UNM Health Sciences Center

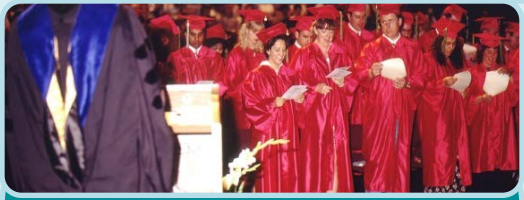
Presentation to
Legislative Finance Committee
June 24, 2015

UNM HEALTH SCIENCES CENTER

UNM HEALTH SCIENCES CENTER

Vision

The University of New Mexico Health Sciences Center will work with community partners to help New Mexico make more progress in health and health equity than any other state.



Mission

We will:

Provide an opportunity for New Mexicans to obtain an excellent education in health sciences.

Advance health discovery and innovation in the most important areas of human health.

Ensure that all populations in New Mexico have access to the highest quality health care.

Values

Our mission is guided by our values of:

- Excellence in education, patient care and research
- Commitment to service, quality and safety
- Integrity and accountability
- Respect and compassion for all people
- Teamwork and collaboration
- Providing hope for those we serve

Strategic Goals

1. Improve public health and health care to those we serve
2. Build the workforce of New Mexico by providing a premier education
3. Translate our research and discoveries into clinical or educational practice
4. Provide the environment to enable our people and programs to do their best
5. Deliver high quality clinical care and service while being accessible to all New Mexicans
6. Nurture and embrace an environment of diversity, integrity and transparency

UNM
Health Sciences Center

HSC
Academic Units

- School of Medicine
- College of Nursing
- College of Pharmacy
- HSC Library & Informatics Center
- Office of Research

UNM
Health System

- UNM Hospitals
- Sandoval Regional Medical Center
- UNM Medical Group
- Carrie Tingley Hospital
- Children's Hospital
- Adult Psychiatric Center
- Children's Psychiatric Center

Agenda

- Overview of HSC Finances
  Paul B. Roth, MD, MS
  Chancellor for Health Sciences
  CEO, UNM Health System
  Dean, UNM School of Medicine
- UNM School of Medicine Performance
  Martha McGrew, MD
  Executive Vice Dean, School of Medicine
- UNM Health System Strategic Plan
  Michael Richards, MD
  Executive Physician-in-Chief, UNM Health System
- UNMH Finances
  Steve McKernan, CEO UNM Hospitals

HSC Finances

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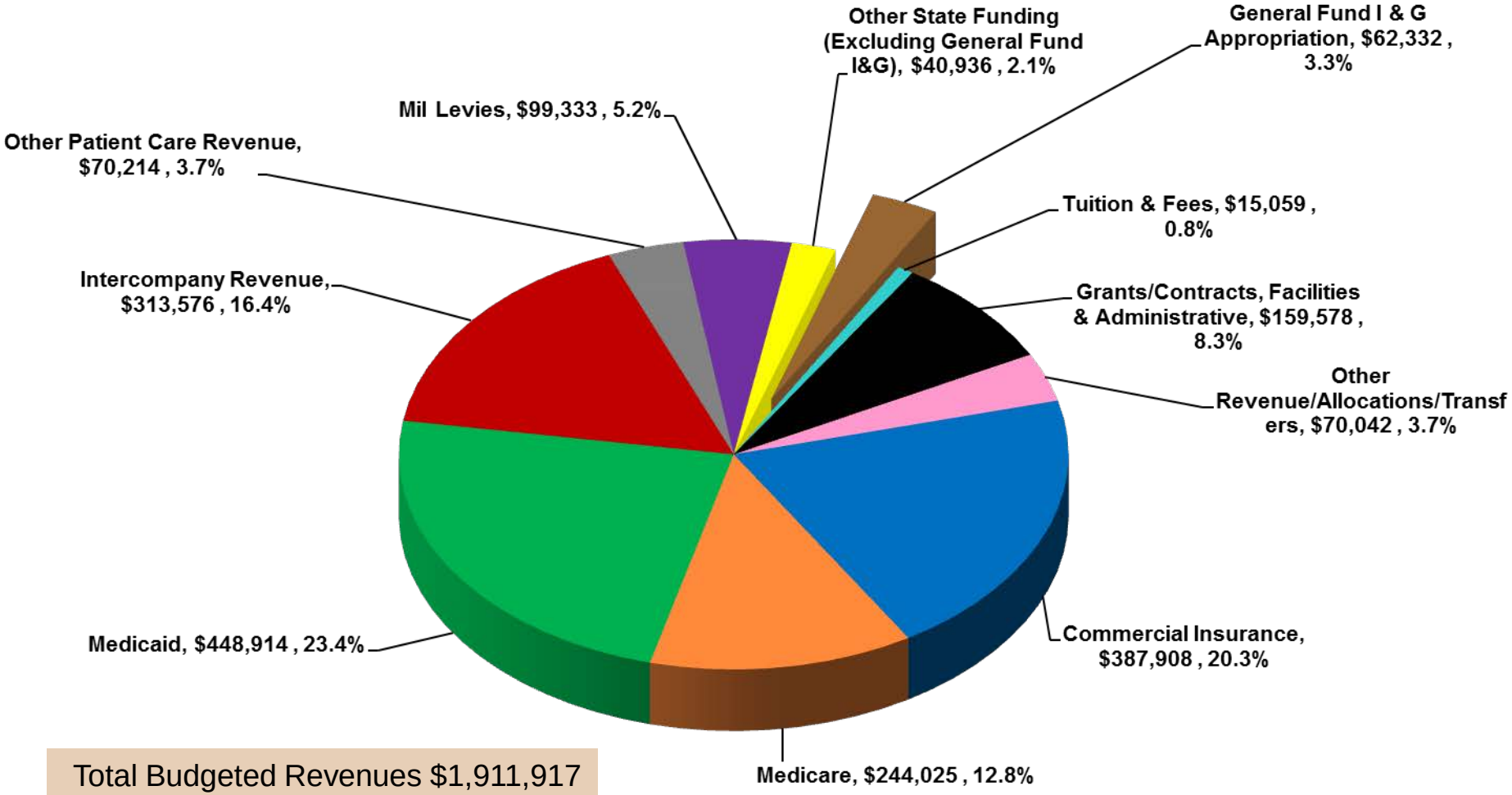
HSC All Components – Revenues

FY 2016 Budget (in thousands)



Total Budgeted Revenues $1,911,917
11.4% increase over FY 2015

Note: Includes UNM HSC Academic Enterprise and UNM Health System

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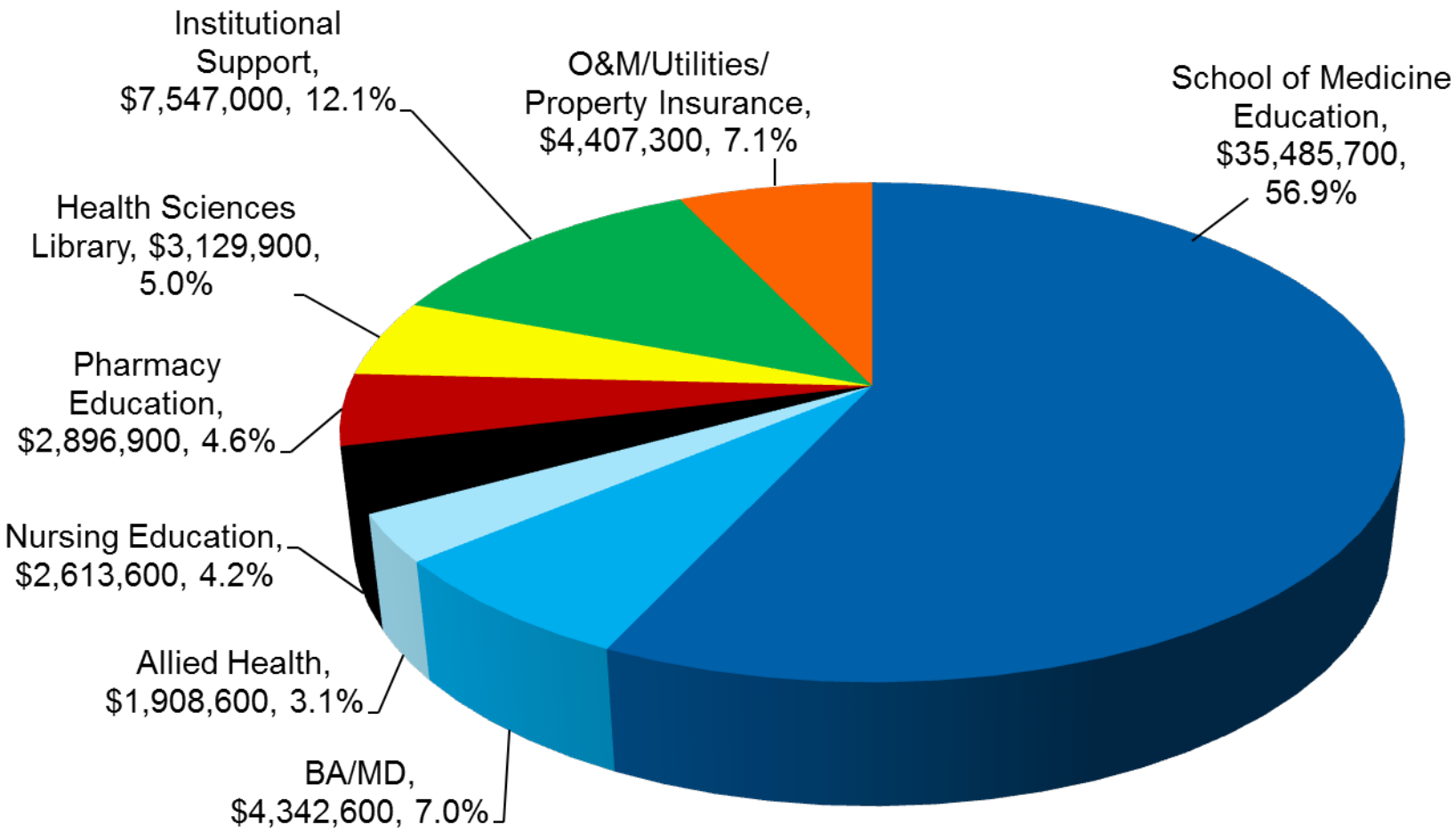
HSC Instruction & General Appropriation



