

**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 legislature 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; (ii) 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 Health received state funding for the largest capital construction project at the University. This project, labeled "USF Healthcare and Education Center", integrated inter-professional education and better ambulatory health care. The state funds were used to build: (i) a new building for the College of Nursing; (ii) the Center for Advanced Clinical Skills Learning as a collaboration between nursing and medicine; (iii) one-third of the Children's Medical Services building in collaboration with the Department of Health; and (iv) a portion of the Center for Advanced Healthcare. In April 2012, USF Health received a combined total of \$8.9 million of state and county funding to support the initial design of USF Health Heart Institute which will have a special focus on genomics-based personalized medicine. New approaches in the educational arena have also been developed in USF Health. The Health Informatics program which is 100% on-line was initiated with a Master's of Science program.

USF Health has also continued to seek and obtain private donations. In December of 2011, Carol and Frank Morsani donated a total of \$20 million for the construction of a new Medical School Building. The College of Medicine was renamed the USF Morsani College of Medicine.

Morsani College of Medicine

The USF Morsani College of Medicine was established by the Florida Legislature in 1965 to educate physicians and bring the best of health care to the Tampa Bay region. The College awards doctorates in Medicine ("MD") and Medical Sciences ("PhD"), and is fully accredited by the Liaison Committee for Medical Education.

Since enrolling its charter class in 1971, the College of Medicine has established partnerships with the region's finest institutions, including All Children's Hospital, the James A. Haley Veterans' Hospital, Moffitt Cancer Center, and Tampa General Hospital. More than 3,000 MD students have graduated from the College; in addition, approximately 700 physicians each year receive their specialty residency training at USF-affiliated hospitals and outpatient facilities, and many remain in Florida to practice, making a significant impact on health care in the state.

Sponsored research funding at the Morsani College of Medicine is currently at \$288.6 million in 2016-2017, leading the University to an all-time high of over \$475 million in research awards. Medical faculty work with their colleagues in nursing, pharmacy, and public health on community-based research initiatives in such areas as aging studies, children's health, patient safety, health promotion and disease prevention, and infectious diseases and

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 students to be physician leaders who can accelerate change in health care. The program recruits and develops students with the intellectual perspective, empathy, creativity and passion to change patient care, the health of communities and the medical profession. The founding principle of SELECT is the concept that students with high emotional intelligence are more likely to develop the skills needed to transform health care and improve the health of communities. One of the most distinctive features of SELECT is the opportunity for medical students to shape their educational experiences at both a highly progressive, student-centered medical school, the USF Morsani College of Medicine in Tampa, FL, and at one of the country's top health networks known for its quality, safety, and lean approach to driving efficiency in healthcare, the Lehigh Valley Health Network in Allentown, PA. The first class was admitted in 2011, and up to 56 students are now admitted annually. Students admitted to SELECT spend their first two years taking classes at the USF Morsani College of Medicine in Tampa, and then go to Lehigh Valley Campus for two years of clinical education.

The University of South Florida is proud to be starting its new physician assistant education program in the Morsani College of Medicine. The program officially began in May 2017 with an inaugural class of 30 students. The accredited program spans 24 months and, at full capacity, each class will have 50 students. The PA program builds upon the already strong foundations of the medical, pharmacy, physical therapy and nursing programs to provide the most advanced and focused PA education possible. The USF MCOM MPAS Program will prepare its graduates to deliver high-quality, evidence based, patient-centered health care. This is accomplished through a robust, systems-based curriculum, delivered over 24 continuous months. The program is characterized by innovative educational strategies, inter-professional education, and research activity.

### College of Nursing

The College of Nursing at the University of South Florida is Transforming Healthcare Transforming Lives: Creating the Nursing Leaders of Tomorrow and the Research that Improves Health. Through research and innovation, educational excellence, partnerships and collaborations the USF College of Nursing is internationally recognized and ranks among the best nursing programs in the nation.

The University of South Florida College of Nursing opened its doors in 1973 to the charter class of 50 baccalaureate nursing students. In 2017, the College of Nursing has grown to approximately 3,000 students at the baccalaureate, masters and doctoral levels (both DNP and PhD) and US News & World Report ranked the graduate program 45<sup>th</sup> in the nation and first in the state of Florida University System. USF was one of 9 institutions across the U.S. to receive a HRSA award to develop a veterans to Bachelor of Science Degree in Nursing Program. This innovative program enables medics and corpsman to apply field experiences for college credit accelerating the time to graduation. The first class graduated in Fall of 2015.

The USF College of Nursing has a strong tradition of supporting wellness, research, and education within our community and throughout the state, nation and world. Our nurses today are leaders in translational research; moving nursing science innovations to patients and the community. They are changing the face of healthcare here and around the world, and have been a major factor in the college's rise in national prominence.

Ranked #27 in NIH funding among nursing colleges in the U.S., the USF College of Nursing has over \$5 million in grants and contracts that span topics such as improving the lives of dementia caregivers, HIV prevention, managing cancer symptoms, and innovative treatments of PTSD military personnel.

### College of Public Health

Established in 1984, the College of Public Health is one of only three schools of public health in Florida and one of only 63 accredited schools of public health nationwide. The College of Public Health aims to improve the health of Floridians by educating health professionals throughout the state, through its interdisciplinary translational research, and by enhancing the capacity of public health professionals and systems through training and service. The

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 dual degrees are granted with other colleges on campus as well as over 20 graduate certificates. The College offers six fully-online MPH degree programs as well as a DrPH program that blends online learning with executive-format on-campus sessions. The student body of over 1,600 full-time and part-time students comes from a broad spectrum of backgrounds, including health care, business, education, and social services. Students and faculty in the college tackle real public health needs, from a county level to a global level, through classroom work, field experience, and research projects. These problems and needs relate to such issues as population dynamics, patterns of disease in population groups, the availability of knowledge of health promotion and disease prevention, and the design of health care delivery systems.

