



Financial Statements

As of the Year Ended September 30, 2023

Subject to Audit



Table of Contents



Financial Highlights Review.....3

FINANCIAL STATEMENTS

Income Statement.....4

Balance Sheet.....5

Cash Flow Summary.....6

Performance Ratios.....7

KEY STATISTICAL INDICATORS

Statistical Highlights.....9

Statistical Highlights Graphs.....10 – 21

Financial Highlights Review

As of September 30, 2023

Operating income for the year ended September 30, 2023 was \$382.6 million compared to budgeted income of \$300 thousand.

Total quarterly net revenue for the year ended September 30, 2023 of \$2,662.2 million was \$361.5 million or 15.7% more than budget. Net patient revenue and improved investment returns contributed \$29.9 million and \$71.7 million, respectively, to the favorable variance. The Foundation contribution of \$9.5 million received in January 2023 was released from deferred revenue. Medicaid Supplemental programs income was \$240.0 million more than budget due to much anticipated Uncompensated Care (UC) funding increase. As communicated during the FY 2024 budget presentations, HHSC updated the UC program rules effective FY 2023, adding what they describe as the High Impecunious Charge Hospital (HICH) sub-pool. Eligibility to receive funds from the HICH sub-pool is restricted to rural hospitals, state-owned hospitals, and hospitals that have at least 30% of their charges from serving uninsured persons. Harris Health falls into the last category, and will receive funding from the UC HICH sub-pool. Total UC funding for the System for FY 2023 was \$475.5 million, and is projected at approximately \$470.3 million in FY 2024.

The Hospital Augmented Reimbursement Program (HARP) funding for the second half of FFY 2023 is currently pending with CMS. As of this September 30, 2023, HHSC has an inquiry out to CMS related to allowing an exception for nominal charge hospitals to be paid more than their charges for the HARP program. Harris Health' status of a nominal charge hospital is due to the System's strategy of maintaining patient charges at a level commensurate with costs. The program is estimated to bring \$269 million in Medicaid Supplemental revenue to Harris Health for both FY 2023 and FY 2024 should CMS support the pending technical request from the State. If CMS does not agree, Harris Health would likely have to return approximately \$60 million of the HARP funds already paid in FY 2023.

As of September 30, 2023, total expenses of \$2,279.6 million were \$20.8 million or 0.9% less than budget. Staff costs were \$14.2 million greater than budget due to the actuarially calculated adjustment attributed to an increase in pension expense which impacts both FY 2023 and FY 2024, and increases in health insurance claims, including those for retirees. The costs of physician services were \$19.1 million less than budget offset by increased supply costs of \$13.5 million due to increased volumes. Purchased services decreased \$30.2 million primarily for medical insurance subsidies due to the Marketplace plan pricing effective for calendar year 2023. The change in the Community Health Choice plan pricing, and a corresponding decrease in subsidy, was discussed with the Board of Trustees in November 2022.

Through the year ended September 30, 2023, total patient days and average daily census increased 5.6% compared to budget. Inpatient case mix index, a measure of patient acuity, was 0.7% lower while length of stay was 4.4% higher than budget. Emergency room visits were 1.0% higher than planned for the year. Total clinic visits, including telehealth, were 5.1% higher compared to budget. Births were up 10.7%.

Total cash receipts for the year were \$2,546.9 million. The System has \$1,012.6 million in unrestricted cash, cash equivalents and investments, representing 166.5 days cash on hand. Harris Health System has \$181.5 million in net accounts receivable, representing 87.9 days of outstanding patient accounts receivable at September 30, 2023. The September balance sheet reflects a combined net receivable position of \$554.0 million under the various Medicaid Supplemental programs.

Income Statement

As of the Year Ended September 30, 2023 (In \$ Millions)

