

2024 Annual Report

Banner – University Medical Group Tucson

Dear Colleagues,

In 2024, our collective efforts delivered significant achievements, and we're excited to share some key highlights. Despite new challenges, we remained resilient, adaptable, and focused, ensuring exceptional care for our patients and support for our team. Our expanding reach, market presence, team size, and community impact reflect our commitment to growth and service. While we celebrate these successes, we continue to pursue innovative ways to make healthcare more accessible and affordable for the communities we serve.

The recently launched strategic planning effort with COM-T chairs will build on current strengths and explore new opportunities. A full evaluation of hospitals, ASCs, imaging centers, clinics, and other assets across southern Arizona will soon get underway to ensure strong positioning for the future. As we all know, healthcare remains difficult, with rising labor and supply costs outpacing reimbursement rates. Partnerships like Banner – University Medicine and COM-T strengthen our ability to meet these challenges. We are optimistic about growth and our ability to meet the needs of those we serve through the tripartite mission of academic medicine.

Leadership and Physician Recruitment

Within the last year, Banner-Health has reconstituted its Academic Delivery System in recognition of the important role of the U of A partnership in the greater Banner Health system. Important additions to the academic leadership team include the following:

- Ben Schwartz, MD, President of Academic Delivery, realigning reporting relationships so that he oversees all academic hospitals as well as the medical group in both Phoenix and Tucson
- Alison Flynn Gaffney, FAHCE, CEO of B-UMCT/S
- Richard Orlandi, MD, MBA, CEO of Banner – University Medical Group
- Andrew Tang, MD, Physician Executive of Banner – University Medical Group Tucson

These individuals all have extensive leadership experience in academic medicine and show Banner's continued and deepening commitment to Banner – University Medicine Tucson. Additionally, in partnership with COM-T, three department chairs, a center director and 128 faculty members were hired in 2024. And finally, our APP ranks continue to grow with the addition of 50 new providers. The growth of Banner – University Medical Group significantly bolsters our team and our ability to care for the communities we serve.

Increasing Access to Care

Since 2015, we've inaugurated 27 new care sites, spanning primary care, urgent care, physical therapy, and ambulatory surgery centers. These expansions aim to enhance accessibility for our patients. In 2024, Banner – University Medicine Tucson saw a total capital investment of \$48.5 million in the greater Tucson market. Projects approved included new facilities, remodels and expansions.

Projects completed in 2024 have added much needed clinical capacity. Acquisition of University Orthopedic Specialists included hiring four orthopedic surgeons and existing team members, who continue to care for patients at the newly named Banner – University Medicine Orthopedic Clinic at 1555 E. River Road.

Additionally, we opened a 28,000-square-foot same-day surgery center at Banner – University Medical Center Tucson, greatly enhancing outpatient surgery capacity with six new operating rooms, which brings our outpatient OR total to 30.

In October, we opened a cardiology clinic on E. Tanque Verde Rd., offering a new location for east-side residents needing heart and pulmonary care. The clinic is located within steps of Banner Cardiovascular Center – Tanque Verde, where outpatient cardiac procedures are performed.

The 7,200-square-foot Play Zone at Diamond Children's Medical Center opened in December. The facility serves as a dedicated space for supervised recreation and therapeutic play that supports pediatric patients' cognitive, physical, and emotional well-being during recovery. Managed by the hospital's Child Life team, the Play Zone features spaces for games and movies, learning, crafts, a secure outdoor area with a beautiful mural, a teen room, an adjacent space for siblings of pediatric patients, and more. The \$3.6 million project was entirely funded by charitable gifts to Banner Health Foundation from generous community members, local companies and foundations.

Patient Volume

In terms of patient volume growth, our newborn deliveries increased 4% from 2,574 to 2,683, while inpatient admissions climbed 4%, from 33,000 to 34,401. Both hospitals saw a combined total of nearly 118,000 emergency visits, and ambulatory clinic visits rose 3% from 791,778 to 818,330. In 2025, we are forecasting more than 840,000 visits.

Accolades and Accomplishments

For the second consecutive year, *U.S. News & World Report* recognized Banner – University Medical Center Tucson as the No. 1 hospital in Tucson and the No. 3 hospital in Arizona. Banner – University Medical Center Tucson earned a "high performing" ranking in five adult specialties and "high performing" rating in nine procedures and conditions.

Banner – University Medicine Tucson was also re-designated by the American College of Surgeons as a Level 1 trauma center, which recognizes the hospital's ability to provide the highest level of trauma care based on the personnel and services available. The ACS also designated the hospital as a Level 2 pediatric trauma center.

Finally, nearly 100 Banner – University Medicine/College of Medicine Tucson physicians were recently named Castle Connolly Top Doctors and were featured in Tucson Lifestyle Magazine.

Community Benefit

As part of a non-profit health system, our commitment to the community extends far beyond the care we provide within our walls. In addition to caring for patients who lack health insurance or who are under-insured, we invest in programs and services that improve the health and well-being of those we serve, with a focus on addressing the most pressing community health needs.

Community benefit efforts include charity care, subsidized health services, health education, supporting clinical research, and partnerships that promote health and wellness and enhance access to care for vulnerable populations.

Charity care and other financial assistance:	\$168 million
Public programs with unpaid costs – Medicaid:	\$104.3 million
Community health and supportive services provided for low-income persons and for the broader community:	\$11.2 million
Health profession education and training programs:	\$163.8 million
Subsidized health services:	\$34.6 million
Research activities:	\$10.6 million
Financial contributions and in-kind donations:	\$5.3 million
Community building and leadership activities:	\$1.5 million
Community Benefit operations:	\$.06 million
Total Cost of Community Benefit:	\$499.4 million

Unreimbursed Cost of Providing Care to Patients on Medicare

In addition to the amounts above, Banner – University Medicine Tucson receives reimbursement from Medicare at rates that are often lower than the actual cost of providing care, resulting in a financial shortfall for services rendered to Medicare patients.

Unreimbursed cost of providing care to patients with Medicare: \$493.8 million

Looking Forward

We're making strong progress in improving our financial position across the market, and I want to sincerely thank everyone for their dedication and hard work. We are favorable to our budget by \$6.1 million through the first quarter of 2025 — a major milestone after many years. While we still have work ahead to secure a sustainable operating margin, this achievement speaks to the power of collaboration and focus in reaching our shared goals. A stable operating margin will allow us to reinvest in growth, strategic priorities, and enhancements in people and technology, further strengthening our leadership in the southern Arizona market. At the same time, we continue to make a meaningful impact in our local community.