

UNIVERSITY OF CALIFORNIA
Medical Centers Report

For The Three Months Ended
September 30, 2015

Quarterly Report

Prepared by: Office of the Associate Vice President and Systemwide Controller

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS
ACTIVITY AND FINANCIAL STATUS REPORT
Key Indicators
For The Three Months Ended September 30, 2015

\$ in thousands
shown in fiscal years

	Davis	Irvine	Los Angeles	San Diego	San Francisco ¹	Children	TOTAL
Available Beds							
2016	591	409	795	542	709	190	3,236
2015	581	409	805	542	660	190	3,187
Average Daily Census							
2016	473	337	739	472	554	122	2,697
2015	479	316	739	452	506	128	2,620
Discharges							
2016	7,928	5,274	10,380	7,485	8,260	2,297	41,624
2015	8,106	5,063	10,634	7,093	7,524	2,570	40,990
Length of Stay							
2016	5.4	5.9	6.5	5.8	6.2	4.9	6.0
2015	5.3	5.7	6.4	5.9	6.2	4.6	5.9
Patient Days							
2016	43,499	31,016	67,966	43,389	50,984	11,254	248,108
2015	43,815	29,096	67,984	41,539	46,360	11,817	240,611
Outpatient Visits							
2016	239,164	177,736	191,097	187,801	286,792	63,264	1,145,854
2015	232,566	162,055	193,188	171,799	261,647	59,649	1,080,904
Case Mix Index ²							
2016	1.73	1.67	1.94	1.81	2.06	1.30	
2015	1.62	1.72	1.85	1.80	2.04	1.31	
Days of Revenue in A/R							
2016	50	50	54	48	52	73	
2015	61	52	53	60	53	76	
Days Cash on Hand							
2016	95	112	127	115	44	198	
2015	65	112	176	82	65	130	
Income (Loss) from Operations							
2016	\$ 9,967	\$ 21,132	\$ 44,174	\$ 32,140	\$ 7,632	\$ (10,426)	\$ 104,619
2015	\$ 9,632	\$ 15,293	\$ 67,489	\$ 37,391	\$ 20,753	\$ (20,604)	\$ 129,954
Income (Loss) Before Other Changes in Net Position							
2016	\$ 8,588	\$ 16,250	\$ 24,619	\$ 32,122	\$ (2,858)	\$ (12,758)	\$ 65,963
2015	\$ 7,849	\$ 12,879	\$ 60,242	\$ 37,138	\$ 18,601	\$ (19,136)	\$ 117,573
Increase (Decrease) in Net Position							
2016	\$ (2,474)	\$ 1,844	\$ (8,414)	\$ 13,376	\$ (13,084)	\$ (9,486)	\$ (18,238)
2015	\$ (1,701)	\$ 1,776	\$ 29,031	\$ 21,611	\$ 7,551	\$ (19,136)	\$ 39,132
Margin on Income (Loss) Before Other Changes in Net Position							
2016	2.0%	6.8%	4.3%	8.7%	-0.4%	-10.4%	2.7%
2015	2.0%	5.8%	11.0%	10.8%	3.0%	-17.9%	5.3%
Debt Service Coverage ³							
2016	3.0	4.3	7.1	5.7	4.4		
2015	2.8	4.3	5.4	4.8	3.0		

NOTE: Prior Y-T-D data has been restated to retroactively apply new pension accounting policies adopted.

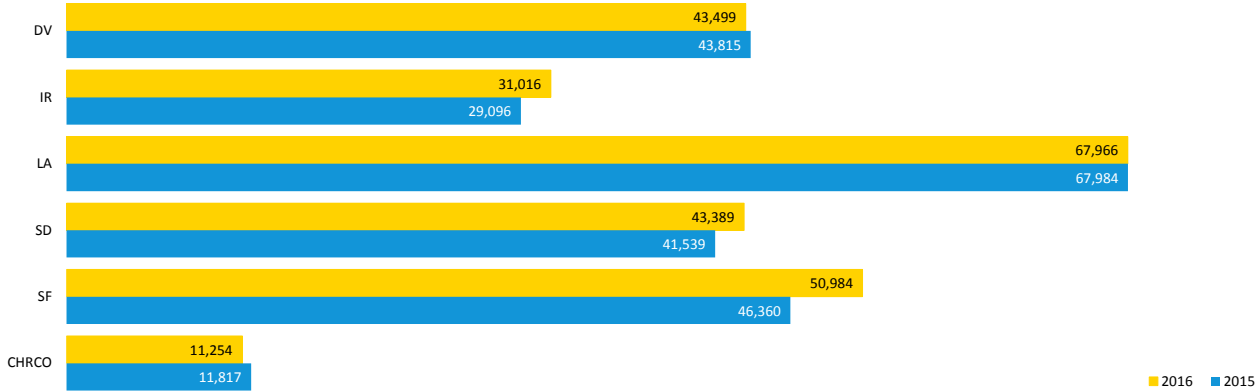
¹ Data includes UCSF Medical Center and Medical Group Activities (PSA).

² Case mix index is calculated at the patient level and is not determinable systemwide.

³ Children's debt was defeased by the University with commercial paper, therefore, CHRCO has a payable to the University until the debt is refinanced into University of CA Medical Center Pooled Revenue Bonds.