With over \$25 million in grants and contracts received in 2016-17, the College of Public Health is contributing the advancement and dissemination of knowledge in Florida and beyond. Its results-oriented, population-based research helps to promote health and prevent disease across the life span in Florida and the global community by targeting a spectrum of groups to influence behavior toward healthy choices. The College of Public Health also performs extensive workforce development in areas ranging from OSHA standards to social marketing, disaster management & humanitarian assistance, and public health leadership.

#### School of Physical Therapy and Rehabilitation Sciences

The School of Physical Therapy and Rehabilitation Sciences, established in 1998, was the first public institution in the State of Florida to receive authorization to award the Doctor of Physical Therapy degree. The three year professional degree, fully accredited by the Commission on Accreditation for Physical Therapy Education, enrolls 48 incoming first-year students from over 1500 applications each year. The School boasts an impressive and broadly experienced cadre of faculty who are engaged in teaching, research and scholarly/creative activities. In 2013, the Florida Board of Governors authorized and the state Legislature funded the USF-UWF DPT Educational Partnership, which allocates up to 12 of the first-year seats to qualified applicants who are graduates of UWF for the purpose of meeting the critical workforce shortage of physical therapists in the state’s Panhandle region. In 2014 the BOG approved the School’s proposal to offer the PhD degree in Rehabilitation Sciences. As part of USF Health, the School’s students participate alongside medical students in interprofessional education with physical therapists, physicians, nurses, public health professionals and basic science faculty. Teaching and learning together form the basis for future successful collaborative practice.

Sponsored research funding at the School currently exceeds \$5 million. Physical Therapy faculty work with colleagues from USF Health and across campus in investigations of low back pain and disability, prosthetics, mTBI, movement disorders, and balance in the state supported Center for Neuromusculoskeletal Research.

SPTRS also operates the USF Physical Therapy Center, a clinical practice that is part of the USF Physicians Group. With patient service revenues approaching \$6 million annually, this outpatient center provides state-of-the-art rehabilitative care.

#### School of Biomedical Sciences

The School of Biomedical Sciences was established in April 2006 with the mission to create an environment for productive research, education, and training of the College of Medicine's faculty, staff, and students. The School of Biomedical Sciences played a major role in helping the University become one of the top 25 public research universities in the United States, the College of Medicine began the process of transforming its basic and clinical research enterprises in an effort to expand its research capacity and extramural research funding. The merger of the College of Medicine’s basic science departments was the first step in this transformation and resulted in the creation of the School of Biomedical Sciences. The School of Biomedical Sciences is currently comprised of the departments of Molecular Medicine, Pathology and Cell Biology, and Molecular Pharmacology and Physiology. The College of Medicine has identified five strategic areas of focus in neuroscience, cardiovascular, diabetes, infectious disease, and drug discovery, which its research and educational missions will revolve around. It is envisioned that the School of Biomedical Sciences will enhance the interdisciplinary aspect of the college by ensuring that the University has a

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

### College of Pharmacy

In 2007, the University of South Florida and USF Health recognized the need for a pharmacy program to complete the vision of interprofessional collaboration in the healthcare profession. Under the auspices of USF Health, the USF College of Pharmacy became Florida's first public, comprehensive college of pharmacy in a metropolitan area and welcomed its inaugural class of Doctor of Pharmacy (PharmD) students in August 2011.

The USF College of Pharmacy is boldly redefining pharmacy education with a passion to create the next generation of trusted healthcare professionals. The USF College of Pharmacy aims to create pharmacists of the future through innovation, groundbreaking research, and interprofessional education and collaboration. The USF College of Pharmacy exposes students to the pharmacy profession beyond the confines of the retail counter. The highly enlightened students are encouraged to confidently empower patients to take an active role in their health. The USF College of Pharmacy pushes the boundaries of healthcare within the community and challenges the nation to deliver skilled and innovative professionals who will make their indelible mark on the industry. The USF College of Pharmacy also offers graduate level education programs in pharmacy producing global pharmacy leaders.

The mission, vision, and goals of the USF College of Pharmacy were developed to meet the current and future healthcare needs of patients. The USF College of Pharmacy has a mission to revolutionize health with the innovation of patient centered healthcare through education, research, and service. The vision for graduate education in the USF College of Pharmacy includes developing cutting-edge research training and education, creating a diverse learning environment for students and faculty, and creating advanced learning opportunities using emerging technologies. The interprofessional education culture, research prowess, and clinical resources are the prescriptions for success at USF Health.

The USF College of Pharmacy places strong emphasis on faculty to be actively involved in research endeavors to increase opportunities to create entrepreneurial research models. The faculty and staff are diligently submitting proposals and to date, the USF College of Pharmacy has been awarded over \$6 million in extramural funding. The USF College of Pharmacy will continue to create, collaborate, and promote cutting-edge scientific research, drug discovery, clinical translational research and academic experiences to empower students, professionals, and patients as catalysts for change at all levels of health.

### The USF Physicians Group – the Faculty Practice Plan Corporation

The Morsani College of Medicine has been authorized to provide educationally oriented clinical practice settings and opportunities, through which Morsani College of Medicine faculty physicians provide health care and treatment to patients, including patients at independent hospitals and various other institutions and clinical sites as an integral part of their academic activities and their employment as College faculty. The USF Morsani College of Medicine is further authorized to maintain a Faculty Practice Plan for the orderly collection and administration of income generated by faculty practice activities and to provide other services in support of the College's clinical-educational mission.