	QUARTERLY RESULTS			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT VARIANCE	CURRENT YEAR	CURRENT BUDGET	PERCENT VARIANCE	PRIOR YEAR	PERCENT VARIANCE
REVENUE								
Net Patient Revenue	\$ 215.3	\$ 182.0	18.3%	\$ 753.6	\$ 723.7	4.1%	\$ 736.5	2.3%
Medicaid Supplemental Programs	339.2	153.1	121.6%	852.2	612.2	39.2%	764.2	11.5%
Other Operating Revenue	40.3	28.4	42.0%	131.5	113.4	16.0%	79.1	66.2%
Total Operating Revenue	\$ 594.8	\$ 363.4	63.7%	\$ 1,737.4	\$ 1,449.4	19.9%	\$ 1,579.8	10.0%
Net Ad Valorem Taxes	196.5	207.8	-5.4%	822.8	831.1	-1.0%	357.2	130.3%
Net Tobacco Settlement Revenue	-	-	0.0%	15.2	13.3	14.2%	16.7	-9.3%
Capital Gifts & Grants	9.5	-	0.0%	9.5	-	0.0%	45.9	-79.3%
Interest Income & Other	17.8	2.2	691.8%	77.4	7.0	1006.1%	69.2	11.9%
Total Nonoperating Revenue	\$ 223.8	\$ 210.0	6.5%	\$ 924.9	\$ 851.4	8.6%	\$ 489.1	89.1%
Total Net Revenue	\$ 818.6	\$ 573.4	42.7%	\$ 2,662.2	\$ 2,300.8	15.7%	\$ 2,068.9	28.7%
EXPENSE								
Salaries and Wages	\$ 239.4	\$ 240.8	0.6%	\$ 893.7	\$ 918.6	2.7%	\$ 854.3	-4.6%
Employee Benefits	110.5	72.7	-52.0%	330.0	290.8	-13.5%	227.8	-44.9%
Total Labor Cost	\$ 349.9	\$ 313.5	-11.6%	\$ 1,223.6	\$ 1,209.4	-1.2%	\$ 1,082.1	-13.1%
Supply Expenses	78.1	69.6	-12.3%	293.4	279.9	-4.8%	276.1	-6.3%
Physician Services	103.1	107.5	4.1%	421.8	440.9	4.3%	395.2	-6.7%
Purchased Services	67.0	71.9	6.9%	251.3	281.6	10.7%	265.7	5.4%
Depreciation & Interest	26.6	21.4	-24.2%	89.4	88.6	-0.9%	80.2	-11.4%
Total Operating Expense	\$ 624.7	\$ 583.9	-7.0%	\$ 2,279.6	\$ 2,300.4	0.9%	\$ 2,099.3	-8.6%
Operating Income (Loss)	\$ 193.8	\$ (10.4)		\$ 382.6	\$ 0.3		\$ (30.5)	
Total Margin %	23.7%	-1.8%		14.4%	0.0%		-1.5%	

Balance Sheet

September 30, 2023 and 2022 (in \$ Millions)

	CURRENT YEAR	PRIOR YEAR
<u>CURRENT ASSETS</u>		
Cash, Cash Equivalents and Short Term Investments	\$ 1,012.6	\$ 822.8
Net Patient Accounts Receivable	181.5	114.9
Net Ad Valorem Taxes, Current Portion	-	-
Other Current Assets	632.2	578.0
Total Current Assets	\$ 1,826.4	\$ 1,515.7
<u>CAPITAL ASSETS</u>		
Plant, Property, & Equipment, Net of Accumulated Depreciation	\$ 519.8	\$ 418.8
Construction in Progress	150.6	167.9
Right of Use Assets	42.5	47.9
Total Capital Assets	\$ 712.8	\$ 634.6
<u>ASSETS LIMITED AS TO USE & RESTRICTED ASSETS</u>		
Debt Service & Capital Asset Funds	\$ 40.8	\$ 39.9
LPPF Restricted Cash	31.5	71.0
Capital Gift Proceeds	54.9	45.3
Other - Restricted	1.0	1.1
Total Assets Limited As to Use & Restricted Assets	\$ 128.2	\$ 157.3
Other Assets	27.0	20.6
Deferred Outflows of Resources	237.5	188.5
Total Assets & Deferred Outflows of Resources	\$ 2,931.9	\$ 2,516.7
<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Liabilities	\$ 193.8	\$ 235.5
Employee Compensation & Related Liabilities	142.5	124.4
Estimated Third-Party Payor Settlements	16.9	13.5
Current Portion Long-Term Debt and Capital Leases	20.0	20.7
Total Current Liabilities	\$ 373.2	\$ 394.2
Long-Term Debt	315.7	333.6
Net Pension & Post Employment Benefits Liability	776.4	600.7
Other Long-Term Liabilities	9.9	8.1
Deferred Inflows of Resources	112.6	218.7
Total Liabilities	\$ 1,587.8	\$ 1,555.3
Total Net Assets	\$ 1,344.1	\$ 961.4
Total Liabilities & Net Assets	\$ 2,931.9	\$ 2,516.7

Cash Flow Summary

As of the Year Ended September 30, 2023 (In \$ Millions)

