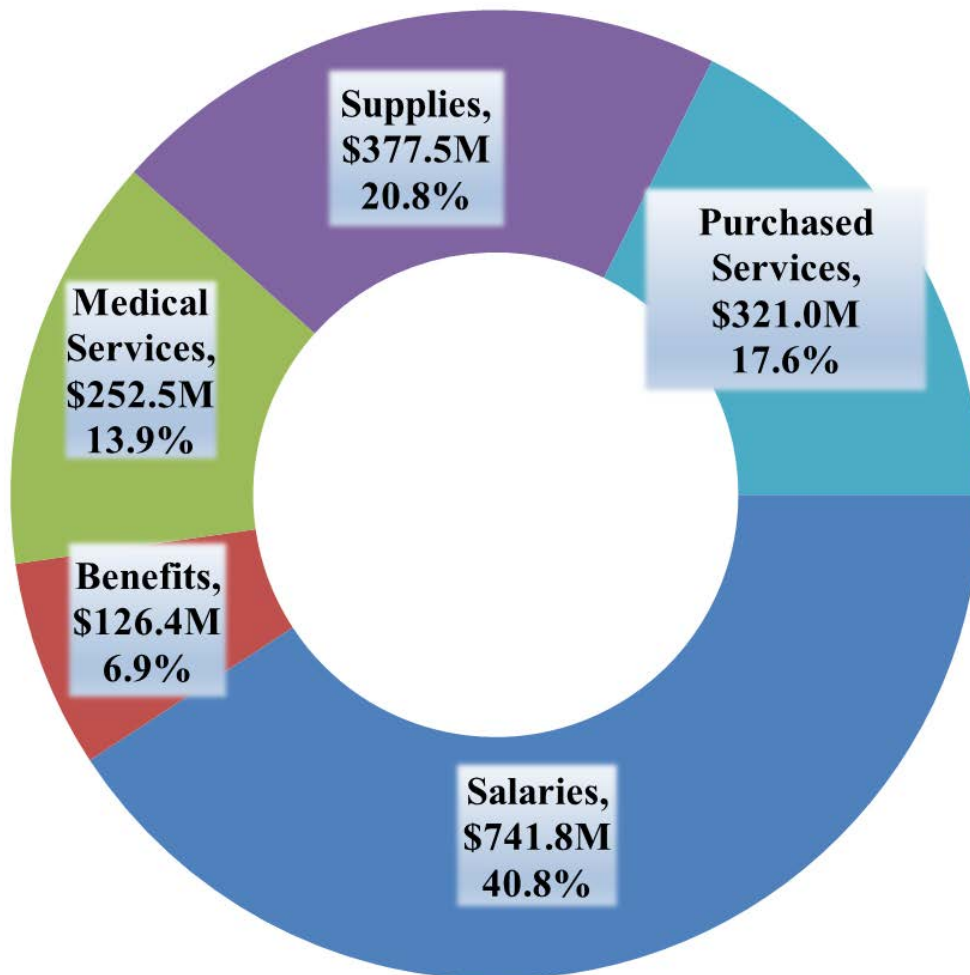
Other Revenue of \$81.9 million includes reimbursement for residents that work in non-University Health sites, Grants, Foundation revenue, cafeteria revenue for visitors and staff, catering revenue, sundry revenue from parking, disposal of assets, clinical research studies, UT leased space at UH and TDI, pharmacy rebates, vendor rebates, medical records copies, lease payments, reimbursement under the 1115 waiver for anchor administrative costs, and other miscellaneous items.

- Grant Revenue is budgeted to increase by \$3.2 million due to new grants received and increases in existing grants.
- Foundation revenue is projected to increase \$0.7 million in the Operating Budget 2023 as fundraising for the Women's & Children's Hospital campaign continues.
- Medicaid Incentive programs are budgeted to decrease by \$1.7 million due to lower available incentive dollars at the Managed Medicaid payers due to changes in enrollment expected to be implemented in 2023 as a result of the end of COVID-19 disaster declaration.
- Gain on the Disposal of Asset will decrease \$1.0 million from 2022 Projection as we experienced a gain on the sale of property we do not anticipate recurring in Budget 2023.
- Net Other Revenue Change decrease of \$0.8 million is primarily driven by a normalization of rebates in 2023 Budget after a peak experience in 2022 Projection.

Total Operating Expense

Total Operating Expense for 2023 is budgeted at \$1.8 billion, a \$145.0 million or 8.7% increase over the 2022 projected total. For the Clinical Services Division (UH less Community First) salaries and benefits make up 47.7% of operating expense. Medical Services, Purchased Services, and Supplies make up 13.9%, 17.6%, and 20.8%, respectively. A chart summarizing the changes in expense category and the drivers that impact the changes is provided in Exhibit 5.

Total Operating Expenses: \$1.82B



Salaries

| Salaries | | |
|--------------------------------------|---------------------|-------|
| (Dollars in Millions) | | |
| 2022 Projected | \$667.2 | |
| Changes | | |
| Merit Increase and Market Adjustment | \$62.3 | 9.3% |
| Budget to fill 2022 Vacancies | \$11.5 | 1.7% |
| Ambulatory Clinic Providers | \$8.9 | 1.3% |
| Volume Impact | \$6.7 | 1.0% |
| New Programs | \$6.2 | 0.9% |
| Reduction in Contract Labor premium | (\$21.0) | -3.1% |
| Total Change | \$74.6 11.2% | |
| 2023 Budget | \$741.8 | |

The 2023 Budgeted Salary cost of \$741.8 million is \$74.6 million or 11.2% higher than 2022 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 budgeted in 2022 that was unfilled in late July 2022.
- The 2023 budget reflects a significant investment in University Health staff to overcome significant labor market disruption impacting the overall economy. Substantial efforts to recruit and retain employed staff are reflected in the 2023 salary dollars with a budgeted increase of \$43 million of 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 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 2023 and reduce the premium by an estimated \$21 million from the 2022 Projection.
- An additional 2.5% salary increase, or \$15 million, is budgeted for performance based merit increases. A \$3.3 million salary investment for Living Wage efforts is budgeted in 2023 to raise the effective minimum wage across University Health to

- \$16.75 per hour.
- Growth in the number of UMA ambulatory clinic and hospital-based providers and associated support staff will impact the 2023 Budget by \$8.9 million.
 - The combination of increased activity in patient care areas and improved efficiency will increase salary expense by a net impact of \$6.7 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 \$6.2 million in 2023.
 - Compared to the Projected 2022 amount, \$11.5 million of salary is included to Budget 2023 to accommodate for filling positions that were budgeted in 2022 but remained unfilled throughout the year.

Employee Benefits

| Benefits | | |
|-----------------------|----------------|--------------|
| (Dollars in Millions) | | |
| 2022 Projected | \$111.3 | |
| Changes | | |
| FICA Tax | \$6.7 | 6.0% |
| OPEB Liability | \$3.7 | 3.3% |
| Health Benefit | \$3.5 | 3.1% |
| Pension Expense | \$1.2 | 1.1% |
| Total Change | \$15.1 | 13.6% |
| 2023 Budget | \$126.4 | |

Benefits of \$126.4 million are \$15.1 million or 13.6% higher than 2022 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) | | |
| 2022 Projected | | \$235.3 |
| Changes | | |
| UT Master Services Increase | \$14.8 | 6.3% |
| Increased Carelink Utilization | \$2.4 | 1.0% |
| Total Change | \$17.2 | 7.3% |
| 2023 Budget | | \$252.5 |

Medical Services expense includes payments to third-party physician partners and other professional providers of service to University Health's patients. The 2023 budgeted expense of \$252.5 million reflects an increase of \$17.2 million or 7.3% from the projected 2022 amount. The increase is primarily due to the following:

- UT Health's Master Services Agreement, budgeted at \$171.5 million in 2023, results in an increase of \$6.0 million from 2022 Budget and \$14.8 million from 2022 Projected amount. The increase is due to investments in UT physician salary amounts to become more market competitive, additional physician specialist coverage, outcome-based incentive programs, and efforts to support increased access to care. An expected increase in CareLink's fee-for-service payments to community providers results in increased Medical Service expense by an additional \$2.4 million over projected 2022.

Purchased Services

| Purchased Services | | |
|--------------------------------|----------------|-------------|
| (Dollars in Millions) | | |
| 2022 Projected | \$305.5 | |
| Changes | | |
| Aged Facilities Infrastructure | \$4.2 | 1.4% |
| Advertising | \$3.0 | 1.0% |
| Retail/Specialty Pharmacy | \$2.8 | 0.9% |
| Transplant Programs | \$2.4 | 0.8% |
| Care Coordination | \$1.2 | 0.4% |
| Employee Recognition | \$1.0 | 0.3% |
| Carelink EPO Premiums | \$0.9 | 0.3% |
| Total Change | \$15.5 | 5.1% |
| 2023 Budget | \$321.0 | |

Purchased Services are budgeted overall at \$321.0 million, a \$15.5 million increase or 5.1% higher than the 2022 projection. Contributing to this change are the following:

- The Facilities and Planning, Design and Construction teams are budgeted with a \$4.2 million dollar increase for repair and improvement to University Health’s aged facilities and infrastructure.
- Advertising expense increase of \$3.0 million is targeted for investments in community awareness of major University Health projects such as the opening of Women’s & Children’s Hospital, expected groundbreaking ceremony at Community Hospital site, and additional exposure for Human Resource recruitment events necessary to overcome labor market disruption.
- Management Fee cost increase of \$2.8 million is due to contracted services related to the Specialty Pharmacy program this expense will be fully offset by increased revenue.
- Transplant Programs increased by \$2.4 million in 2023 for organ acquisition costs related to the continued growth in kidney, liver, and lung transplant cases.
- Care coordination support increases by \$1.2 million to accommodate payments to third-party post-acute health care entities to transition University Health patients to a care setting more appropriate for their service needs.
- Employee recognition programs increase of \$1.0 million from the 2022 Projected amount to support high performing employees and improve employee retention efforts.
- Additional payments of \$0.9 million to Community First for a new program to support uninsured patient’s conversion to a commercial insurance program.