Total FY2016 General Fund I&G Appropriation: $62,331,600

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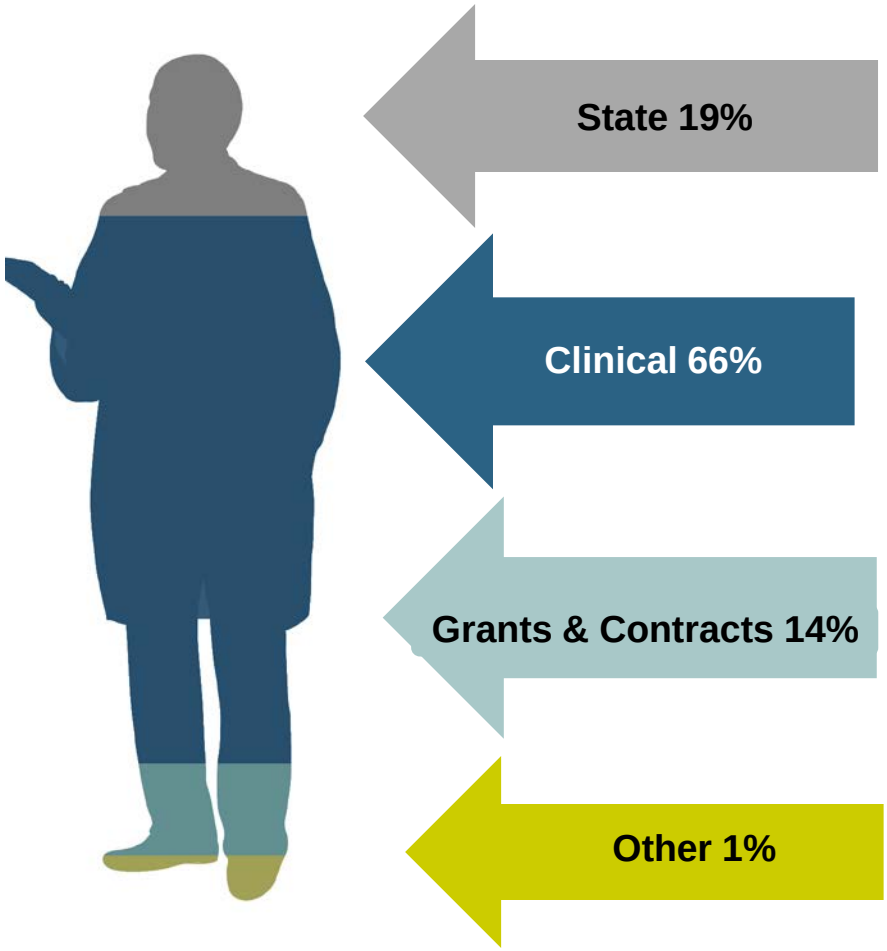
Sources of SOM Faculty Compensation



UNM School of Medicine

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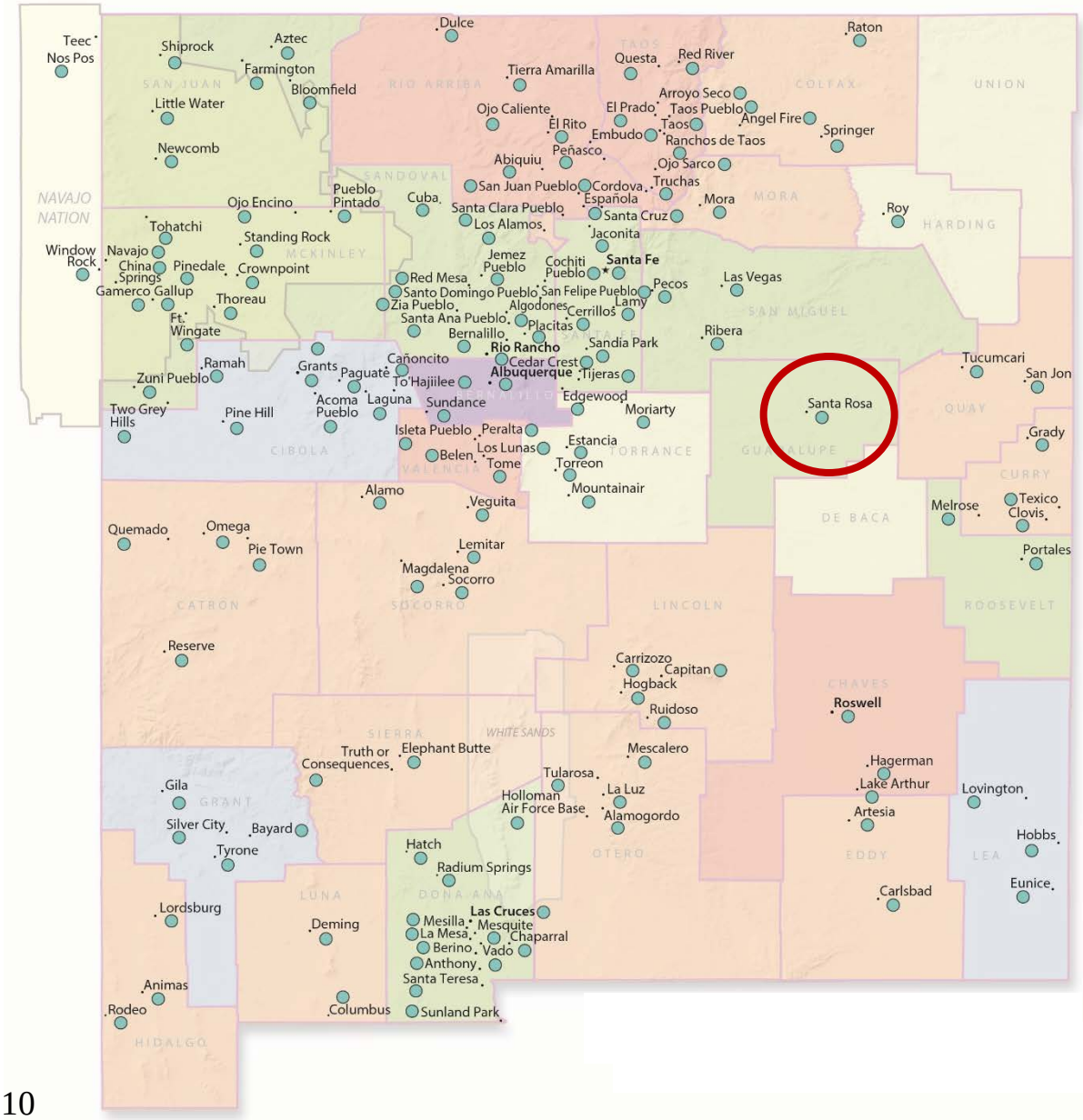
The whole state is our campus . . .