The "USF Physicians Group" is the name and service mark of the Morsani College of Medicine's clinical service activities and related business support functions. The USF Physicians Group is not a distinct corporate entity, but is, nonetheless, an integral part and function of the Morsani College of Medicine. The USF Physicians Group consists of the faculty physicians and other health care professionals employed by the USF Morsani College of Medicine as well as the support organizations University Medical Service Association, Inc. ("UMSA"), and USF Medical Services Support Corporation (the "Service Corporation"). Informally, the USF Physicians Group is referred to as the Faculty Practice Plan. The USF Physicians Group has a Board of Directors that consists of:

- ◆ 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.

These members have the ultimate responsibility to advise 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 USF Physician's Group Board of Directors. Membership 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.

The USF Physician's Group Executive Management Committee has the responsibility of regularly reviewing clinical service operations and related business support functions, advising the Senior Vice President/Morsani College of Medicine Dean on issues relative to the Morsani College of Medicine/USF Physician's Group strategy, policies, resource allocation, operational issues, and performance measures, and taking action as necessary to ensure the goals and objectives set by the USF Physician's Group Board of Directors are met.

UMSA is technically the Faculty Practice Plan Organization that was created under Board of Governors Rule 6C-9.017 and USF Regulation 9.017. Founded in 1973 as a 501(c)(3) non-profit organization, this entity functions as the administrative support arm of the USF Physicians Group. UMSA bills, collects, invests, and distributes professional fees derived from faculty practice activities. In addition, UMSA provides management and other support services which include maintaining patient accounts, managing personnel needs, negotiating managed care contracts, and recording and reporting the financial activity within USF Physician's Group. As part of its charter, UMSA has a Board of Directors and an Executive Management Committee. 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.

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 the 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. The chief administrative officer of the Morsani College of Medicine is the Senior Vice President for Health Sciences/Morsani College of Medicine Dean. This officer reports to the University President. The sixteen academic-clinical departments are each headed by a Chairperson who reports to the Senior Vice President/Morsani College of Medicine Dean. Most departments are subdivided along medical sub-specialty lines into divisions headed by Chiefs/Directors who report to the Chairperson. Within the departments and divisions, individual faculty physicians are employed by the University to perform duties in support of the education, research, and patient service missions of the Morsani College of Medicine.

In January 2008, the Department of Interdisciplinary Oncology was transferred from the Faculty Practice Plan to Moffitt Cancer Center. This transfer included approximately 120 faculty members and their corresponding clinical volume.

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University Medical Service Association, Inc.  
Statements of Operations and Changes in Net Assets<sup>(1)</sup>

	<b>Year Ended June 30</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
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	53,398,506	62,551,406	68,335,878
Other operating revenue	<u>15,095,403</u>	<u>13,859,855</u>	<u>22,357,592</u>	<u>21,127,066</u>	<u>22,101,268</u>
Total revenues and other support	<u>187,335,175</u>	<u>198,388,624</u>	<u>224,813,721</u>	<u>241,980,688</u>	<u>263,007,105</u>
Expenses: <sup>(2)</sup>					
Contributions on behalf of the College of Medicine:					
Faculty and staff salary support	119,492,725	129,611,851	141,205,300	168,584,642	178,696,420
Excess FICA refunds	(1,131,791)	(1,190,500)	(1,267,479)	(1,384,223)	(1,511,826)
Malpractice insurance support	3,460,773	3,367,348	2,939,359	3,604,554	4,160,202
Expenses support	36,148,803	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	<u>9</u>	<u>0</u>	<u>175</u>	<u>2,444,138</u>	<u>1,847,117</u>
Total expenses	<u>185,516,067</u>	<u>201,872,817</u>	<u>220,533,139</u>	<u>256,501,932</u>	<u>267,840,271</u>
Income (loss) from operations	1,819,108	(3,484,193)	4,280,582	(14,521,244)	(4,833,166)
Nonoperating gains:					
Investment income, net	<u>789,825</u>	<u>2,191,417</u>	<u>168,696</u>	<u>143,937</u>	<u>1,428,230</u>
Excess of revenues, gains and other support over expenses	2,608,933	(1,292,776)	4,449,278	(14,377,307)	(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	--	--	--	--	--
Increase (decrease) in unrestricted net assets	2,608,933	(1,292,776)	4,449,278	(14,309,621)	(3,404,936)
Unrestricted net assets at beginning of year	<u>70,434,320</u>	<u>73,043,253</u>	<u>71,750,477</u>	<u>76,199,755</u>	<u>61,890,134</u>
Unrestricted net assets at end of year	<u>\$73,043,253</u>	<u>\$71,750,477</u>	<u>\$76,199,755</u>	<u>\$61,890,134</u>	<u>\$58,485,198</u>

(1) Derived from audited financial statements for fiscal years ended June 30, 2013 through 2017.

(2) Audited financial statements for fiscal years 2016 and 2017 for UMSA and MSSC have been combined and reported as UMSA only.