Supplies

| Supplies | | |
|----------------------------------|----------------|-------------|
| (Dollars in Millions) | | |
| 2022 Projected | \$355.1 | |
| Changes | | |
| Pharmaceuticals | \$10.4 | 2.9% |
| OR & Procedural Supply Cost | \$6.3 | 1.8% |
| Supply Chain Inflation/Shortages | \$3.6 | 1.0% |
| Non-medical Supplies | \$2.1 | 0.6% |
| Total Change | \$22.4 | 6.3% |
| 2023 Budget | \$377.5 | |

In 2023, supplies are budgeted at \$377.5 million which is a \$22.4 million or 6.3% increase over projected 2022. Major impacts to the increase in supply cost are due to the following:

- Pharmaceutical expenses are planned to increase by \$10.4 million primarily related to continued growth in the Meds-to-Beds 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 \$6.3 million more in supplies during Budget 2023. 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 2022. Inconsistency of available supplies and pockets of elevated inflation continue to impact medical supply cost that result in an estimated expense in 2023 Budget of \$3.6 million. Staff are diligently pursuing measures to mitigate this risk and ensure availability of supplies.
- Non-medical supply expenses are expected to increase by \$2.1 million due the inflationary cost of disposable supplies used for the café and cleaning of University Health facilities.

Non-Operating Revenue/(Expense) Assumptions

| Non-Operating Revenue/Expense | |
|--------------------------------------|----------------------|
| (Dollars in Millions) | |
| 2022 Projected | (\$98.5) |
| Changes | |
| Depreciation | (\$19.6) -19.9% |
| Unrealized Gain/Loss | \$12.9 13.1% |
| Interest Income | \$2.4 2.4% |
| Total Change | (\$4.3) -4.4% |
| 2023 Budget | (\$102.8) |

The Non-Operating Revenue/(Expense) budget for 2023 has three primary assumptions driving the \$4.3 million increase of expense in this area.

- The opening of Women’s & Children’s Hospital in August 2023 will result in additional depreciation expense of \$19.6 million in Budget 2023.
- The 2022 projection includes \$21.4 million in unrealized loss related to the current interest rates being higher than long-term investment yields. In 2023 Budget, we are expecting continued volatility in interest rates and the unrealized loss to be \$8.4 million, a \$12.9 million improvement from projection.
- Interest Income is projected to increase by \$2.4 million due to the increase in interest rates.

Debt Service Requirement

Debt service payments for 2023 are estimated at \$87.5 million. The 2022 debt tax rate, which funds payments due in 2023, is \$0.03950 per \$100 valuation. The required debt payment for 2023 increases by \$18.3 million due to the \$300 million in bonds issued in September 2022 to partially fund the Community Hospitals project.

- A Debt Service tax levy of \$87.5 million to cover payments due in 2023 was approved by Commissioners Court on September 6, 2022.

| Debt Service | | | | |
|---------------------------------------|-------------------|-------------------------------|-------------------------------|---------------|
| Dollars in millions | 2022 Projected | 2023 Preliminary Budget | Variance from Projected | % Variance |
| Debt Service I&S Tax Funds | \$ 69.2 | \$ 87.5 | \$ 18.3 | 26.4% |
| Debt Service Payment | \$ 69.2 | \$ 87.5 | \$ 18.3 | 26.4% |
| Net Debt Service Revenue | \$ - | \$ - | \$ - | 0.0% |

Ongoing Capital Requirements

The capital budget for 2023 Clinical Services is recommended to be set at \$44.8 million. In prioritizing the capital needs for 2023, 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:

| 2023 Routine Capital Requirements | | | | |
|--|--|----------------------|---|----------------------|
| Priority | Mandated (Regulatory Safety & Required Maintenance) | Replacement | Strategic (New Service / Expansion) | Grand Total |
| Essential: Cannot Function Without | \$ 8,081,312 | \$ 17,894,205 | \$ 1,189,359 | \$ 27,164,875 |
| Important: Necessary For Improvement | \$ 1,293,395 | \$ 3,587,170 | \$ 2,413,396 | \$ 7,293,961 |
| Proactive: Necessary To Avoid Problems | \$ 811,701 | \$ 9,321,709 | \$ 237,150 | \$ 10,370,560 |
| Total Clinical Services | \$ 10,186,408 | \$ 30,803,084 | \$ 3,839,904 | \$ 44,829,396 |

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

Community First Health Plans Consolidated Operating and Capital Budget for Fiscal Year 2023

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's 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 2023, Community First will manage the healthcare needs for an expected average consolidated membership of 214,186 members while delivering a budgeted net income of \$12,851,930. The budgeted underwriting income (excluding Investment Income and Premium Deficiency Reserve amortization) is budgeted to be \$11,351,930.

The Executive Management team has considered and incorporated into the consolidated FY 2023 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) Increase market share in the STAR, CHIP and STAR Kids lines of business as it relates to membership.
- 2) Increase Medicare Advantage and Health Insurance Exchange membership.
- 3) Continue development and implementation of advanced alternative payment models and expansion of the provider incentive program.
- 4) Enhance and expand coordination and integration with University Health in support of ongoing evolution towards an industry leading integrated delivery and financing system.
- 5) Enhance and expand advanced financial and medical economic analytics, including predictive modeling and risk score optimization.
- 6) 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 2023 budget for review and consideration:

Membership:

Throughout FY 2023, Community First will manage the health care services for an expected average membership of 214,186 members. This represents an overall increase of 19,664 members or 9.2% when compared to FY 2022 Outlook.

| Product | Avg Mnthly FY2022 Outlook Membership | Avg Mnthly FY2023 Budget Membership | Inc / (Dec) | % Change |
|--------------------|--|---|-------------|-------------|
| STAR | 163,379 | 173,047 | 9,668 | 5.6% |
| CHIP | 3,240 | 2,260 | (980) | -43.4% |
| CHIP Perinate | 479 | 553 | 74 | 13.4% |
| STAR Kids | 7,827 | 8,388 | 561 | 6.7% |
| Medicare Advantage | 136 | 200 | 64 | 32.0% |
| Health Exchange | 456 | 9,066 | 8,610 | 95.0% |
| Commercial | 2 | 2 | - | 0.0% |
| ASO | 19,003 | 20,670 | 1,667 | 8.1% |
| TOTAL | 194,522 | 214,186 | 19,664 | 9.2% |

The expected change in membership is due to several factors:

- The Federal Public Health Emergency (PHE) is expected to end during the 1st quarter of 2023. Texas Health & Human Services Commission (HHSC) will reinstate enrollment and disenrollment procedures 60 days from the end of the PHE. Community First expects STAR membership to continue to increase over the first 5 months of 2023 on average by 2,100 members per month. Community First expects STAR membership to decrease over the last 7 months of 2023 on average by 2,400 member per month. Overall, membership will still show increased growth over the 2022 outlook for the STAR product.
- Two health plans exited the Health Insurance Exchange for plan year 2023 in Texas. Community First anticipates adding an additional 8,600 members to our Health Insurance Exchange EPO product in 2023
- Continue the diversification strategy by expanding Medicare Advantage and Health Insurance Exchange products.

Revenue:

Total Revenue FY 2023 is budgeted at \$ 1,021,437,856. This includes consideration for Experience Rebate, which totals \$25M. This represents an increase of 20.0% over the FY 2022 Outlook. Total experience rebate for state fiscal year 2023 is estimated to be \$55M (\$30M recorded in 2022, \$25M recorded in 2023). HHSC is expected to reinstate the normal experience rebate profit margin calculation in September 2023 (profit margin of 7.2% vs current profit margin of 4.6%). Community First does not expect to record Experience Rebate beyond August 2023.

The table below represents the change in revenue per member per month (PMPM) between FY 2023 Budget and FY 2022 Outlook. ***Please note the PMPM excludes Experience Rebate.***

| Product | FY2022 Revenue PMPM | FY2023 Budget Revenue PMPM | Inc / (Dec) | % Change |
|--------------------|---------------------|----------------------------|-------------|----------|
| STAR | 327.24 | 334.12 | 6.88 | 2.1% |
| CHIP | 140.47 | 144.08 | 3.61 | 2.5% |
| CHIP Perinate | 485.76 | 511.10 | 25.34 | 5.0% |
| STAR Kids | 2,549.86 | 2,644.11 | 94.25 | 3.6% |
| Medicare Advantage | 755.84 | 765.00 | 9.16 | 1.2% |
| Health Exchange | 816.71 | 680.73 | (135.98) | -20.0% |
| Commercial | 995.01 | 995.01 | - | 0.0% |
| ASO | 13.15 | 13.15 | - | 0.0% |

FY 2023 revenues were based on rate information provided by HHSC for STAR, CHIP and STAR Kids. FY 2023 revenues were based on rates filed with CMS for Medicare and Health Insurance Exchange (HIE).

Medical Expense:

The total Medical Expense for FY 2023 is budgeted at \$907M. This represents an increase of 23.5% over the FY 2022 Outlook. The projected Medical Loss Ratio (MLR) for FY 2023 is 86.8%. Factored into the medical expenses was an increase in utilization as the impact of COVID-19 continues to soften and the increase in Direct Payment Program (DPP) payments. Community First also anticipates an increase in medical expense due to the increase in membership in our Health Insurance Exchange product.

The FY 2023 medical expenses were developed by line of business based on underlying utilization and cost, separated by service category, i.e., Inpatient, Outpatient, Physician, Pharmacy, and Ancillary.

| Product | Average FY2022 Outlook Medical PMPM | Average FY2023 Budget Medical PMPM | Inc / (Dec) | % Change |
|--------------------|-------------------------------------|------------------------------------|-------------|------------|
| STAR | 292.11 | 293.22 | 1.11 | 0.38% |
| CHIP | 145.63 | 122.47 | (23.16) | -18.91% |
| CHIP Perinate | 385.93 | 434.44 | 48.51 | 11.17% |
| STAR Kids | 1,896.33 | 2,247.49 | 351.16 | 15.62% |
| Medicare Advantage | 1,039.47 | 650.25 | (389.22) | -59.86% |
| Health Exchange | 644.96 | 701.25 | 56.29 | 8.03% |
| Commercial | 8,222.14 | 16.40 | (8,205.74) | -50035.00% |
| ASO | N/A | N/A | N/A | N/A |

Administrative Expense:

The total Administrative Expense for FY 2023 is budgeted at \$102M, an increase of 30% over the FY 2022 Outlook, and represents a fully loaded administrative expense ratio of 9.8% when compared to total revenue.

