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MFA Financial FY24 Q1 Update

Fiscal Planning & Budgeting
Committee
November 17, 2023



MFA Update

- The MFA has now established a new and capable leadership team
 - CCASO (May), CHRO (May), and CFO (Oct)
- Large scale personnel changes have occurred swiftly based on performance and skill set requirements (Patient Access & Experience, Surgery, Ob/Gyn, FP&A, Revenue Cycle, Nursing, Compliance)
- FY24 Q1 mitigation strategies have been implemented to drive the course correction needed to improve quarter over quarter performance
- Seeing improvements in the October and early improvements in November
- Continuing to address calculation disagreement on mission support revenue and payments, expect resolution in Q2
- Building the financial infrastructure to effectively support real-time monitoring and mitigation

MFA Financial Summary- FY24 Q1 Actuals vs FY23 Q4 Actuals

Statement of Operations	FY 2024 Q1 Actuals	FY 2023 Q4 Actuals	Change
Revenue			
Net Patient Service Revenue	\$ 53.5	\$ 54.4	\$ (0.9)
Non-NPSR Revenue	37.2	41.3	(4.1)
Total - Revenue	90.7	95.7	(5.0)
Expenses			
Total Compensation	60.3	58.7	(1.6)
Fringes	6.7	7.4	0.7
Non-Comp Exp	46.7	47.0	0.3
Medical Malpractice	4.0	0.9	(3.1)
Contingency	-	-	
Total - Expenses	117.7	113.9	(3.8)
Operating Margin (normalized)	\$ (27.0)	\$ (18.3)	\$ (8.8)
Non-recurring Items	-	-	-
Operating Margin (incl. non-recurring items)	\$ (27.0)	\$ (18.3)	\$ (8.8)

Key Updates

- The MFA charge and revenue growth slowed, due in part to the high provider turnover, resulting in a slight decline in NPSR
- Non-NPSR revenue decreased due to reconciliation of prior payments
- Other revenue decreased due to unrealized gains/losses on investments relating to 2300M swap
- Salaries increased due to the addition of providers in Q1, offset by planned reductions
- Occupancy costs increased in Q1, expected to smooth out rest of the year
- Malpractice increased due to a claim from prior quarter.

\$ In millions unless otherwise stated

Critical Areas of Focus

- Access 2.0 – additional actions to better utilize capacity and grow patient volumes.
- Revenue Enablement – expanded ambulatory procedures, coding optimization, and decreased provider ramp-up time.
- Gross Collection Rate (GCR%) – elevate SLA metric performance to improve collections.
- Unnecessary Spend – controls to rationalize costs.
- Financial Controls - reporting to drive required decisions and actions.

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