

UNIVERSITY OF SOUTH FLORIDA
COLLEGE OF MEDICINE AND RELATED USF HEALTH FACILITIES

USF Health

USF Health is the collaborative enterprise of the University's Morsani College of Medicine, College of Nursing, College of Public Health, College of Pharmacy, School of Physical Therapy and Rehabilitation Sciences, School of Biomedical Sciences and the USF Physician's Group as well as the healthcare provided by University's physicians and nurses. USF Health was founded by the state in 1965 as the USF Medical Center (medicine and nursing). It was renamed the USF Health Sciences Center in 1988 to acknowledge the addition of the College of Public Health. Today, USF Health is both an organizational definition and a successful branding outreach initiative, and most importantly, a commitment by faculty leadership to new models of education and care.

USF Health is dedicated to making life better by improving health in the wider environment, in communities and for individuals. It represents several faculty and leadership initiatives to improve the entire continuum of health, including: (i) joint, inter-professional teaching to build health care teams; collaborative research in difficult areas like obesity, where the health disciplines must work together and funding is team-based; and (iii) reframing health care as wellness, which positions the University in the forefront of teaching in the ambulatory sector. All of these initiatives dovetail with national trends in funding and the University's growth in attracting grants. For example, because these collaborative initiatives address national priorities, federal earmarks have been critical in launching new research centers such as biodefense, cancer detection, disaster management and many others.

The collaborative, integrated approach to healthcare has allowed USF Health to attract increased state funding for capital construction. Between 2001 and 2008, USF

biodefense. The Morsani College of Medicine is internationally known for research focusing on age-related neurodegenerative disorders, particularly Alzheimer's and Parkinson's diseases.

The USF Morsani College of Medicine SELECT program (Scholarly Excellence. Leadership Experiences. Collaborative Training.) prepares

College of Public Health offers the Bachelors of Science in Public Health ("BSPH"), Master of Public Health ("MPH"), Master of Science in Public Health ("MSPH"), Master of Health Administration ("MHA"), Doctorate ("PhD") and Doctorate of Public Health ("DrPH") degrees. In addition, several degrees are granted with other colleges on campus as well as over 20 graduate certificates. The College offers six fully-online MPH degree programs

critical mass of faculty in each department who can effectively serve the research and education missions of the University.

College of Pharmacy

- ◆ The University President representative;
- ◆ The Morsani College of Medicine Dean, if that person is not also the USF Health Senior Vice President;
- ◆ The USF Chief Operating Officer;
- ◆ The Morsani College of Medicine Vice Dean for Clinical Affairs;
- ◆ The Morsani College of Medicine Clinical Department Chairs;
- ◆ Four (4) Chairpersons of the Morsani College of Medicine clinical departments;
- ◆ Up to three (3) additional persons appointed by the USF Health Senior Vice President; and
- ◆ The Chairperson of the Corporation's Audit Committee.

These members have the ultimate responsibility to the Senior Vice President/Morsani College of Medicine Dean on issues relative to clinical service missions, operations, and related business support functions. They provide oversight through regular quarterly meetings, special meetings as needed, and reports from the USF Physician's Group Executive Management Committee and other subcommittees of the USF Physician's Group Board of Directors. The USF Physician's Group also has an Executive Management Committee that is appointed by the

- ◆ The USF Chief Operating Officer;
- ◆ The Morsani College of Medicine Vice Dean for Clinical Affairs;
- ◆ The Morsani College of Medicine Clinical Department Chairs;
- ◆ Four (4) Chairpersons of the Morsani College of Medicine clinical departments;
- ◆ Up to three (3) additional persons appointed by the USF Health Senior Vice President; and
- ◆ The Chairperson of the Corporation's Audit Committee.

UMSA's Executive Management Committee is appointed by the UMSA Board of Directors and includes:

- ◆ The University's Senior Vice President for Health Sciences;
- ◆ The USF Health Chief Operating Officer;
- ◆ The Morsani College of Medicine Vice Dean for Clinical Affairs; and
- ◆ Three (3) Chairpersons of the Morsani College of Medicine clinical departments.