	QUARTERLY RESULTS		YEAR-TO-DATE	
	CURRENT YEAR	PRIOR YEAR	CURRENT YEAR	PRIOR YEAR
<u>CASH RECEIPTS</u>				
Collections on Patient Accounts	\$ 188.8	\$ 188.8	\$ 709.4	\$ 713.5
Medicaid Supplemental Programs	(130.6)	(49.0)	729.1	468.4
Net Ad Valorem Taxes	6.0	2.4	826.2	807.5
Tobacco Settlement	-	-	15.2	16.7
Other Revenue	85.6	35.0	267.0	157.2
Total Cash Receipts	\$ 149.8	\$ 177.2	\$ 2,546.9	\$ 2,163.4
<u>CASH DISBURSEMENTS</u>				
Salaries, Wages and Benefits	\$ 326.7	\$ 316.0	\$ 1,303.6	\$ 1,139.6
Supplies	77.8	81.6	307.0	287.1
Physician Services	112.7	122.1	410.2	403.2
Purchased Services	58.5	58.1	238.3	216.9
Capital Expenditures	41.3	26.1	142.4	101.9
Debt and Interest Payments	3.9	5.5	23.7	24.8
Other Uses	2.6	(26.3)	(68.1)	19.7
Total Cash Disbursements	\$ 623.5	\$ 583.1	\$ 2,357.1	\$ 2,193.1
Net Change	\$ (473.7)	\$ (405.8)	\$ 189.8	\$ (29.7)
Unrestricted Cash, Cash Equivalents and Investments - Beginning of year			\$ 822.8	
Net Change			189.8	
Unrestricted Cash, Cash Equivalents and Investments - End of period			\$ 1,012.6	

Performance Ratios

As of the Year Ended September 30, 2023 (In \$ Millions)

	QUARTERLY RESULTS		YEAR-TO-DATE		
	CURRENT YEAR	CURRENT BUDGET	CURRENT YEAR	CURRENT BUDGET	PRIOR YEAR
<u>OPERATING HEALTH INDICATORS</u>					
Operating Margin %	23.7%	-1.8%	14.4%	0.0%	-1.5%
Run Rate per Day (In\$ Millions)	\$ 6.6	\$ 6.1	\$ 6.0	\$ 6.1	\$ 5.6
Salary, Wages & Benefit per APD	\$ 2,669	\$ 2,391	\$ 2,429	\$ 2,660	\$ 2,400
Supply Cost per APD	\$ 596	\$ 531	\$ 582	\$ 616	\$ 612
Physician Services per APD	\$ 786	\$ 820	\$ 837	\$ 970	\$ 877
Total Expense per APD	\$ 4,765	\$ 4,454	\$ 4,525	\$ 5,060	\$ 4,657
Overtime as a % of Total Salaries	3.1%	1.8%	3.4%	1.9%	3.5%
Contract as a % of Total Salaries	5.4%	7.1%	5.3%	7.3%	8.6%
Full-time Equivalent Employees	10,207	10,111	9,992	10,147	9,541
<u>FINANCIAL HEALTH INDICATORS</u>					
Quick Ratio			4.8		3.8
Unrestricted Cash (In \$ Millions)			\$ 1,012.6	\$ 669.6	\$ 822.8
Days Cash on Hand			166.5	114.2	147.3
Days Revenue in Accounts Receivable			87.9	53.8	56.9
Days in Accounts Payable			52.4		48.1
Capital Expenditures/Depreciation & Amortization			191.4%		148.1%
Average Age of Plant(years)			11.6		11.7

Harris Health System Key Indicators



Statistical Highlights

As of the Year Ended September 30, 2023 (In \$ Millions)