The FY 2023 administrative expense budget incorporates 487 FTEs, an increase of 20 FTEs over the FY 2022 Outlook. The following table identifies these incremental positions and respective hire dates.

| Departments | Position Title | No. FTE | Expected Start Date |
|--------------------------------|-----------------------------------|---------|---------------------|
| CORPORATE COMMUNICATIONS MKT | Marketing Representative MAC | 1 | 1/1/2023 |
| CORPORATE COMMUNICATIONS MKT | Marketing Representative MAC | 1 | 1/1/2023 |
| CORPORATE COMMUNICATIONS MKT | Navigator | 1 | 1/1/2023 |
| FACILITIES MANAGEMENT | Supervisor, Business Operations | 1 | 1/1/2023 |
| MEMBER SERVICES | Sr. Enrollment Rep | 1 | 1/1/2023 |
| MEMBER SERVICES | Rep Enrollment Sr | 1 | 1/1/2023 |
| MEMBER SERVICES | Rep Member Service | 1 | 1/1/2023 |
| MEMBER SERVICES | Rep Enrollment | 1 | 1/1/2023 |
| NETWORK MANAGEMENT | Coord Contracts - CFHP | 1 | 1/1/2022 |
| PHM | Nurse Case Mgr RN - CFHP | 1 | 1/1/2023 |
| PHM | Nurse Case Mgr RN Pharmacy - CFHP | 1 | 1/1/2023 |
| PHM - STAR KIDS | Spec U/CM Adm Data - CFHP | 1 | 1/1/2023 |
| PHM - STAR KIDS | Mgr Clini Staff Education (RN) | 1 | 1/1/2023 |
| PHM -HIE | Mgr Hlth Svcs Management (RN) | 1 | 1/1/2023 |
| PHM -HIE | Spec U/CM Adm Data-CFHP | 1 | 1/1/2023 |
| PHM -HIE | Rep Intake - CFHP | 1 | 1/1/2023 |
| PHM -HIE | Nurse Case Manager LVN - CFHP | 1 | 1/1/2023 |
| PLAN REIMBURSEMENT & DATA MGMT | Analyst Provider Reimbursement | 1 | 1/1/2023 |
| QUALITY MANAGEMENT | Quality Coordinator | 1 | 3/1/2023 |
| QUALITY MANAGEMENT | Dir Qual Mgmt | 1 | 3/1/2023 |

The FY 2023 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 2023 Administrative Expense budget compared to the FY 2022 Outlook include:

- 1) Salaries increased approximately \$5.3M due to:
 - a. Additional FTEs
 - b. Merit increases occurring throughout the year
 - c. Market Rate and Incentive Adjustments
- 2) Employee Benefits increased approximately \$600K due to the increase in staff and post-employment benefit allocations from University Health.
- 3) Marketing (market outreach, advertising, agency, sponsorships, value adds, etc.) increased approximately \$2.6M due to enhanced marketing strategies for Medicare Advantage & HIE.
- 4) Computer licensing and maintenance increased approximately \$2.6M due to the continue enhancement of the application systems.
- 5) Postage and Printing increased approximately \$800K due to enhanced marketing and outreach initiatives.
- 6) Consulting increased approximately \$5.8M due to departmental support in Executive, Information Systems, and Business Development for enhancements and implementation of services.

HHSC utilizes defined formulas in their rate development process to determine the percentage of premium allocated for administrative expense spending. The Community First FY 2023 administrative expense budget of \$102.3M is compliant with these regulatory formulas.

Investment Income:

Investment Income for FY 2023 is budgeted at \$500K and is based on projected assets and yields consistent with the Community First investment policy.

Premium Deficiency Reserve:

The FY 2023 Premium Deficiency Reserve (PDR) was calculated based on financial performance. A total PDR of \$1M will be budgeted for Medicare. It will be amortized from January 2023 through December 2023.

Capital:

The Community First FY 2023 Capital Budget is \$273K, 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 |
|----------------------|-------------------------------|------------------|
| Cisco DNA | Computer Hardware | \$189,000 |
| Cisco IDF2 Switch | Computer Hardware | \$38,000 |
| HVAC Conditioner | Air Leasehold Improvements | \$30,000 |
| Board Room Furniture | Leasehold Improvements | \$16,500 |
| | Total | \$273,500 |

EXHIBITS

- Exhibit 1A 2023 Consolidated Statement of Revenues and Expenses
- Exhibit 1B 2023 UH less Community First Statement of Revenues and Expenses
- Exhibit 1C 2023 Community First Statement of Revenues and Expenses
- Exhibit 2 2023 Activity and Notes
- Exhibit 3 2023 Budget, Changes to Total Operating Revenue
- Exhibit 4 2023 Budget, Legislative Changes
- Exhibit 5 2023 Budget, Changes to Total Operating Expense
- Exhibit 6 2023 Budget, FTE Changes
- Exhibit 7 2023 Budget, Analysis of Tax Rate
- Exhibit 8 2023 Budget, Detail of Capital Request, UH less Community First
- Exhibit 9 Summary of Real Estate Transactions in 2022

Statement of Revenues and Expenses

| Consolidated (Dollars are in Thousands) | 2021 Audited | 2022 Budget | 2022 Projected | 2023 Budget | Variance from Projected | % Variance |
|---|---------------------|--------------------|---------------------------|--------------------|------------------------------------|-------------------|
| Revenues | | | | | | |
| Net Patient Service Revenue | \$909,352 | \$887,553 | \$1,022,525 | \$1,043,725 | \$21,199 | 2.1% |
| Property Taxes M & O | \$437,052 | \$472,231 | \$472,861 | \$524,495 | \$51,634 | 10.9% |
| Supplemental Funding | \$288,670 | \$244,879 | \$256,140 | \$232,763 | (\$23,376) | (9.1%) |
| CFHP Premium Revenue | \$656,061 | \$820,647 | \$851,448 | \$1,021,438 | \$169,990 | 20.0% |
| Other Revenue | \$168,299 | \$132,857 | \$135,647 | \$133,367 | (\$2,280) | (1.7%) |
| Total Operating Revenues | \$2,459,434 | \$2,558,167 | \$2,738,621 | \$2,955,788 | \$217,167 | 7.9% |
| Expenses | | | | | | |
| Salaries | \$619,753 | \$670,207 | \$696,492 | \$777,551 | (\$81,060) | (11.6%) |
| Benefits | \$118,519 | \$136,311 | \$117,361 | \$133,194 | (\$15,833) | (13.5%) |
| Medical Services | \$211,460 | \$241,038 | \$235,261 | \$252,531 | (\$17,270) | (7.3%) |
| Purchased Services | \$330,139 | \$353,875 | \$347,341 | \$380,331 | (\$32,989) | (9.5%) |
| Supplies | \$310,725 | \$330,374 | \$355,058 | \$377,540 | (\$22,482) | (6.3%) |
| Medical Claims Expense | \$529,167 | \$735,309 | \$735,269 | \$907,737 | (\$172,468) | (23.5%) |
| Total Operating Expenses | \$2,119,764 | \$2,467,114 | \$2,486,781 | \$2,828,884 | (\$342,103) | (13.8%) |
| Gain (Loss) from Operations | \$339,670 | \$91,053 | \$251,840 | \$126,904 | (\$124,936) | (49.6%) |
| Non-operating Revenue/(Expense): | | | | | | |
| Depreciation and Amortization | (\$87,787) | (\$88,538) | (\$86,893) | (\$105,559) | (\$18,667) | (21.5%) |
| Other Non-operating | (\$12) | \$4,436 | (\$14,371) | \$2,862 | \$17,233 | (119.9%) |
| Premium Deficiency Reserve | \$1,200 | \$1,975 | \$951 | \$1,000 | \$49 | 5.1% |
| Total Non-operating Revenue/Expense | (\$86,599) | (\$82,127) | (\$100,312) | (\$101,697) | (\$1,385) | (1.4%) |
| Bottom Line Excluding Debt Service | \$253,071 | \$8,926 | \$151,528 | \$25,207 | (\$126,321) | (83.4%) |
| Debt Service | | | | | | |
| Debt Service Revenue (Property Tax I & S) | \$75,193 | \$69,112 | \$69,218 | \$87,500 | \$18,282 | 26.4% |
| Debt Service | \$75,193 | \$69,112 | \$69,218 | \$87,500 | \$18,282 | 26.4% |
| Net Debt Service | \$0 | \$0 | \$0 | \$0 | \$0 | 0.0% |
| Ongoing Capital Requirements | \$40,485 | \$42,544 | \$40,940 | \$45,103 | (\$4,163) | (10.2%) |



Statement of Revenues and Expenses

| UH Less CFHP (Dollars are in Thousands) | 2021 Audited | 2022 Budget | 2022 Projected | 2023 Budget | Variance from Projected | % Variance |
|--|--------------------|--------------------|--------------------|--------------------|----------------------------|----------------|
| Revenues | | | | | | |
| Net Patient Service Revenue | \$909,352 | \$887,553 | \$1,022,525 | \$1,043,725 | \$21,199 | 2.1% |
| Property Taxes M & O | \$437,052 | \$472,231 | \$472,861 | \$524,495 | \$51,634 | 10.9% |
| Disproportionate Share Revenue | \$38,210 | \$37,796 | \$45,518 | \$34,500 | (\$11,018) | (24.2%) |
| HARP Revenue | \$0 | \$0 | \$43,401 | \$30,755 | (\$12,646) | (29.1%) |
| DSRIP Revenue | \$81,329 | \$61,628 | \$2,937 | \$0 | (\$2,937) | (100.0%) |
| NAIP Revenue | \$44,168 | \$34,894 | \$42,273 | \$36,383 | (\$5,890) | (13.9%) |
| SNF Revenue | \$42,444 | \$39,267 | \$44,694 | \$42,170 | (\$2,524) | (5.6%) |
| Uncompensated Care (UC) Revenue | \$113,729 | \$101,645 | \$104,525 | \$114,179 | \$9,654 | 9.2% |
| TIPPS Revenue | \$0 | \$0 | \$2,468 | \$3,528 | \$1,060 | 42.9% |
| Graduate Medical Education Revenue | \$11,234 | \$8,915 | \$15,017 | \$13,419 | (\$1,598) | (10.6%) |
| Tobacco Settlement Fund | \$9,062 | \$9,062 | \$9,346 | \$9,346 | \$0 | 0.0% |
| Other Revenue | \$116,633 | \$84,528 | \$81,608 | \$81,851 | \$243 | 0.3% |
| Total Operating Revenues | \$1,803,213 | \$1,737,520 | \$1,887,173 | \$1,934,350 | \$47,177 | 2.5% |
| Expenses | | | | | | |
| Salaries | \$592,562 | \$638,387 | \$667,161 | \$741,759 | \$74,599 | 11.2% |
| Benefits | \$112,835 | \$129,110 | \$111,295 | \$126,410 | \$15,115 | 13.6% |
| Medical Services | \$211,460 | \$241,038 | \$235,261 | \$252,531 | \$17,270 | 7.3% |
| Purchased Services | \$293,950 | \$310,277 | \$305,455 | \$320,979 | \$15,524 | 5.1% |
| Supplies | \$310,725 | \$330,374 | \$355,058 | \$377,540 | \$22,482 | 6.3% |
| Total Operating Expenses | \$1,521,532 | \$1,649,186 | \$1,674,230 | \$1,819,219 | \$144,990 | 8.7% |
| Gain (Loss) from Operations | \$281,680 | \$88,334 | \$212,944 | \$115,131 | (\$97,813) | (45.9%) |
| Non-operating Revenue/(Expense): | | | | | | |
| Depreciation and Amortization | (\$86,213) | (\$86,936) | (\$85,501) | (\$105,138) | (\$19,638) | 23.0% |
| Other Non-operating | (\$997) | \$4,044 | (\$13,011) | \$2,362 | \$15,373 | (118.2%) |
| Total Non-operating Revenue/(Expense) | (\$87,211) | (\$82,891) | (\$98,512) | (\$102,776) | (\$4,264) | (4.3%) |
| Bottom Line Excluding Debt Service | \$194,469 | \$5,443 | \$114,432 | \$12,355 | (\$102,077) | (89.2%) |
| Debt Service | | | | | | |
| Debt Service Revenue (Property Tax I&S) | \$75,193 | \$69,112 | \$69,218 | \$87,500 | \$18,282 | 26.4% |
| Debt Service | (\$75,193) | (\$69,112) | (\$69,218) | (\$87,500) | (\$18,282) | 26.4% |
| Net Debt Service | \$0 | \$0 | \$0 | \$0 | \$0 | 0.0% |
| Ongoing Capital Requirements | \$39,898 | \$40,598 | \$40,598 | \$44,829 | \$4,232 | 10.4% |