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS
ACTIVITY AND FINANCIAL STATUS REPORT
Management's Discussions & Analysis for Operating Statistics
For The Three Months Ended September 30, 2015

Patient Days



Patient days changes in 2016 as compared to 2015 are as follows:

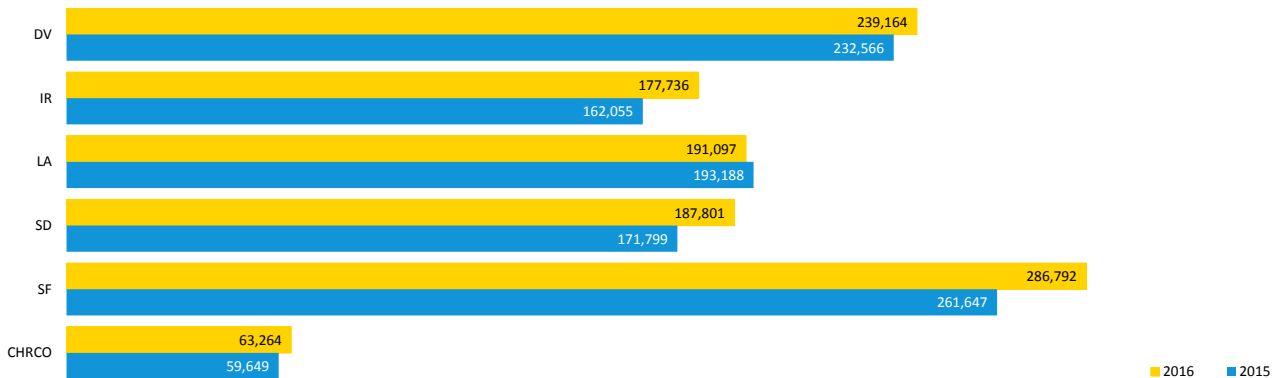
Increase (decreased)

Medical Center	Increase (decreased)	% Change	Notes
Davis	(316)	-0.7%	• Decrease due to less admissions.
Irvine	1,920	6.6%	• Patient days higher due to increased admissions and longer ALOS.
Los Angeles	(18)	0.0%	• Lower contract patient days.
San Diego	1,850	4.5%	• Increased patient days due to increased admissions.
San Francisco	4,624	10.0%	• Increased patient volumes due to the opening of Mission Bay in Feb 15.
Children	(563)	-4.8%	• The current year volume has been lower, the prior year was unusually high due to flu case volume.
Total	7,497	3.1%	

Outpatient Visits

	Davis	Irvine	Los Angeles	San Diego	San Francisco	Children	TOTAL
2016							
Hospital Clinics	107,509	157,259	171,712	168,624	269,155	53,007	927,266
Primary care network	111,050	8,192					119,242
Home health and hospice	5,267				4,996		10,263
Emergency visits	15,338	12,285	19,385	19,177	12,641	10,257	89,083
Total	239,164	177,736	191,097	187,801	286,792	63,264	1,145,854
2015							
Hospital Clinics	112,813	146,392	175,303	153,213	245,266	49,777	882,764
Primary care network	101,362	3,709					105,071
Home health and hospice	4,135				5,153		9,288
Emergency visits	14,256	11,954	17,885	18,586	11,228	9,872	83,781
Total	232,566	162,055	193,188	171,799	261,647	59,649	1,080,904

The volume of total outpatient visits for the Medical Centers and CHRCO are as follows:



Total outpatient visit changes in 2016 as compared to 2015 are as follows:

Increase (decreased)

Medical Center	Increase (decreased)	% Change	Notes
Davis	6,598	2.8%	• Increase was due to expansion of outpatient programs and outreach efforts.
Irvine	15,681	9.7%	• Increase is the result of the volume growth inline with the strategic plan.
Los Angeles	(2,091)	(1.1%)	• Lower contract outpatient volume.
San Diego	16,002	9.3%	• The increase in OP visits was primarily due to the opening of several new clinics.
San Francisco	25,145	9.6%	• Increased patient volumes due to the opening of Mission Bay in Feb 15.
CHRCO	3,615	6.1%	• New services provided, increased referrals for Lab/Xray, higher ER volume than the prior year.
Total	64,950	6.0%	

UNIVERSITY OF CALIFORNIA
MEDICAL CENTERS
ACTIVITY AND FINANCIAL STATUS REPORT
Statement of Revenues, Expenses and Changes in Net Position
For The Three Months Ended September 30, 2015
(\$ in thousands)

	DAVIS					IRVINE				
	2016	Budget	2015	Y-O-Y	Y-O-Y %	2016	Budget	2015	Y-O-Y	Y-O-Y %
Net patient service revenue	\$ 420,351	\$ 429,219	\$ 393,777	\$ 26,574	6.7%	\$ 232,037	\$ 244,400	\$ 216,194	\$ 15,843	7.3%
Other operating revenue	9,317	10,619	6,253	3,064	49.0%	5,416	6,153	4,520	896	19.8%
Total operating revenue	429,668	439,838	400,030	29,638	7.4%	237,453	250,553	220,714	16,739	7.6%
Operating expenses (excludes interest expense)	419,701	431,984	390,398	29,303	7.5%	216,321	227,282	205,421	10,900	5.3%
Income (loss) from operations	9,967	7,854	9,632	335	3.5%	21,132	23,271	15,293	5,839	38.2%
Non-operating revenue (expenses)	(1,379)	(2,473)	(1,783)	404	(22.7%)	(4,882)	(5,370)	(2,414)	(2,468)	102.2%
Income (loss) before other changes in net position	8,588	5,381	7,849	739	9.4%	16,250	17,901	12,879	3,371	26.2%
Other changes in net position ¹	(11,062)	(11,551)	(9,550)	(1,512)	15.8%	(14,406)	(15,113)	(11,103)	(3,303)	29.7%
Increase (decrease) in net position	\$ (2,474)	\$ (6,170)	\$ (1,701)	\$ (773)	45.4%	\$ 1,844	\$ 2,788	\$ 1,776	\$ 68	3.8%