	QUARTERLY RESULTS			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
Adjusted Patient Days	131,095	116,563	12.5%	504,246	454,638	10.9%	450,785	11.9%
Outpatient % of Adjusted Volume	61.8%	61.2%	0.9%	61.0%	61.6%	-1.0%	62.0%	-1.7%
Primary Care Clinic Visits	134,425	121,227	10.9%	529,096	487,970	8.4%	487,862	8.5%
Specialty Clinic Visits	60,683	60,675	0.0%	244,897	238,065	2.9%	237,296	3.2%
Telehealth Clinic Visits	29,906	33,192	-9.9%	127,125	131,261	-3.2%	160,011	-20.6%
Total Clinic Visits	225,014	215,094	4.6%	901,118	857,296	5.1%	885,169	1.8%
Emergency Room Visits - Outpatient	35,190	33,393	5.4%	133,579	134,316	-0.5%	132,146	1.1%
Emergency Room Visits - Admitted	5,525	4,897	12.8%	21,991	19,678	11.8%	18,420	19.4%
Total Emergency Room Visits	40,715	38,290	6.3%	155,570	153,994	1.0%	150,566	3.3%
Surgery Cases - Outpatient	2,661	2,975	-10.6%	11,059	12,744	-13.2%	10,127	9.2%
Surgery Cases - Inpatient	2,492	2,595	-4.0%	9,645	10,947	-11.9%	9,145	5.5%
Total Surgery Cases	5,153	5,570	-7.5%	20,704	23,691	-12.6%	19,272	7.4%
Total Outpatient Visits	375,168	365,077	2.8%	1,488,884	1,459,547	2.0%	1,525,298	-2.4%
Inpatient Cases (Discharges)	8,037	7,389	8.8%	31,530	29,202	8.0%	28,104	12.2%
Outpatient Observation Cases	2,676	3,369	-20.6%	10,074	14,200	-29.1%	13,364	-24.6%
Total Cases Occupying Patient Beds	10,713	10,758	-0.4%	41,604	43,402	-4.1%	41,468	0.3%
Births	1,493	1,350	10.6%	5,494	4,965	10.7%	5,215	5.3%
Inpatient Days	50,093	45,194	10.8%	196,734	174,565	12.7%	171,119	15.0%
Outpatient Observation Days	9,451	10,274	-8.0%	33,085	43,124	-23.3%	42,725	-22.6%
Total Patient Days	59,544	55,468	7.3%	229,819	217,689	5.6%	213,844	7.5%
Average Daily Census	647.2	602.9	7.3%	629.6	596.4	5.6%	585.9	7.5%
Average Operating Beds	694	681	1.9%	686	681	0.7%	682	0.6%
Bed Occupancy %	93.3%	88.5%	5.3%	91.8%	87.6%	4.8%	85.9%	6.8%
Inpatient Average Length of Stay	6.23	6.12	1.9%	6.24	5.98	4.4%	6.09	2.5%
Inpatient Case Mix Index (CMI)	1.655	1.706	-3.0%	1.694	1.706	-0.7%	1.757	-3.6%
Payor Mix (% of Charges)								
Charity & Self Pay	44.8%	46.2%	-3.0%	44.3%	46.7%	-5.2%	46.4%	-4.6%
Medicaid & Medicaid Managed	21.1%	23.5%	-10.3%	22.7%	22.7%	-0.2%	22.2%	1.9%
Medicare & Medicare Managed	11.0%	11.6%	-5.3%	11.4%	11.0%	3.7%	11.6%	-1.6%
Commercial & Other	23.1%	18.7%	23.6%	21.7%	19.5%	11.2%	19.8%	9.5%
Total Unduplicated Patients - Rolling 12				249,336			247,496	0.7%
Total New Patient - Rolling 12				88,155			83,189	6.0%

