

# U. T. Medical Branch – Galveston

## Cash Flow Forecast FY 2010 – FY 2019



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Meeting of the Board  
of Regents

March 10, 2009



# Assumptions

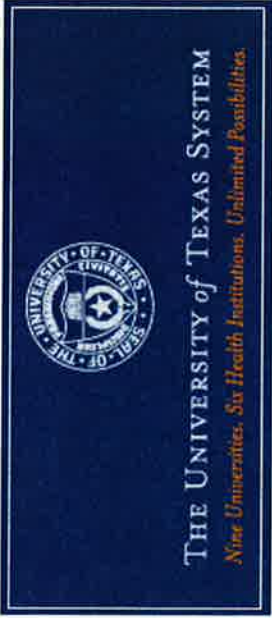
- 1. **528 beds:** 214 John Sealy Hospital Modernization/Repairs  
214 Jennie Sealy Replacement Hospital  
100 TDCJ Hospital Mitigation and Repairs
- 
- 528 Total Beds

- 2. **\$713 mm TPC:** \$ 173 mm Debt Funding  
540 mm Non-Debt Funding
- 
- \$ 713 mm Total Project Cost

- 3. **RFS Debt Service: 20 years @ 6% = \$15.1 million annually**

- 4. **\$483 million non-clinical FEMA capital costs**

- 5. **Projections based on patient volumes, adjusted for payor mix**



# Assumptions (cont'd.)

- 6. Jennie Sealy comes online beginning FY 2015
- 7. Payor mix (excl. TDCJ):
  - 18% Medicare
  - 55% Medicaid
  - 13% Comm./Managed Care
  - 14% Un-sponsored/Other

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  - 100% Total Payor Mix
- 8. Clinical operations grow 4% per year
- 9. Non-clinical operations grow 3% per year
- 10. Base general revenues grow 3% per biennium beginning FY 2012



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## Assumptions (cont'd.)

11. Projected DISPRO/UPL based on Medicaid/unsponsored volumes
12. Depreciation grows 2% per year
13. No estimate for potential Hurricane Ike asset impairments
14. Beginning cash and investments assumes receipt of \$54.5 million of appropriations for business losses and \$56.5 million of insurance proceeds for capital received in FY 2009



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## Cumulative Base Cash Flows (FY10 – FY19)

	Cumulative FY10 - FY19
<b>(\$ millions)</b>	
Total Operating Revenues	\$ 12,866.4
Less Total Operating Expenses	(17,029.1)
Plus Base Formula General Revenue	3,274.7
Plus Incremental Formula General Revenue (Clinical)	--
Plus DISPRO/UPL General Revenue	760.5
Net Other Non-Operating Revenues/ (Expenses)	271.7
<b>Adjusted Margin</b>	<b>144.2</b>
Plus Depreciation	1,055.2
<b>Adjusted Margin Before Depreciation</b>	<b>\$ 1,199.4</b>



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# General Revenue: **\$3.3 billion**

	Cumulative FY10 - FY19
Total Operating Revenues	\$ 12,866.4
Less Total Operating Expenses	(17,029.1)
<b>Plus Base Formula General Revenue</b>	<b>3,274.7</b>
Plus Incremental Formula General Revenue (Clinical)	--
Plus DISPRO/UPL General Revenue	760.5
Net Other Non-Operating Revenues/ (Expenses)	271.7
<b>Adjusted Margin</b>	<b>144.2</b>
Plus Depreciation	1,055.2
<b>Adjusted Margin Before Depreciation</b>	<b>\$ 1,199.4</b>



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**DISPRO/UPL:  
\$760.5 million**

	<b>Cumulative FY10 - FY19</b>
<b>(\$ millions)</b>	
Total Operating Revenues	\$ 12,866.4
Less Total Operating Expenses	(17,029.1)
Plus Base Formula General Revenue	3,274.7
Plus Incremental Formula General Revenue (Clinical)	--
<b>Plus DISPRO/UPL General Revenue</b>	<b>760.5</b>
Net Other Non-Operating Revenues/ (Expenses)	271.7
<b>Adjusted Margin</b>	<b>144.2</b>
Plus Depreciation	1,055.2
<b>Adjusted Margin Before Depreciation</b>	<b>\$ 1,199.4</b>



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# Cumulative Operating Cash Flows (FY10 – FY19)

	<b>Cumulative FY10 - FY19</b>
<b>(\$ millions)</b>	
John Sealy Modernization/Repairs (214 beds)	\$ (266.0)
Sealy & Smith Foundation	77.0
FEMA Reimbursement	130.0
FEMA State Match	46.0
State Capital Support	9.0
Other Donors	4.0
Jennie Sealy Replacement (214 beds)	(438.0)
Sealy & Smith Foundation	75.0
State Capital Support	141.0
UTMB Debt	172.0
TDCJ Hosp. Mitigation/Repairs (100 beds)	(1.0)
UTMB Debt	1.0
Trauma Ctr. Equip. Mitigation/Repairs	(8.0)
FEMA Reimbursement	8.0
Other FEMA Capital Expenditures	(483.0)
Other FEMA Reimbursement	311.4
Other FEMA Proceeds (State Match)	103.8
Insurance Proceeds (\$67.8 rec'd. in FY09)	--
Other Projected Capital Expenditures	(1,008.7)
<b>Net Cash Flows from (for) Capital</b>	<b>\$ (1,126.5)</b>