	LOS ANGELES					SAN DIEGO				
	2016	Budget	2015	Y-O-Y	Y-O-Y %	2016	Budget	2015	Y-O-Y	Y-O-Y %
Net patient service revenue	\$ 559,544	\$ 559,470	\$ 529,228	\$ 30,316	5.7%	\$ 352,408	\$ 367,520	\$ 329,340	\$ 23,068	7.0%
Other operating revenue	18,850	17,010	16,578	2,272	13.7%	16,937	17,998	14,853	2,084	14.0%
Total operating revenue	578,394	576,480	545,806	32,588	6.0%	369,345	385,518	344,193	25,152	7.3%
Operating expenses (excludes interest expense)	534,220	546,490	478,317	55,903	11.7%	337,205	349,129	306,802	30,403	9.9%
Income (loss) from operations	44,174	29,990	67,489	(23,315)	(34.5%)	32,140	36,389	37,391	(5,251)	(14.0%)
Non-operating revenue (expenses)	(19,555)	(6,360)	(7,247)	(12,308)	169.8%	(18)	8	(253)	235	(92.9%)
Income (loss) before other changes in net position	24,619	23,630	60,242	(35,623)	(59.1%)	32,122	36,397	37,138	(5,016)	(13.5%)
Other changes in net position ¹	(33,033)	(46,620)	(31,211)	(1,822)	5.8%	(18,746)	(20,000)	(15,527)	(3,219)	20.7%
Increase (decrease) in net position	\$ (8,414)	\$ (22,990)	\$ 29,031	\$ (37,445)	(129.0%)	\$ 13,376	\$ 16,397	\$ 21,611	\$ (8,235)	(38.1%)

	SAN FRANCISCO					CHILDREN				
	2016	Budget	2015	Y-O-Y	Y-O-Y %	2016	Budget	2015	Y-O-Y	Y-O-Y %
Net patient service revenue	\$ 684,715	\$ 666,901	\$ 593,277	\$ 91,438	15.4%	\$ 106,347	\$ 102,377	\$ 89,559	\$ 16,788	18.7%
Other operating revenue	30,984	25,185	26,264	4,720	18.0%	16,712	17,457	17,074	(362)	(2.1%)
Total operating revenue	715,699	692,086	619,541	96,158	15.5%	123,059	119,834	106,633	16,426	15.4%
Operating expenses (excludes interest expense)	708,067	690,928	598,788	109,279	18.3%	133,485	132,828	127,237	6,248	4.9%
Income (loss) from operations	7,632	1,158	20,753	(13,121)	(63.2%)	(10,426)	(12,994)	(20,604)	10,178	(49.4%)
Non-operating revenue (expenses)	(10,490)	(9,896)	(2,152)	(8,338)	387.5%	(2,332)	4,793	1,468	(3,800)	(258.9%)
Income (loss) before other changes in net position	(2,858)	(8,738)	18,601	(21,459)	(115.4%)	(12,758)	(8,201)	(19,136)	6,378	(33.3%)
Other changes in net position ¹	(10,226)	-	(11,050)	824	(7.5%)	3,272	-	-	3,272	-
Increase (decrease) in net position	\$ (13,084)	\$ (8,738)	\$ 7,551	\$ (20,635)	(273.3%)	\$ (9,486)	\$ (8,201)	\$ (19,136)	\$ 9,650	(50.4%)

	TOTAL				
	2016	Budget	2015	Y-O-Y	Y-O-Y %
Net patient service revenue	\$ 2,355,402	\$ 2,369,887	\$ 2,151,375	\$ 204,027	9.5%
Other operating revenue	98,216	94,422	85,542	12,674	14.8%
Total operating revenue	2,453,618	2,464,309	2,236,917	216,701	9.7%
Operating expenses (excludes interest expense)	2,348,999	2,378,641	2,106,963	242,036	11.5%
Income (loss) from operations	104,619	85,668	129,954	(25,335)	(19.5%)
Non-operating revenue (expenses)	(38,656)	(19,298)	(12,381)	(26,275)	212.2%
Income (loss) before other changes in net position	65,963	66,370	117,573	(51,610)	(43.9%)
Other changes in net position ¹	(84,201)	(93,284)	(78,441)	(5,760)	7.3%
Increase (decrease) in net position	\$ (18,238)	\$ (26,914)	\$ 39,132	\$ (57,370)	(146.6%)

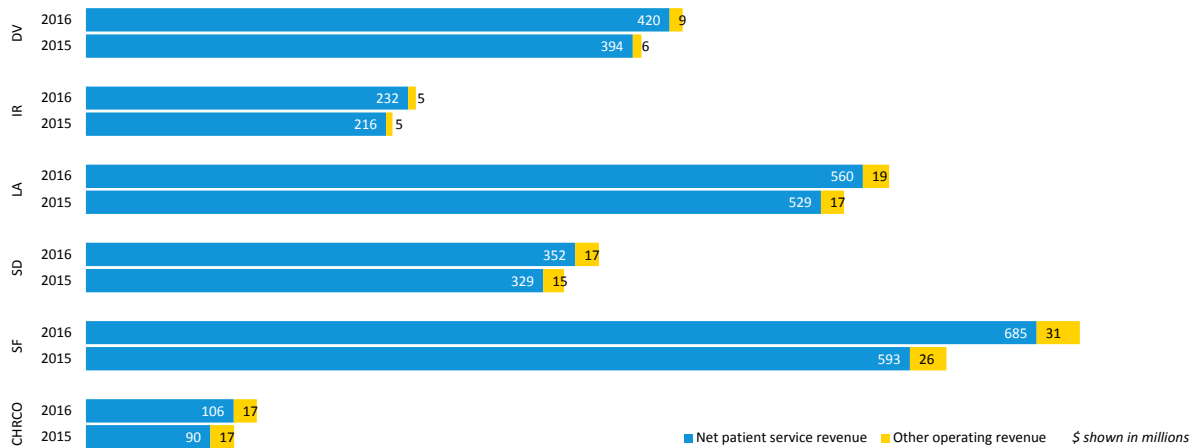
NOTE: Prior Y-T-D data has been restated to retroactively apply new pension accounting policies adopted.

