

UNIVERSITY OF CALIFORNIA
Medical Centers Report

For The Six Months Ended
December 31, 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 Six Months Ended December 31, 2015

\$ in thousands
shown in fiscal years

	Davis	Irvine	Los Angeles	San Diego	San Francisco ¹	Children	TOTAL
Available Beds							
2016	589	409	795	544	709	190	3,236
2015	581	409	805	542	660	190	3,187
Average Daily Census							
2016	484	337	740	474	563	121	2,719
2015	475	314	737	447	503	134	2,610
Discharges							
2016	15,994	10,429	20,659	14,638	16,580	4,559	82,859
2015	16,112	10,019	21,242	14,064	14,945	5,302	81,684
Length of Stay							
2016	5.5	6.0	6.6	6.0	6.3	4.9	6.0
2015	5.3	5.8	6.4	5.8	6.2	4.6	5.9
Patient Days							
2016	89,111	62,096	136,141	87,302	103,682	22,316	500,648
2015	87,373	57,807	135,587	82,158	92,010	24,639	479,574
Outpatient Visits							
2016	482,907	353,373	380,372	375,651	579,550	128,539	2,300,392
2015	495,730	322,146	380,742	341,944	515,981	122,725	2,179,268
Case Mix Index ²							
2016	1.76	1.75	1.97	1.86	2.11	1.29	
2015	1.61	1.77	1.87	1.84	2.07	1.30	
Days of Revenue in A/R							
2016	47	47	55	47	51	66	
2015	59	57	53	53	53	77	
Days Cash on Hand							
2016	91	109	133	121	48	193	
2015	64	114	148	88	48	153	
Income (Loss) from Operations							
2016	\$ 2,964	\$ 35,040	\$ 66,877	\$ 50,986	\$ 17,592	\$ (25,605)	\$ 147,854
2015	18,237	33,023	131,962	74,885	29,769	4,821	292,697
Income (Loss) Before Other Changes in Net Position							
2016	\$ 1,679	\$ 25,514	\$ 47,890	\$ 50,495	\$ (2,938)	\$ (26,546)	\$ 96,094
2015	16,847	28,053	122,425	76,756	20,869	17,790	282,740
Increase (Decrease) in Net Position							
2016	\$ (20,497)	\$ (2,529)	\$ (29,714)	\$ 25,140	\$ (19,703)	\$ (16,279)	\$ (63,582)
2015	(2,886)	4,195	63,076	48,928	(1,521)	54,724	166,516
Margin on Income (Loss) Before Other Changes in Net Position							
2016	0.2%	5.3%	4.1%	6.8%	-0.2%	-10.9%	1.9%
2015	2.1%	6.2%	11.1%	11.0%	1.7%	6.4%	6.1%
Debt Service Coverage ³							
2016	2.9	4.3	6.5	5.3	4.4		
2015	2.7	4.6	6.5	5.5	2.8		

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

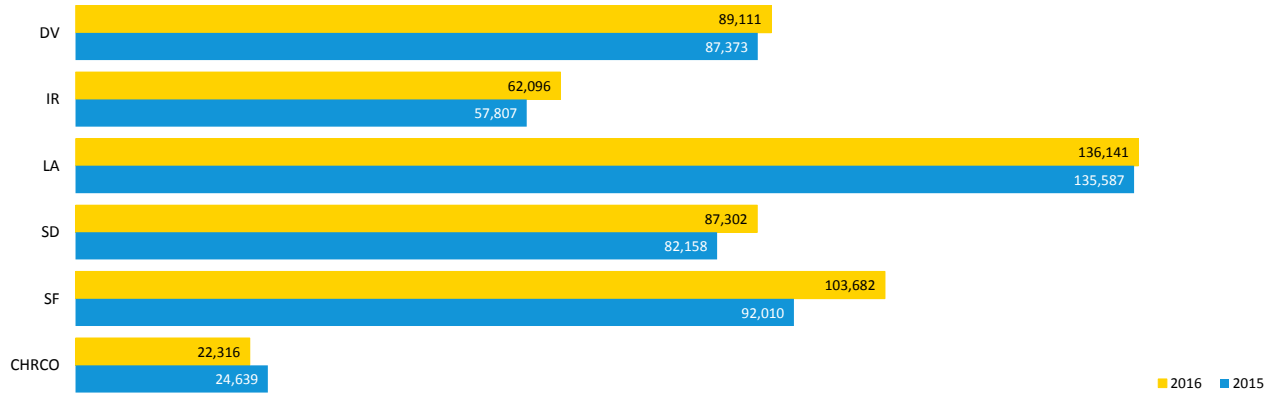
¹ Data includes UCSF Medical Center and Medical Group Activities (PSA).

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 Six Months Ended December 31, 2015

Patient Days



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

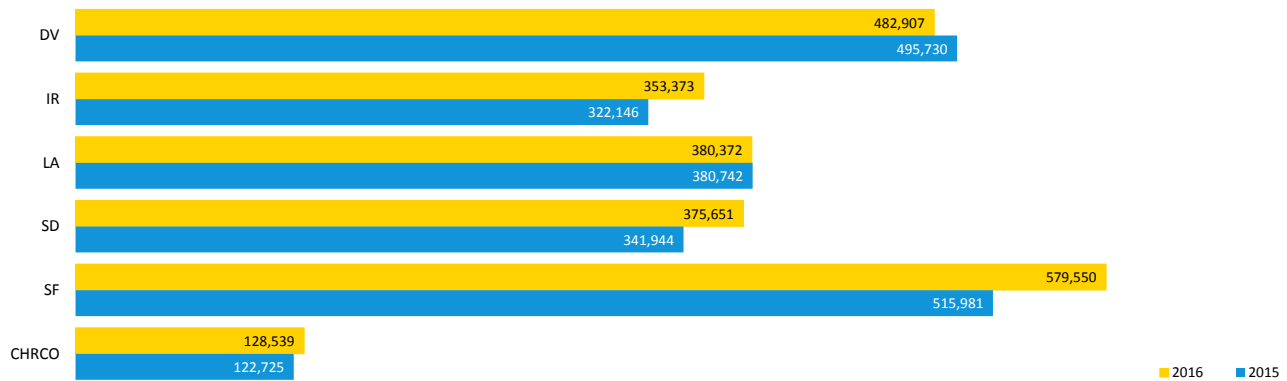
Increased (decreased)

Medical Center	2016	2015	Change (%)	Notes
Davis	1,738	1,738	2.0%	The average length of stay increased from 5.3 to 5.5 from the prior year. Increases were seen in Medicare, Medi-Cal and Contracts.
Irvine	4,289	4,289	7.4%	The increase in patient days is the result of increased admissions and longer length of stay.
Los Angeles	554	554	0.4%	The increase in volume is the result of higher Medicare, Medi-cal HMO, and Covered CA patient days.
San Diego	5,144	5,144	6.3%	Increased patient days due to increased admissions.
San Francisco	11,672	11,672	12.7%	Increased patient volume is due to the opening of Mission Bay in Feb 2015.
Children	(2,323)	(2,323)	-9.4%	The hospital has experienced lower patient volume as compared to prior year. Prior year was an unusually busy year with season flu cases.
Total	21,074	21,074	4.4%	