Statement of Revenues and Expenses

| Community First Health Plans (Dollars are in Thousands) | 2021 Audited | 2022 Budget | 2022 Projected | 2023 Budget | Variance from Projected | % Variance |
|--|------------------|------------------|-------------------|--------------------|-------------------------------|-----------------|
| Revenues | | | | | | |
| CFHP Premium Revenue | \$656,061 | \$820,647 | \$851,448 | \$1,021,438 | \$169,990 | 20.0% |
| Other Revenue | \$160 | \$0 | \$0 | \$0 | \$0 | 0.0% |
| Total Operating Revenues | \$656,221 | \$820,647 | \$851,448 | \$1,021,438 | \$169,990 | 20.0% |
| Expenses | | | | | | |
| Salaries | \$27,192 | \$31,820 | \$29,331 | \$35,792 | (\$6,461) | (22.0%) |
| Benefits | \$5,684 | \$7,201 | \$6,065 | \$6,784 | (\$719) | (11.8%) |
| Purchased Services | \$36,189 | \$43,598 | \$41,886 | \$59,352 | (\$17,465) | (41.7%) |
| Medical Claims Expense | \$529,167 | \$735,309 | \$735,269 | \$907,737 | (\$172,468) | (23.5%) |
| Total Operating Expenses | \$598,232 | \$817,928 | \$812,551 | \$1,009,665 | (\$197,113) | (24.3%) |
| Gain (Loss) from Operations | \$57,989 | \$2,719 | \$38,897 | \$11,773 | (\$27,124) | (69.7%) |
| Non-operating Revenue/(Expense): | | | | | | |
| Depreciation and Amortization | (\$1,573) | (\$1,602) | (\$1,392) | (\$421) | \$971 | (69.7%) |
| Other Non-operating | \$986 | \$391 | (\$1,360) | \$500 | \$1,860 | (136.8%) |
| Premium Deficiency Reserve | \$1,200 | \$1,975 | \$951 | \$1,000 | \$49 | 5.1% |
| Total Non-operating Revenue/Expense | \$612 | \$765 | (\$1,801) | \$1,079 | \$2,880 | (159.9%) |
| Bottom Line | \$58,602 | \$3,484 | \$37,096 | \$12,852 | (\$24,244) | (65.4%) |
| Ongoing Capital Requirements | \$587 | \$1,946 | \$343 | \$274 | (\$69) | (20.2%) |

| INPATIENT ACTIVITY | 2020 Actual | 2021 Actual | 2022 Projected* | 2023 Budget | Var. Bud 2023 to Projected | Var % |
|------------------------------------|----------------|----------------|--------------------|----------------|----------------------------------|--------------|
| In-Patient Activity | | | | | | |
| Heart Vascular ¹ | 2,199 | 2,443 | 2,597 | 2,574 | (23) | -0.9% |
| Women Services ² | 3,581 | 3,610 | 4,278 | 4,379 | 101 | 2.4% |
| Neonates ³ | 1,403 | 1,393 | 1,458 | 1,517 | 59 | 4.0% |
| Neurology | 1,750 | 1,821 | 1,924 | 1,986 | 62 | 3.2% |
| Orthopedics | 1,656 | 1,918 | 2,018 | 2,020 | 2 | 0.1% |
| Trauma | 1,126 | 1,189 | 1,273 | 1,288 | 15 | 1.2% |
| Transplant | 223 | 310 | 257 | 306 | 49 | 19.1% |
| All Other | 14,545 | 15,337 | 14,963 | 15,327 | 364 | 2.4% |
| Sub-Total: Adult Discharges | 26,483 | 28,021 | 28,768 | 29,397 | 629 | 2.2% |
| Heart Vascular ⁴ | 129 | 105 | 136 | 147 | 11 | 8.1% |
| Neurology ⁵ | 310 | 265 | 260 | 289 | 29 | 11.2% |
| Orthopedics | 159 | 144 | 146 | 148 | 2 | 1.4% |
| Trauma | 339 | 258 | 277 | 283 | 6 | 2.2% |
| Transplant | 14 | 17 | 21 | 20 | (1) | -4.8% |
| All Other | 1,376 | 1,324 | 1,331 | 1,388 | 57 | 4.3% |
| Sub-Total: Pedi Discharges | 2,327 | 2,113 | 2,171 | 2,275 | 104 | 4.8% |
| Total Discharges | 28,810 | 30,134 | 30,939 | 31,672 | 733 | 2.4% |
| Heart Vascular | 13,352 | 15,829 | 15,508 | 15,331 | (177) | -1.1% |
| Women Services | 10,603 | 10,889 | 11,231 | 11,638 | 407 | 3.6% |
| Neonates | 16,083 | 15,706 | 16,546 | 17,740 | 1194 | 7.2% |
| Neurology | 11,878 | 12,968 | 12,482 | 12,820 | 338 | 2.7% |
| Orthopedics | 10,897 | 12,138 | 12,614 | 13,096 | 482 | 3.8% |
| Trauma | 7,525 | 8,795 | 8,136 | 8,184 | 48 | 0.6% |
| Transplant | 2,684 | 3,355 | 3,101 | 3,461 | 360 | 11.6% |
| All Other | 99,753 | 105,120 | 105,918 | 106,515 | 597 | 0.6% |
| Sub-Total: Adult Days | 172,775 | 184,800 | 185,536 | 188,786 | 3250 | 1.8% |
| Sub-Total: Adult ADC | 473.4 | 506.3 | 508.3 | 517.2 | 8.9 | 1.8% |
| Heart Vascular | 1,340 | 1,067 | 1,491 | 1,587 | 96 | 6.4% |
| Neurology | 1,532 | 1,359 | 1,551 | 1,709 | 158 | 10.2% |
| Orthopedics | 615 | 662 | 565 | 591 | 27 | 4.7% |
| Trauma | 2,089 | 1,555 | 1,661 | 1,789 | 128 | 7.7% |
| Transplant | 182 | 344 | 312 | 324 | 12 | 3.8% |
| All Other | 8,412 | 9,128 | 8,935 | 9,201 | 267 | 3.0% |
| Sub-Total: Pedi Days | 14,170 | 14,115 | 14,514 | 15,201 | 687 | 4.7% |
| Sub-Total: Pedi ADC | 38.8 | 38.7 | 39.8 | 41.6 | 1.9 | 4.7% |
| Total: Days | 186,945 | 198,915 | 200,050 | 203,987 | 3,937 | 2.0% |
| Total: ADC | 512.2 | 545.0 | 548.1 | 558.9 | 10.8 | 2.0% |
| Births ⁶ | 3,140 | 3,201 | 3,598 | 3,647 | 49 | 1.4% |
| ALOS Adult | 6.52 | 6.60 | 6.45 | 6.42 | (0.03) | -0.4% |
| ALOS Pedi | 6.09 | 6.68 | 6.69 | 6.68 | (0.00) | -0.1% |
| Total ALOS | 6.49 | 6.60 | 6.47 | 6.44 | (0.03) | -0.4% |

