

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

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 \$23 million in grants and contracts received in 2017-18, 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 Flor

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 \$8 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:

- i The University’s Senior Vice President for Health Sciences;
- i The University Board of Trustees Chairperson representative;
- i The University President representative;
- i The Morsani College of Medicine Dean, if that person is not also the USF Health Senior Vice President;
- i

i 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

- i The Morsani College of Medicine Vice Dean for Clinical Affairs; and
- i 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:

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

- i The University's Senior Vice President for Health Sciences;
- i The USF Health Chief Operating Officer;
- i The Morsani College of Medicine Vice Dean for Clinical Affairs; and
- i 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:

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

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 556 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 seventeen 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

University Medical Service Association, Inc.

Statements of Operations and Changes in Net Assets⁽¹⁾

	Year Ended June 30				
	2014	2015	2016	2017	2018
Unrestricted revenues and other support:					
Net patient service revenue	136,179,041	149,057,623	158,302,216	172,569,959	191,636,171
Grants, contracts and awards revenue	48,349,728	53,398,506	62,551,406	68,335,878	72,453,924
Other operating revenue	13,859,855	22,357,592	21,127,066	22,101,268	21,937,532
Total revenues and other support	198,388,624	224,813,721	241,980,688	263,007,105	286,027,627
Expenses: ⁽²⁾					
Contributions on behalf of the College of Medicine:					
Faculty and staff salary support	129,611,851	141,205,300	168,584,642	178,696,420	192,938,216
Excess FICA refunds	(1,190,500)	(1,267,479)	(1,384,223)	(1,511,826)	(1,536,273)
Malpractice insurance support	3,367,348	2,939,359	3,604,554	4,160,202	4,149,388
Expenses support	36,835,065	34,949,777	--	--	--
Rent expense	4,431,327	4,274,742	--	--	--
Depreciation, rent, repairs and maint	--	--	15,631,770	17,261,043	16,565,724
Operating expenses	24,548,013	35,749,571	66,619,402	65,337,261	66,824,491
Amounts allocated from USFFC	--	--	(1,691,061)	(1,573,645)	(586,627)
Contributed software and lic amort	--	--	1,993,272	2,462,248	2,461,091
Software implementation/training	--	2,681,694	699,438	1,161,451	--
Interest	0	175	2,444,138	1,847,117	1,774,266
Total expenses	201,872,817	220,533,139	256,501,932	267,840,271	282,590,276
Income (loss) from operations	(3,484,193)	4,280,582	(14,521,244)	(4,833,166)	3,437,351
Nonoperating gains:					
Investment income, net	2,191,417	168,696	143,937	1,428,230	724,633
Excess of revenues, grants and other support over expenses	(1,292,776)	4,	so	nd	1,712,718

-5 Excess of revenues, grants and other support over expenses

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University of South Florida Medical Services Support Corporation

Statements of Operations and Changes in Net Assets⁽¹⁾⁽²⁾

	Year Ended June 30				
	2014	2015	2016	2017	2018
Unrestricted revenues and other support:					
Services revenue	\$ 58,840,155	\$ 63,083,049	\$ --	\$ --	\$ --
Transfer of Assets from UMS					

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.

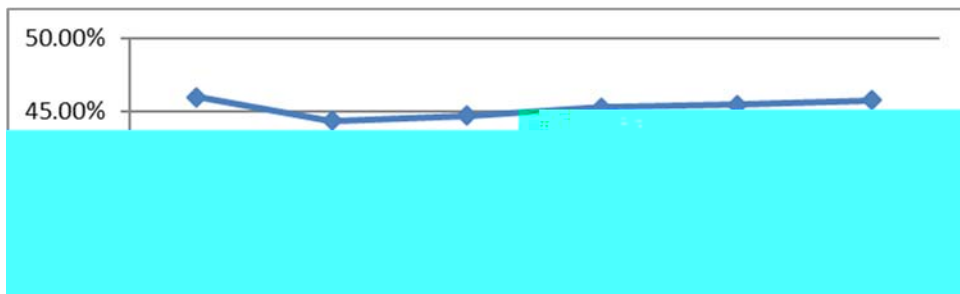
Ongoing Operations

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 35% of total collections to its current level of 46% 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 (.4%), and other (3%).

Managed Care Collections as a Percentage of Total Collections



Commercial Managed Care Collections as a Percentage of Total Collections – FY19 Year To Date