¹ Other Changes in net position include transactions such as Health Systems Support, State and Federal Capital Appropriations, and other transfers of funds between the medical center and campus. Health Systems Support is a transfer of funds from the medical center to the School of Medicine on the campus. State and Federal Capital Appropriations are funds received by the campus and transferred to the medical centers, e.g., SB 1953 funds, FEMA, State Public Works Board, etc. Depending on the timing of these transfers of funds, Other Changes in net position may be either a positive or negative amount and can also result in significant month-to-month budget to actual variances.

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS
ACTIVITY AND FINANCIAL STATUS REPORT
Management's Discussions & Analysis for Revenues, Expenses, and Changes in Net Position
For The Three Months Ended September 30, 2015

Revenue

The following chart illustrates the net patient service revenue and other operating revenue:



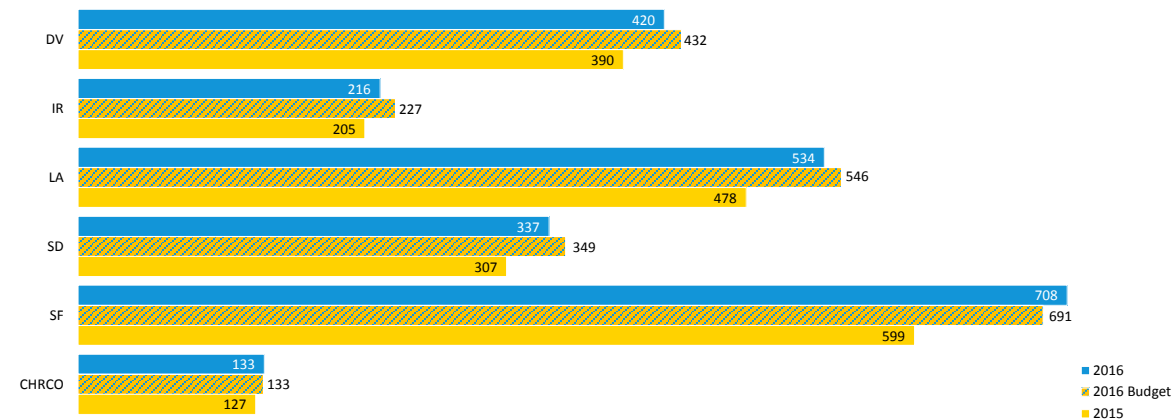
Revenue changes for 2016 as compared to 2015 are as follows:

Increased (decreased) \$ in thousands

	Total Operating Revenue		Net Patient Service Revenue		
Davis	\$ 29,638	7.4%	\$ 26,574	6.7%	• The increase over the prior year is primarily due to increased outpatient visits.
Irvine	16,739	7.6%	15,843	7.3%	• For both operating revenue and net patient revenue is significantly volume driven, in both patient days as wells as outpatient visits.
Los Angeles	32,588	6.0%	30,316	5.7%	• Increase in contract rates and a reduction in bad debt expense.
San Diego	25,152	7.3%	23,068	7.0%	• Increase in revenue is primarily driven by patient volume.
San Francisco	96,158	15.5%	91,438	15.4%	• Increased patient volumes due to the opening of Mission Bay in Feb 15.
Children	16,426	15.4%	16,788	18.7%	• Provider fee revenue of \$13.1M vs. \$0 in the prior year as well as reduced bad debt expense in the current year.
Total	\$ 216,701	9.7%	\$ 204,027	9.5%	

Operating Expenses

The following chart illustrates total operating expenses:



The changes in total operating expenses for 2016 as compared to 2015 are as follows:

Increase (decreased) \$ in millions

Davis	\$ 29,303	7.5%	• Operating expenses increased in salaries and wages, benefits, supplies and purchased services. Although higher than last year, the medical center is 2.8 percent favorable to budget year to date.	
Irvine	10,900	5.3%	• Operating expenses are greater than prior year in salaries and wages, benefits, and other supplies and purchased services. Although higher than last year, the medical center is 4.8 percent under the current years budget year to date.	
Los Angeles	55,903	11.7%	• Increase in salaries, pension benefits, professional services, medical supplies, and other supplies and purchased services.	
San Diego	30,403	9.9%	• Operating expenses reflect increased patient volume.	
San Francisco	109,279	18.3%	• Increased patient volumes due to the opening of Mission Bay in Feb 15 resulted in higher operating expenses.	
Children	6,248	4.9%	• Higher benefits costs primarily due to pension, increased physician fees, and higher provider fee related costs.	
Total	\$ 242,036	11.5%		

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS
ACTIVITY AND FINANCIAL STATUS REPORT
Management's Discussions & Analysis for Revenues, Expenses, and Changes in Net Position
For The Three Months Ended September 30, 2015

Operating Expenses

The following table summarizes the operating expenses by type for the Medical Centers and CHRCO:

(\$ in thousands)

	DAVIS					IRVINE				
	2016	Budget	2015	Y-O-Y	Y-O-Y %	2016	Budget	2015	Y-O-Y	Y-O-Y %
Salaries & wages	\$ 188,437	\$ 193,123	\$ 178,749	\$ 9,688	5.4%	\$ 92,246	\$ 93,446	\$ 87,945	\$ 4,301	4.9%
Retiree health & other employee benefits	44,162	50,633	40,962	3,200	7.8%	22,962	27,161	21,480	1,482	6.9%
Pension benefits	17,292	17,417	20,673	(3,381)	(16.4%)	11,796	11,919	11,706	90	0.8%
Professional services	36,943	30,988	27,030	9,913	36.7%	1,308	1,143	1,235	73	5.9%
Medical supplies	68,990	71,683	64,284	4,706	7.3%	30,786	34,656	30,618	168	0.5%
Other supplies & purchased services	34,654	35,182	27,812	6,842	24.6%	23,282	23,967	16,217	7,065	43.6%
Depreciation & amortization	19,851	21,421	21,828	(1,977)	(9.1%)	16,954	19,837	17,064	(110)	(0.6%)
Insurance	2,388	2,753	2,161	227	10.5%	1,431	819	1,151	280	24.3%
Other	6,984	8,784	6,899	85	1.2%	15,556	14,334	18,005	(2,449)	(13.6%)
Total	\$ 419,701	\$ 431,984	\$ 390,398	\$ 29,303	7.5%	\$ 216,321	\$ 227,282	\$ 205,421	\$ 10,900	5.3%