Outpatient Visits

	Davis	Irvine	Los Angeles	San Diego	San Francisco	Children	TOTAL
2016							
Hospital Clinics	216,183	311,964	341,257	337,913	542,982	106,708	1,857,007
Primary care network	226,182	17,267					243,449
Home health and hospice	10,543				10,395		20,938
Emergency visits	29,999	24,142	39,115	37,738	26,173	21,831	178,998
Total	482,907	353,373	380,372	375,651	579,550	128,539	2,300,392
2015							
Hospital Clinics	216,515	290,387	344,940	305,323	483,400	100,757	1,741,322
Primary care network	241,723	8,582					250,305
Home health and hospice	8,926				9,676		18,602
Emergency visits	28,566	23,177	35,802	36,621	22,905	21,968	169,039
Total	495,730	322,146	380,742	341,944	515,981	122,725	2,179,268

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:

Increased (decreased)

Medical Center	2016	2015	Change (%)	Notes
Davis	(12,823)	(12,823)	-2.6%	The decrease is primarily in the Primary Care Network due to a higher than normal physician turnover rate.
Irvine	31,227	31,227	9.7%	The increase in outpatient visits was anticipated, and is the result of the medical centers growth plan.
Los Angeles	(370)	(370)	-0.1%	The decrease in outpatient visits is primarily due to lower contract outpatient volume.
San Diego	33,707	33,707	9.9%	The increase in OP visits was primarily due to the opening of several new clinics.
San Francisco	63,569	63,569	12.3%	Increased patient volume is due to the opening of Mission Bay in Feb 2015.
CHRCO	5,814	5,814	4.7%	The hospital has experienced planned growth outpatient services.
Total	121,124	121,124	5.6%	

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS
ACTIVITY AND FINANCIAL STATUS REPORT
Statement of Revenues, Expenses and Changes in Net Position
For The Six Months Ended December 31, 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	\$ 863,936	\$ 853,749	\$ 795,779	\$ 68,157	8.6%	\$ 471,570	\$ 486,038	\$ 440,139	\$ 31,431	7.1%
Other operating revenue	20,515	21,238	12,440	8,075	64.9%	11,538	12,630	11,968	(430)	(3.6%)
Total operating revenue	884,451	874,988	808,219	76,232	9.4%	483,108	498,668	452,107	31,001	6.9%
Operating expenses (excludes interest expense)	881,487	882,239	789,982	91,505	11.6%	448,068	459,078	419,084	28,984	6.9%
Income (loss) from operations	2,964	(7,251)	18,237	(15,273)	(83.7%)	35,040	39,590	33,023	2,017	6.1%
Non-operating revenue (expenses)	(1,285)	(4,947)	(1,390)	105	(7.6%)	(9,526)	(10,427)	(4,970)	(4,556)	91.7%
Income (loss) before other changes in net position	1,679	(12,198)	16,847	(15,168)	(90.0%)	25,514	29,163	28,053	(2,539)	(9.1%)
Other changes in net position ¹	(22,176)	(23,101)	(19,733)	(2,443)	12.4%	(28,043)	(31,625)	(23,858)	(4,185)	17.5%
Increase (decrease) in net position	\$ (20,497)	\$ (35,299)	\$ (2,886)	\$ (17,611)	610.2%	\$ (2,529)	\$ (2,462)	\$ 4,195	\$ (6,724)	(160.3%)

	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	\$ 1,121,030	\$ 1,111,300	\$ 1,068,155	\$ 52,875	5.0%	\$ 705,304	\$ 734,965	\$ 666,684	\$ 38,620	5.8%
Other operating revenue	38,018	34,050	39,241	(1,223)	(3.1%)	35,967	37,608	32,992	2,975	9.0%
Total operating revenue	1,159,048	1,145,350	1,107,396	51,652	4.7%	741,271	772,573	699,676	41,595	5.9%
Operating expenses (excludes interest expense)	1,092,171	1,092,420	975,434	116,737	12.0%	690,285	699,829	624,791	65,494	10.5%
Income (loss) from operations	66,877	52,930	131,962	(65,085)	(49.3%)	50,986	72,744	74,885	(23,899)	(31.9%)
Non-operating revenue (expenses)	(18,987)	(11,610)	(9,537)	(9,450)	99.1%	(491)	16	1,871	(2,362)	(126.2%)
Income (loss) before other changes in net position	47,890	41,320	122,425	(74,535)	(60.9%)	50,495	72,760	76,756	(26,261)	(34.2%)
Other changes in net position ¹	(77,604)	(83,180)	(59,349)	(18,255)	30.8%	(25,355)	(40,000)	(27,828)	2,473	(8.9%)
Increase (decrease) in net position	\$ (29,714)	\$ (41,860)	\$ 63,076	\$ (92,790)	(147.1%)	\$ 25,140	\$ 32,760	\$ 48,928	\$ (23,788)	(48.6%)

	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	\$ 1,393,568	\$ 1,338,234	\$ 1,202,466	\$ 191,102	15.9%	\$ 210,732	\$ 209,553	\$ 245,442	\$ (34,710)	(14.1%)
Other operating revenue	67,405	50,351	51,893	15,512	29.9%	32,419	34,885	33,852	(1,433)	(4.2%)
Total operating revenue	1,460,973	1,388,585	1,254,359	206,614	16.5%	243,151	244,438	279,294	(36,143)	(12.9%)
Operating expenses (excludes interest expense)	1,443,381	1,390,096	1,224,590	218,791	17.9%	268,756	268,082	274,473	(5,717)	(2.1%)
Income (loss) from operations	17,592	(1,511)	29,769	(12,177)	(40.9%)	(25,605)	(23,644)	4,821	(30,426)	(631.1%)
Non-operating revenue (expenses)	(20,530)	(20,118)	(8,900)	(11,630)	130.7%	(941)	11,363	12,969	(13,910)	(107.3%)
Income (loss) before other changes in net position	(2,938)	(21,629)	20,869	(23,807)	(114.1%)	(26,546)	(12,281)	17,790	(44,336)	(249.2%)
Other changes in net position ¹	(16,765)	-	(22,390)	5,625	(25.1%)	10,267	-	36,934	(26,667)	(72.2%)
Increase (decrease) in net position	\$ (19,703)	\$ (21,629)	\$ (1,521)	\$ (18,182)	1,195.4%	\$ (16,279)	\$ (12,281)	\$ 54,724	\$ (71,003)	(129.7%)

	TOTAL				
	2016	Budget	2015	Y-O-Y	Y-O-Y %
Net patient service revenue	\$ 4,766,140	\$ 4,733,839	\$ 4,418,665	\$ 347,475	7.9%
Other operating revenue	205,862	190,762	182,386	23,476	12.9%
Total operating revenue	4,972,002	4,924,602	4,601,051	370,951	8.1%
Operating expenses (excludes interest expense)	4,824,148	4,791,744	4,308,354	515,794	12.0%
Income (loss) from operations	147,854	132,858	292,697	(144,843)	(49.5%)
Non-operating revenue (expenses)	(51,760)	(35,723)	(9,957)	(41,803)	419.8%
Income (loss) before other changes in net position	96,094	97,135	282,740	(186,646)	(66.0%)
Other changes in net position ¹	(159,676)	(177,906)	(116,224)	(43,452)	37.4%
Increase (decrease) in net position	\$ (63,582)	\$ (80,771)	\$ 166,516	\$ (230,098)	(138.2%)