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# FEMA Support: \$599.2 million net of insurance

	Cumulative FY10 - FY19
John Sealy Modernization/Repairs (214 beds)	\$ (266.0)
Sealy & Smith Foundation	77.0
<b>FEMA Reimbursement</b>	<b>130.0</b>
<b>FEMA State Match</b>	<b>46.0</b>
State Capital Support	9.0
Other Donors	4.0
Jennie Sealy Replacement (214 beds)	(438.0)
Sealy & Smith Foundation	75.0
State Capital Support	141.0
UTMB Debt	172.0
TDCJ Hosp. Mitigation/Repairs (100 beds)	(1.0)
UTMB Debt	1.0
Trauma Ctr. Equip. Mitigation/Repairs	(8.0)
<b>FEMA Reimbursement</b>	<b>8.0</b>
Other FEMA Capital Expenditures	(483.0)
<b>Other FEMA Reimbursement</b>	<b>311.4</b>
<b>Other FEMA Proceeds (State Match)</b>	<b>103.8</b>
Insurance Proceeds (\$67.8 rec'd. in FY09)	--
Other Projected Capital Expenditures	(1,008.7)
<b>Net Cash Flows from (for) Capital</b>	<b>\$ (1,126.5)</b>



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# State Support: \$150 million for capital

	<b>Cumulative FY10 - FY19</b>
<b>(\$ millions)</b>	
John Sealy Modernization/Repairs (214 beds)	\$ (266.0)
Sealy & Smith Foundation	77.0
FEMA Reimbursement	130.0
FEMA State Match	46.0
<b>State Capital Support</b>	<b>9.0</b>
Other Donors	4.0
Jennie Sealy Replacement (214 beds)	(438.0)
Sealy & Smith Foundation	75.0
<b>State Capital Support</b>	<b>141.0</b>
UTMB Debt	172.0
TDCJ Hosp. Mitigation/Repairs (100 beds)	(1.0)
UTMB Debt	1.0
Trauma Ctr. Equip. Mitigation/Repairs	(8.0)
FEMA Reimbursement	8.0
Other FEMA Capital Expenditures	(483.0)
Other FEMA Reimbursement	311.4
Other FEMA Proceeds (State Match)	103.8
Insurance Proceeds (\$67.8 rec'd. in FY09)	--
Other Projected Capital Expenditures	(1,008.7)
<b>Net Cash Flows from (for) Capital</b>	<b>\$ (1,126.5)</b>



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# Sealy & Smith Support: \$152 million over ten years

## Cumulative FY10 - FY19

### (\$ millions)

John Sealy Modernization/Repairs (214 beds)

### Sealy & Smith Foundation

FEMA Reimbursement

FEMA State Match

State Capital Support

Other Donors

Jennie Sealy Replacement (214 beds)

### Sealy & Smith Foundation

State Capital Support

UTMB Debt

TDCJ Hosp. Mitigation/Repairs (100 beds)

UTMB Debt

Trauma Ctr. Equip. Mitigation/Repairs

FEMA Reimbursement

Other FEMA Capital Expenditures

Other FEMA Reimbursement

Other FEMA Proceeds (State Match)

Insurance Proceeds (\$67.8 rec'd. in FY09)

Other Projected Capital Expenditures

### Net Cash Flows from (for) Capital

\$ (266.0)

77.0

130.0

46.0

9.0

4.0

(438.0)

75.0

141.0

172.0

(1.0)

1.0

(8.0)

8.0

(483.0)

311.4

103.8

--

(1,008.7)

\$ (1,126.5)



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# U. T. System Support: \$173 million of RFS debt

	<b>Cumulative FY10 - FY19</b>
	\$ (266.0)
John Sealy Modernization/Repairs (214 beds)	77.0
Sealy & Smith Foundation	130.0
FEMA Reimbursement	46.0
FEMA State Match	9.0
State Capital Support	4.0
Other Donors	(438.0)
Jennie Sealy Replacement (214 beds)	75.0
Sealy & Smith Foundation	141.0
State Capital Support	<b>172.0</b>
<b>UTMB Debt</b>	(1.0)
TDCJ Hosp. Mitigation/Repairs (100 beds)	<b>1.0</b>
<b>UTMB Debt</b>	(8.0)
Trauma Ctr. Equip. Mitigation/Repairs	8.0
FEMA Reimbursement	(483.0)
Other FEMA Capital Expenditures	311.4
Other FEMA Reimbursement	103.8
Other FEMA Proceeds (State Match)	--
Insurance Proceeds (\$67.8 rec'd. in FY09)	(1,008.7)
Other Projected Capital Expenditures	(1,008.7)
<b>Net Cash Flows from (for) Capital</b>	<b>\$ (1,126.5)</b>



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## Net Cash Flows (FY10 – FY19)

	Cumulative
<u>(\$ millions)</u>	<u>FY10 - FY19</u>
Adjusted Margin Before Depreciation	\$ 1,199.4
Net Cash Flows from (for) Capital	(1,126.5)
Net Other Cash Flows	--
Net Cash Flows	\$ 72.9
Cash & Investments - Beginning of Period	285.4
Cash & Investments - End of Period	\$ 358.3