	LOS ANGELES					SAN DIEGO				
	2016	Budget	2015	Y-O-Y	Y-O-Y %	2016	Budget	2015	Y-O-Y	Y-O-Y %
Salaries & wages	\$ 227,336	\$ 237,060	\$ 210,928	\$ 16,408	7.8%	\$ 127,177	\$ 128,292	\$ 111,846	\$ 15,331	13.7%
Retiree health & other employee benefits	54,300	62,700	49,229	5,071	10.3%	39,667	41,770	35,629	4,038	11.3%
Pension benefits	36,316	20,130	19,625	16,691	85.0%	19,507	19,980	12,340	7,167	58.1%
Professional services	12,366	14,230	8,657	3,709	42.8%	12,337	12,480	11,514	823	7.1%
Medical supplies	75,158	76,410	67,713	7,445	11.0%	70,426	78,031	72,757	(2,331)	(3.2%)
Other supplies & purchased services	91,885	99,980	88,017	3,868	4.4%	50,793	51,970	45,775	5,018	11.0%
Depreciation & amortization	33,796	32,800	31,243	2,553	8.2%	15,192	15,192	15,035	157	1.0%
Insurance	3,063	3,180	2,905	158	5.4%	2,106	1,414	1,906	200	10.5%
Other	-	-	-	-	-	-	-	-	-	-
Total	\$ 534,220	\$ 546,490	\$ 478,317	\$ 55,903	11.7%	\$ 337,205	\$ 349,129	\$ 306,802	\$ 30,403	9.9%

	SAN FRANCISCO					CHILDREN				
	2016	Budget	2015	Y-O-Y	Y-O-Y %	2016	Budget	2015	Y-O-Y	Y-O-Y %
Salaries & wages	\$ 264,285	\$ 259,993	\$ 223,984	\$ 40,301	18.0%	\$ 57,874	\$ 58,914	\$ 59,192	\$ (1,318)	(2.2%)
Retiree health & other employee benefits	51,035	55,497	43,840	7,195	16.4%	18,237	15,915	15,445	2,792	18.1%
Pension benefits	32,879	31,649	29,623	3,256	11.0%	2,997	2,276	4,091	(1,094)	(26.7%)
Professional services	14,897	15,657	11,237	3,660	32.6%	12,895	9,950	9,467	3,428	36.2%
Medical supplies	107,314	91,418	87,711	19,603	22.3%	12,270	11,841	11,653	617	5.3%
Other supplies & purchased services	157,230	154,268	143,255	13,975	9.8%	10,701	14,336	12,460	(1,759)	(14.1%)
Depreciation & amortization	42,155	41,918	27,093	15,062	55.6%	8,824	8,825	9,110	(286)	(3.1%)
Insurance	2,007	1,713	1,669	338	20.3%	838	729	891	(53)	(5.9%)
Other	36,265	38,815	30,376	5,889	19.4%	8,849	10,042	4,928	3,921	79.6%
Total	\$ 708,067	\$ 690,928	\$ 598,788	\$ 109,279	18.3%	\$ 133,485	\$ 132,828	\$ 127,237	\$ 6,248	4.9%

	TOTAL				
	2016	Budget	2015	Y-O-Y	Y-O-Y %
Salaries & wages	\$ 957,355	\$ 970,828	\$ 872,644	\$ 84,711	9.7%
Retiree health & other employee benefits	230,363	253,676	206,585	23,778	11.5%
Pension benefits	120,787	103,371	98,058	22,729	23.2%
Professional services	90,746	84,448	69,140	21,606	31.2%
Medical supplies	364,944	364,039	334,736	30,208	9.0%
Other supplies & purchased services	368,545	379,703	333,536	35,009	10.5%
Depreciation & amortization	136,772	139,993	121,373	15,399	12.7%
Insurance	11,833	10,608	10,683	1,150	10.8%
Other	67,654	71,975	60,208	7,446	12.4%
Total	\$ 2,348,999	\$ 2,378,641	\$ 2,106,963	\$ 242,036	11.5%