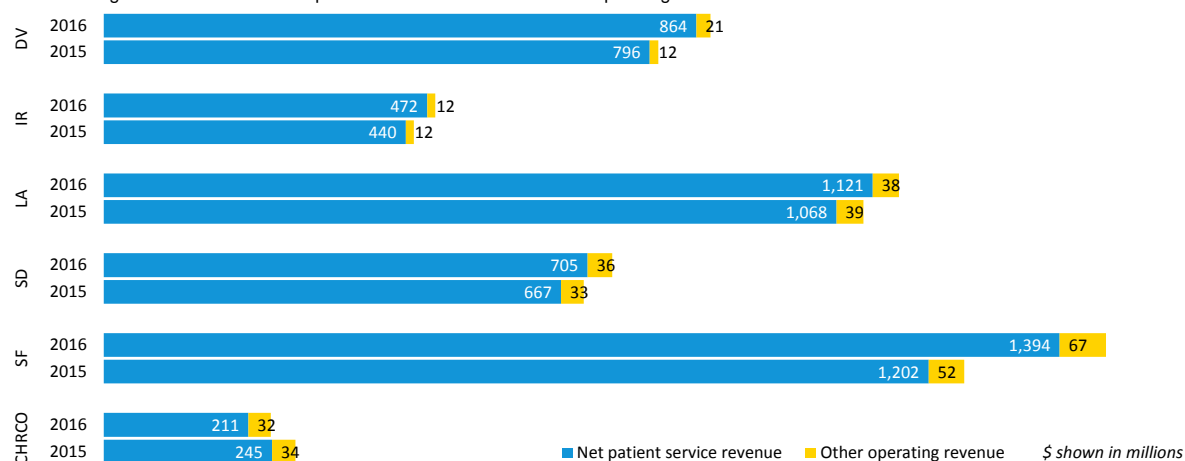
NOTE: Prior Y-T-D data has been restated to retroactively apply new pension accounting policies adopted.

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 Six Months Ended December 31, 2015

Revenue

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



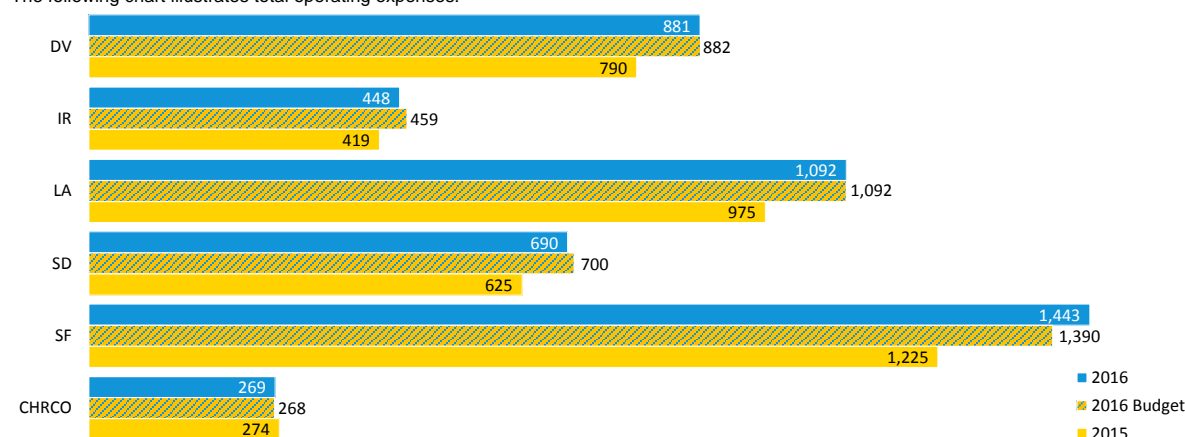
Revenue changes for 2016 as compared to 2015 are as follows:

Increased (decreased) \$ in thousands

	Total Operating Revenue		Net Patient Service Revenue		
Davis	\$ 76,232	9.4%	\$ 68,157	8.6%	• The increase is due to a 2.0% increase in patient days, as well as, a 9.3% increase in Case Mix Index.
Irvine	31,001	6.9%	31,431	7.1%	• The increase in net patient revenue is significantly volume driven, in both patient days as well as outpatient visits.
Los Angeles	51,652	4.7%	52,875	5.0%	• The increase in revenue is due to increased contract rates and a reduction in bad debt expense.
San Diego	41,595	5.9%	38,620	5.8%	• Increase in revenue is primarily driven by patient volume.
San Francisco	206,614	16.5%	191,102	15.9%	• The increase in revenue is due to increased patient volumes due to the opening of Mission Bay in Feb 2015.
Children	(36,143)	(12.9%)	(34,710)	(14.1%)	• Current year revenue is lower as compared to prior year; prior year revenue includes 12 months of fee for service (FFS) provider fee funding due to the approval timing by CMS.
Total	\$ 370,951	8.1%	\$ 347,475	7.9%	

Operating Expenses

The following chart illustrates total operating expenses:



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

Increased (decreased) \$ in thousands

Davis	\$ 91,505	11.6%	• Total operating expenses have increased over the prior year as a result of volume coupled with higher salaries and wages, employee benefits, and pension benefits.	
Irvine	28,984	6.9%	• Operating expenses have increased by \$29.0 million, or 6.9% from the comparable period last year. The increase is mainly from volume, the medical center has realized a 7.4% increase in patient days and a 9.7% increase in outpatient visits.	
Los Angeles	116,737	12.0%	• Operating expenses have increased in salaries, pension benefits, professional services, medical supplies, other supplies and purchased services.	
San Diego	65,494	10.5%	• Operating expenses reflect increased patient volume.	
San Francisco	218,791	17.9%	• Increased patient volumes due to the opening of Mission Bay in Feb 2015 resulted in higher operating expenses.	
Children	(5,717)	(2.1%)	• Pension costs are higher than prior year due to new estimates related to actuarially adjusted mortality tables. Pharmacy costs are higher than prior year due to growth in drug replacement therapies and utilization of high cost drugs. There have been lower expenses related to provider fee and intercompany purchased services with UCSF.	
Total	\$ 515,794	12.0%		

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS
ACTIVITY AND FINANCIAL STATUS REPORT
Management's Discussions & Analysis for Revenues, Expenses, and Changes in Net Position
For The Six Months Ended December 31, 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	\$ 383,970	\$ 386,991	\$ 355,311	\$ 28,659	8.1%	\$ 192,900	\$ 186,947	\$ 179,935	\$ 12,965	7.2%
Retiree health & other employee benefits	90,462	93,635	84,203	6,259	7.4%	47,137	54,603	44,540	2,597	5.8%
Pension benefits	61,906	64,971	37,866	24,040	63.5%	23,742	23,773	22,781	961	4.2%
Professional services	85,521	81,028	72,586	12,935	17.8%	2,337	2,612	2,624	(287)	(10.9%)
Medical supplies	146,734	142,641	135,759	10,975	8.1%	65,903	68,822	61,272	4,631	7.6%
Other supplies & purchased services	37,640	36,512	29,653	7,987	26.9%	48,884	48,055	38,853	10,031	25.8%
Depreciation & amortization	39,729	42,841	42,965	(3,236)	(7.5%)	33,929	39,683	32,456	1,473	4.5%
Insurance	4,857	5,507	4,322	535	12.4%	2,861	1,638	2,311	550	23.8%
Other	30,668	28,113	27,317	3,351	12.3%	30,375	32,945	34,312	(3,937)	(11.5%)
Total	\$ 881,487	\$ 882,239	\$ 789,982	\$ 91,505	11.6%	\$ 448,068	\$ 459,078	\$ 419,084	\$ 28,984	6.9%