| OUTPATIENT ACTIVITY | 2020 Actual | 2021 Actual | 2022 Projected | 2023 Budget | Var. Bud 2023 to Projected | Var % |
|--|----------------|----------------|-------------------|------------------|----------------------------------|--------------|
| Total EC (IP - Adult) | 14,962 | 15,939 | 15,414 | 15,814 | 400 | 2.6% |
| Total EC (OP - Adult) | 44,963 | 49,751 | 50,702 | 51,033 | 331 | 0.7% |
| Sub Total: Adult EC | 59,925 | 65,690 | 66,116 | 66,847 | 731 | 1.1% |
| Total EC (IP - OB/GYN) | 3,197 | 3,338 | 3,650 | 3,802 | 152 | 4.2% |
| Total EC (OP - OB GYN) | 8,080 | 9,010 | 10,072 | 10,278 | 206 | 2.0% |
| Sub Total: OB GYN EC | 11,277 | 12,348 | 13,722 | 14,080 | 358 | 2.6% |
| Total EC (IP - Pedi) | 916 | 1,270 | 1,308 | 1,327 | 19 | 1.5% |
| Total EC (OP - Pedi) | 6,987 | 11,706 | 13,592 | 13,696 | 104 | 0.8% |
| Sub Total: Pedi EC | 7,903 | 12,976 | 14,900 | 15,023 | 123 | 0.8% |
| Total EC (IP - Trauma) | 2,945 | 3,116 | 3,558 | 3,517 | (41) | -1.2% |
| Total EC (OP - Trauma) | 3,869 | 4,141 | 4,474 | 4,432 | (42) | -0.9% |
| Sub Total: Trauma EC ⁷ | 6,814 | 7,257 | 8,032 | 7,949 | (83) | -1.0% |
| Total EC | 85,919 | 98,271 | 102,770 | 103,899 | 1,129 | 1.1% |
| Surgery - UH (IP - Adult) | 8,944 | 9,399 | 10,187 | 10,462 | 275 | 2.7% |
| Surgery - UH (OP - Adult) | 6,387 | 7,481 | 7,685 | 7,957 | 272 | 3.5% |
| Sub Total: UH Adult Surgery | 15,331 | 16,880 | 17,873 | 18,419 | 546 | 3.1% |
| Surgery - UH (IP - Pedi) | 471 | 896 | 902 | 927 | 25 | 2.8% |
| Surgery - UH (OP - Pedi) | 1,308 | 1,518 | 1,535 | 1,583 | 48 | 3.1% |
| Sub Total: UH Pedi Surgery | 1,779 | 2,414 | 2,437 | 2,510 | 73 | 3.0% |
| Total: UH Surgery | 17,110 | 19,294 | 20,310 | 20,929 | 619 | 3.0% |
| Observation - UHS (Adult) | 4,776 | 5,645 | 5,362 | 5,365 | 3 | 0.1% |
| Observation - UHS (Pedi) | 1,118 | 1,567 | 1,576 | 1,571 | (5) | -0.3% |
| Sub-Total Obs - UHS (Days) | 5,894 | 7,212 | 6,938 | 6,936 | (2) | 0.0% |
| Total Other Vol: (EC, Surg, & Obs) | 108,923 | 124,777 | 130,018 | 131,764 | 1,746 | 1.3% |
| Ambulatory Surgery Center Volume and other Outpatient Visits (includes PHC's) | | | | | | |
| RBG ASC (Surg) | 337 | 663 | 708 | 712 | 4 | 0.6% |
| RBG ASC (Endo) | 2,941 | 3,285 | 4,480 | 4,698 | 218 | 4.9% |
| MARC ASC (Surg) ⁸ | 3,253 | 3,894 | 3,528 | 4,260 | 732 | 20.7% |
| MARC ASC (Endo) | 1,558 | 2,105 | 2,610 | 2,617 | 7 | 0.3% |
| Clinics (UH - Adult) | 55,251 | 69,980 | 71,682 | 76,712 | 5,030 | 7.0% |
| Clinics (Pavilion) | 39,948 | 47,048 | 54,852 | 50,874 | (3,978) | -7.3% |
| Dialysis (Adult) ⁹ | 61,433 | 58,602 | 56,234 | 77,702 | 21,468 | 38.2% |
| Clinics Ambulatory Ops (Adult) ¹⁰ | 413,833 | 457,884 | 516,548 | 587,873 | 71,325 | 13.8% |
| Clinics (PHCs) | 31,875 | 39,025 | 41,560 | 44,280 | 2,720 | 6.5% |
| Sub-Total: OP Clinics -Adult | 610,429 | 682,486 | 752,202 | 849,728 | 97,526 | 13.0% |
| Clinics (UH - Pedi) | 11,132 | 14,140 | 14,982 | 16,075 | 1,093 | 7.3% |
| Clinics (Pavilion - Pedi) | 8,565 | - | - | - | 0 | 0.0% |
| Dialysis (Pedi) | 3,891 | 3,179 | 3,334 | 4,427 | 1,093 | 32.8% |
| Clinics Ambulatory Ops (Pedi) | 51,493 | 72,297 | 83,322 | 88,382 | 5,060 | 6.1% |
| Sub-Total: OP Clinics - Pedi | 75,081 | 89,616 | 101,638 | 108,884 | 7,246 | 7.1% |
| Total Other Vol: (OP ASCs, OP Clinics, PHCs) | 685,510 | 772,102 | 853,840 | 958,612 | 104,772 | 12.3% |
| Total Outpatient Volume | 794,433 | 896,879 | 983,858 | 1,090,376 | 106,518 | 10.8% |

Consolidated 2023 Budget, Activity Notes

| Service Line | Activity Note |
|--|---|
| Inpatient Services | |
| 1. Heart & Vascular | Provider turnover driving slightly lower volumes in early Budget 2023. Volumes planned to rebound in mid-2023 as recruitment ramps up. |
| 2. Women Services | Outreach and retention efforts supporting additional Women's Services volume in 2023. |
| 3. Neonatal Services | Significant volume increase in mid-2022 continuing into 2023 in preparation for opening of Women's & Children's Hospital and associated additional capacity. |
| 4. Pediatric Heart & Vascular | Pediatric Heart Surgical program continuing to mature with improving community referral patterns. |
| 5. Pediatric Neurology | Maturation of program in preparation for the opening of Women's & Children's Hospital. |
| 6. Births | Improved model of care for Maternal population driving improved retention of population. |
| University Hospital Emergency Center Volume | |
| 7. Trauma Services | 2023 Budget volume remains elevated as compared to prior years but expected to normalize slightly. |
| Ambulatory Surgery Centers (ASCs) | |
| 8. MARC ASC (Surg) | Optimized performance of ASC Operating Room in continued strategy to provide service to elective outpatient procedures outside University Hospital. |
| OP Clinics - Adult | |
| 9. Adult Dialysis | Budgeted addition of new Dialysis facility in Northwest San Antonio supports retention of patient population preferring to receive treatments closer to their home. |
| 10. Clinics Ambulatory Ops (Adult) | Expansion of Clinic locations and addition of providers at multiple clinics to meet the demand in Primary Care & Specialty services. |

2023 Budget, Changes to Total Operating Revenue UH Less CFHP

| Dollars in Millions | Variance from Projected 2022 | % Variance | Driver |
|---|------------------------------|-------------|--|
| 2022 Projected Total Operating Revenue | \$1,887.2 | | |
| Net Patient Revenue | \$21.2 | 2.1% | |
| Inpatient Volume | \$9.1 | | Increased Capacity after Women's & Children's opening. |
| Outpatient Volume | \$7.3 | | Outpatient ancillary volume growth related to UMA provider expansion and optimized performance of ASC. |
| UMA Volume | \$1.3 | | Growth in UMA Providers to improve access to primary & specialty care across the community. |
| OP Pharmacy Specialty Program | \$11.8 | | Continued maturation of Specialty Pharmacy program primarily for High Cost Drug Regimens; ie, Transplant and HIV |
| OP Pharmacy Meds to Beds | \$9.9 | | Projected growth in retail Pharmacy operations. |
| Commercial Rate Improvement | \$3.0 | | Renegotiated managed care agreements. |
| Medicare & Managed Medicare | (\$5.7) | | Loss of HRSA funding for COVID+ patients and reimplementation of 2% Sequestration. |
| CHIRP Benefit | (\$15.5) | | 2022 Projection includes 16 months of payments due to delayed program approval. 2023 Budgeting only 12 months of program benefit. |
| Other Operating Revenue | \$26.1 | 0.3% | |
| Property Taxes | \$51.6 | | Maintain existing tax rate; increase in property values and new properties. |
| Disproportionate Share Funding | (\$11.0) | | Federal Regulations which would have substantially reduced DSH have been delayed. Slight reduction due to expected end of COVID-19 disaster declaration and associated enhanced Federal Matching dollars. |
| HARP Revenue | (\$12.6) | | New 2022 approved program that began October 2021 which enhances payment for Traditional Medicaid patients. 2023 payout will only includes 12 months of service resulting in lower budgeted rate from 2022 payment that included 15 months of payment. |
| DSRIP Revenue | (\$2.9) | | Formal end of program resulting in reduced 2023 revenue. |
| NAIP | (\$5.9) | | No changes are expected for the NAIP program, reduction in funding is a result of elimination of enhanced FMAP. |
| Skilled Nursing Facility | (\$2.5) | | During 2021 the nursing homes received additional funding related to COVID-19 relief; this is not expected to continue for 2023. |
| Uncompensated Care (UC) | \$9.7 | | UC pool increasing in size resulting in higher payment due to upper limit availability. Slight reduction due to expected end of COVID-19 disaster declaration and associated enhanced Federal Matching dollars. |
| TIPPS Revenue | \$1.1 | | New 2022 program supporting Medicaid payments in Ambulatory Clinic locations. |
| Graduate Medical Education | (\$1.6) | | Program is expected to remain stable but slight reduction due to loss of eFMAP. |
| Other Revenue | \$0.2 | | Slight increase in Grant Revenues. |
| Changes to Total Operating Revenue | \$47.3 | 2.5% | |
| Total Operating Revenue | \$1,934.4 | | |

*Positive numbers indicate an increase in Operating Revenue

2023 Budget, Financial Impact of Legislative Changes

| Dollars in millions | 2022 Budget | 2022 Projected | 2023 Budget | Variance from Projected | Notes |
|--|-------------|----------------|-------------|-------------------------|---|
| Uncompensated Care for Hospital and UMA | \$101.6 | \$104.5 | \$114.2 | \$9.7 | UC projection based on an increase in the size of the State UC Pool |
| DSRIP Revenue | \$61.6 | \$2.9 | \$0.0 | (\$2.9) | This program was not renewed for 2022, some final true ups booked in 2022 |
| DSH | \$37.8 | \$45.5 | \$34.5 | (\$11.0) | Reduction due to planned DSH cuts and loss of enhanced FMAP |
| NAIP Revenue | \$34.9 | \$42.3 | \$36.4 | (\$5.9) | Variance due to loss of eFMAP |
| Uniform Rate Increase Program (net of IGT) | \$18.4 | \$53.9 | \$38.4 | (\$15.5) | Delayed approval of the program caused 16 months of revenue to be recorded in 2022 |
| Graduate Medical Education Revenue | \$8.9 | \$15.0 | \$13.4 | (\$1.6) | Variance due to loss of eFMAP |
| Nursing Home QIPP | \$1.9 | \$3.0 | \$2.3 | (\$0.7) | Nursing Home quality performance program, benefits are shared with Touchstone. Variance due to loss of eFMAP |
| HARP Revenue | \$0.0 | \$43.4 | \$30.8 | (\$12.6) | New Directed Payment Program (DPP), variance due to 15 months of revenue booked in '22 to catchup after a late approval and the loss of eFMAP in '23. |
| TIPPS Revenue UH | \$0.0 | \$2.5 | \$3.5 | \$1.0 | Variance due to an increase in program estimate from '22 to '23 offset by 16 months of revenue booked in '22 |
| TIPPS Revenue UMA | \$0.0 | \$2.1 | \$1.6 | (\$0.6) | Rate enhancement for UMA with the IGT expensed in medical services. Decrease reflects loss of eFMAP in '23, |