USF Medical Services Support Corporation is a USF Direct-Support Organization and was created under Florida Statute Section 1004.28. This entity serves as a support arm of the USF Physician's Group by employing the non-physician personnel that support the Morsani College of Medicine physicians in their clinical operations. Under its charter, Service Corporation has a Board of Directors and an Executive Management Committee. Similar to UMSA, the Board of Director members include:

- ◆ The University's Senior Vice President for Health Sciences;
- ◆ The University Board of Trustees Chairperson representative;
- ◆ The University President representative;
- ◆ The Morsani College of Medicine Dean, if that person is not also the USF Health Senior Vice President;
- ◆ The USF Chief Operating Officer;
- ◆ The Morsani College of Medicine Vice Dean for Clinical Affairs;
- ◆ The Morsani College of Medicine Clinical Department Chairs;
- ◆ Four (4) Chairpersons of the Morsani College of Medicine clinical departments;
- ◆ Up to three (3) additional persons appointed by the USF Health Senior Vice President; and
- ◆ The Chairperson of the Corporation's Audit Committee.

Service Corporation's Executive Management Committee is appointed by the Service Corporation Board of Directors and includes:

- ◆ The University's Senior Vice President for Health Sciences;
- ◆ The USF Health Chief Operating Officer;

- ◆ The Morsani College of Medicine Vice Dean for Clinical Affairs; and
- ◆ Three (3) Chairpersons of the Morsani College of Medicine clinical departments.

USF Health Services Support Organization, Inc. was created under Florida Statute Section 1004.29 as the vehicle for participating in for-profit arrangements and capital ventures for the benefit to the College of Medicine. Under its charter, it has a Board of Directors, but does not have an Executive Management Committee. The Board of Director members include:

- ◆ The USF Health Senior Vice President/Morsani College of Medicine Dean (chair);
- ◆ The University President's representative;
- ◆ Up to 4 Directors nominated by the Senior Vice President/Dean and appointed by the University President; and
- ◆ A University Board of Trustee representative.

USF Health Services Support Organization, Inc., was incorporated, but has not been actively engaged in any business since its incorporation.

The Morsani College of Medicine presently has approximately 530 full-time faculty physicians and other practitioners organized into (i) seventeen academic-clinical departments: Cardiovascular Sciences, Dermatology, Family Medicine, Internal Medicine, Neurology, Neurosurgery, Obstetrics & Gynecology, Ophthalmology, Orthopedics & Sports Medicine, Otolaryngology, Pathology and Cell Biology, Pediatrics, Psychiatry, Radiology, Surgery and Urology; and (ii) two schools: Biomedical Sciences and Physical Therapy and Rehabilitation Sciences.

University Medical Service Association, Inc.

Statements of Operations and Changes in Net Assets

| | Year Ended June 30 | | | | |
|--|--------------------|-------------|-------------|-------------|-------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Unrestricted revenues and other support: | | | | | |
| Net patient service revenue | 125,883,749 | 136,179,041 | 149,057,623 | 158,302,216 | 172,569,959 |
| Grants, contracts and awards revenue | 46,356,023 | 48,349,728 | 598,506 | 62,551,406 | 68,335,878 |
| Other operating revenue | 15,095,403 | 13,859,855 | 22,357,592 | 21,127,066 | 22,101,268 |
| Total revenues and other support | 187,335, | 198,388,624 | 224,813,721 | 241,980,688 | 263,007,105 |
| Expenses ⁽²⁾ | | | | | |
| Contributions on behalf of the College of Medicine: | | | | | |
| Faculty and staff salary support | 119,425 | 129,611,851 | 141,205,300 | 168,584,642 | 178,696,420 |
| Excess FICA refunds | (1,131,791) | (1,1500) | (1,267,479) | (1,384,223) | (1,511,826) |
| Malpractice insurance support | 3,460,773 | 3,367,348 | 2,935,9 | 3,604,554 | 4,160,202 |
| Expenses support | 36,1883 | 36,835,065 | 34,949,777 | -- | -- |
| Rent expense | 3,906,219 | 4,431,327 | 4,274,742 | -- | -- |
| Depreciation, rent, repairs and maint | -- | -- | -- | 15,631,770 | 17,261,043 |
| Operating expenses | 23,639,329 | 24,548,013 | 35,749,571 | 66,619,402 | 65,337,261 |
| Amounts allocated from USFFC | -- | -- | -- | (1,691,061) | (1,573,645) |
| Contributed software and lic amort | -- | -- | -- | 1,993,272 | 2,462,248 |
| Software implementation/training | -- | -- | 2,681,694 | 699,438 | 1,161,451 |
| Interest | 9 | 0 | 175 | 2,444,138 | 1,847,117 |
| Total expenses | 185,516,067 | 201,872,817 | 220,533,139 | 256,501,932 | 267,840,271 |
| Income (loss) from operations | 1,819,108 | (3,484,193) | 4,280,582 | 14,521,244) | (4,833,166) |
| Nonoperating gains: | | | | | |
| Investment income, net | 789,825 | 2,191,417 | 168,696 | 143,937 | 1,428,230 |
| Excess of revenues, gains and other support over expenses | 2,608,933 | (1,290) | 4,449,278 | (14,3707) | (3,404,936) |
| Other changes in unrestricted net assets: | | | | | |
| Transfer of net assets from MSSC | -- | -- | -- | 67,686 | -- |
| Loss from discontinued operations | -- | -- | -- | -- | -- |
| Change in net unrealized gains and losses on other-than-trading securities | -- | -- | -- | -- | -- |