430 Activities in 152 Communities

UNM Health System clinical encounters are not included in the counts. Outreach activities include:

- Education
- Patient Care
- Community Research
- Telehealth Sites

“We are working with UNM SOM to make our UNM educated providers a part of our community’s future.”

Christina Campos
Guadalupe County Hospital
CEO

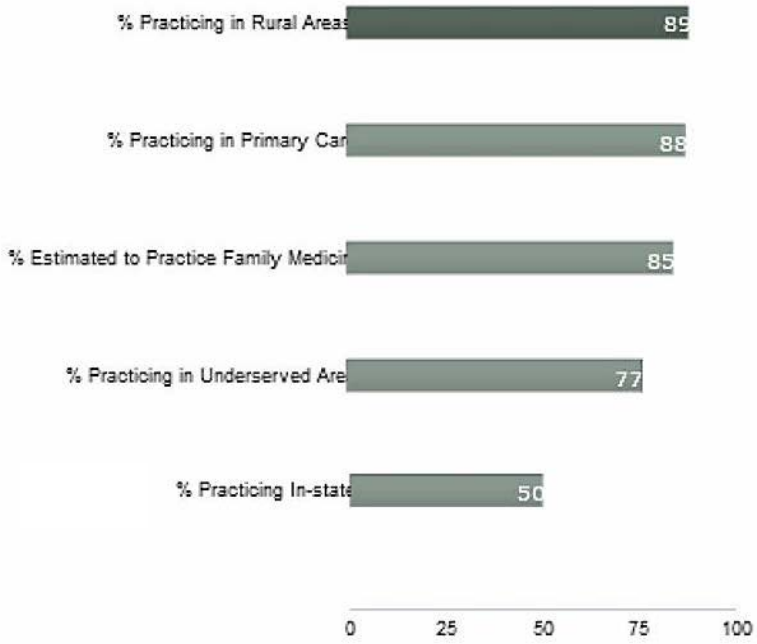
Medical School Missions Dashboard: UNM School of Medicine

1. Graduate a Workforce that Will Address the Priority Health Needs of the Nation

Select a mission

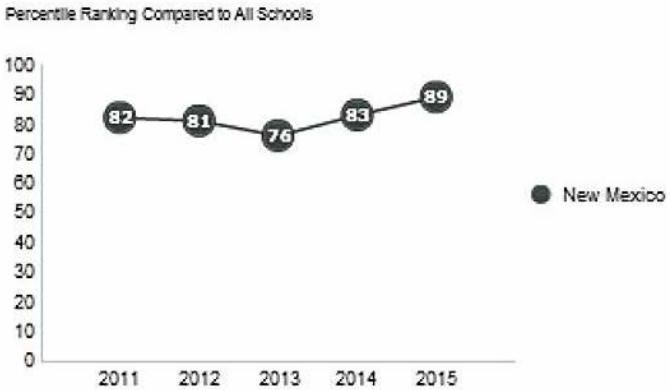
2015 Percentiles

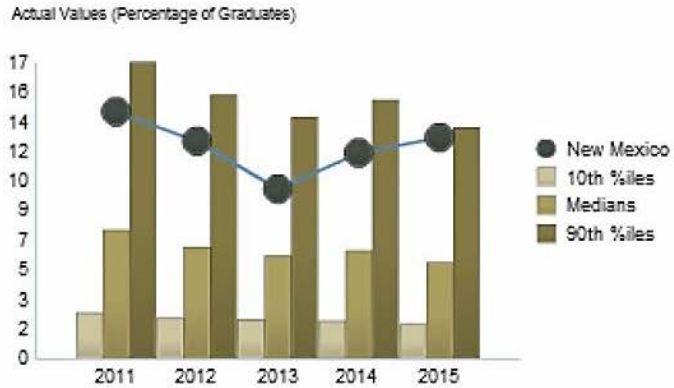
(Click on bars below to show trends on the right)



Trends

Percent of Graduates Practicing in Rural Areas





 Source: AAMC 2015 Missions Management Tool

UNM HEALTH SCIENCES CENTER

Preparing a Diverse Physician Workforce

New Mexico Ethnicity*

Ethnicity	%
White	39.4%
Black/African American	2.5%
American Indian & Alaska Native	10.4%
Asian	1.6%
Native Hawaiian & Pacific Islander	.2%
Two or More Races	2.4%
Hispanic or Latino	47.3%

Graduates from 2008 through 2013

Percentile	Total Graduates	Number who are Hispanic or Latino	Percent who are Hispanic or Latino	Number who are American Indian or Alaska Native	Percent who are American Indian or Alaska Native	Number who are Black or African-American	Percent who are Black or African-American
			28.6%	19	4.5%		
90	1,165	127	13.5%	12	1.3%	92	10.3%
		122					
80	1,020	72	9.3%	9	1.0%	73	8.8%
70	977	63	6.7%	7	0.8%	64	7.5%
60	899	48	5.2%	5	0.7%	53	6.5%
50	828	35	4.8%	5	0.6%	43	5.3%
40	696	29	3.9%	4	0.5%	36	4.5%
30	620	22	3.0%	3	0.4%	24	3.6%
20	569	16	2.0%	2	0.3%	20	2.3%
	426						
10	416	9	1.4%	1	0.2%	7	1.4%
						6	
Mean	811	60	8.5%	6	0.8%	54	7.1%
Valid N	126	126	126	126	126	126	126

Benchmarked against All Medical Schools

UNM

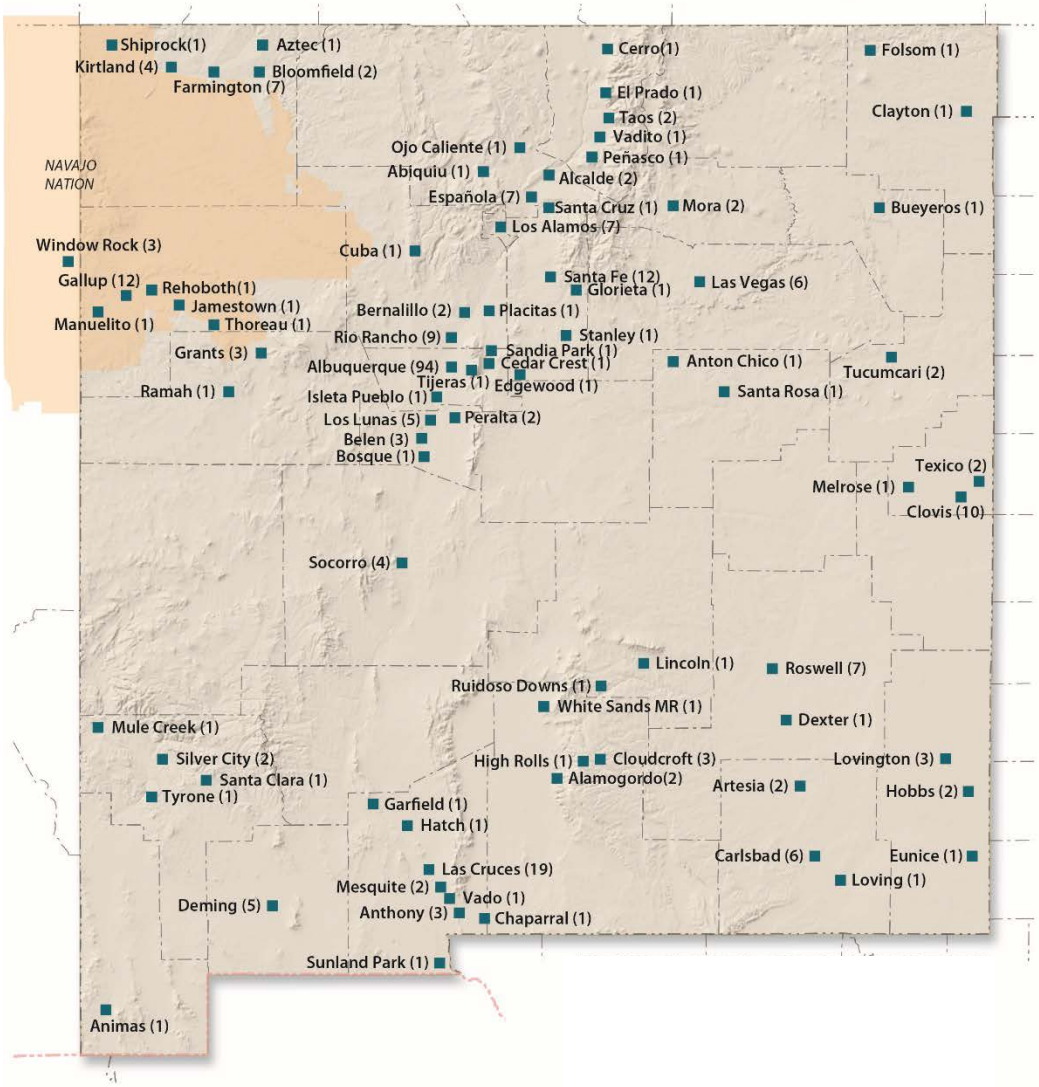
Source: AAMC 2015 Missions Management Tool