	LOS ANGELES					SAN DIEGO				
	2016	Budget	2015	Y-O-Y	Y-O-Y %	2016	Budget	2015	Y-O-Y	Y-O-Y %
Salaries & wages	\$ 465,364	\$ 475,680	\$ 428,137	\$ 37,227	8.7%	\$ 258,679	\$ 256,552	\$ 231,935	\$ 26,744	11.5%
Retiree health & other employee benefits	111,322	126,070	100,173	11,149	11.1%	80,628	83,540	72,065	8,563	11.9%
Pension benefits	72,681	40,260	39,653	33,028	83.3%	36,948	39,961	22,607	14,341	63.4%
Professional services	26,431	27,940	23,102	3,329	14.4%	25,916	25,782	24,094	1,822	7.6%
Medical supplies	159,943	149,680	136,417	23,526	17.2%	146,288	157,175	146,821	(533)	(0.4%)
Other supplies & purchased services	138,743	150,280	132,974	5,769	4.3%	76,554	65,247	64,388	12,166	18.9%
Depreciation & amortization	67,652	66,720	64,061	3,591	5.6%	30,383	30,384	30,071	312	1.0%
Insurance	6,165	6,360	5,803	362	6.2%	3,935	4,214	3,717	218	5.9%
Other	43,870	49,430	45,114	(1,244)	(2.8%)	30,954	36,974	29,093	1,861	6.4%
Total	\$ 1,092,171	\$ 1,092,420	\$ 975,434	\$ 116,737	12.0%	\$ 690,285	\$ 699,829	\$ 624,791	\$ 65,494	10.5%

	SAN FRANCISCO					CHILDREN				
	2016	Budget	2015	Y-O-Y	Y-O-Y %	2016	Budget	2015	Y-O-Y	Y-O-Y %
Salaries & wages	\$ 551,239	\$ 525,281	\$ 465,065	\$ 86,174	18.5%	\$ 118,971	\$ 120,661	\$ 119,671	\$ (700)	(0.6%)
Retiree health & other employee benefits	106,168	106,974	89,342	16,826	18.8%	30,418	30,888	29,408	1,010	3.4%
Pension benefits	62,350	63,964	55,325	7,025	12.7%	9,005	4,730	4,553	4,452	97.8%
Professional services	30,650	31,313	23,292	7,358	31.6%	24,768	19,797	19,993	4,775	23.9%
Medical supplies	217,279	181,831	177,891	39,388	22.1%	25,521	24,382	23,626	1,895	8.0%
Other supplies & purchased services	315,466	315,439	295,329	20,137	6.8%	22,922	28,518	25,517	(2,595)	(10.2%)
Depreciation & amortization	84,000	84,244	59,042	24,958	42.3%	17,646	17,648	16,352	1,294	7.9%
Insurance	4,003	3,426	3,242	761	23.5%	1,698	1,458	2,117	(419)	(19.8%)
Other	72,226	77,624	56,062	16,164	28.8%	17,807	20,000	33,236	(15,429)	(46.4%)
Total	\$ 1,443,381	\$ 1,390,096	\$ 1,224,590	\$ 218,791	17.9%	\$ 268,756	\$ 268,082	\$ 274,473	\$ (5,717)	(2.1%)

	TOTAL				
	2016	Budget	2015	Y-O-Y	Y-O-Y %
Salaries & wages	\$ 1,971,123	\$ 1,952,112	\$ 1,780,054	\$ 191,069	10.7%
Retiree health & other employee benefits	466,135	495,710	419,731	46,404	11.1%
Pension benefits	266,632	237,659	182,785	83,847	45.9%
Professional services	195,623	188,472	165,691	29,932	18.1%
Medical supplies	761,668	724,531	681,786	79,882	11.7%
Other supplies & purchased services	640,209	644,051	586,714	53,495	9.1%
Depreciation & amortization	273,339	281,520	244,947	28,392	11.6%
Insurance	23,519	22,603	21,512	2,007	9.3%
Other	225,900	245,086	225,134	766	0.3%
Total	\$ 4,824,148	\$ 4,791,744	\$ 4,308,354	\$ 515,794	12.0%

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS
ACTIVITY AND FINANCIAL STATUS REPORT
Statement of Net Position
For The Six Months Ended December 31, 2015
(\$ in thousands)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	CHILDREN	TOTAL	FYE 2015
ASSETS								
Current assets:								
Cash	\$ 417,669	\$ 249,993	\$ 727,559	\$ 433,117	\$ 355,031	\$ 19,517	\$ 2,202,886	\$ 2,210,895
Short-term investments	-	-	-	-	-	90,775	90,775	70,280
Net patient accounts receivable	228,478	119,758	337,257	188,019	398,697	60,553	1,332,762	1,334,210
Other receivables	6,139	2,799	24,649	18,126	5,358	35,509	92,580	101,124
Third party payment receivables, net	22,795	78,987	13,938	59,425	-	-	175,145	173,993
Inventory	26,836	17,308	29,424	24,435	40,156	5,624	143,783	139,963
Prepaid expenses and other assets	34,409	14,612	29,460	14,517	39,638	7,779	140,415	121,178
Total current assets	736,326	483,457	1,162,287	737,639	838,880	219,757	4,178,346	4,151,643
Restricted assets	-	-	14,101	36,400	7,612	63,342	121,455	150,798
Capital assets, net	989,552	715,764	1,822,617	1,333,809	2,131,561	267,383	7,260,686	7,265,544
Investments in joint ventures	17,562	-	964	8,792	(1,382)	-	25,936	31,379
Investments	-	-	249,892	-	-	144,889	394,781	416,189
Other assets	-	-	28,279	1,636	-	4,152	34,067	34,734
Total assets	1,743,440	1,199,221	3,278,140	2,118,276	2,976,671	699,523	12,015,271	12,050,287
DEFERRED OUTFLOWS OF RESOURCES	337,134	162,808	441,656	211,728	448,950	45,695	1,647,971	1,645,247
LIABILITIES								
Current liabilities:								
Accounts payable and accrued expenses	31,082	26,172	123,965	100,090	153,498	34,026	468,833	481,217
Accrued salaries and benefits	94,920	51,246	132,238	58,798	126,391	37,531	501,124	591,038
Third-party payor settlements	161,021	149,141	7,695	-	68,338	2,871	389,066	347,734
Current portion of long-term debt and capital leases	25,387	12,339	10,438	14,937	3,936	-	67,037	74,066
Other current liabilities	28,070	1,470	65,383	107	15,644	6,869	117,543	67,081
Total current liabilities	340,480	240,368	339,719	173,932	367,807	81,297	1,543,603	1,561,136
Long-term debt and capital leases, net of current portion and other long-term liabilities	292,061	269,846	810,003	690,420	850,754	-	2,913,084	2,903,787
Pension Obligation	640,994	308,211	716,061	392,037	770,950	46,750	2,875,003	2,847,042
Notes payable to campus	-	-	75,000	4,757	-	-	79,757	80,468
Pension Payable to University	174,007	85,453	193,338	106,869	213,771	-	773,438	775,383
Interest rate swap agreements	-	-	68,473	-	11,108	-	79,581	71,884
Self insurance	-	-	-	-	-	19,323	19,323	18,146
Other non-current liabilities	-	-	-	3,102	-	60,271	63,373	65,860
Total liabilities	1,447,542	903,878	2,202,594	1,371,117	2,214,390	207,641	8,347,162	8,323,706
DEFERRED INFLOWS OF RESOURCES	321,060	165,393	343,940	204,637	397,674	22,319	1,455,023	1,453,369
Net Position								
Net investment in capital assets	681,435	433,423	1,004,847	664,852	1,276,894	211,468	4,272,919	4,308,677
Restricted: Nonexpendable Endowments and gifts	-	-	662	-	7,589	25,954	34,205	25,281
Restricted Expendable Capital projects and others	-	-	10,768	-	-	37,388	48,156	51,195
Unrestricted	(369,463)	(140,665)	156,985	89,398	(470,926)	240,448	(494,223)	(466,694)
Total net position	\$ 311,972	\$ 292,758	\$ 1,173,262	\$ 754,250	\$ 813,557	\$ 515,258	\$ 3,861,057	\$ 3,918,459

