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### **University of Wisconsin Hospital and Clinics Authority**

1995 Wisconsin Act 27 created the University of Wisconsin (UW) Hospital and Clinics Authority as an independent, nonprofit public entity on June 29, 1996. The Authority operates a 536-bed teaching hospital, a number of clinics on the UW-Madison campus, and other outpatient clinics and facilities in the Madison area. In fiscal year (FY) 1999-2000, the Authority's revenue was \$400.0 million and its expenses were \$395.0 million. It employed 4,263 full-time equivalent staff in September 2000.

#### **The Authority and UW-Madison Have Complied with Their Agreements**

Act 27 required the Authority to enter into several agreements that define the relationship between the Authority and UW-Madison. These agreements help ensure the Authority continues to support medical education at UW-Madison, and allows the Authority to lease a portion of the Clinical Sciences Center, which contains the UW Hospital, and other on-campus facilities the State owns. Significant ongoing cash transfers between the Authority and UW-Madison occur as a result of these agreements. In FY 1999-2000, the Authority paid UW-Madison \$32.9 million to support medical education and pay for supplies and other services, and UW-Madison paid \$12.5 million to the Authority for the salaries of Authority staff who support UW-Madison's research activities. The Authority and UW-Madison have complied with the main provisions of their agreements, and both parties are generally satisfied with their working relationship.

#### **The Authority Has Undertaken an Aggressive Building Program**

Since 1996, the Authority has used its statutory ability to issue bonds for any purpose to undertake an aggressive building program. It has issued \$106.5 million in bonds, the full limit allowed by statutes, to finance a number of projects, such as construction of the UW Health-East Clinic and UW Health-West Clinic in Madison. These two projects total 235,000 square feet.

The Authority and several other health-related entities collectively use the name UW Health for marketing and public relations purposes. UW Health is a registered trademark of the Board of Regents, which has granted the Authority and other participating parties, including UW-Madison and the UW Medical Foundation, a royalty-free license for its use. These parties collaborate in the delivery of patient care, health care education, and research. UW Health also includes several nonprofit, tax-exempt corporations, including University Health Care, Inc. and University Community Clinics, Inc., that assist in networking activities, including purchasing and developing local and regional physician practices. In FY 1999-2000, the Authority provided \$4.2 million to these two nonprofit corporations.

#### **The Authority's Financial Performance Has Been Mixed**

To continue its mission of providing high-quality health care and supporting medical education, the Authority must maintain a strong financial position. Like academic medical centers nationwide, the Authority's financial performance has been mixed. Revenue in excess of expenses, or "profit," declined from \$13.8 million in FY 1996-97, the Authority's first year of operation, to \$5.0 million in FY 1999-2000, but it increased during the first ten months of FY 2000-01.

During the Authority's first four years, various measures of operating performance, such as the number of inpatient admissions to UW Hospital, were positive. For example, annual inpatient admissions increased from 19,247 in FY 1995-96 to 20,202 in FY 1999-2000, or by 5.0 percent. Visits to the Authority's outpatient clinics increased 29.2 percent during this same period, and totaled 442,339 in FY 1999-2000. However, during the first ten months of

FY 2000-01, the Authority did not meet its operating performance goals.

The Authority's mission is to deliver comprehensive, high-quality health care, including charity care to the indigent; provide a suitable environment for medical instruction; sponsor and support health care research; and conduct outreach activities. The Authority is generally fulfilling its statutory mission. For example, in FY 1999-2000, charity care totaled \$7.3 million, and had increased 15.9 percent from the level provided before the Authority was established. The Authority also has maintained, and in some cases increased, its support of medical education at UW-Madison.

### **The Authority Has Had Difficulty Employing a Sufficient Number of Nurses**

The Authority has considerable flexibility in personnel management, which addressed many concerns that were raised before its creation. However, while the Authority was able to promptly negotiate three of its four union contracts for 2001-2003, negotiations for the nurses' contract have been protracted, and the nurses' union filed an unfair labor practices complaint with the Wisconsin Employment Relations Commission in May 2001. While issues between the Authority and the nurses' union are complex, many appear to be influenced by the difficulty the Authority has had in employing and retaining a sufficient number of nurses, especially inpatient nurses. Union officials also cite the greater use of forced overtime at the Authority as a factor contributing to retention problems.

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[full report, PDF file \(326KB\)](#)