**Source:* US Census Bureau (does not equal 100%)

UNM HEALTH SCIENCES CENTER

Combined BA/MD Program
2006-2015 Entry Class

UNM
COLLEGE of ARTS & SCIENCES
and SCHOOL of MEDICINE



Total # of BA/MD Students (2006-2015) = 304

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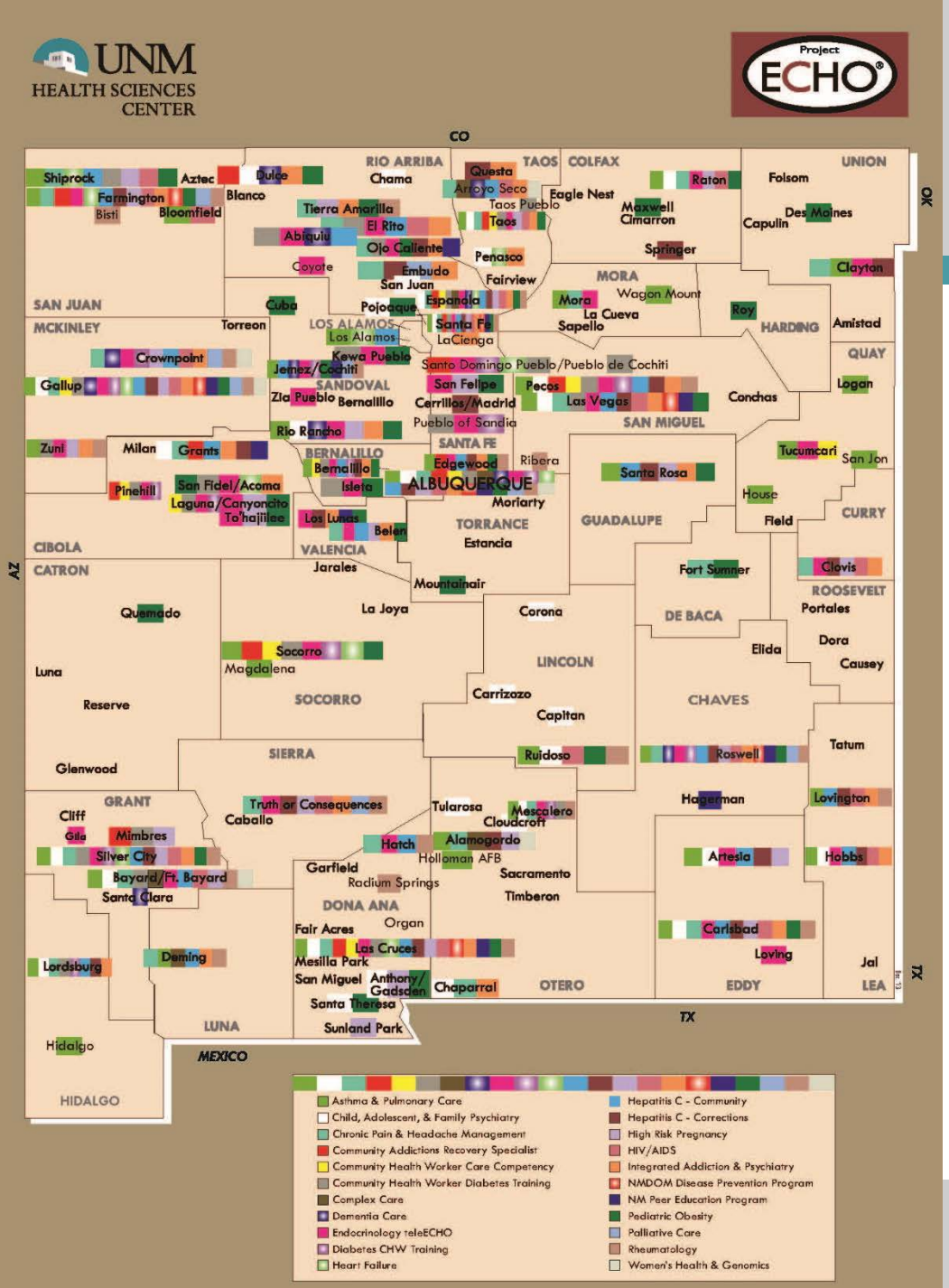
Residency Expansion

	FY15	FY16	FY17 Preliminary	FY18 Preliminary	FY19 Preliminary
General Internal Medicine	5	5	5	Fully Funded	Fully Funded
Family Community Medicine	1	1	1	Fully Funded	Fully Funded
Psychiatry	2	2	2	2	Fully Funded
General Surgery	1	1	1	1	1

Funded through FY16 $1,807,400

Proposed Requested Expansion FY17 $905,000



Project ECHO® (Extension for Community Healthcare Outcomes)

Project ECHO is a disruptive innovation that dramatically improves both capacity and access to specialty care for rural and underserved populations. The ECHO model™ is not “telemedicine” where the specialist assumes the care of the patient, but instead a guided practice model where the primary care clinician retains responsibility for managing the patient, operating with increasing independence as their skills and self-efficacy grow.

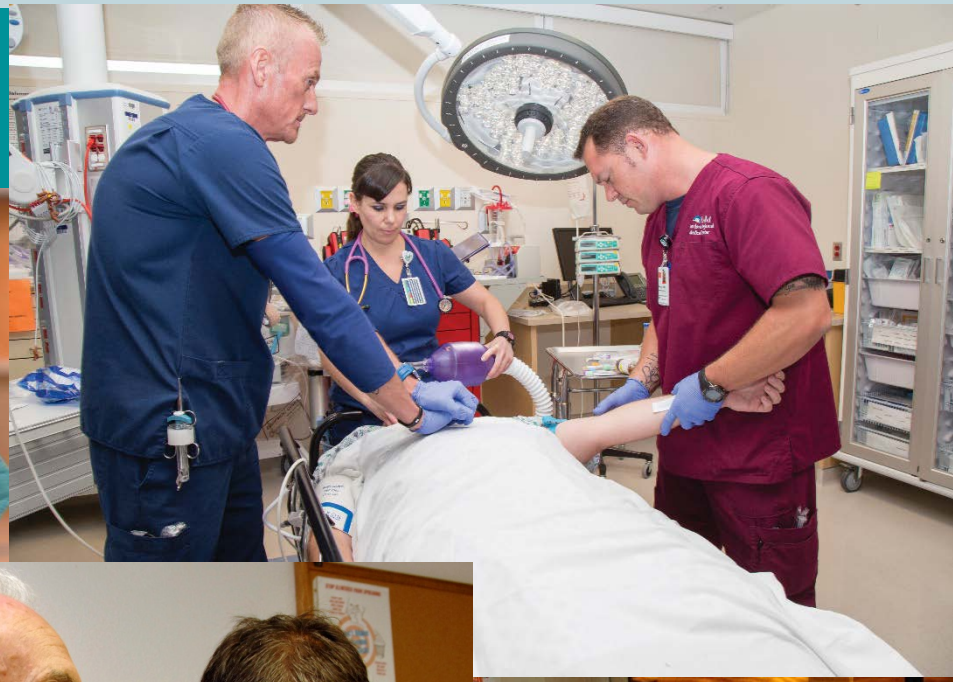
UNM HEALTH SCIENCES CENTER

Telestroke ACCESS Program

Started in 2015

- Currently, two live sites
- As of June 22, 48 patients have been seen
  - Of those, two have been transported, all others have been discharged or retained at a local hospital
- When fully implemented, there will be 30 New Mexico hospitals live on ACCESS (Access to Critical Cerebral Emergency Support Services)

2015 Strategic Plan



UNM | HEALTH SYSTEM

What are Academic Health Centers?

An academic health center (AHC) is an accredited, degree-granting institution of higher education. It is the entire health enterprise at a university including health professions education, patient care, and research.

An academic health center consists of:

- An allopathic or osteopathic medical school
- One or more other health profession schools or programs (such as allied health, dentistry, graduate studies, nursing, pharmacy, public health, veterinary medicine)
- Has one or more owned or affiliated teaching hospitals or health systems.

UNM Health System

The UNM Health System is committed to the health and well-being of our patients and our community. As New Mexico's academic health center, we have a unique ability to integrate clinical services with our educational and research missions.