UNIVERSITY OF CALIFORNIA
MEDICAL CENTERS
Activity and Financial Status Report
Statement of Net Position
For The Three Months Ended September 30, 2015
(*\$ in thousands*)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	CHILDREN	TOTAL	FYE 2015
ASSETS								
Current assets:								
Cash	\$ 421,352	\$ 246,472	\$ 672,953	\$ 403,779	\$ 319,875	\$ 32,674	\$ 2,097,105	\$ 2,210,895
Short-term investments	-	-	-	-	-	80,515	80,515	70,280
Net patient accounts receivable	233,467	123,613	325,746	190,576	393,985	66,477	1,333,864	1,334,210
Other receivables	10,578	1,947	20,778	15,743	10,936	34,411	94,393	101,124
Third party payment receivables, net	17,390	94,845	19,645	94,446	-	-	226,326	173,993
Inventory	27,019	17,689	29,424	25,164	39,443	5,643	144,382	139,963
Prepaid expenses and other assets	33,572	12,795	29,081	13,884	38,681	7,408	135,421	121,178
Total current assets	743,378	497,361	1,097,627	743,592	802,920	227,128	4,112,006	4,151,643
Restricted assets	-	-	14,473	56,742	7,394	56,187	134,796	150,798
Capital assets, net	996,454	719,667	1,874,040	1,304,490	2,126,031	268,562	7,289,244	7,265,544
Investments in joint ventures	17,007	-	963	8,273	347	-	26,590	31,379
Investments	-	-	245,012	-	-	153,076	398,088	416,189
Other assets	-	-	28,549	1,640	11,021	4,252	45,462	34,734
Total assets	1,756,839	1,217,028	3,260,664	2,114,737	2,947,713	709,205	12,006,186	12,050,287
DEFERRED OUTFLOWS OF RESOURCES	337,615	162,808	445,482	211,728	245,692	45,695	1,449,020	1,645,247
LIABILITIES								
Current liabilities:								
Accounts payable and accrued expenses	37,298	24,926	108,385	86,199	160,327	27,453	444,588	481,217
Accrued salaries and benefits	112,854	61,370	159,357	70,301	89,739	41,221	534,842	591,038
Third-party payor settlements	148,995	148,173	5,191	10,981	45,285	1,617	360,242	347,734
Current portion of long-term debt and capital leases	28,428	12,918	10,438	15,907	3,936	-	71,627	74,066
Other current liabilities	28,470	5,421	28,434	160	29,281	12,558	104,324	67,081
Total current liabilities	356,045	252,808	311,805	183,548	328,568	82,849	1,515,623	1,561,136
Long-term debt and capital leases, net of current portion and other long-term liabilities	292,246	270,841	810,196	691,918	845,325	-	2,910,526	2,903,787
Pension Obligation	619,213	308,211	705,008	388,712	523,452	48,725	2,593,321	2,847,042
Notes payable to campus	-	-	75,000	6,631	-	-	81,631	80,468
Pension Payable to University	174,007	85,452	193,338	106,869	147,512	-	707,178	775,383
Interest rate swap agreements	-	-	72,299	-	11,108	-	83,407	71,884
Self insurance	-	-	-	-	-	20,083	20,083	18,146
Other non-current liabilities	-	-	-	3,161	-	58,873	62,034	65,860
Total liabilities	1,441,511	917,312	2,167,646	1,380,839	1,855,965	210,530	7,973,803	8,323,706
DEFERRED INFLOWS OF RESOURCES	322,949	165,393	343,940	203,140	495,366	22,319	1,553,107	1,453,369
Net Position								
Net investment in capital assets	684,536	435,753	1,056,206	653,407	1,276,793	212,642	4,319,337	4,311,950
Restricted: Nonexpendable Endowments and gifts	-	-	662	-	7,371	24,955	32,988	25,281
Restricted Expendable Capital projects and others	-	-	11,010	-	-	31,232	42,242	51,195
Unrestricted	(354,542)	(138,622)	126,682	89,079	(442,090)	253,222	(466,271)	(469,967)
Total net position	\$ 329,994	\$ 297,131	\$ 1,194,560	\$ 742,486	\$ 842,074	\$ 522,051	\$ 3,928,296	\$ 3,918,459

UNIVERSITY OF CALIFORNIA
 MEDICAL CENTERS
 Activity and Financial Status Report
Supplemental Funds
 For The Three Months Ended September 30, 2015
 (\$ in thousands)

	DAVIS		IRVINE		LOS ANGELES		SAN DIEGO	
	2016	2015	2016	2015	2016	2015	2016	2015
FEDERAL								
Disproportionate Share - Medicare	\$ 8,922	\$ 9,567	\$ 3,646	\$ 3,880	\$ 5,314	\$ 5,618	\$ 4,833	\$ 4,832
Teaching (DME & IME) - Medicare	13,773	12,991	4,583	4,540	17,814	17,027	7,833	6,869
Subtotal, Federal Supplemental Funds	22,695	22,558	8,229	8,420	23,128	22,645	12,666	11,701
STATE								
Supplemental Funds-Medi-Cal	16,521	12,906	16,250	17,200	8,112	8,214	31,899	25,721
Medi-Cal (DSRIP)	-	6,778	5,075	5,075	6,000	6,000	3,760	4,650
Hospital Fee Program	-	-	-	-	-	-	-	-
Clinical Teaching Support	-	-	2,059	2,119	2,514	2,500	-	-
Meaningful Use of EHR	103	-	-	-	-	-	-	-
Tobacco Tax Funds & Other Funds	-	-	-	-	-	-	-	-
Subtotal, State Supplemental Funds	16,624	19,684	23,384	24,394	16,626	16,714	35,659	30,371
Total Supplemental Funds	\$ 39,319	\$ 42,242	\$ 31,613	\$ 32,814	\$ 39,754	\$ 39,359	\$ 48,325	\$ 42,072

Supplemental Funds as a percentage of Total Operating Revenue	9.2%	10.6%	13.3%	14.9%	6.9%	7.2%	13.1%	12.2%
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	SAN FRANCISCO		CHILDREN		TOTAL	
	2016	2015	2016	2015	2016	2015
FEDERAL						
Disproportionate Share - Medicare	\$ 10,172	\$ 9,362	\$ -	\$ -	\$ 32,887	\$ 33,259
Teaching (DME & IME) - Medicare	14,261	13,375	1,780	1,891	60,044	56,693
Subtotal, Federal Supplemental Funds	24,433	22,737	1,780	1,891	92,931	89,952
STATE						
Supplemental Funds-Medi-Cal	9,682	9,682	7,530	6,191	89,994	79,914
Medi-Cal (DSRIP)	-	-	-	-	14,835	22,503
Hospital Fee Program	-	-	13,151	9	13,151	9
Clinical Teaching Support	-	-	-	-	4,573	4,619
Meaningful Use of EHR	-	-	108	-	211	-
Tobacco Tax Funds	91	35	-	-	91	35
Subtotal, State Supplemental Funds	9,773	9,717	20,789	6,200	122,855	107,080
Total Supplemental Funds	\$ 34,206	\$ 32,454	\$ 22,569	\$ 8,091	\$ 215,786	\$ 197,032

Supplemental Funds as a percentage of Total Operating Revenue	4.8%	5.2%	18.3%	7.6%	8.8%	8.8%
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UNIVERSITY OF CALIFORNIA
 MEDICAL CENTERS
 Activity and Financial Status Report
Patient Days by Sponsor and Operating Revenue by Funding Source
 For The Three Months Ended September 30, 2015