University of South Florida Medical Services Support Corporation

Statements of Operations and Changes in Net Assets<sup>(1)(2)</sup>

	<b>Year Ended June 30</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Unrestricted revenues and other support:					
Services revenue	\$ 53,591,458	\$ 58,840,155	\$ 63,083,049	\$ --	\$ --
Transfer of Assets from UMSA	--	--	--	--	--
Other revenue	<u>3,682,062</u>	<u>7,815,213</u>	<u>6,900,264</u>	--	--
Total unrestricted revenues and other support	<u>57,273,520</u>	<u>66,655,368</u>	<u>69,983,313</u>	--	--
Expenses:					
Salaries and wages	27,391,270	27,806,332	34,136,107	--	--
Employee benefits	4,022,202	5,477,484	6,405,746	--	--
Payroll taxes	2,066,420	2,161,587	2,335,474	--	--
Amounts allocated from USF Financing Corp	(1,934,905)	(1,964,657)	(1,950,785)	--	--
Depreciation, rent, repairs and maintenance	9,369,845	8,839,373	8,278,689	--	--
Medication and medical supplies	8,685,790	10,023,671	11,764,314	--	--
Interest	2,362,112	2,715,108	2,568,453	--	--
Continuing professional education expenses	--	--	--	--	--
Other operating expenses	<u>5,656,668</u>	<u>9,534,032</u>	<u>5,151,898</u>	--	--
Total expenses	<u>57,619,402</u>	<u>64,592,930</u>	<u>68,709,896</u>	--	--
Surplus (deficit) of operating revenues over expenses:	<u>(345,882)</u>	<u>2,062,438</u>	<u>1,273,417</u>	--	--
Other changes in unrestricted net assets:					
Gain/(Loss) on sale of assets	(1,899)	--	--	--	--
Transfer of equipment from USF	--	--	--	--	--
Total other changes in unrestricted net assets	<u>(1,899)</u>	--	--	--	--
Changes in temporarily restricted net assets:					
Funds received with purpose restrictions	--	--	--	--	--
Net assets released and used to pay operating Expenses	--	--	--	--	--
Net assets refunded to sponsoring organization	--	--	--	--	--
Discontinued operations – Continuing professional education	--	--	--	--	--
(Decrease) increase in net assets	(347,781)	2,062,438	1,273,417	--	--
Net assets (deficit) at beginning of year	<u>(2,920,388)</u>	<u>(3,268,169)</u>	<u>(1,205,731)</u>	--	--
Net assets (deficit) at end of year	<u>\$ (3,268,169)</u>	<u>\$ (1,205,731)</u>	<u>\$ 67,686</u>	<u>\$ --</u>	<u>\$ --</u>

<sup>(1)</sup> Derived from audited financial statements for fiscal years ended June 30, 2013 through 2017.

<sup>(2)</sup> Audited financial statements for fiscal years 2016 and 2017 for UMSA and MSSC have been combined and reported as UMSA only.

## 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 the 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 disburses funds derived from the clinical practice activity of the College's faculty physicians. UMSA/MSSC is comparable in some respects to a Management Services Organization and provides additional support services such as patient accounts, personnel, managed care contracting, business development, credentialing and recredentialing, patient ambulatory support services, quality management, information services, and finance and accounting.

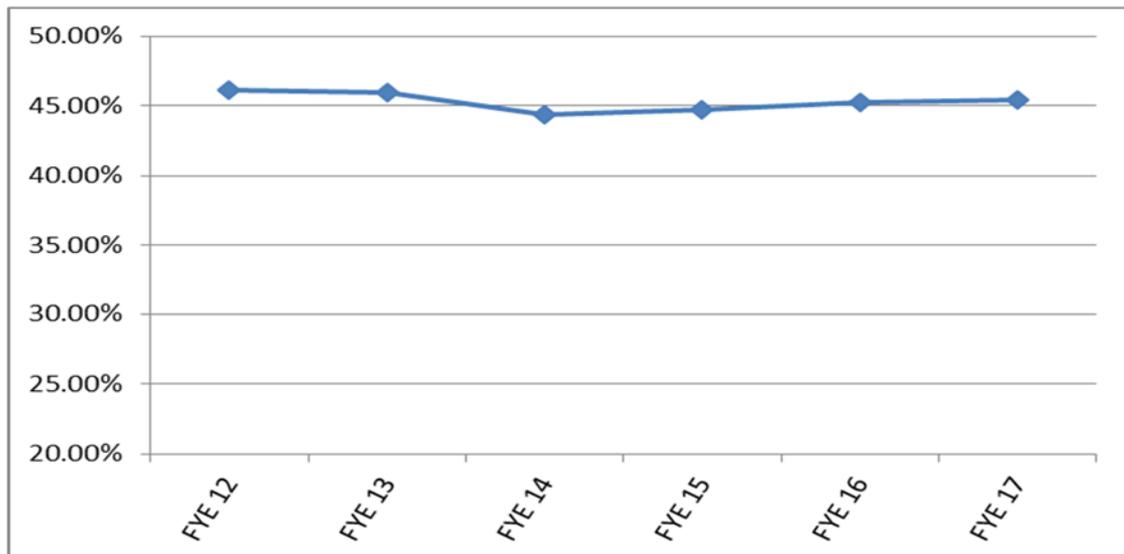
### Ongoing Operations

The USF Physicians Group has continued to experience growth over the last five fiscal years. Growth of a business can be measured in a variety of ways; however, in order to fully understand the growth of USF Physicians Group over the last five fiscal years, one must look at a number of specific factors that, in sum, are responsible for our success. These measurements are commonly accepted business tools used by other centralized academic practice plans and physician practices across the country to measure the overall health of the business. They are multifaceted and examine the financial, operational, and contractual areas of the practice.