*Federal Medical Assistance Percentage (FMAP) will decline from 67.0% to 60.8% with the end of the Public Health Emergency 12/31/22

2023 Budget, Changes to the Total Operating Expense UH Less CFHP

| Dollars in Millions | Variance from Projected 2022 | % Variance | Driver |
|---|------------------------------|--------------|--|
| 2022 Projected Total Operating Expense | \$1,674.2 | | |
| Salaries | \$74.6 | 11.2% | |
| Merit Increase and Market Adjustment | \$62.3 | | Reflects 2.5% annual merit increase, \$43 million in market adjustments, and \$3.3 million for Living Wage adjustment. |
| Volume Impact | \$6.7 | | Variable staffing related to the volume increase from 2022 Projection. |
| New Programs | \$6.2 | | Primarily continued growth of Retail/Specialty Pharmacy. |
| Ambulatory Clinic Providers | \$4.9 | | Recruitments of additional Ambulatory Clinic provider to address volume demands in Primary/Specialty Care |
| Fill 2022 Vacant Positions | \$11.5 | | Budgeting to fill to 2022 Budgeted positions that became vacant in 2022 |
| Contract Labor Premium | (\$21.0) | | Labor market disruption impacting availability of employed staff in 2022. Diligently recruiting and retention of employed clinical workforce resulting in lower premium payment to non-employed staff. |
| Benefits | \$15.1 | 13.6% | |
| FICA Tax | \$6.7 | | Tax increase due to higher salary expense. |
| OPEB Liability | \$3.7 | | Increased health benefit cost for retirees and dependents |
| Health Benefit | \$3.5 | | Health benefit increases corresponding to employee increase. |
| Pension Expense | \$1.2 | | Slight increase in pension cost due to actuarial analysis |
| Medical Services | \$17.3 | 7.3% | |
| UT Master Services Increase | \$14.9 | | Return to budgeted 2022 amount plus an increase in salary and coverage agreements for UT Health providers of various services including Transplant ICU and incentive agreement. |
| Increased Carelink Utilization | \$2.4 | | Expected increase in Carelink utilization due to high demand for services. |

2023 Budget, Changes to the Total Operating Expense UH Less CFHP

| Dollars in Millions | Variance from Projected 2022 | % Variance | Driver |
|------------------------------------|------------------------------|-------------|--|
| Purchased Services | \$15.5 | 5.1% | |
| Aged Facilities Infrastructure | \$4.2 | | Additional support to repair and renovate aged facilities to improve patient experience. |
| Advertising | \$3.0 | | Increased advertising budget to support Women's & Children's opening events, groundbreaking for Retama Community Hospital, and HR recruitment support. |
| Retail/Specialty Pharmacy | \$2.8 | | Payments for contracted vendor support of retail specialty pharmacy programs. Offset by increased revenue. |
| Transplant Growth | \$2.4 | | Increase in Organ acquisition charges. |
| Care Coordination | \$1.2 | | Coverage for uninsured patient placement to outside treatment facilities. |
| Employee Recognition | \$1.0 | | Increased support to reward high performing employees and transition holiday gatherings to gifts. |
| Carelink EPO Premiums | \$0.9 | | Increased membership of Carelink patients enrolling in EPO plan with CFHP. |
| Supplies | \$22.5 | 6.3% | |
| Pharmaceuticals | \$10.4 | | Continued ramp up of the retail/specialty pharmacy programs and high cost COVID treatment protocols. Additional expense is offset by revenues. |
| OR & Procedural Supply Cost | \$6.3 | | Expected procedural volume increase from 2022 to 2023 as volumes are optimized across surgical and procedural locations. |
| Supply Chain Inflation/Shortages | \$2.7 | | Supply Chain disruption continuing to drive increased pricing and force alternative supplies at higher per-item cost. |
| Non-medical Supplies | \$2.1 | | Increase cost of paper disposable supplies for café and EVS locations due to supply chain constraints. |
| Changes to Total Operating Expense | \$145.0 | 8.7% | |
| 2023 Budget | | | |
| Total Operating Expense | \$1,819.2 | | |

2023 Budget, FTE Change UH Less CFHP

| Service Line | Variance from Projected 2022 |
|--|---------------------------------|
| 2022 Projected FTE | 8,955.3 |
| Specialty Pharmacy, Retail Pharmacy Service ¹ | 51.6 |
| UMA Ambulatory & Hospital-based ² | 37.6 |
| Pediatric Nursing Pool ³ | 33.0 |
| W&C Hospital Support Staff ⁴ | 27.4 |
| Dialysis ⁵ | 24.0 |
| Grant Services ⁶ | 17.7 |
| Detention Locations ⁷ | 10.0 |
| Human Resources ⁸ | 9.0 |
| Transplant ⁹ | 5.0 |
| Resident Programs (funding offset) ¹⁰ | 4.0 |
| Volume Impact ¹¹ | 188.1 |
| Other Vacancy Replacement ¹² | 262.8 |
| 2023 Budget, Total Paid FTE | 9,625.5 |
| FTE Variance | 670.2 |
| FTE % Growth | 7.5% |

Driver of FTE Increase

- ¹ Positions driven by growth of Retail & Specialty Pharmacy programs. Additional pharmacist staff to insource compounding of pharmaceuticals. Offsetting revenue and reduction of purchased service to cover increased expense.
- ² Growth of Ambulatory Clinic providers and related support staff to better service the patient population. Includes the addition of 11 inpatient Hospitalists.

Growth in Pediatric & Neonatal volume across all service lines requires additional staff available to float
- ³ to high census service locations. The increase in staff will support reduction in overtime/premium pay and less reliance on contract nursing labor.
- ⁴ Women's & Children's Hospital opening in August requires additional support staff in various departments such as Protective Services and welcome staff for the new welcome locations.
- ⁵ Expected opening of a new Dialysis location in Northwest San Antonio to improve service availability for University Health patients and prevent outmigration.
- ⁶ New Grant awards (COVID-19 Vaccine Outreach, HUSTLE, STOP Program, etc) require additional staff to support achievement of initiatives.
- ⁷ Additional support staff to improve care delivery and psychiatric services at detention center locations.
- ⁸ Additional support staff to support a more efficient to recruit and retain employed staff. Significant increase in Human Resource transactions due to labor market disruption.
- ⁹ Investment in transplant programs aligned with strategic business plan's growth trajectory.
- ¹⁰ New Medical Resident positions supported and funded for rotation by community partners. Cost of staffing increases fully offset by community partners.
- ¹¹ Volume driven departments within the hospital to support the 2.4% overall volume increase across inpatient and outpatient services.

Volatile staff turnover in 2022 has resulted in a significant number of staff vacancies supported either
- ¹² through overtime or contract staffing. Budget 2023 includes the full replacement of these positions as the labor market returns to a more normal state.

2023 Budget: Analysis of Tax Rate

| Dollars in Thousands | 2021 Tax Rate | 2022 Tax Rate | Tax Rate Change from Existing Rate | % Change from Existing Tax Rate | 2022 Estimated Taxes ¹ | 2023 Estimated Taxes ² | Proposed Net Change From Prior Year | % Increase |
|----------------------|---------------|---------------|------------------------------------|---------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|------------|
| Operating Rate | 0.240964 | 0.236735 | (0.004229) | (1.76%) | \$472,231 | \$524,495 | \$52,264 | 11.07% |
| Debt Rate | 0.035271 | 0.039500 | 0.004229 | 11.99% | \$69,112 | \$87,515 | \$18,403 | 26.63% |
| Total Tax Rate | 0.276235 | 0.276235 | - | 0.00% | \$541,343 | \$612,010 | \$70,667 | 13.05% |

¹ 2022 Estimated Tax revenue calculated on 2021 property values as of 9/30/21 and 2021 Tax Rate

² 2023 Estimated Tax revenue calculated on 2022 property values certified on 10/01/22 and 2022 Tax Rate

**2023 Budget, Capital Requests
UH less CFHP**

| Dept. Name | Request Name | 2023 Amount | Priority | Reason | Class | Category |
|--|--|-------------|--|----------------------|---|-------------------------|
| BIOMEDICAL ENGINEERING | Sky Tower Integrated OR Video System Replacement | 10,395,000 | Essential: Cannot Function Without | New Technology | Replacement | Information Systems |
| FACILITIES MANAGEMENT | HVAC Replacement University Hospital - Priority List | 5,000,000 | Proactive: Necessary To Avoid Problems | Required Maintenance | Replacement | Construction/Renovation |
| BIOMEDICAL ENGINEERING | Aged Equipment Replacement - Priority List | 3,637,150 | Essential: Cannot Function Without | Required Maintenance | Replacement | Clinical Equipment |
| FACILITIES MANAGEMENT | Roof Top Air Conditioning Units Replacement with Controls Package | 2,800,000 | Essential: Cannot Function Without | Required Maintenance | Replacement | Construction/Renovation |
| UH INTERVENTIONAL RADIOLOGY | University Hospital Phase 1 Interventional Radiology Equipment Azurion 7 M20 | 2,791,739 | Essential: Cannot Function Without | Required Maintenance | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| TECHNICAL SERVICES | Edge Security Firewalls - EOL Equipment | 2,783,334 | Essential: Cannot Function Without | Required Maintenance | Mandated (Regulatory Safety & Required Maintenance) | Information Systems |
| PLANNING, DESIGN AND CONSTRUCTION (PDC) | Replacement of AHU 44 on 4 Horizon: Former Labor & Delivery Service Area | 1,500,000 | Important: Necessary for Improvement | Required Maintenance | Replacement | Construction/Renovation |
| UH OP PHARMACY | ScriptPro / Parata Robots x 6 | 1,400,000 | Essential: Cannot Function Without | Required Maintenance | Replacement | Information Systems |
| TECHNICAL SERVICES | Biomed's Network Replacement - EOL Equipment | 1,110,362 | Proactive: Necessary To Avoid Problems | Required Maintenance | Replacement | Information Systems |
| TECHNICAL SERVICES | Voice UC - Equipment Replacement / New | 746,604 | Important: Necessary for Improvement | New Technology | Strategic (New Service/Expansion) | Information Systems |
| BIOMEDICAL ENGINEERING | Emergency Department/ Trauma Resuscitation Unit Physiological Monitoring Replacement | 734,738 | Essential: Cannot Function Without | Safety Mandated | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UH RADIOLOGY XRAY | Diagnostic Fluoroscopy Equipment | 705,116 | Essential: Cannot Function Without | Required Maintenance | Replacement | Clinical Equipment |
| MATERIALS MANAGEMENT AND INVENTORY CONTROL | High Efficiency Shelving to Convert Vacant Room into Materials Storage | 701,802 | Essential: Cannot Function Without | Safety Mandated | Mandated (Regulatory Safety & Required Maintenance) | Construction/Renovation |
| TECHNICAL SERVICES | CSB Wireless Upgrade - EOL Equipment | 672,373 | Important: Necessary for Improvement | Staff Request | Replacement | Information Systems |
| IT IMAGING SERVICES | Agfa Project Final Capital Reconciliation | 625,130 | Essential: Cannot Function Without | New Technology | Strategic (New Service/Expansion) | Information Systems |
| PLANNING, DESIGN AND CONSTRUCTION (PDC) | SE Annex Roof Replacement | 562,500 | Proactive: Necessary To Avoid Problems | Required Maintenance | Mandated (Regulatory Safety & Required Maintenance) | Construction/Renovation |