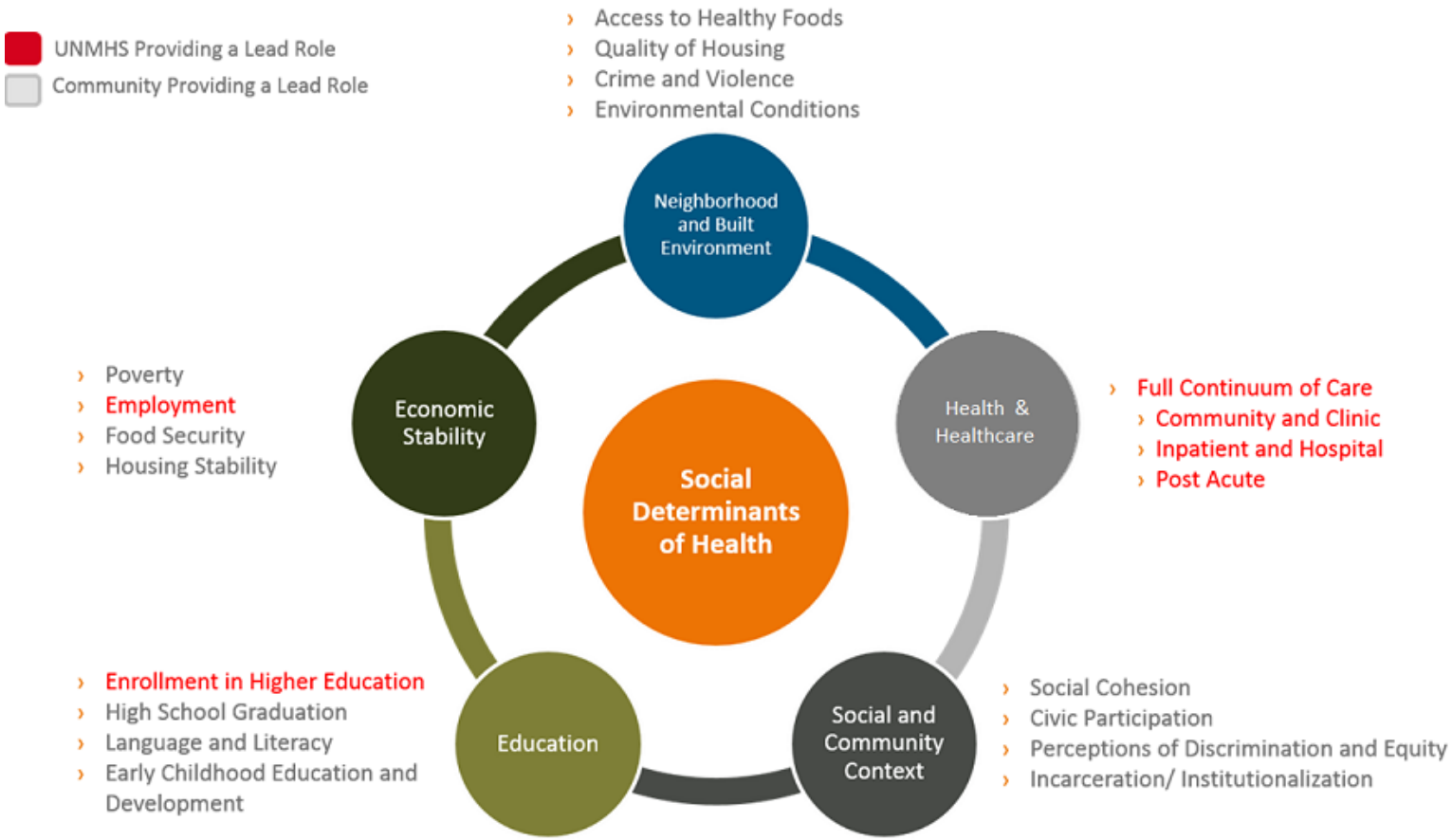
Our Level 1 trauma center, children's hospital, NCI designated cancer center and high-complexity subspecialty practices offer access to the most sophisticated procedures and provide a medical safety net to all New Mexicans.

Academic Health Center Strategies

- **Network Strategy:** Develop a Clinically Integrated Network that sustains a referral base supporting the academic mission.
- **Value Capture Strategy:** Emphasize academic medicine capabilities along with excellent service and access
- **Clinical Focus:** Encompass an ambulatory platform and satellite hospitals
- **Financial Emphasis:** Provide services at a lower cost per unit of service and capture earned revenues
- **Strategic Plan Review:** Review and update 2012 Strategic Plan assumptions, including:
  - Demographic and market trend changes
  - New Mexico ACA Implementation
  - Specific emphasis on Children's and Women's Services
- **Health Reform:** Embracing health reform delivery system changes to include new models of clinical care
- **Master Facility Plan:** Translate strategic plan into required facility needs

Social Determinants

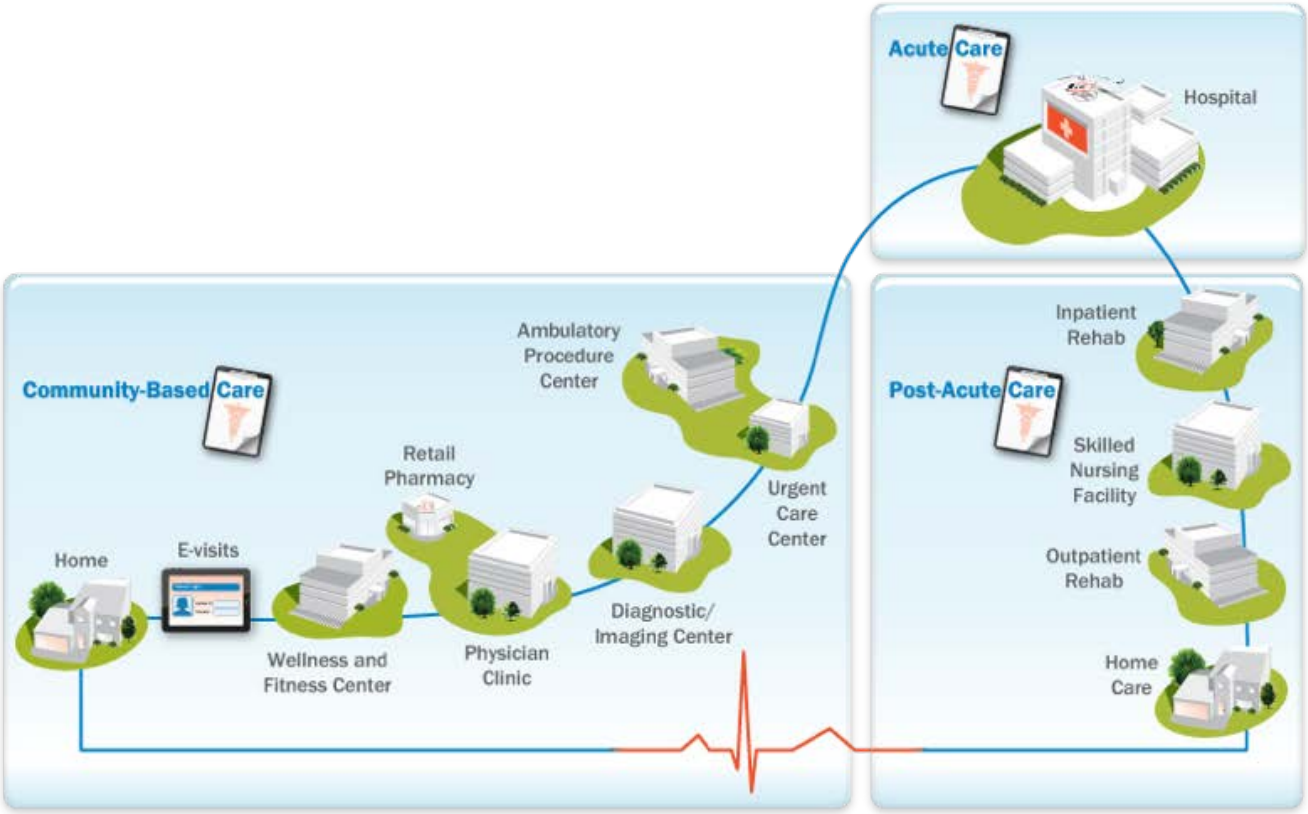
Healthy living is based on individual, community, and socioeconomic conditions. UNM Health System is committed to partnering with County and State leadership to create social and physical environments promoting healthy living for residents of New Mexico



UNM | HEALTH SYSTEM

Continuum of Care

The Continuum of Care is a health system plan to organize and deliver healthcare to meet the specific needs of its community, from birth to end of life. Healthcare is provided for all levels and all stages of care.