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS
ACTIVITY AND FINANCIAL STATUS REPORT
Management's Discussions & Analysis for Statement of Net Position
For The Six Months Ended December 31, 2015

Statement of Net Position for Assets and Liabilities

The following tables are an abbreviated 2016 and FYE 2015 (6/30/2015) statement of net position:
(\$ in thousands)

	DAVIS				IRVINE			
	2016	FYE 2015	Y-O-Y	Y-O-Y %	2016	FYE 2015	Y-O-Y	Y-O-Y %
Current assets:								
Cash and short-term investments	\$ 417,669	\$ 409,254	\$ 8,415	2.1%	\$ 249,993	\$ 282,757	\$ (32,764)	(11.6%)
Net patient accounts receivable	228,478	239,997	(11,519)	(4.8%)	119,758	125,697	(5,939)	(4.7%)
Other current assets	90,179	85,532	4,647	5.4%	113,706	88,308	25,398	28.8%
Total current assets	736,326	734,783	1,543	0.2%	483,457	496,762	(13,305)	(2.7%)
Restricted assets								
Capital assets, net	989,552	1,003,080	(13,528)	(1.3%)	715,764	727,311	(11,547)	(1.6%)
Other assets	17,562	21,540	(3,978)	(18.5%)	-	-	-	-
Total assets	1,743,440	1,759,403	(15,963)	(0.9%)	1,199,221	1,224,073	(24,852)	(2.0%)
Liabilities								
Current liabilities	\$ 340,480	\$ 351,615	\$ (11,135)	(3.2%)	\$ 240,368	\$ 260,713	\$ (20,345)	(7.8%)
Long-term debt	292,061	294,564	(2,503)	(0.8%)	269,846	271,824	(1,978)	(0.7%)
Pension obligations	640,994	627,561	13,433	2.1%	308,211	308,211	-	0.0%
Other liabilities	174,007	174,007	-	0.0%	85,453	85,453	-	0.0%
Total liabilities	1,447,542	1,447,747	(205)	(0.0%)	903,878	926,201	(22,323)	(2.4%)
	LOS ANGELES				SAN DIEGO			
	2016	FYE 2015	Y-O-Y	Y-O-Y %	2016	FYE 2015	Y-O-Y	Y-O-Y %
Current assets:								
Cash and short-term investments	\$ 727,559	\$ 734,777	\$ (7,218)	(1.0%)	\$ 433,117	\$ 402,045	\$ 31,072	7.7%
Net patient accounts receivable	337,257	312,585	24,672	7.9%	188,019	202,929	(14,910)	(7.3%)
Other current assets	97,471	81,487	15,984	19.6%	116,503	122,828	(6,325)	(5.1%)
Total current assets	1,162,287	1,128,849	33,438	3.0%	737,639	727,802	9,837	1.4%
Restricted assets								
Capital assets, net	14,101	15,005	(904)	(6.0%)	36,400	73,643	(37,243)	(50.6%)
Other assets	1,822,617	1,845,365	(22,748)	(1.2%)	1,333,809	1,284,776	49,033	3.8%
Other assets	279,135	286,550	(7,415)	(2.6%)	10,428	8,518	1,910	22.4%
Total assets	3,278,140	3,275,769	2,371	0.1%	2,118,276	2,094,739	23,537	1.1%
Liabilities								
Current liabilities	\$ 339,719	\$ 326,049	\$ 13,670	4.2%	\$ 173,932	\$ 179,233	\$ (5,301)	(3.0%)
Long-term debt	810,003	810,389	(386)	(0.0%)	690,420	693,410	(2,990)	(0.4%)
Pension obligations	716,061	697,260	18,801	2.7%	392,037	385,387	6,650	1.7%
Other liabilities	336,811	329,114	7,697	2.3%	114,728	116,187	(1,459)	(1.3%)
Total liabilities	2,202,594	2,162,812	39,782	1.8%	1,371,117	1,374,217	(3,100)	(0.2%)
	SAN FRANCISCO				CHILDREN			
	2016	FYE 2015	Y-O-Y	Y-O-Y %	2016	FYE 2015	Y-O-Y	Y-O-Y %
Current assets:								
Cash and short-term investments	\$ 355,031	\$ 358,794	\$ (3,763)	(1.0%)	\$ 110,292	\$ 93,548	\$ 16,744	17.9%
Net patient accounts receivable	398,697	383,682	15,015	3.9%	60,553	69,320	(8,767)	(12.6%)
Other current assets	85,152	91,890	(6,738)	(7.3%)	48,912	66,213	(17,301)	(26.1%)
Total current assets	838,880	834,366	4,514	0.5%	219,757	229,081	(9,324)	(4.1%)
Restricted assets								
Capital assets, net	7,612	7,329	283	3.9%	63,342	54,821	8,521	15.5%
Other assets	2,131,561	2,136,862	(5,301)	(0.2%)	267,383	268,150	(767)	(0.3%)
Other assets	(1,382)	1,861	(3,243)	(174.3%)	149,041	163,833	(14,792)	(9.0%)
Total assets	2,976,671	2,980,418	(3,747)	(0.1%)	699,523	715,885	(16,362)	(2.3%)
Liabilities								
Current liabilities	\$ 367,807	\$ 366,633	\$ 1,174	0.3%	\$ 81,297	\$ 76,893	\$ 4,404	5.7%
Long-term debt	850,754	833,600	17,154	2.1%	-	-	-	-
Pension obligations	770,950	777,948	(6,998)	(0.9%)	46,750	50,675	(3,925)	(7.7%)
Other liabilities	224,879	226,824	(1,945)	(0.9%)	79,594	80,156	(562)	(0.7%)
Total liabilities	2,214,390	2,205,005	9,385	0.4%	207,641	207,724	(83)	(0.0%)
	TOTAL							
	2016	FYE 2015	Y-O-Y	Y-O-Y %				
Current assets:								
Cash and short-term investments	\$ 2,293,661	\$ 2,281,175	\$ 12,486	0.5%				
Net patient accounts receivable	1,332,762	1,334,210	(1,448)	(0.1%)				
Other current assets	551,923	536,258	15,665	2.9%				
Total current assets	4,178,346	4,151,643	26,703	0.6%				
Restricted assets								
Capital assets, net	121,455	150,798	(29,343)	(19.5%)				
Other assets	7,260,686	7,265,544	(4,858)	(0.1%)				
Other assets	454,784	482,302	(27,518)	(5.7%)				
Total assets	12,015,271	12,050,287	(35,016)	(0.3%)				
Liabilities								
Current liabilities	\$ 1,543,603	\$ 1,561,136	\$ (17,533)	(1.1%)				
Long-term debt	2,913,084	2,903,787	9,297	0.3%				
Pension obligations	2,875,003	2,847,042	27,961	1.0%				
Other liabilities	1,015,472	1,011,741	3,731	0.4%				
Total liabilities	8,347,162	8,323,706	23,456	0.3%				