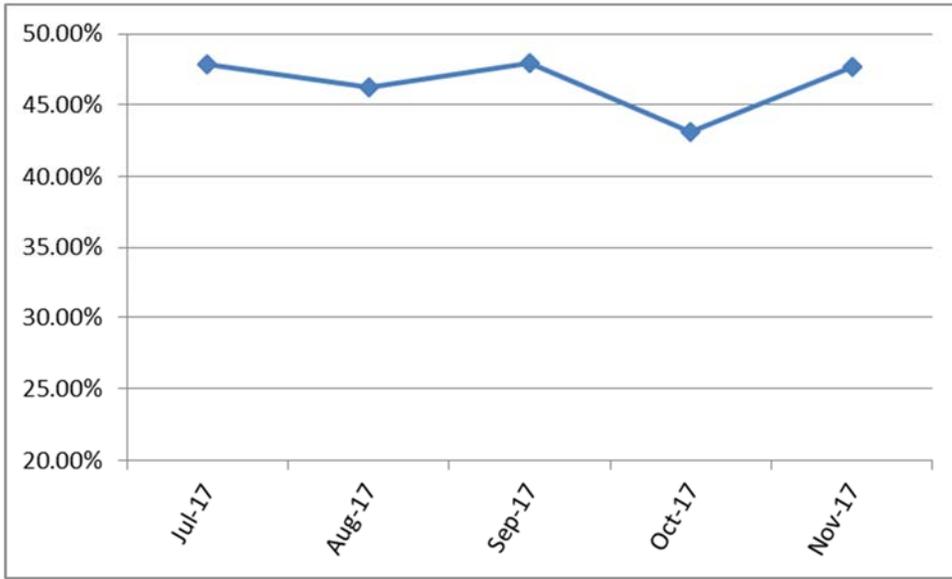
### Contractual Relationships with Third Party Payers (Managed Care/Health Plans)

Over the last 20 years, USF Physicians Group has seen its commercial managed care business grow from 32% of total collections to its current level of 45% of total collections. The remaining 55% is comprised of the following: Medicare & Managed Medicare (25%), Medicaid & Managed Medicaid (14%), Self-Pay (12%), Hillsborough County Health Care Plan (1%), Worker's Compensation (.2%), and other (3%).

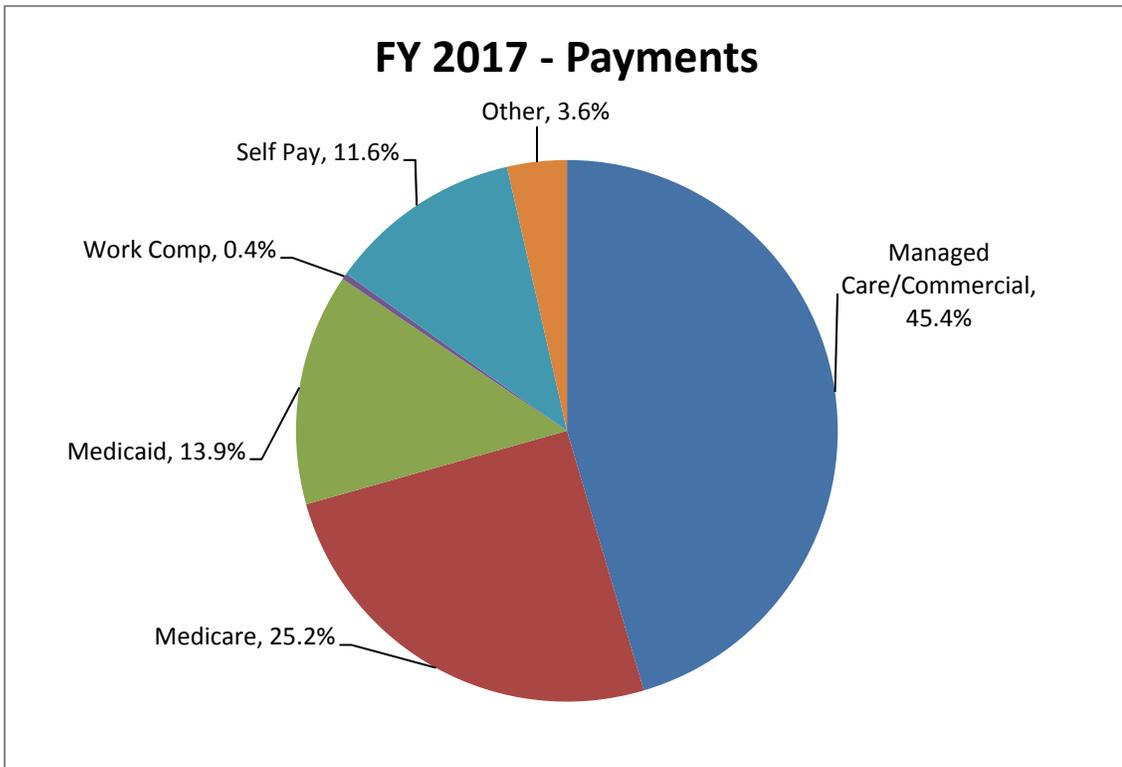
### Managed Care Collections as a Percentage of Total Collections



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



Fiscal Year 2017 Payer Mix Based on Collections



This growth in Managed Care Collections can be attributed to the following primary factors:

- Negotiated increases in contracted reimbursement
- Contracting with the majority of Managed Care Organizations with a presence in the Tampa Bay area; and,
- The increase in the overall penetration of managed care in the Tampa Bay area due to employer groups opting to convert their employer-based group health insurance to managed care.