UNM | HEALTH SYSTEM

New Models of Care

	Traditional Model	New Model
Finance	Fee for Service	Value Based Risk Based
Patients	Individual	Population Based
Delivery Model	Disease Focused	Health and Wellness Focused Patient and Community Engagement
	Decentralized	Medical Home Model Full Continuum of Care Clinically Integrated Partnerships
Quality	Process Measures	Outcomes Measures Patient Experience

Strategic Goals

Community Engagement	*Collaborate and partner with the community to fully understand and address their health needs.*
Patient Experience	*Patients will be treated with compassion and respect while receiving the safest, highest quality and well-coordinated clinical care.*
Culture of Excellence	*Employees and providers will model our values while making UNM a great place to receive care and work.*
Operations	*Achieve greater system integration, operational efficiency and maintain our financial strength for reinvestment in patient care.*
Strategic Growth & Partnerships	*Patients will have more choices for care and services due to our strategic partnerships, network of affiliated community resources and development of UNM programs.*

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UNM HOSPITALS

UNM Hospitals

Fiscal 2016 Operating Budget

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UNM HOSPITALS

FY 2016 Budget
UNM Hospital Statistics

	FY2013 Actual	FY2014 Actual	FY2015 Projected	FY2016 Budget
Nursing Division				
Inpatient Days	156,553	154,573	161,074	164,489
Discharges	26,571	26,953	25,492	28,131
Emergency & Urgent Care Visits	95,021	102,124	102,746	100,937
Operations	18,747	18,654	19,345	20,342
Births	3,204	3,161	2,992	2,987
Ambulatory				
Primary Care Clinics	141,708	141,056	150,580	150,762
Specialty Clinics	351,974	342,305	341,632	351,241
Ancillary Services				
Lab Services	2,684,920	2,773,320	2,954,364	2,996,765
Pharmacy	3,822,274	3,736,007	3,704,085	3,737,585
Radiology	294,087	294,033	294,650	298,896
Rehab Services	359,853	380,690	488,356	489,302

Statistics are the key drivers of expense

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UNM HOSPITALS

FY 2016 Budget
Behavioral Health Statistics

	FY2014 Actual	FY2015 Projected	FY2016 Budget	Incr / (Decr) from FY 2015	% Change
Patient Days	22,041	23,883	24,301	418	2%
Other Stats					
Outpatient Visits	36,283	39,738	41,385	1,647	4%
Midlevel	90,397	92,556	97,933	5,377	6%
Methadone & Buprenorphine	143,862	135,313	136,620	1,308	1%

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UNM HOSPITALS

UNM Hospitals
Statement of Revenues and Expenses

	FY2013 Actuals	FY2014 Actuals	FY2015 Revised	FY2016 Budget
Core Patient Revenue	$ 524,050,396	$ 613,632,929	$ 787,464,248	$ 792,484,703
All Other Patient Revenue	130,091,508	95,804,937	78,720,979	78,940,910
Other Revenue	11,396,288	22,152,703	26,430,656	24,828,632
Total Net Operating Revenues	$ 665,538,192	$ 731,590,569	$ 892,615,883	$ 896,254,245
Expenses:				
Salaries and Benefits	392,663,475	408,780,063	440,289,304	488,882,628
Medical Services, inc Housestaff	99,274,908	110,652,813	131,984,367	140,661,820
Tricore Lab	27,985,451	28,132,986	29,086,904	30,228,586
Medical Supplies	123,627,238	134,571,269	143,358,194	150,237,802
Depreciation	32,885,033	31,831,248	33,605,357	33,537,884
Equipment/Occupancy	43,552,772	51,187,112	56,058,699	60,269,075
Purchased Services	32,282,428	43,562,060	41,611,904	52,587,008
Health System	9,366,431	13,043,259	21,313,559	25,429,951
Other Supplies/Other	13,049,893	14,837,482	15,854,160	16,963,903
Interest Expense	7,770,258	7,566,691	7,513,831	7,375,511
Total Expenses	$ 782,457,887	$ 844,164,983	$ 920,676,279	$ 1,006,174,167
Total Operating Gain (Loss)	**$ (116,919,695)**	**$ (112,574,414)**	**$ (28,060,395)**	**$ (109,919,922)**
Non Operating Revenue and Expenses				
Mill Levy	91,229,145	92,020,266	92,780,043	93,216,109
State Appropriations	11,724,600	12,520,200	13,116,899	13,116,900
Return on Investment Triwest	12,678,141	39,872,529	12,029,637	-
Capital Initiatives	-	(26,000,000)	(78,481,761)	-
Investment Income	2,444,027	815,592	4,172,669	1,411,268
Bond Issuance Costs	-	-	(1,730,523)	-
Donations	3,001,217	2,755,154	2,301,002	2,907,879
Other non operating revenue(expe	287,600	(406,868)	(3,148)	(395,277)
Total Non Operating	$ 121,364,730	$ 121,576,873	$ 44,184,819	$ 110,256,879
Increase (Decrease) in Net Assets	$ 4,445,035	$ 9,002,459	$ 16,124,423	$ 336,957

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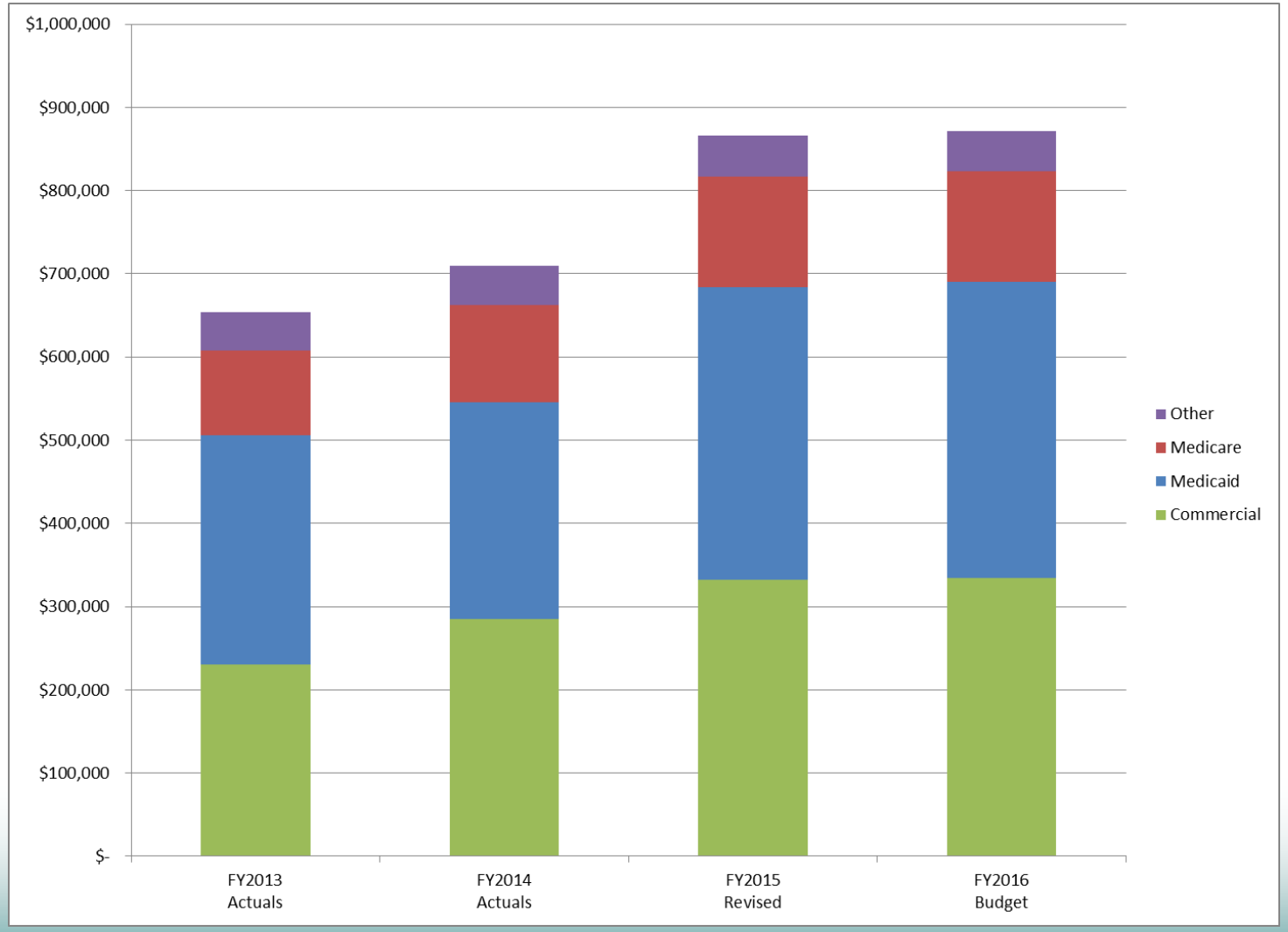
UNM HOSPITALS