University of South Florida Medical Services Support Corporation

Statements of Operations and Changes in Net Assets

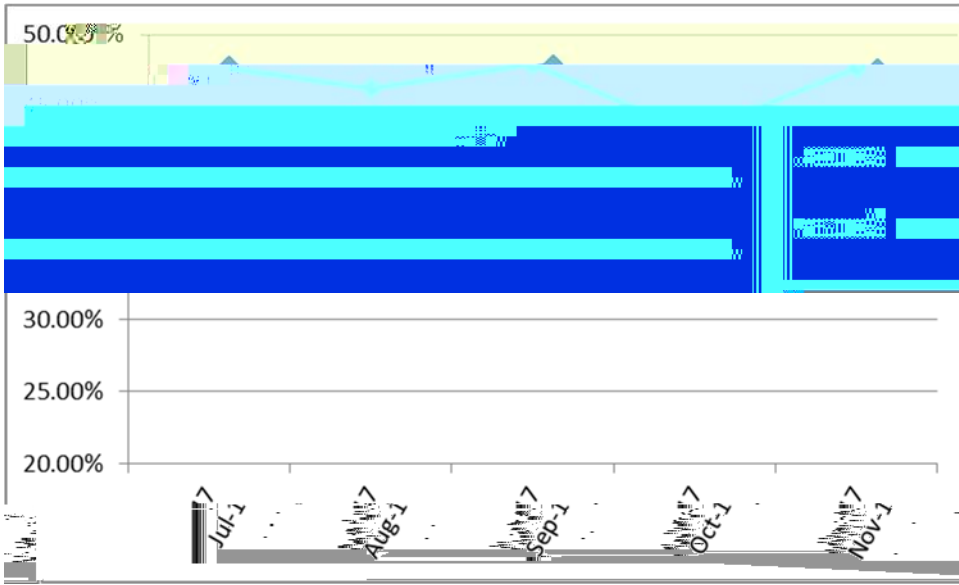
| Year Ended June 30 | | | | |
|--------------------|------|------|------|------|
| 2013 | 2014 | 2015 | 2016 | 2017 |

