

2018 financial performance highlights

BACKGROUND

Mayo Clinic reported strong operational performance in 2018, affirming its status as a national leader for clinical quality, medical education and research discoveries that improve lives.

HIGHLIGHTS

- **Mayo Clinic remains in a position of strength, continues to advance its patient-focused mission and serves as a trusted source of hope and healing.**
 - In 2018, Mayo Clinic again was [ranked the No. 1 hospital](#) in the nation by *U.S. News & World Report* and No. 1 in more specialties than any other hospital.
 - Mayo Clinic's Arizona campus ranked No. 1 in Arizona and No. 11 nationwide. Mayo Clinic's Florida campus was ranked No. 1 in the state. Mayo Clinic Health System in Eau Claire, Wisconsin, tied for No. 5 among hospitals in Wisconsin and the best regional hospital in Northwest Wisconsin.
 - In quality measurements by Vizient Inc., which measures quality outcomes at large health systems across the country, Mayo Clinic ranked in the top 1 percent of large academic medical centers.
 - 2018 marked completion of implementation of a single electronic health record across the institution, the largest implementation project in Mayo Clinic history. The transition to Epic improves patient outcomes by making information easier to access, more readily available and more insightful.
 - The [Mayo Clinic Care Network](#), an affiliation of more than 40 like-minded national and international health systems, grew by four new members in 2018.

- **Medical innovation advancements in 2018**
 - Mayo Clinic researchers have developed two new strategies that may improve the performance of [chimeric antigen receptor therapy](#) (CAR-T cell therapy) in treating cancer. Researchers used a gene editing technology, called "[CRISPR](#)," to generate CAR-T cells that did not secrete protein responsible for the severe toxicities associated with CAR-T cell therapy. These modified CAR-T cells are more effective than regular CAR-T cells. Researchers also used [combination therapy](#) to show improvement of the effectiveness of CAR-T cell therapy in blood cancers with a lower response rate.
 - In Minnesota, [spinal cord stimulation and physical therapy](#) have helped a man paralyzed since 2013 regain his ability to stand and walk with assistance. The results, achieved in collaboration with UCLA, are reported in *Nature Medicine*. With an implanted stimulator turned on, the man was able to step with a front-wheeled walker while trainers provided occasional assistance.
 - [The RIGHT 10K study](#), the largest clinical research study of its kind, reached a milestone in 2018, when more than 10,000 pharmacogenomics test results were returned in the electronic health records of Mayo Clinic Biobank study participants. Information about the potential for a drug-gene interaction is now a part of participating patients' health records. Computer alerts are triggered to guide clinicians and pharmacists regarding prescription choices and dosing recommendations. This milestone marks the end of a six-year phase to educate and develop systems to prepare the clinical practice for pharmacogenomics.
 - [Senescent cells](#) accumulate with age and are implicated in a number of age-related diseases. Mayo Clinic researchers previously found that eliminating senescent cells from naturally aged mice extends their healthy life span. They reported a new causal link between senescent cells and neurodegenerative disease, such as memory loss. By preventing the accumulation of these cells, they diminished neuronal death and memory loss, and disease pathology in the brain.

- **Mayo Clinic reported strong organizational performance in 2018, provided care to more than 1 million patients, advanced medical research and education, and positioned the institution as a national leader in caring for patients with serious and complex health care needs.**
 - Mayo Clinic finished 2018 with \$706 million in income from current activities — or net operating income — which translates to an operating margin of 5.6 percent. All of Mayo Clinic's income is reinvested in its Practice, Research and Education missions.
 - Revenues grew by 5.1 percent to \$12.6 billion.
 - Grateful patients and benefactors contributed \$504 million to support Mayo Clinic programs in Practice, Research and Education — an increase of 18.9 percent over 2017.
 - Mr. Jay Alix, a loyal patient, Mayo Clinic trustee and long-time benefactor, made [a transformational gift](#) of \$200 million to Mayo Clinic School of Medicine, which was renamed Mayo Clinic Alix School of Medicine in his honor. Additionally, benefactors provided \$353 million in future commitments, which will support Mayo's mission in the years ahead.
 - Diversified sources of revenue, including Mayo Clinic Laboratories and commercialization activity through Mayo Clinic Ventures, also contributed to financial growth, reaching \$1.3 billion in 2018 — an increase of 8.8 percent over 2017.
 - Mayo Clinic continued its commitment to staff by contributing \$339 million into the staff pension plan in 2018.
 - Like everything at Mayo Clinic, patient needs drive teams of researchers and educators in their pursuit of answers to some of today's most pressing questions.
 - Research and education funding increased by 8.1 percent in 2018 to \$1.15 billion — \$590 million in Mayo Clinic funding and \$560 million from external sources.
 - Mayo Clinic invested \$724 million in capital projects in 2018, building new facilities and adding new technology to maintain its reputation as the No. 1 site for destination medical care and a leading provider of high-quality, community-based care across the Midwest. Those expenditures included \$359 million for new facilities and technology projects underway, and \$365 million to replace and maintain state-of-the-art equipment and existing technology.
 - Mayo Clinic's cash and investment position reached a record \$9.5 billion by the end of 2018, up from \$8.9 billion in 2017. Free cash flow from operations was strong, yielding \$1.3 billion during the year, and contributed to strengthening the balance sheet. Despite volatile external markets leading to more modest investment results, Mayo Clinic's Long-Term Fund investments returned 2.6 percent for the year.

- **Mayo makes significant contributions on behalf of patients and communities in need.**
 - Mayo is dedicated to giving back and supporting the needs of its communities through community programs, workforce development, donations, and public health and outreach programs to address identified and unmet health needs.
 - Mayo provided \$589 million in care to people in need, including \$78 million in charity care, and \$511 million in unpaid portions of Medicaid and other care programs for people who are uninsured or underinsured.
 - Mayo provided \$2.2 billion in unpaid portions of Medicare and other senior programs.
 - Mayo contributed \$6 million in cash and in-kind donations to local communities.

- **Mayo reinvests in capital projects to meet growing patient needs and demand for services.**
 - Mayo Clinic invested \$724 million in capital projects in 2018.
 - In addition to projects already underway, several significant projects totaling more than \$1 billion were approved in 2018: the \$648 million expansion of the Phoenix campus (Arizona Forward), the \$190 million vertical expansion of the Gonda Building in Rochester, \$144 million for a new Mayo North

Building and patient parking garage in Florida, and \$86 million for several Mayo Clinic Health System projects, including a new surgery center in Mankato, Minnesota; hospital expansion in Barron, Wisconsin; cancer center expansion in La Crosse, Wisconsin, and campus expansion in Austin, Minnesota.

- **Mayo is committed to leading health care transformation.**
 - Mayo Clinic is committed to leading health care transformation by pursuing new business development opportunities, expanding internationally and harnessing significant advancements in medical and digital technologies to develop Mayo Clinic as a platform.