UNM Hospitals Expense by Functional Area

	FY2013 Actual	FY2014 Actual	FY2015 Projected	FY2016 Budget
Inpatient Services	$ 285,882,014	$ 294,824,096	$ 302,087,415	$ 333,832,486
Outpatient Services	93,028,395	106,738,249	121,561,229	133,257,991
Behavioral Health Operations	40,839,414	41,976,152	43,026,506	46,419,377
Ancillary Services	136,092,876	150,653,113	158,914,602	171,896,646
Medical Services	108,159,167	128,311,414	153,580,703	166,663,567
Support Services	110,685,763	114,095,268	133,991,992	146,728,589
Interest Expense	7,770,258	7,566,691	7,513,831	7,375,511
Total Expenses	$ 782,457,887	$ 844,164,983	$ 920,676,279	$ 1,006,174,167

UNM Hospitals
Components of Patient Revenue
($ in thousands)



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UNM HOSPITALS

UNM Hospitals Core Patient Revenue by Payer

	FY2013 Actuals	FY2014 Actuals	FY2015 Revised	FY2016 Budget
Medicare	$ 102,615,116	$ 126,318,918	$ 143,603,355	$ 143,653,345
Commercial	230,437,851	274,845,411	314,504,751	315,378,522
Medicaid	145,549,123	164,474,145	278,785,619	283,105,964
Self Pay	19,623,850	20,246,709	24,308,040	24,056,855
Other	13,635,601	14,968,086	19,600,123	19,665,496
USPHS/IHS	12,188,855	12,779,660	6,662,361	6,624,522
Core Patient Revenue	$ 524,050,396	$ 613,632,929	$ 787,464,248	$ 792,484,704

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UNM HOSPITALS

UNM Hospitals
All Other Patient Revenue

	FY2013 Actuals	FY2014 Actuals	FY2015 Projected	FY2016 Budget
All Other Patient Revenue:				
Indirect Medical Education	$ 32,364,167	$ 34,443,591	$ 50,064,041	$ 55,334,890
Graduate Medical Education	6,334,731	6,375,300	6,409,720	6,408,457
Disproportionate Share	23,359,625	23,775,551	21,584,619	17,197,563
State Coverage Initiative	26,644,558	12,536,070	-	-
Upper Payment Limit	40,724,027	18,010,025	-	-
OOCI Fund	664,400	664,400	662,600	-
All Other Patient Revenue	$ 130,091,508	$ 95,804,937	$ 78,720,979	$ 78,940,910

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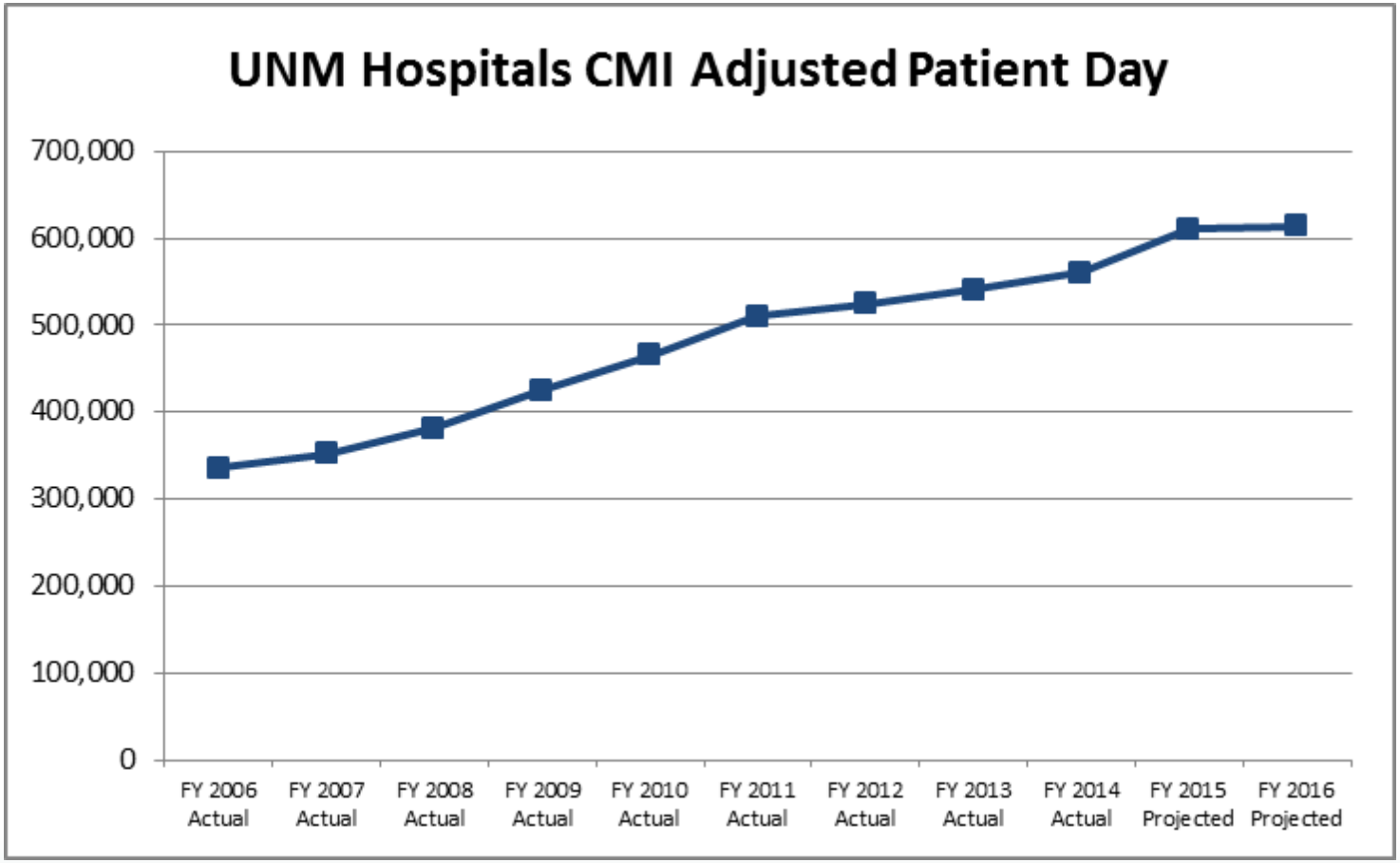
UNM HOSPITALS



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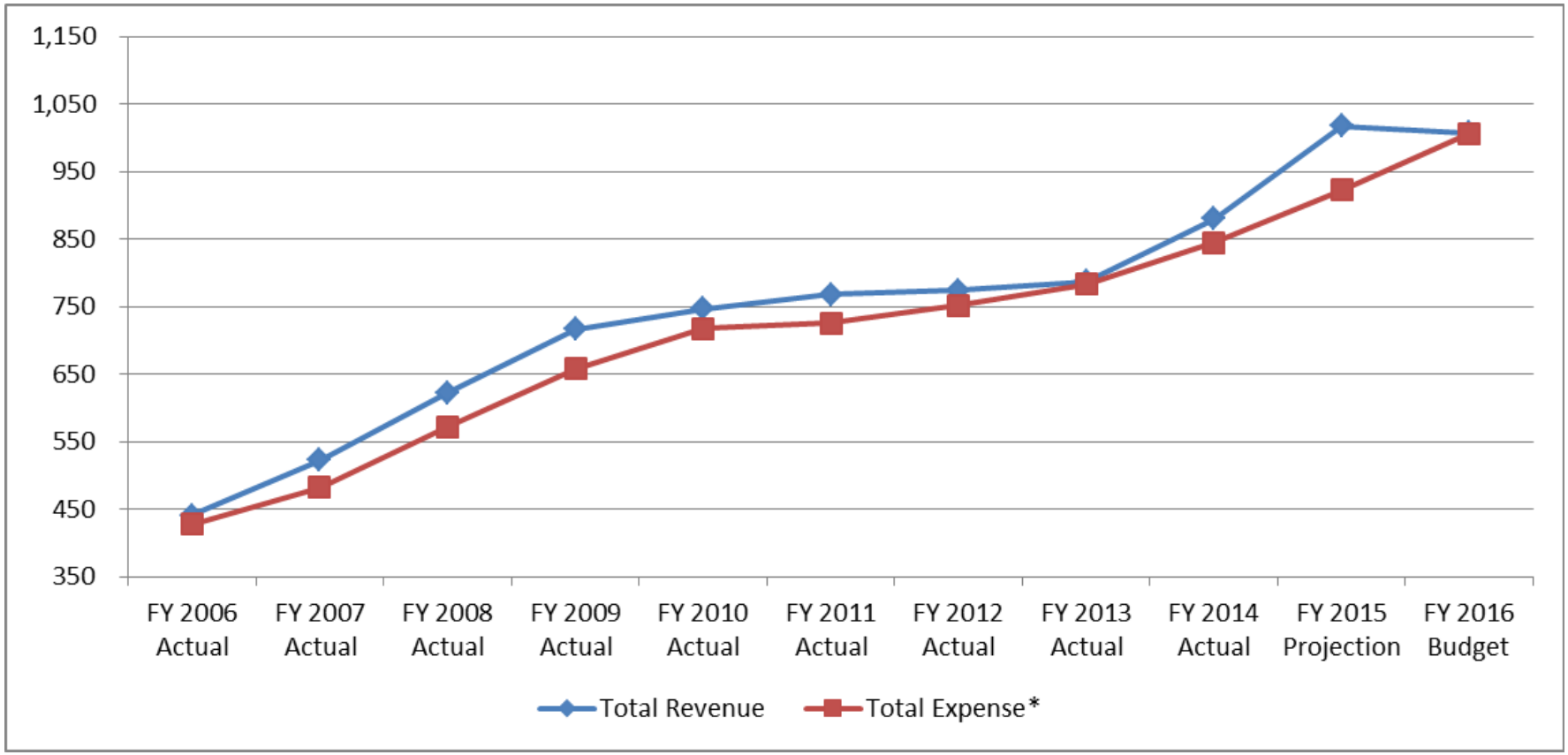
UNM HOSPITALS