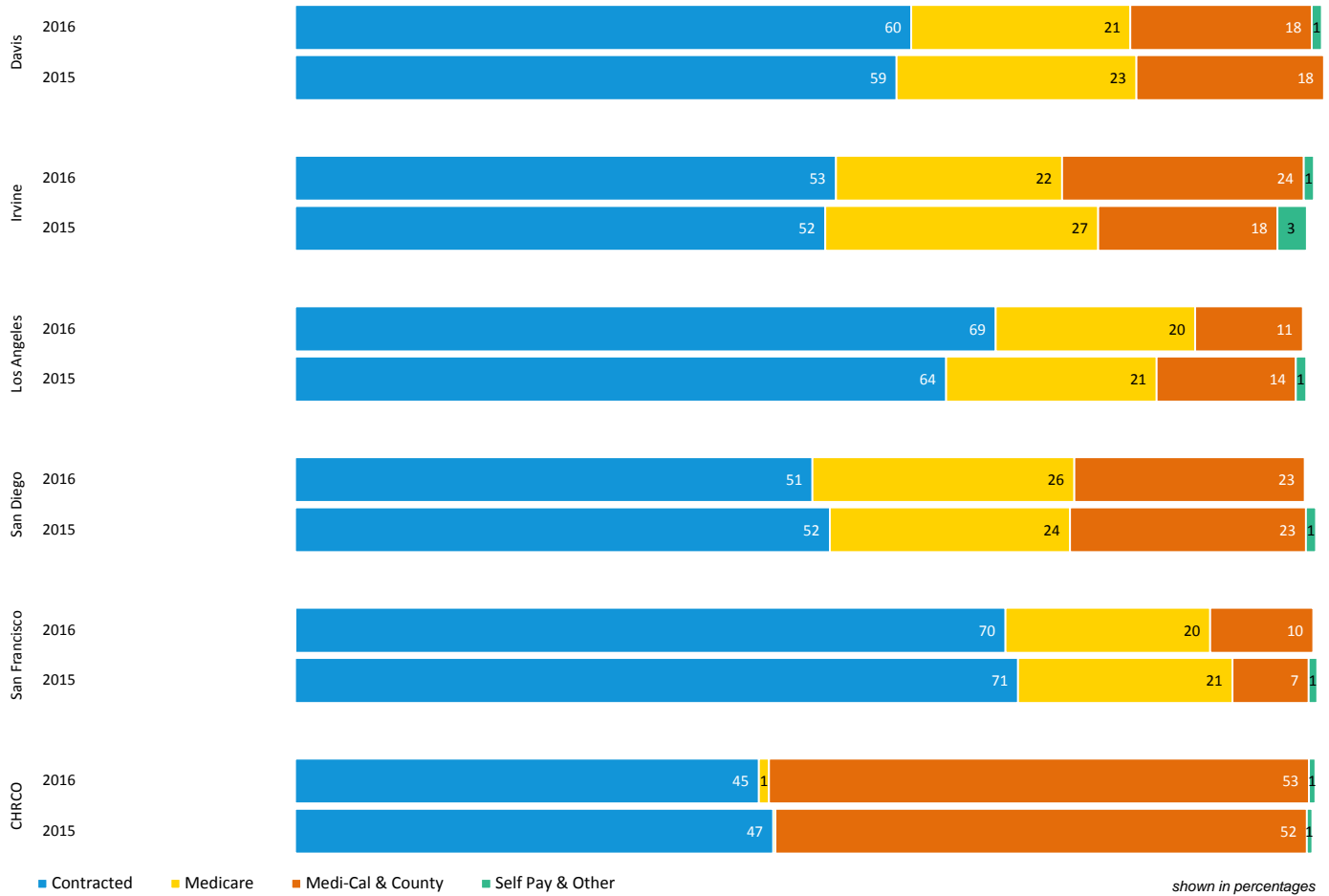
(\$ in thousands)