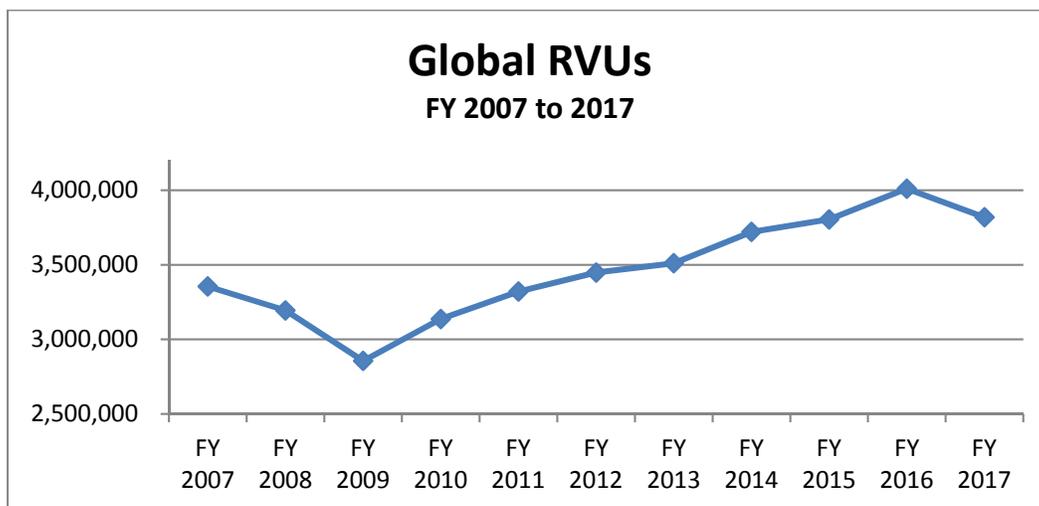
USF Physicians Group and its hospital affiliates are the providers of choice among third party payers, employer groups, and individuals in the greater Tampa Bay area. Most health plans have recognized that USF Physicians Group, along with its hospital affiliates, is a critical component of a viable, marketable network of participating providers. This recognition has worked to the benefit of USFPG. Over the past fiscal year 2016-2017, the Department of Managed Care and the USFPG Managed Care Committee have successfully renegotiated the following:

- 1) Blue Cross Blue Shield (Physician) – effective 1/1/2017
- 2) Aetna (Physician) – effective 4/15/2017
- 3) Blue Cross Blue Shield (Ambulatory Surgery Center) – effective 3/1/2017
- 4) WellCare (Ambulatory Surgery Center Implant) – effective 2/3/2017
- 5) Progyny (In Vitro Fertilization) – contract 6/1/2017

#### Growth in Productivity (as measured by Global RVUs) – Ten Year Summary

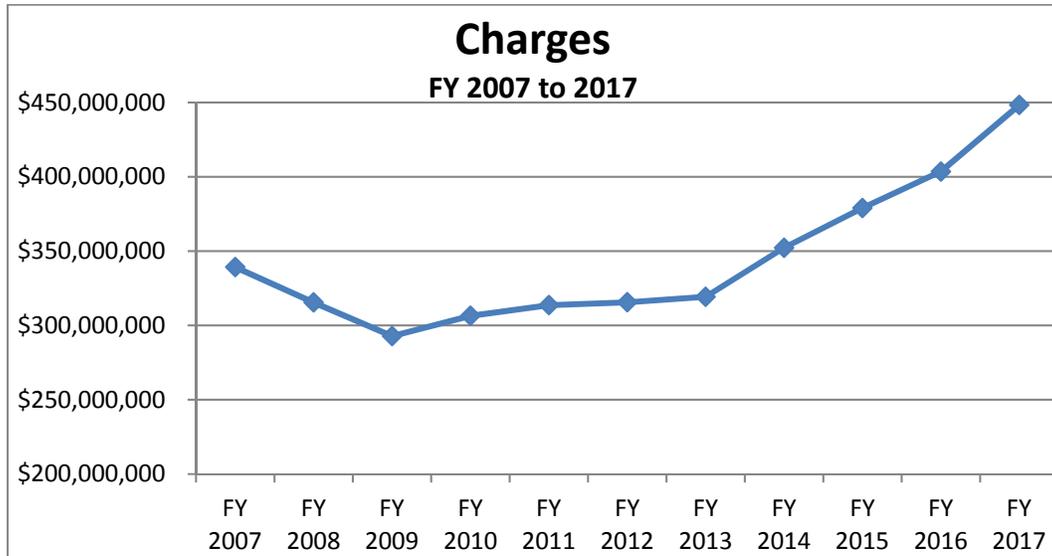
In addition to receiving higher reimbursement per unit of service, USF Physicians Group has also significantly increased its volume of patients. This is clearly illustrated by the graphics below showing, for the last ten fiscal years, increases in total charges, increases in total collections or receipts, and increases in relative value units ("RVUs"). RVUs are used in health care to appropriately measure a unit of work across various medical specialties in order to measure physician and practice productivity.

Global RVUs have increased over the last ten fiscal years from 3,355,148 RVUs in fiscal year 2007 to 3,818,859 in fiscal year 2017, representing a 14% increase. Note that the decline in fiscal years 2008 and 2009 was due to the transfer of the Department of Interdisciplinary Oncology to Moffitt Cancer Center in January 2008.



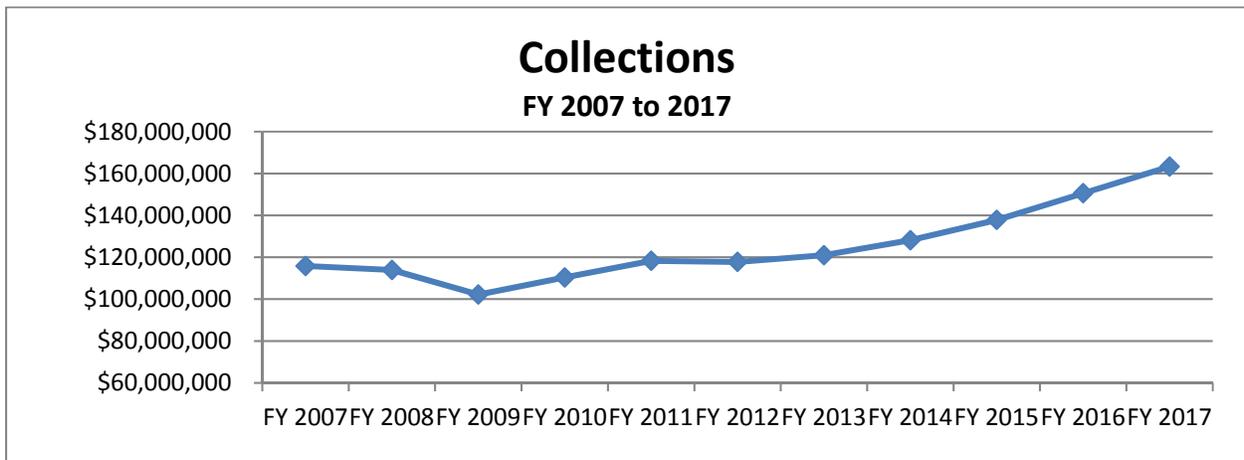
Total Charges – Ten Year Summary

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



Total Collections – Ten Year Summary

Total collections have increased over the last ten fiscal years by \$47,491,721, a 41% increase.