UNM Hospitals
Total Revenues & Expenses
(in millions)



* Excludes Capital Initiative

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UNM HOSPITALS

UNM Hospitals
Statement of Revenues & Expenses
(in millions)

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Projection	FY 2016 Budget
Operating Revenue	$ 356	$ 415	$ 484	$ 601	$ 633	$ 654	$ 664	$ 666	$ 732	$ 893	$ 896
Operating Expense	$ 428	$ 482	$ 563	$ 649	$ 709	$ 717	$ 742	$ 774	$ 836	$ 913	$ 999
Total Operating Gain/(Loss)	**$ (72)**	**$ (67)**	**$ (79)**	**$ (48)**	**$ (76)**	**$ (63)**	**$ (78)**	**$ (109)**	**$ (105)**	**$ (21)**	**$ (103)**
Non Operating Revenue & (Expense)											
Mill Levy	$ 70	$ 76	$ 84	$ 88	$ 91	$ 89	$ 90	$ 91	$ 92	$ 93	$ 93
State & Capital Appropriations	$ 10	$ 22	$ 13	$ 19	$ 13	$ 12	$ 11	$ 12	$ 13	$ 13	$ 13
Investment Income	$ 2	$ 6	$ 10	$ 5	$ 5	$ 6	$ 5	$ 15	$ 41	$ 16	$ 1
Capital Initiatives	$ (12)	$ (14)	$ (16)	$ (23)	$ (21)	$ (34)	$ (20)		$ (26)	$ (78)	
Bond Interest Expense		$ (1)	$ (9)	$ (8)	$ (8)	$ (8)	$ (8)	$ (8)	$ (8)	$ (8)	$ (7)
Donations	$ 4	$ 2	$ 4	$ 3	$ 5	$ 8	$ 3	$ 3	$ 3	$ 2	$ 3
Cigarette Tax Proceeds		$ 2	$ 27	$ 0							
Other non-operating revenue (expense)						$ (0)	$ (1)	$ (1)	$ (1)	$ (2)	$ (0)
Increase (Decrease) in Net Assets	**$ 2**	**$ 26**	**$ 35**	**$ 36**	**$ 8**	**$ 9**	**$ 2**	**$ 4**	**$ 9**	**$ 16**	**$ 0**

THE UNIVERSITY OF NEW MEXICO ◆ HEALTH SCIENCES CENTER
UNM HOSPITALS

UNM Hospitals Balance Sheet (in millions)

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Projection
ASSETS										
Cash & Cash Equivalents	66	83	83	132	131	142	123	137	141	147
Total Net Patient Receivable	48	50	54	60	68	69	75	71	99	109
Other Assets	156	75	101	83	96	92	109	112	122	115
Net PP&E	210	289	301	305	298	292	277	262	248	240
Total Assets	**$ 480**	**$ 498**	**$ 538**	**$ 579**	**$ 593**	**$ 595**	**$ 584**	**$ 582**	**$ 610**	**$ 610**
LIABILITIES										
Accounts Payable	31	26	28	26	24	29	30	33	49	78
Payable to UNM	17	12	5	16	23	15	18	8	22	24
Other Liabilities	42	46	57	63	68	69	56	63	60	72
Bond Interest Payable	5	5	5	4	4	4	4	4	4	0
Bond Payable	196	196	193	186	181	176	171	166	160	116
Total Liabilities	**$ 292**	**$ 284**	**$ 289**	**$ 294**	**$ 300**	**$ 293**	**$ 280**	**$ 274**	**$ 296**	**$ 289**
Total Net Position	**$ 188**	**$ 214**	**$ 249**	**$ 284**	**$ 293**	**$ 302**	**$ 304**	**$ 308**	**$ 314**	**$ 321**

THE UNIVERSITY OF NEW MEXICO ◆ HEALTH SCIENCES CENTER
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UNM Hospitals Statement of Cash Flow (in millions)

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Projection
Cash flows provided/(used) by Operating Activities	$ (44)	$ (45)	$ (47)	$ (12)	$ (46)	$ (21)	$ 8	$ (73)	$ (82)	$ 38
Cash flows provided/(used) by Financing Activities	(19)	(19)	49	50	44	31	(8)	73	47	55
Cash Flows provided/(used) by Investing Activities	71	81	(1)	11	0	1	(20)	14	$ 38	$ (88)
Net increase (decrease) in cash and cash equivalents	**$ 8**	**$ 17**	**$ 0**	**$ 49**	**$ (1)**	**$ 11**	**$ (20)**	**$ 14**	**$ 4**	**$ 6**
Cash and cash equivalents, beginning of year	$ 58	$ 66	$ 83	$ 83	$ 132	$ 131	$ 142	$ 123	$ 137	$ 141
Cash and cash equivalents, end of year	**$ 66**	**$ 83**	**$ 83**	**$ 132**	**$ 131**	**$ 142**	**$ 123**	**$ 137**	**$ 141**	**$ 147**

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UNM Hospitals Capital Initiatives (in millions)

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Projection	FY 2016 Budget
Beginning Balance	**$ -**	**$ 6**	**$ 20**	**$ 30**	**$ 45**	**$ 62**	**$ 67**	**$ 81**	**$ 75**	**$ 98**	**$ 170**
Clinic Space	-	-	(6)	(7)	(5)	(5)	(1)	-	(3)	(6)	(5)
CRTC Neuroscience	(6)	-	-	-	-	(1)	(4)				
SRMC	-	-	-	-	-	(23)	-				
Lands West	-	-	-	(0)	(0)	(0)	(2)	(6)	-	-	-
Cancer Center Build out	-	-	-	-	-	-	-	-	-	(1)	(9)
Children's Psychiatric Center	-	-	-	-	-	-	-	-	-	-	(5)
Rehabililtation	-	-	-	-	-	-	-	-	-	(1)	-
Increases	12	14	16	23	21	34	20	-	26	78	-
Ending Balance	**$ 6**	**$ 20**	**$ 30**	**$ 45**	**$ 62**	**$ 67**	**$ 81**	**$ 75**	**$ 98**	**$ 170**	**$ 150**

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Future Financial Impacts

ACA will cause future changes:

- Medicaid Enrollment increases
  - Offset by reductions in pass through payments
    - Upper Payment Limit/Enhanced Payments
    - Disproportionate Share
- Other ACA impacts
  - Changes to 340b program
    - Specialty pharmacy
- Uncompensated care estimated to be at 8%
- Exchanges have minimal affect due to high co-insurances and deductibles

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Future Financial Impacts

- Capital Infrastructure Costs - ***Estimates***
  - Over $500 Million in costs for replacement hospital
  - Financed by the Hospital
  - Need to raise $250 Million internally
    - Funds raised through pass through funding and intergovernmental transfers with no effect on State Expenditures
  - Will have to raise capital by Bond offering for the remainder