	Patient Days				Total Operating Revenue			
	2016		2015		2016		2015	
Davis								
Medicare	14,273	33%	14,439	33%	\$ 90,130	21%	\$ 88,448	22%
Medicare Managed Care	0	0%	0	0%	0	0%	0	0%
Medi-Cal	16,495	38%	17,792	40%	73,882	17%	72,091	18%
Medi-Cal Managed Care	0	0%	0	0%	0	0%	0	0%
County	127	0%	101	0%	634	0%	157	0%
Commercial Insurance	9	0%	27	0%	315	0%	652	0%
Contract (disc./per-diem)	9,413	22%	7,376	17%	221,184	52%	198,033	50%
Contract (capitated)	3,096	7%	3,855	9%	31,961	7%	33,071	8%
Self Pay	86	0%	225	1%	2,245	1%	1,325	0%
Total/Subtotal	43,499	100%	43,815	100%	\$ 420,351	98%	\$ 393,777	98%
CTS					0	0%	0	0%
EHR					103	0%	0	0%
Other Op. Rev.					9,214	2%	6,253	2%
Total					\$ 429,668	100%	\$ 400,030	100%
Irvine								
Medicare	6,640	21%	6,208	21%	\$ 48,114	20%	\$ 42,147	19%
Medicare Managed Care	2,284	7%	2,019	7%	3,258	2%	15,592	7%
Medi-Cal	7,998	26%	7,186	25%	38,095	16%	30,671	14%
Medi-Cal Managed Care	5,920	19%	5,441	19%	16,736	7%	9,325	4%
County	0	0%	47	0%	0	0%	98	0%
Commercial Insurance	499	2%	354	1%	8,230	3%	6,613	3%
Contract (disc./per-diem)	7,442	24%	7,281	25%	114,559	48%	105,518	48%
Contract (capitated)	0	0%	0	0%	0	0%	0	0%
Self Pay	233	1%	560	2%	3,045	2%	6,230	3%
Total/Subtotal	31,016	100%	29,096	100%	\$ 232,037	98%	\$ 216,194	98%
CTS					2,059	1%	2,119	1%
EHR					0	0%	0	0%
Other Op. Rev.					3,357	1%	2,401	1%
Total					\$ 237,453	100%	\$ 220,714	100%
Los Angeles								
Medicare	19,997	29%	19,859	29%	\$ 114,765	20%	\$ 109,002	20%
Medicare Managed Care	0	0%	0	0%	0	0%	0	0%
Medi-Cal	9,864	15%	10,390	15%	44,246	8%	38,988	7%
Medi-Cal Managed Care	4,711	7%	3,308	5%	14,686	3%	33,171	6%
County	0	0%	0	0%	0	0%	0	0%
Commercial Insurance	0	0%	0	0%	0	0%	0	0%
Contract (disc./per-diem)	30,783	45%	31,789	47%	366,964	63%	318,761	59%
Contract (capitated)	1,980	3%	1,891	3%	16,665	3%	18,330	3%
Self Pay	631	1%	747	1%	2,218	0%	10,976	2%
Total/Subtotal	67,966	100%	67,984	100%	\$ 559,544	97%	\$ 529,228	97%
CTS					2,514	0%	2,500	0%
EHR					0	0%	0	0%
Other Op. Rev.					16,336	3%	14,078	3%
Total					\$ 578,394	100%	\$ 545,806	100%
San Diego								
Medicare	10,850	25%	10,405	25%	\$ 69,807	19%	\$ 63,938	19%
Medicare Managed Care	3,346	8%	2,720	7%	20,456	6%	16,796	5%
Medi-Cal	8,716	20%	10,232	25%	54,054	15%	54,596	16%
Medi-Cal Managed Care	8,356	19%	6,708	16%	26,273	7%	17,319	5%
County	253	1%	281	1%	2,702	2%	4,062	1%
Commercial Insurance	0	0%	0	0%	0	0%	0	0%
Contract (disc./per-diem)	11,132	26%	11,003	26%	178,415	48%	172,291	50%
Contract (capitated)	0	0%	0	0%	0	0%	0	0%
Self Pay	736	1%	190	0%	701	0%	338	1%
Total/Subtotal	43,389	100%	41,539	100%	\$ 352,408	95%	\$ 329,340	96%
CTS					0	0%	0	0%
EHR					0	0%	0	0%
Other Op. Rev.					16,937	5%	14,853	4%
Total					\$ 369,345	100%	\$ 344,193	100%
San Francisco								
Medicare	13,136	26%	12,813	28%	\$ 134,441	19%	\$ 124,241	20%
Medicare Managed Care	333	1%	91	0%	2,829	0%	316	0%
Medi-Cal	11,313	21%	8,323	18%	67,210	10%	42,832	7%
Medi-Cal Managed Care	35	0%	128	0%	166	0%	(133)	0%
County	255	1%	333	1%	1,683	0%	1,453	0%
Commercial Insurance	145	0%	133	0%	3,091	0%	2,081	0%
Contract (disc./per-diem)	25,451	50%	24,026	52%	0	0%	417,534	67%
Contract (capitated)	0	0%	0	0%	472,797	66%	0	0%
Self Pay	316	1%	513	1%	2,498	0%	4,953	1%
Total/Subtotal	50,984	100%	46,360	100%	\$ 684,715	96%	\$ 593,277	96%
CTS					0	0%	0	0%
EHR					0	0%	0	0%
Other Op. Rev.					30,984	4%	26,264	4%
Total					\$ 715,699	100%	\$ 619,541	100%
CHILDREN'S								
Medicare	9	0%	17	0%	\$ 165	0%	\$ 189	0%
Medicare Managed Care	0	0%	0	0%	0	0%	0	0%
Medi-Cal	6,543	58%	4,481	38%	46,569	38%	34,920	33%
Medi-Cal Managed Care	1,227	11%	3,878	33%	10,658	9%	12,066	11%
County	0	0%	0	0%	0	0%	0	0%
Commercial Insurance	0	0%	0	0%	0	0%	0	0%
Contract (disc./per-diem)	3,452	31%	3,150	27%	48,264	39%	41,892	40%
Contract (capitated)	0	0%	0	0%	0	0%	0	0%
Self Pay	23	0%	291	2%	691	1%	492	0%
Total/Subtotal	11,254	100%	11,817	100%	\$ 106,347	86%	\$ 89,559	84%
CTS					0	0%	0	0%
EHR					0	0%	0	0%
Other Op. Rev.					16,712	14%	17,074	16%
Total					\$ 123,059	100%	\$ 106,633	100%

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS
ACTIVITY AND FINANCIAL STATUS REPORT
Management's Discussions & Analysis for Net Patient Service Revenue
For The Three Months Ended September 30, 2015

Net Patient Service Revenue

The following chart illustrates the percentage of net patient service revenue by payer:



Payer mix changes for 2016 as compared to 2015 are as follows:

- | | |
|---------------|--|
| Davis | <ul style="list-style-type: none"> We have seen a decrease in Medi-Cal and a increase in Contracts. |
| Irvine | <ul style="list-style-type: none"> Payer mix consistent with prior year. |
| Los Angeles | <ul style="list-style-type: none"> There has been a slight shift out of Medi-Cal traditional coverage into Medi-Cal Managed Care as the expansion program continues. Self Pay as a % of Total payer mix has gone down due to more patients receiving insurance coverage due to the ACA. |
| San Diego | <ul style="list-style-type: none"> Payor mix has been relatively stable during the beginning of the fiscal year. |
| San Francisco | <ul style="list-style-type: none"> Medi-Cal has increased and Self Pay has decreased due to the Affordable Care Act. |
| Children | <ul style="list-style-type: none"> The managed care payor mix has improved from the prior year. |