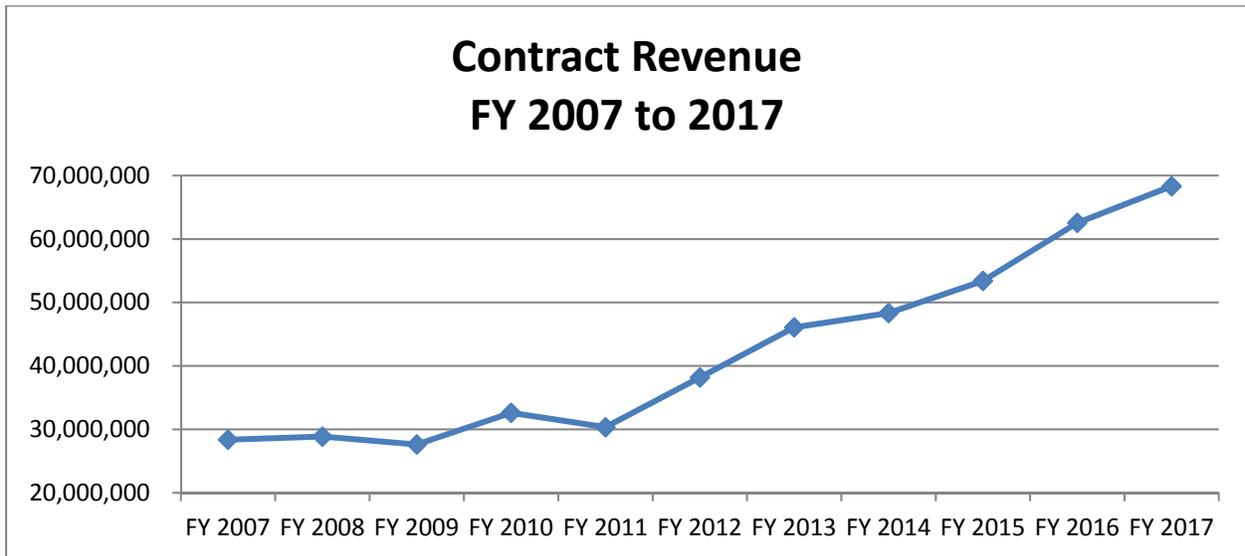
It should be noted that in the healthcare sector, the relationship between a provider's billed charges for services rendered, and the actual payment which is received as payment in full, varies depending upon the methodology upon which the provider bases his or her billed charges, the geographical area of the country, and the average rates of reimbursement in a given market. In 1999, USF Physicians Group opted to move to a practice-wide fee schedule. The methodology is based upon the prevailing Medicare Allowable Rate ("MCA"). Specifically, all evaluation and management procedure codes ("CPT") are billed at twice the prevailing MCA, and all other codes (procedural and non-E&M) are billed at three times the prevailing MCA.

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.

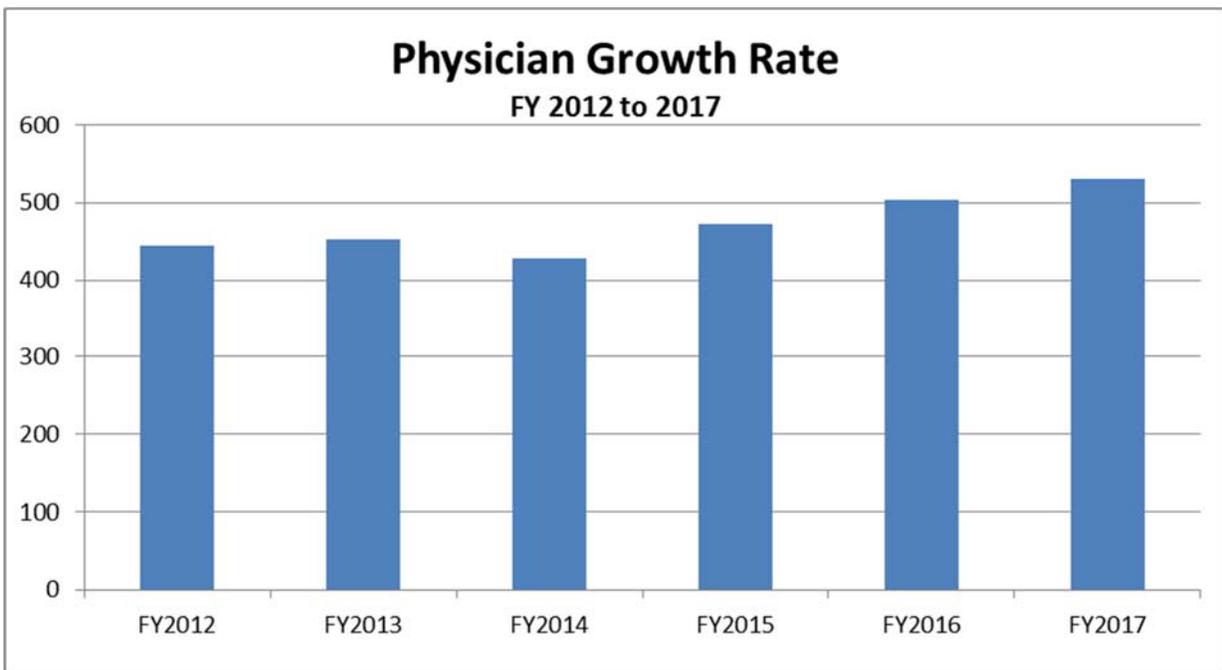


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Faculty Retention/Physician Growth Rate

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%.