**2023 Budget, Capital Requests
UH less CFHP**

| Dept. Name | Request Name | 2023 Amount | Priority | Reason | Class | Category |
|---------------------------------|--|-------------|--|----------------------|---|---------------------|
| TECHNICAL SERVICES | Rubrik IT storage expansion. | 530,000 | Essential: Cannot Function Without | New Technology | Replacement | Information Systems |
| UH RADIOLOGY XRAY | Diagnostic X-Ray Equipment | 526,583 | Essential: Cannot Function Without | Required Maintenance | Replacement | Clinical Equipment |
| TECHNICAL SERVICES | UPS Replacement - Phase II | 480,000 | Important: Necessary for Improvement | Required Maintenance | Replacement | Information Systems |
| UH NEUROSURGICAL OPERATING ROOM | Neuro Drills | 433,638 | Important: Necessary for Improvement | Physician Request | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| TECHNICAL SERVICES | Replace Unity with Powerstore. | 400,000 | Essential: Cannot Function Without | New Technology | Replacement | Information Systems |
| UH RT 2 NEURODIAGNOSTICS | Nexstim Software and Equipment to Expand Ability to Operate on Non-Operable Tumors | 338,900 | Important: Necessary for Improvement | New Service | Strategic (New Service/Expansion) | Clinical Equipment |
| TECHNICAL SERVICES | Nutanix HCI Servers for End User Conversion to VDI | 289,000 | Important: Necessary for Improvement | New Service | Strategic (New Service/Expansion) | Information Systems |
| UH VASC ACCESS TEAM VR | Sonosite PX Ultrasound System with transducer. | 282,060 | Essential: Cannot Function Without | New Technology | Replacement | Clinical Equipment |
| IT IMAGING SERVICES | Agfa - 52,250 Study License True-up | 255,175 | Essential: Cannot Function Without | Required Maintenance | Mandated (Regulatory Safety & Required Maintenance) | Information Systems |
| UH RT 2 ENDOSCOPY | Double Balloon Video Enteroscopy System | 237,696 | Important: Necessary for Improvement | Physician Request | Strategic (New Service/Expansion) | Clinical Equipment |
| RBG ASC OR | UroNav Fusion Biopsy System | 218,800 | Important: Necessary for Improvement | Staff Request | Strategic (New Service/Expansion) | Clinical Equipment |
| TECHNICAL SERVICES | Wireless Badge Access Door Locks | 215,250 | Essential: Cannot Function Without | Safety Mandated | Mandated (Regulatory Safety & Required Maintenance) | Information Systems |
| PAV PHYSICAL THERAPY | Bioness Vector Gait and Safety Harness System | 208,320 | Important: Necessary for Improvement | New Technology | Replacement | Clinical Equipment |
| UH CATH LAB | Rampart M1128-Portable radiation shielding system. | 200,100 | Essential: Cannot Function Without | Safety Mandated | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| TECHNICAL SERVICES | Server Capacity Growth | 200,000 | Proactive: Necessary To Avoid Problems | Required Maintenance | Strategic (New Service/Expansion) | Information Systems |
| UH NON-INVASIVE VASCULAR | Vascular Ultrasound Machine | 186,000 | Essential: Cannot Function Without | New Technology | Replacement | Clinical Equipment |
| UH ANATOMICAL PATHOLOGY | Faxitron Imaging System to Detect Small Metal Clips Near Breast Cancers | 168,000 | Essential: Cannot Function Without | Physician Request | Strategic (New Service/Expansion) | Clinical Equipment |

**2023 Budget, Capital Requests
UH less CFHP**

| Dept. Name | Request Name | 2023 Amount | Priority | Reason | Class | Category |
|---------------------------------|--|-------------|--|----------------------|---|--------------------------|
| UH DIAGNOSTIC CARDIOLOGY | Philips Ultrasound Machine Upgrades | 159,500 | Important: Necessary for Improvement | New Technology | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UH OP PHARMACY | Eyecon VPC for remote order verification | 159,000 | Important: Necessary for Improvement | New Technology | Strategic (New Service/Expansion) | Information Systems |
| BIOMEDICAL ENGINEERING | ED TRU Display Replacement | 150,000 | Essential: Cannot Function Without | Safety Mandated | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UH RT 2 ENDOSCOPY | Pediatric Endoscope | 128,784 | Essential: Cannot Function Without | Physician Request | 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 |
| FLEET SERVICES | 2 Police Ford Explorers | 120,000 | Important: Necessary for Improvement | Required Maintenance | Replacement | Administrative Equipment |
| FLEET SERVICES | 2- 2023 Ford Transit (7 or 9) passenger vans | 110,000 | Important: Necessary for Improvement | Required Maintenance | Replacement | Administrative Equipment |
| UH IP DIALYSIS VR | Spectra Optia Apheresis System | 103,878 | Important: Necessary for Improvement | New Technology | Strategic (New Service/Expansion) | Clinical Equipment |
| UH RT 2 ENDOSCOPY | Pediatric Colonoscope | 95,295 | Essential: Cannot Function Without | Physician Request | Strategic (New Service/Expansion) | Clinical Equipment |
| UMA - TELEMEDICINE SCHOOL BASED | TytoCare Equipment | 93,600 | Essential: Cannot Function Without | New Service | Strategic (New Service/Expansion) | Clinical Equipment |
| UH DONOR SERVICES | Trima Accel Platelet Collection Instrument | 93,500 | Essential: Cannot Function Without | Regulatory Mandated | Replacement | Clinical Equipment |
| FLEET SERVICES | 3 Ford Escapes (lab courier) | 90,000 | Important: Necessary for Improvement | Required Maintenance | Replacement | Administrative Equipment |
| FLEET SERVICES | 2023 Ford Box truck w/lift | 90,000 | Important: Necessary for Improvement | Required Maintenance | Replacement | Administrative Equipment |
| STERILE PROCESSING | 2 x GU Adult Resectoscope/Cystoscope | 89,976 | Important: Necessary for Improvement | Safety Mandated | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UH ST 5 MEDICINE ICU | Sonosite Trasesopahgeal probes | 88,740 | Essential: Cannot Function Without | Physician Request | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UH RT 2 ENDOSCOPY | EndoFlip Impedance Planimetry System | 81,434 | Important: Necessary for Improvement | New Service | Strategic (New Service/Expansion) | Clinical Equipment |
| FLEET SERVICES | 2023 Ford Transit Van 250 With Lift and Refrigeration Unit | 80,000 | Proactive: Necessary To Avoid Problems | Safety Mandated | Mandated (Regulatory Safety & Required Maintenance) | Administrative Equipment |
| MARC ASC | Zeiss SENSERA Microscope | 78,036 | Important: Necessary for Improvement | Safety Mandated | Replacement | Clinical Equipment |

**2023 Budget, Capital Requests
UH less CFHP**

| Dept. Name | Request Name | 2023 Amount | Priority | Reason | Class | Category |
|----------------------------------|---|-------------|--|----------------------|---|--------------------------|
| CLINICAL SYSTEMS | SoftBI Business Intelligence/Data Mining Software | 74,800 | Important: Necessary for Improvement | Staff Request | Strategic (New Service/Expansion) | Information Systems |
| UH MICROBIOLOGICAL PATHOLOGY | Cepheid Rapid COVID Diagnosis Test Equipment | 65,335 | Important: Necessary for Improvement | Regulatory Mandated | Replacement | Clinical Equipment |
| STERILE PROCESSING | Sterile Processing Department Workstations | 61,606 | Important: Necessary for Improvement | Safety Mandated | Replacement | Clinical Equipment |
| UH ST OPERATING ROOM | CUSA CLARITY 23 KHZ Hand piece | 53,916 | Important: Necessary for Improvement | Physician Request | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UH RT SL IP PHARMACY | Omicell AWS station | 48,200 | Essential: Cannot Function Without | Required Maintenance | Replacement | Clinical Equipment |
| UH PEDI SPECIALTY CLINIC | Video Rhino-laryngoscopes | 47,696 | Important: Necessary for Improvement | Physician Request | Strategic (New Service/Expansion) | Clinical Equipment |
| UH RT SL IP PHARMACY | Omicell XT cabinets 6 cell aux | 46,350 | Important: Necessary for Improvement | New Technology | Strategic (New Service/Expansion) | Information Systems |
| FLEET SERVICES | 2023 Ford Transit 250 van w/lift | 45,000 | Important: Necessary for Improvement | Required Maintenance | Replacement | Administrative Equipment |
| DETENTION HEALTH CARE - ADULT | EKG Machine MAC360 | 41,926 | Essential: Cannot Function Without | Physician Request | Replacement | Clinical Equipment |
| MARC ASC | 4K UHD Cameras | 41,786 | Essential: Cannot Function Without | Regulatory Mandated | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| FLEET SERVICES | 2023 Ford Transit 250 van | 40,000 | Important: Necessary for Improvement | Required Maintenance | Replacement | Administrative Equipment |
| DETENTION HEALTH CARE - JUVENILE | Dental chair system with auxiliary equipment. | 37,318 | Essential: Cannot Function Without | Regulatory Mandated | Replacement | Clinical Equipment |
| DETENTION HEALTH CARE - SOUTHTON | Dental chair system with auxiliary equipment. | 37,318 | Essential: Cannot Function Without | Regulatory Mandated | Replacement | Clinical Equipment |
| UH RT SL IP PHARMACY | Omicell XT cabinet 1 cell main | 37,150 | Proactive: Necessary To Avoid Problems | New Technology | Strategic (New Service/Expansion) | Clinical Equipment |
| UH RT SL IP PHARMACY | Omicell 1 cell main | 37,150 | Essential: Cannot Function Without | New Technology | Strategic (New Service/Expansion) | Clinical Equipment |
| UH ST 5 MEDICINE ICU | Belmont Rapid Infuser RI-2 | 33,795 | Important: Necessary for Improvement | Staff Request | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| PAV PHYSICAL THERAPY | Xcite V2 Clinical Station | 32,015 | Important: Necessary for Improvement | New Technology | Strategic (New Service/Expansion) | Clinical Equipment |