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS
ACTIVITY AND FINANCIAL STATUS REPORT
Management's Discussions & Analysis for Statement of Net Position
For The Six Months Ended December 31, 2015

Cash changes for 2016 as compared to FYE 2015 are as follows:				Capital assets changes for 2016 as compared to FYE 2015 are as follows:			
<i>Increased (decreased) \$ in thousands</i>				<i>Increased (decreased) \$ in thousands</i>			
Davis	\$ 8,415	2.1%	• The increase is primarily due to interest income and a joint venture cash distribution.	Davis	\$ (13,528)	(1.3%)	• Depreciation expense has exceeded new capital additions.
Irvine	(32,764)	(11.6%)	• Cash and cash equivalents have decreased by \$32.8 million since June 2015, with days cash on hand at 109 days. The decrease in cash was the result of three pay periods in December, as well as timing issues surrounding the receipt of the Medi-Cal DSH, DSRIP, and SNCP funds.	Irvine	(11,547)	(1.6%)	• Net capital assets decreased by \$11.5 million since June 2015, from depreciation expense being greater than capital expenditures.
Los Angeles	(7,218)	(1.0%)	• The decrease is primarily due to an increase in A/R and three pay periods in December.	Los Angeles	(22,748)	(1.2%)	• Depreciation expense has exceeded new capital additions.
San Diego	31,072	7.7%	• The increase is primarily due to favorable operating income and a reduction in A/R.	San Diego	49,033	3.8%	• The increase is due to the construction of the Jacobs Medical Center.
San Francisco	(3,763)	(1.0%)	• The decrease is due to capital spending and an increase in A/R caused the decrease in cash balance.	San Francisco	(5,301)	(0.2%)	• Significant depreciation expense, greater than the purchase of new fixed assets, is due to the opening of the Mission Bay facility.
Children	16,744	17.9%	• Cash and short investments increased due to collections on other receivables.	Children	(767)	(0.3%)	• The slight decrease is due to depreciation expenses exceeded capital equipment additions.
Total	\$ 12,486	0.5%		Total	\$ (4,858)	(0.1%)	
Net patient accounts receivable changes for 2016 as compared to FYE 2015 are as follows:				Long term debt changes for 2016 as compared to FYE 2015, including the current portion, are as follows:			
<i>Increased (decreased) \$ in thousands</i>				<i>Increased (decreased) \$ in thousands</i>			
Davis	\$ (11,519)	(4.8%)	• The decrease is due to increased cash collections which led to A/R days decreasing from 51.7 to 47.3 since the prior year end.	Davis	\$ (6,441)	(2.0%)	• The decrease is due to scheduled principal payments.
Irvine	(5,939)	(4.7%)	• Net patient accounts receivable decreased by \$5.9 million since June 2015. The decrease is attributed to increased cash collections that resulted in lower net A/R days of 47.	Irvine	\$ (3,133)	(1.1%)	• The decrease is due to scheduled principal payments.
Los Angeles	24,672	7.9%	• The increase is due to the growth in revenue outpacing cash collections.	Los Angeles	\$ (386)	(0.0%)	• The decrease is due to bond premium amortization and Swap FMV realized amortization.
San Diego	(14,910)	(7.3%)	• The decrease is due to process improvements that reduce delays in billing and to improved collection efforts.	San Diego	\$ (4,926)	(0.7%)	• The decrease is due to scheduled principal payments.
San Francisco	15,015	3.9%	• The increase is due to higher patient volume in the first quarter.	San Francisco	\$ 17,154	2.0%	• The increase is due to an interim financing (commercial paper) for Mission Bay.
Children	(8,767)	(12.6%)	• Improved revenue cycle work reduced net patient accounts receivable as well as slightly lower patient volume.	Children	\$ -	-	
Total	\$ (1,448)	(0.1%)		Total	\$ 9,297	0.3%	

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS
ACTIVITY AND FINANCIAL STATUS REPORT
Supplemental Funds
For The Six Months Ended December 31, 2015
(\$ in thousands)

	DAVIS		IRVINE		LOS ANGELES		SAN DIEGO	
	2016	2015	2016	2015	2016	2015	2016	2015
FEDERAL								
Disproportionate Share - Medicare	\$ 11,510	\$ 16,921	\$ 7,385	\$ 7,293	\$ 10,546	\$ 10,884	\$ 9,288	\$ 9,527
Teaching (DME & IME) - Medicare	22,572	27,063	10,433	9,166	36,923	35,318	15,889	14,238
Subtotal, Federal Supplemental Funds	34,082	43,984	17,818	16,459	47,469	46,202	25,177	23,765
STATE								
Supplemental Funds-Medi-Cal	29,164	27,537	32,500	34,400	16,224	16,429	60,626	51,440
Medi-Cal (DSRIP)	4,081	16,174	10,150	10,150	10,000	12,000	7,520	9,300
Hospital Fee Program	-	-	-	-	-	-	-	-
Clinical Teaching Support	-	-	4,000	4,237	5,027	5,000	-	-
Meaningful Use of EHR	103	2,234	-	-	-	3,402	-	481
Tobacco Tax Funds & Other Funds	-	-	-	-	-	-	-	-
Subtotal, State Supplemental Funds	33,348	45,945	46,650	48,787	31,251	36,831	68,146	61,221
Total Supplemental Funds	\$ 67,430	\$ 89,929	\$ 64,468	\$ 65,246	\$ 78,720	\$ 83,033	\$ 93,323	\$ 84,986

Supplemental Funds as a percentage of Total Operating Revenue	7.6%	11.1%	13.3%	14.4%	6.8%	7.5%	12.6%	12.1%
--	-------------	--------------	--------------	--------------	-------------	-------------	--------------	--------------