<b>USFPG Department</b>	<b>Total Active FY 2017</b>
Cardiovascular CRISP	29
Clinical Affairs	-
Dermatology	13
Family Medicine	13
Internal Medicine	124
Neurology	30
Neurosurgery	28
OB/GYN	54
HII	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
<b>Grand Total</b>	<b>530</b>

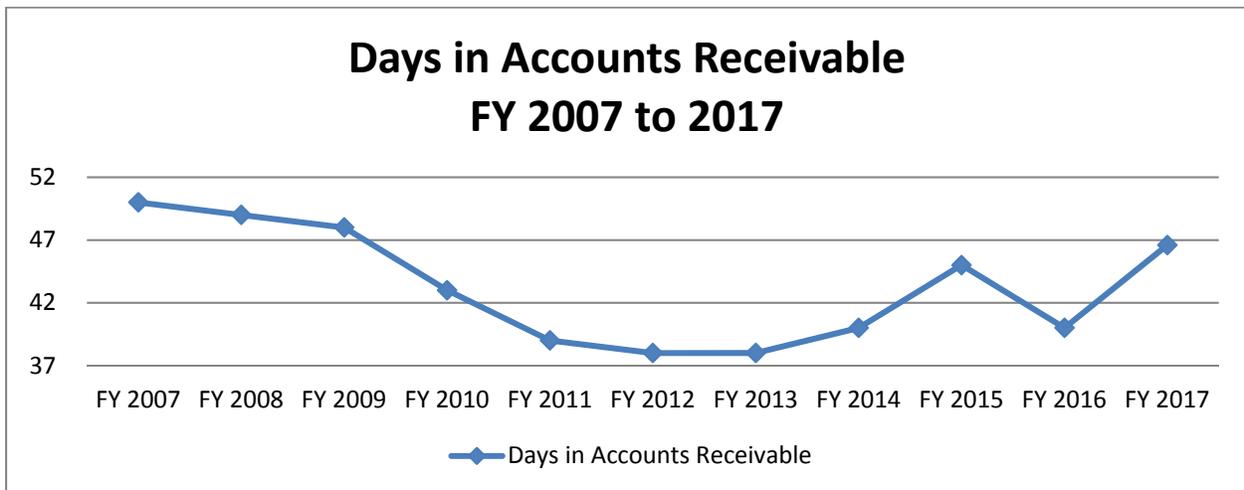


### Operational Efficiencies

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 2007 through fiscal year 2017, Days in 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:

- State employees (such as USF College of Medicine faculty and residents) may not be held personally liable or named as a party defendant in professional malpractice suits for damage suffered as a result of any negligent act in the scope of their employment; and
- The exclusive remedy for such damage is by action against the employing state agency (i.e. the USF Board of Trustees in the case of College faculty and residents) which may be held liable to pay judgments up to the limits of \$200,000 per person, \$300,000 per occurrence, and may be held responsible to pay claims or judgments in excess of these limits pursuant to a "claims bill" passed by the Florida legislature. A "claims bill" is a special law enacted by the legislature that assigns responsibility to the employing state agency to make payment of a claim or judgment exceeding the \$200,000/\$300,000 limits.

In recognition of the above-described liability exposure of the USF/Board of Trustees, USF maintains the "USF Health Sciences Center Self-Insurance Program" (the "USF-SIP") which provides insurance coverage for claims within the limits of \$200,000 per person/\$300,000 per occurrence as well as additional coverage for liability related to legislative claims bills. The USF-SIP's insurance coverage consists of both a self-insurance fund and reinsurance purchased by USF Health Sciences Insurance Co., Inc ("USF-HSIC"). The USF-SIP is administered by a Council consisting of various USF officials and College faculty, and has a Risk Management Committee consisting of College faculty; the Risk Management Committee oversees the investigation and disposition of claims and suits. USF-HSIC,

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;
- Assessments to certain affiliated hospitals for coverage of USF residents whose salaries and benefits are funded by the hospitals; and
- Income from investment of the USF-SIP funds.

The aggregate amount of funding required to maintain the fiscal integrity of the USF-SIP is determined annually with advice from an independent casualty actuary. The analysis is based on historical loss and exposure data supplied by USF:

- Industry hospital, physician, and surgeon professional liability experience in Florida; and
- Industry countrywide payment and reporting patterns.

The USF-SIP has decided to fund the program at the 90% confidence level. Since 1972, settlements made by USF-SIP have been within the funding levels recommended by the actuary and have allowed the program to maintain a surplus in reserves. The purchase of reinsurance by USF-HSIC affords additional "layers" of coverage that protect the assets of USF-SIP and the College of Medicine. The USF-SIP programs are audited each year by General Counsel retained underwriters from London to assure that quality and performance in risk management, patient safety, and claims management is maintained at a high level.

Despite the escalation of medical malpractice premiums nationally and in Florida, USF-SIP assesses faculty at a rate that is less than 30% of the rate for comparable physicians by specialty as assessed by First Professional Insurance Company ("FPIC"), a public owned company. This can be attributed not only to "sovereign immunity" but also to aggressive risk management and educational programs for practitioners.

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