Operations

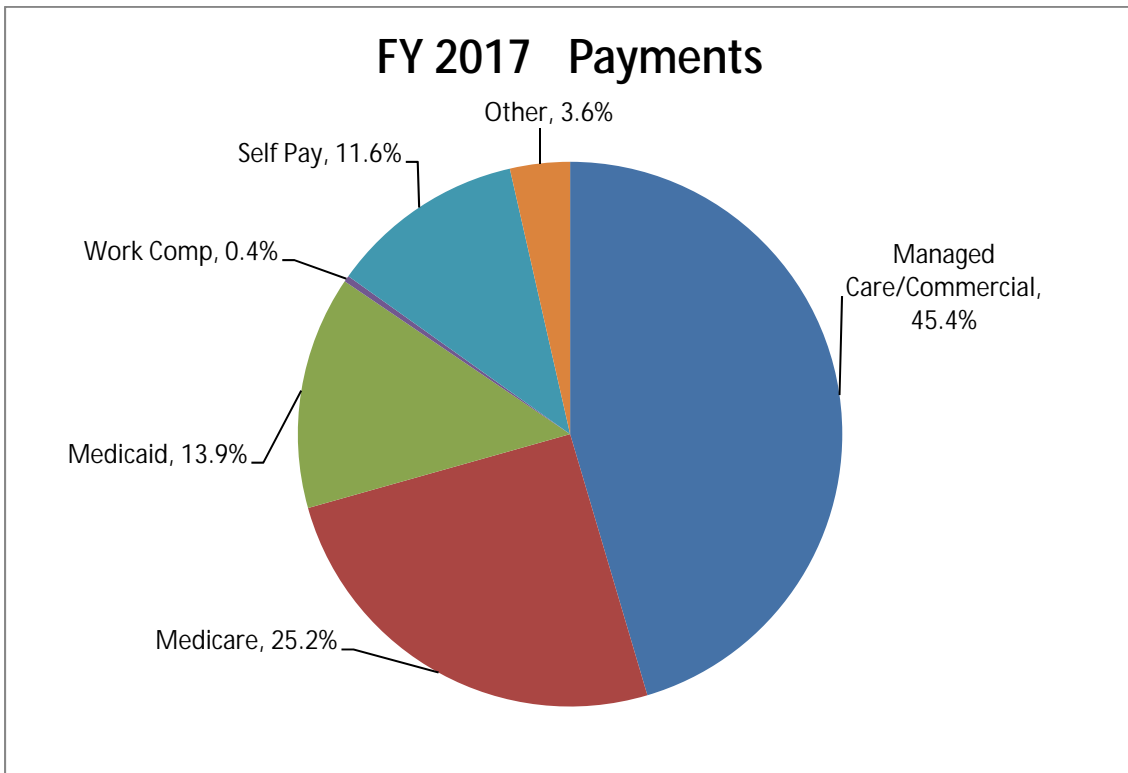
Operations Strategy

The USF Morsani College of Medicine Faculty Practice Plan, known corporately as "UMSA/MSSC", is a Direct Support Organization of the USF, and is charged with oversight and centralized management of the Centers for Advanced Health Care, including the Ambulatory Surgery Center and two Outpatient Imaging Centers. As mentioned above, UMSA bills, collects, administers, and uses funds derived from the clinical practice activity of the College's faculty physicians. UMSA/MSSC is comp

Commercial Managed Care Collections as a Percentage of Total Collections – FY18 Year To Date



Fiscal Year 2017 Payer Mix Based on Collections



Total Charges – Ten Year Summary

Total charges have increased over the last five years by \$109,025,349, a 32% increase.

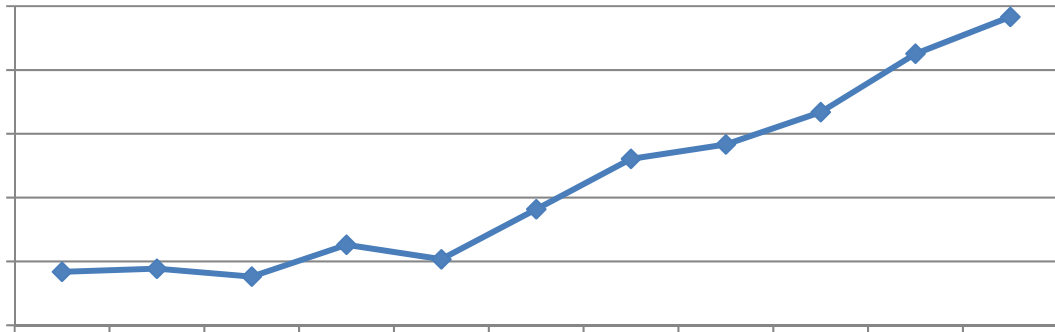
Total Collections – Ten Year Summary

Growth in Contract Revenue

In addition to growth in patient revenue, USF Physicians Group has also significantly increased its contract revenue. USF Physicians Group has contracts with various healthcare facilities to provide medical services, medical directorships, and physician advisory services. The most significant contract is with Tampa General Hospital, and generates approximately twenty million dollars annually. In recent years additional contracts have been executed with HCA and Lakeland Regional Medical Center. Contract revenue growth is illustrated by the graphic below showing, for the last five fiscal years, increases in total contract revenue.

Total Contract Revenue – Ten Year Summary

Total contract revenue has increased over the last ten fiscal years by \$39,153,152, a 138% increase.