	SAN FRANCISCO		CHILDREN		TOTAL	
	2016	2015	2016	2015	2016	2015
FEDERAL						
Disproportionate Share - Medicare	\$ 22,311	\$ 18,856	\$ -	\$ -	\$ 61,040	\$ 63,481
Teaching (DME & IME) - Medicare	29,251	27,863	3,380	3,233	118,448	116,881
Subtotal, Federal Supplemental Funds	51,562	46,719	3,380	3,233	179,488	180,362
STATE						
Supplemental Funds-Medi-Cal	19,807	8,322	14,251	29,535	172,572	167,663
Medi-Cal (DSRIP)	-	11,400	-	-	31,751	59,024
Hospital Fee Program	-	-	25,988	56,552	25,988	56,552
Clinical Teaching Support	-	-	-	-	9,027	9,237
Meaningful Use of EHR	-	-	108	-	211	6,117
Tobacco Tax Funds	-	-	-	-	-	-
Subtotal, State Supplemental Funds	19,807	19,722	40,347	86,087	239,549	298,593
Total Supplemental Funds	\$ 71,369	\$ 66,441	\$ 43,727	\$ 89,320	\$ 419,037	\$ 478,955

Supplemental Funds as a percentage of Total Operating Revenue	4.9%	5.3%	18.0%	32.0%	8.4%	10.4%
--	-------------	-------------	--------------	--------------	-------------	--------------

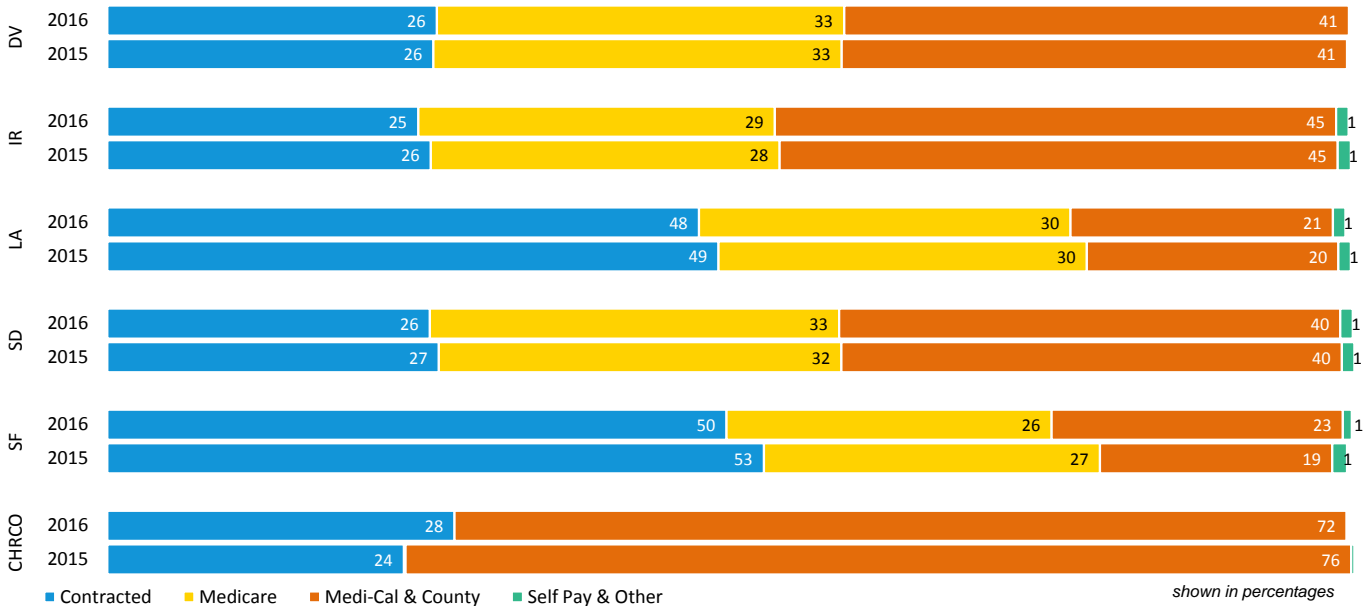
UNIVERSITY OF CALIFORNIA MEDICAL CENTERS ACTIVITY AND FINANCIAL STATUS REPORT
Patient Days by Sponsor and Operating Revenue by Funding Source
For The Six Months Ended December 31, 2015
(\$ in thousands)