**2023 Budget, Capital Requests
UH less CFHP**

| Dept. Name | Request Name | 2023 Amount | Priority | Reason | Class | Category |
|-----------------------------------|--|-------------|--|----------------------|---|-------------------------|
| UH RT 2 NEURODIAGNOSTICS | Renishaw Equipment allowing the Surgical Team and Epileptologist to Work on Surgical Trajectory Together | 30,000 | Important: Necessary for Improvement | New Technology | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| STERILE PROCESSING | GU /Cystoscope | 29,604 | Proactive: Necessary To Avoid Problems | Safety Mandated | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| STERILE PROCESSING | GU /Cystoscope | 29,604 | Proactive: Necessary To Avoid Problems | Safety Mandated | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| TDI DIALYSIS SUPPORT | Booster Pump Replacement TDI Dialysis | 29,160 | Essential: Cannot Function Without | Regulatory Mandated | Replacement | Construction/Renovation |
| TDI PODIATRY CLINIC | Power Base Podiatric Exam Chairs | 28,676 | Essential: Cannot Function Without | Required Maintenance | Replacement | Clinical Equipment |
| UH ST OPERATING ROOM | Ultrasound BK Robotic Hand piece | 27,430 | Essential: Cannot Function Without | Physician Request | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UMA - SE CLINIC | Access High/Low Exam Bed | 26,400 | Essential: Cannot Function Without | Required Maintenance | Replacement | 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 | EKG | 22,353 | Proactive: Necessary To Avoid Problems | Regulatory Mandated | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UH ST G TRAUMA RESUSCITATION UNIT | EKG | 22,353 | Important: Necessary for Improvement | Regulatory Mandated | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| DETENTION HEALTH CARE - JUVENILE | Electrocardiograph with auxiliary accessories. | 22,152 | Essential: Cannot Function Without | Regulatory Mandated | Replacement | Clinical Equipment |
| DETENTION HEALTH CARE - SOUTHTON | Electrocardiograph with auxiliary accessories. | 22,152 | Essential: Cannot Function Without | Regulatory Mandated | Replacement | Clinical Equipment |
| MARC DIAGNOSTIC CARDIOLOGY | EKG Machines | 22,000 | Essential: Cannot Function Without | New Technology | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UMA - RBG SKIN CLINIC | 2 Dermatology Procedure Chairs with Stirrups. | 21,685 | Important: Necessary for Improvement | Physician Request | Strategic (New Service/Expansion) | Clinical Equipment |
| UMA - PV EXPRESS MED | EKG Machine VU360 - Pavillion EMC | 21,152 | Essential: Cannot Function Without | Required Maintenance | Replacement | Clinical Equipment |
| UMA - RBG PEDI EXPRESS MED | EKG Machine VU360 - Pedi Express EMC | 21,152 | Essential: Cannot Function Without | Required Maintenance | Replacement | Clinical Equipment |
| UMA - INWOOD CLINIC | EKG Machine VU360 - Inwood | 21,152 | Essential: Cannot Function Without | Required Maintenance | Replacement | Clinical Equipment |

**2023 Budget, Capital Requests
UH less CFHP**

| Dept. Name | Request Name | 2023 Amount | Priority | Reason | Class | Category |
|-------------------------------|---|-------------|--|----------------------|---|--------------------------|
| COPY CENTER | Formax - Digital Address Printer | 21,015 | Essential: Cannot Function Without | New Technology | Replacement | Administrative Equipment |
| STERILE PROCESSING | GYN TruClear Elite | 20,651 | Proactive: Necessary To Avoid Problems | Safety Mandated | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| STERILE PROCESSING | GYN TruClear Elite | 20,651 | Proactive: Necessary To Avoid Problems | Safety Mandated | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UMA - RBG PRIMARY CARE MOBILE | Primary Care Mobile Bus Exam Room Chair | 17,855 | Essential: Cannot Function Without | Required Maintenance | Replacement | Clinical Equipment |
| UMA - SW WHS | Access High/Low Exam Bed | 17,600 | Essential: Cannot Function Without | New Service | Strategic (New Service/Expansion) | Clinical Equipment |
| UH HT 4 LABOR DELIVERY | Glidescope CORE Upgrade | 15,968 | Essential: Cannot Function Without | Physician Request | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UH HT SL PEDI ED | Glidescope | 15,100 | Proactive: Necessary To Avoid Problems | Regulatory Mandated | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UH HT SL PEDI ED | Glidescope | 15,100 | Proactive: Necessary To Avoid Problems | Regulatory Mandated | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UH RT SL IP PHARMACY | Omicell CSM 2 cell | 15,000 | Essential: Cannot Function Without | New Technology | Strategic (New Service/Expansion) | Information Systems |
| UH RT 4 OBSTETRICS | Refrigerated Crash Cart | 15,000 | Important: Necessary for Improvement | Safety Mandated | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UH RT 3 HYPERBARIC | EKG Machine | 14,391 | Essential: Cannot Function Without | Safety Mandated | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UH HT 12 MED SURG | Bladder Scanner | 11,523 | Important: Necessary for Improvement | Staff Request | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UH RT 9 MEDICINE | Bladder Scanner | 11,523 | Important: Necessary for Improvement | Staff Request | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UH RT 9 MEDICINE | Bladder Scanner | 11,523 | Important: Necessary for Improvement | Physician Request | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| PROTECTIVE SERVICES-UH | ID Badge Printer | 11,347 | Proactive: Necessary To Avoid Problems | Staff Request | Replacement | Administrative Equipment |
| CENTER FOR LIFE | System 8 Sternum Saw | 11,124 | Essential: Cannot Function Without | Physician Request | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| CENTER FOR LIFE | System 8 Sternum Saw | 11,124 | Essential: Cannot Function Without | Physician Request | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UH ECMO ADV TECHNOLOGY VR | Livengood mobigo cart | 10,000 | Important: Necessary for Improvement | Staff Request | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| CAFETERIA | RBG Combi Oven | 10,000 | Proactive: Necessary To Avoid Problems | Required Maintenance | Mandated (Regulatory Safety & Required Maintenance) | Construction/Renovation |

**2023 Budget, Capital Requests
UH less CFHP**

| Dept. Name | Request Name | 2023 Amount | Priority | Reason | Class | Category |
|----------------------------|----------------------------|-------------|--|----------------------|---|--------------------------|
| RBG LABORATORY CLINIC | UA instrument - RBG | 9,566 | Essential: Cannot Function Without | Required Maintenance | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UMA - KENWOOD CLINIC | Colposcope | 9,275 | Important: Necessary for Improvement | Physician Request | Strategic (New Service/Expansion) | Clinical Equipment |
| UMA - ZARZAMORA CLINIC | Access High/Low Exam Bed | 8,800 | Essential: Cannot Function Without | New Service | Strategic (New Service/Expansion) | Clinical Equipment |
| UMA - NACO-PERRIN CLINIC | Access High/Low Exam Bed | 8,800 | Essential: Cannot Function Without | Required Maintenance | Replacement | Clinical Equipment |
| RBG OBSTETRIC CLINIC | Access High/Low Exam Bed | 8,800 | Essential: Cannot Function Without | Required Maintenance | Replacement | Clinical Equipment |
| RBG MEDICINE CLINIC | Access High/Low Exam Bed | 8,800 | Essential: Cannot Function Without | Required Maintenance | Replacement | Clinical Equipment |
| MARC DIAGNOSTIC CARDIOLOGY | Well Counter | 7,045 | Essential: Cannot Function Without | Regulatory Mandated | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| UMA - PV EXPRESS MED | Ice & Water Dispenser | 6,263 | Important: Necessary for Improvement | Physician Request | Strategic (New Service/Expansion) | Clinical Equipment |
| RBG ASC OR | Vacuum Curettage System | 6,139 | Proactive: Necessary To Avoid Problems | New Service | Mandated (Regulatory Safety & Required Maintenance) | Clinical Equipment |
| LOGISTICS | Crown Electric Pallet Jack | 5,692 | Essential: Cannot Function Without | Required Maintenance | Replacement | Administrative Equipment |

| | |
|--------------------------|----------------------|
| Total 2023 Amount | \$ 44,829,396 |
|--------------------------|----------------------|

Property Acquisitions/Dispositions

| Description | Address | Status | Building / Space Sqft |
|----------------------------------|---------|--------|-----------------------|
| New Facility Acquisitions | | | |

N/A

| |
|------------------------|
| New Real Estate |
|------------------------|

| | | |
|------------------------|---------------------------------------|-----------------------|
| Eastside Clinic | 4.4 Acres (IH-10 / E. Houston) | Under Contract |
|------------------------|---------------------------------------|-----------------------|

This site is designated for a clinical building to be constructed to serve Eastern Bexar County residents.

| | | |
|---------------|---|------------------|
| Retama | 42.5 Acres (Retama Parkway and Lookout Road) | Purchased |
|---------------|---|------------------|

This property is located on the far north east sector of Bexar County along the I-35 corridor. 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.

| | | |
|--|--|-----------------------|
| VIDA (Zarzamora St. and Jaguar Blvd.) | 68.02 Acres (Southside-Southstar at Verano) | Under Contract |
|--|--|-----------------------|

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 |
|------------------------------|

| | | | |
|------------------------|---|-------------|---------------|
| Business Center | 355 Spencer Lane 78201 (6224 West Interstate 10) | Sold | 20,514 |
|------------------------|---|-------------|---------------|

The Business Center on Spencer Lane was acquired in 2005 to facilitate the expansion of clinical services at University Hospital. Due to its size and cost to renovate, it no longer meets University Health needs. Staff was relocated to new Business Center Office #1 at 5800 Farinon.