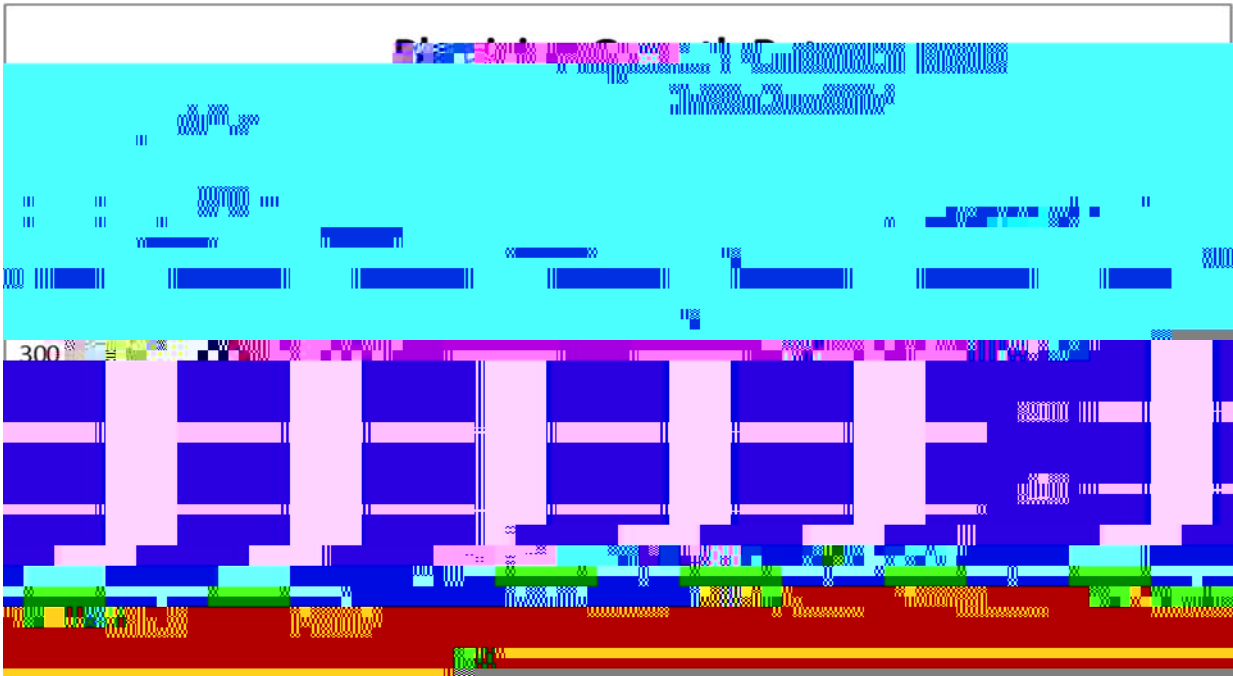


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Faculty Retention/Physician Growth Rate

Academic medical centers typically experience a high degree of faculty turnover on an annual basis. Despite this trend, USF Physicians Group has grown significantly in the number of credentialed physicians over the last five fiscal years. The growth rate for fiscal year ending 2012 through 2017 has been 14%.

| USFPG Department | Total Active FY 2017 |
|----------------------------------|---------------------------------|
| Cardiovascular CRISP | 29 |
| Clinical Affairs | - |
| Dermatology | 13 |
| Family Medicine | 13 |
| Internal Medicine | 124 |
| Neurology | 30 |
| Neurosurgery | 28 |
| OB/GYN | 54 |
| Hill | 11 |
| Ophthalmology | 13 |
| Orthopaedics and Sports Medicine | 6 |
| Otolaryngology | 11 |
| Pathology and Cell Biology | 4 |
| Pediatrics | 113 |
| Physical Therapy | 12 |
| Psychiatry | 24 |
| Suncoast Gerontology Center | 5 |
| Surgery | 33 |
| Urology | 7 |
| Grand Total | 530 |



Operational Efficiencies

Investments in technology, human resources, and business improvement processes have yielded extremely favorable results in the operational efficiencies of the USF Physicians Group. These improvements are clearly evident in the following, industry accepted performance metrics for physician group practices.

Days in Accounts Receivable

Days in Accounts Receivable, a benchmark used to determine the efficiency of a business operation, represents the number of days from the time a charge is entered into the system until it has been paid and the account has been cleared. From fiscal year 2016 through fiscal year 2017, Days Accounts Receivable have decreased from 50 to 47 days, or 7% improvement.

Sovereign Immunity and Malpractice

The University and its employees have a degree of liability protection under the legal doctrine known as "sovereign immunity". In summary, this means that:

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a Vermont domiciled captive insurance company, is managed by a Board of Directors consisting primarily of USF officials.

The administrative and insurance costs of the USF-SIP and USF-HSIC are not supported by legislative appropriations; rather, such costs are supported by:

- Assessments to the College's clinical departments which are paid with practice-generated funds;
-