	Patient Days				Total Operating Revenue			
	2016		2015		2016		2015	
Davis								
Medicare	26,886	30%	25,671	29%	\$ 181,091	20%	\$ 141,648	18%
Medicare Managed Care	2,291	3%	3,005	3%	16,203	2%	18,875	2%
Medi-Cal	17,832	20%	16,257	19%	63,799	7%	71,758	9%
Medi-Cal Managed Care	18,063	20%	18,942	22%	91,619	10%	74,934	9%
County	244	0%	272	0%	1,301	1%	266	0%
Commercial Insurance	33	0%	134	0%	943	0%	1,103	0%
Contract (disc./per-diem)	20,749	24%	20,030	24%	439,241	50%	416,909	52%
Contract (capitated)	2,817	3%	2,734	3%	65,444	7%	68,536	8%
Self Pay	196	0%	328	0%	4,295	0%	1,750	0%
Total/Subtotal	89,111	100%	87,373	100%	\$ 863,936	98%	\$ 795,779	98%
CTS					0	0%	0	0%
EHR					103	0%	2,234	1%
Other Op. Rev.					20,412	2%	10,206	1%
Total					\$ 884,451	100%	\$ 808,219	100%
Irvine								
Medicare	13,389	22%	12,551	22%	\$ 89,550	19%	\$ 92,936	21%
Medicare Managed Care	4,401	7%	3,653	6%	7,849	2%	19,573	4%
Medi-Cal	15,563	25%	14,840	26%	75,782	16%	59,059	13%
Medi-Cal Managed Care	12,442	20%	10,959	19%	38,129	7%	32,012	7%
County	0	0%	126	0%	0	0%	1,599	0%
Commercial Insurance	964	2%	407	1%	19,337	4%	11,510	3%
Contract (disc./per-diem)	14,852	24%	14,380	25%	233,840	48%	214,391	47%
Contract (capitated)	0	0%	0	0%	0	0%	0	0%
Self Pay	485	0%	891	1%	7,083	1%	9,059	2%
Total/Subtotal	62,096	100%	57,807	100%	\$ 471,570	97%	\$ 440,139	97%
CTS					4,000	1%	4,237	1%
EHR					0	0%	0	0%
Other Op. Rev.					7,538	2%	7,731	2%
Total					\$ 483,108	100%	\$ 452,107	100%
Los Angeles								
Medicare	40,632	30%	40,130	30%	\$ 232,730	20%	\$ 222,356	20%
Medicare Managed Care	0	0%	0	0%	0	0%	0	0%
Medi-Cal	19,839	15%	20,812	15%	82,459	7%	82,673	7%
Medi-Cal Managed Care	9,559	6%	6,612	5%	33,853	3%	69,098	6%
County	0	0%	0	0%	0	0%	0	0%
Commercial Insurance	0	0%	0	0%	0	0%	0	0%
Contract (disc./per-diem)	60,806	45%	62,650	46%	735,745	63%	654,720	59%
Contract (capitated)	3,931	3%	3,937	3%	31,057	3%	33,430	3%
Self Pay	1,374	1%	1,446	1%	5,186	1%	5,878	1%
Total/Subtotal	136,141	100%	135,587	100%	\$ 1,121,030	97%	\$ 1,068,155	96%
CTS					5,027	0%	5,000	1%
EHR					0	0%	3,402	0%
Other Op. Rev.					32,991	3%	30,839	3%
Total					\$ 1,159,048	100%	\$ 1,107,396	100%
San Diego								
Medicare	21,710	25%	20,962	26%	\$ 139,561	19%	\$ 135,821	19%
Medicare Managed Care	6,575	8%	5,617	7%	39,200	5%	34,570	5%
Medi-Cal	17,533	20%	19,565	24%	106,325	14%	107,441	15%
Medi-Cal Managed Care	17,162	20%	12,840	16%	50,639	7%	34,296	5%
County	460	0%	630	0%	4,576	1%	8,015	2%
Commercial Insurance	0	0%	0	0%	0	0%	0	0%
Contract (disc./per-diem)	22,633	26%	21,895	27%	363,912	49%	345,727	49%
Contract (capitated)	0	0%	0	0%	0	0%	0	0%
Self Pay	1,229	1%	649	0%	1,091	0%	814	0%
Total/Subtotal	87,302	100%	82,158	100%	\$ 705,304	95%	\$ 666,684	96%
CTS					0	0%	0	0%
EHR					0	0%	481	0%
Other Op. Rev.					35,967	5%	32,511	5%
Total					\$ 741,271	100%	\$ 699,676	100%
San Francisco								
Medicare	26,544	26%	24,901	27%	\$ 275,007	19%	\$ 244,856	20%
Medicare Managed Care	541	1%	290	0%	4,408	0%	942	0%
Medi-Cal	23,688	23%	16,388	18%	138,473	9%	92,552	7%
Medi-Cal Managed Care	87	0%	200	0%	176	0%	(78)	0%
County	494	0%	584	1%	3,802	0%	2,296	0%
Commercial Insurance	291	0%	300	0%	5,721	0%	4,267	0%
Contract (disc./per-diem)	51,307	49%	48,253	52%	958,535	66%	849,564	68%
Contract (capitated)	0	0%	0	0%	0	0%	0	0%
Self Pay	730	1%	1,094	2%	7,446	1%	8,067	1%
Total/Subtotal	103,682	100%	92,010	100%	\$ 1,393,568	95%	\$ 1,202,466	96%
CTS					0	0%	0	0%
EHR					0	0%	0	0%
Other Op. Rev.					67,405	5%	51,893	4%
Total					\$ 1,460,973	100%	\$ 1,254,359	100%
Children's								
Medicare	55	0%	31	0%	\$ 783	0%	\$ 737	0%
Medicare Managed Care	0	0%	0	0%	0	0%	0	0%
Medi-Cal	12,736	57%	14,298	58%	88,849	37%	143,608	51%
Medi-Cal Managed Care	3,262	15%	4,375	18%	24,870	10%	24,503	9%
County	0	0%	0	0%	0	0%	0	0%
Commercial Insurance	0	0%	0	0%	0	0%	0	0%
Contract (disc./per-diem)	6,229	28%	5,873	24%	94,019	39%	73,245	27%
Contract (capitated)	0	0%	0	0%	0	0%	0	0%
Self Pay	34	0%	62	0%	2,211	1%	3,349	1%
Total/Subtotal	22,316	100%	24,639	100%	\$ 210,732	87%	\$ 245,442	88%
CTS					0	0%	0	0%
EHR					0	0%	0	0%
Other Op. Rev.					32,419	13%	33,852	12%
Total					\$ 243,151	100%	\$ 279,294	100%

UNIVERSITY OF CALIFORNIA MEDICAL CENTERS
ACTIVITY AND FINANCIAL STATUS REPORT
Management's Discussions & Analysis for Net Patient Service Revenue
For The Six Months Ended December 31, 2015

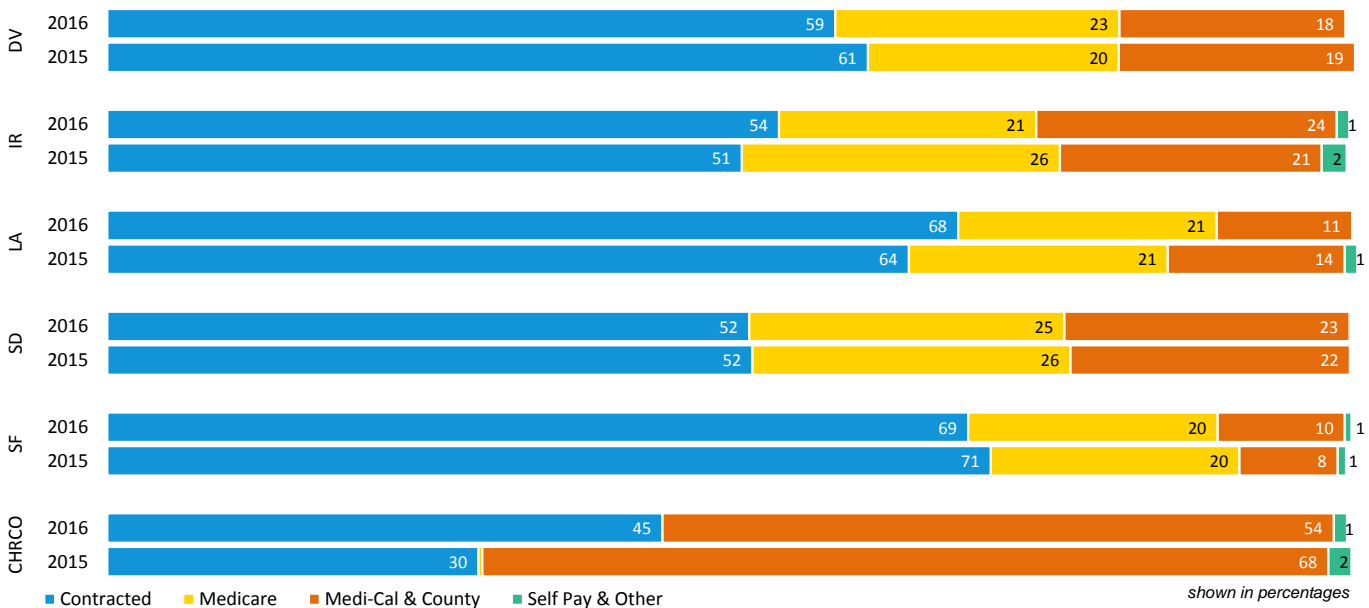
Patient Days by Sponsor

The following chart illustrates the percentage of patient volume days by payer:



Net Patient Service Revenue

The following chart illustrates the percentage of net patient service revenue by payer (not including other revenue):



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

- | | |
|---------------|--|
| Davis | • Payor mix is consistent with the prior year. |
| Irvine | • Payor mix is consistent with the prior year. |
| Los Angeles | • 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 decreased due to more patients receiving insurance coverage as a result of the Affordable Care Act. |
| San Diego | • Payor mix is consistent with the prior year. |
| San Francisco | • Contracts and Medicare have decreased where Medi-Cal has increased. |
| Children | • The hospital has seen a shift from government payors to managed care in the current year. |