Fiscal Year 2018 Payer Mix Based on Collections

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

x

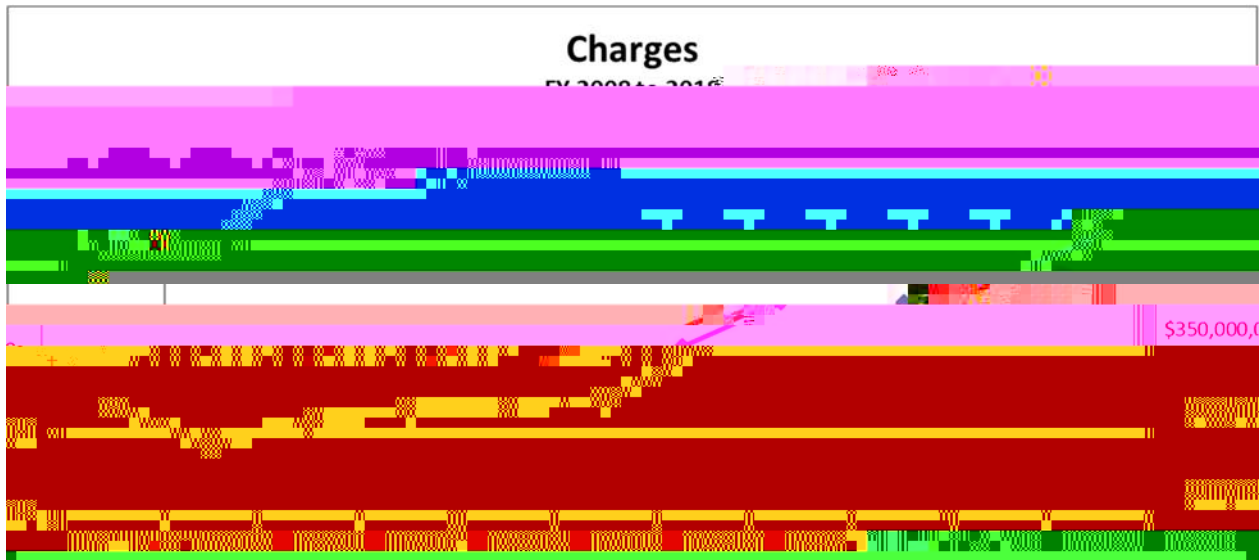
- x Contracting with the majority of Managed Care Organizations with a presence in the Tampa Bay area; and,
- x The increase in the overall penetration of managed care in the Tampa Bay area due to employer groups opting to convert their employer-based group health insurance to managed care.

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 2017-2018, the Department of Managed Care has successfully negotiated and/or renegotiated the following:

- 1) UHC (Physician) – effective 4/1/2018
- 2) Aetna (ASC) – effective 11/1/2018
- 3) Ultimate Health Plans (Physician & ASC) – effective 4/15/2018
- 4) Cigna (ASC) – effective 4/1/2018
- 5) Ped-I-Care (Physician) – effective 10/1/2017
- 6) Humana Behavioral Health – effective 1/1/2018
- 7) Aetna Better Health - effective 1/1/18
- 8) Humana Medicaid – effective 10/1/2018
- 9) Solis Health Plans (Physician & ASC) – effective 1/1/2019
- 10) Devoted Health Plans (Physician) – effective 1/1/19
- 11) IPG (Implants) – effective 4/1/2018

Total Charges – Ten Year Summary

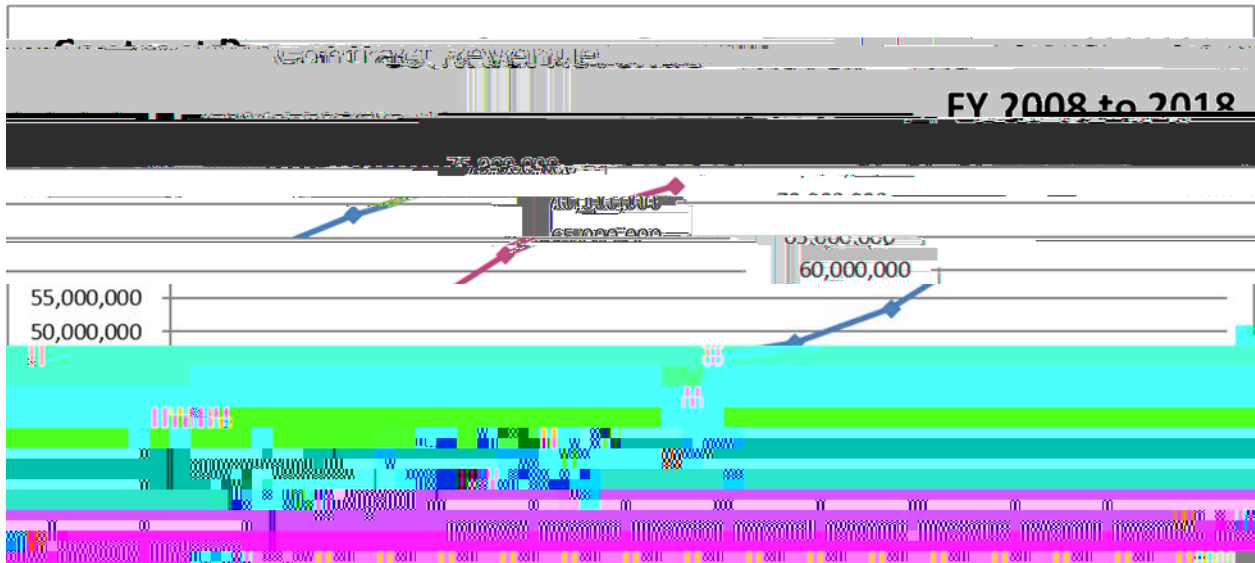
Total charges have increased over the last ten fiscal years by \$160,260,982, a 51% increase.



Total Collections – Ten Year Summary

Total Contract Revenue – Ten Year Summary

Total contract revenue has increased over the last ten fiscal years by \$43,593,365, a 151% increase.



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Faculty Retention/Physician Growth Rate

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,