Harris Health System

Statistical Highlights

As of the Quarter Ended September 30, 2023

Cases Occupying Beds - Q4

Actual	Budget	Prior Year
10,713	10,758	10,524

Cases Occupying Beds - YTD

Actual	Budget	Prior Year
41,604	43,402	41,468

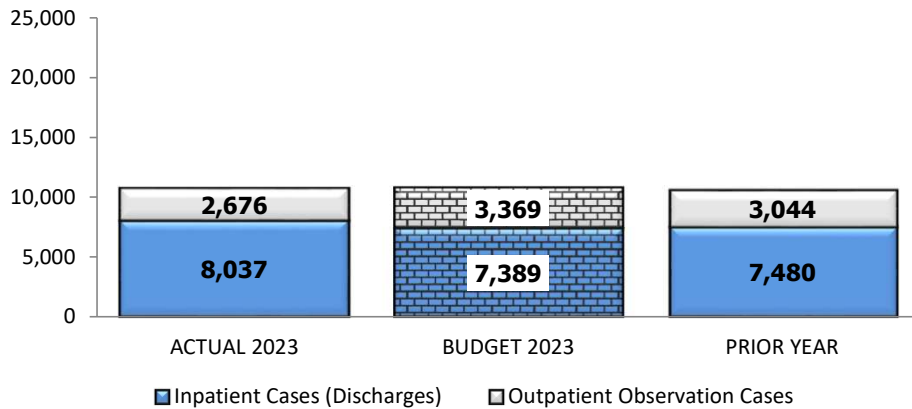
Emergency Visits - Q4

Actual	Budget	Prior Year
40,715	38,290	40,550

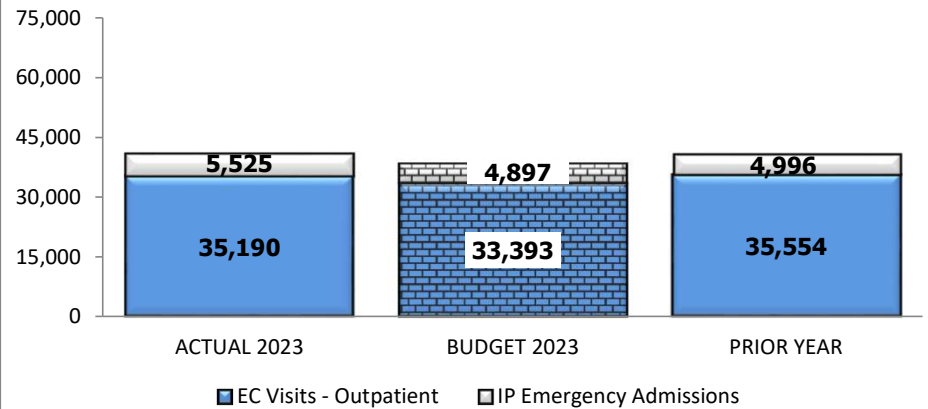
Emergency Visits - YTD

Actual	Budget	Prior Year
155,570	153,994	150,566

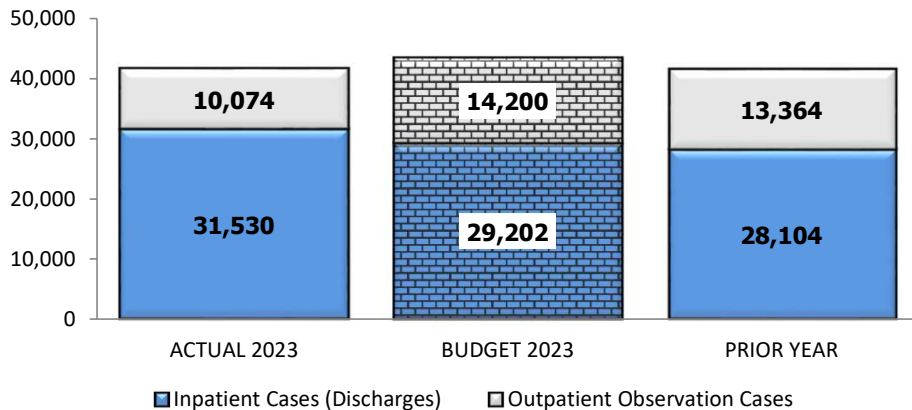
Cases Occupying Beds - Quarter End



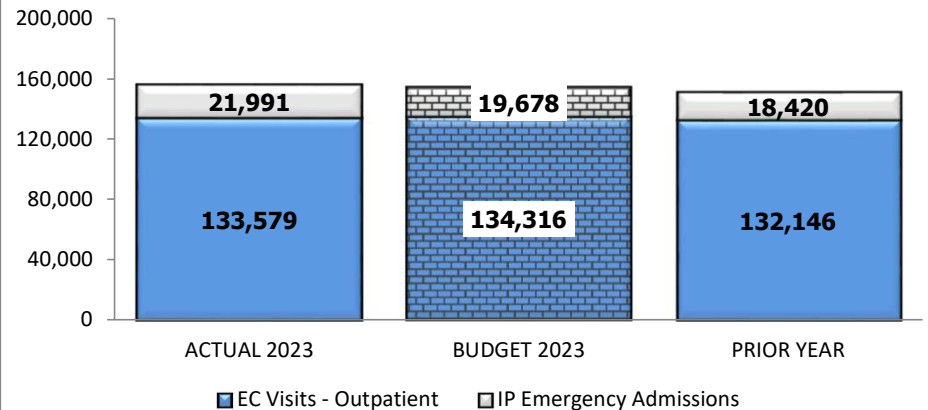
Emergency Visits - Quarter End



Cases Occupying Beds - YTD



Emergency Visits - YTD



Harris Health System

Statistical Highlights

As of the Quarter Ended September 30, 2023

Surgery Cases - Q4

Actual	Budget	Prior Year
5,153	5,570	5,105

Surgery Cases - YTD

Actual	Budget	Prior Year
20,704	23,691	19,272

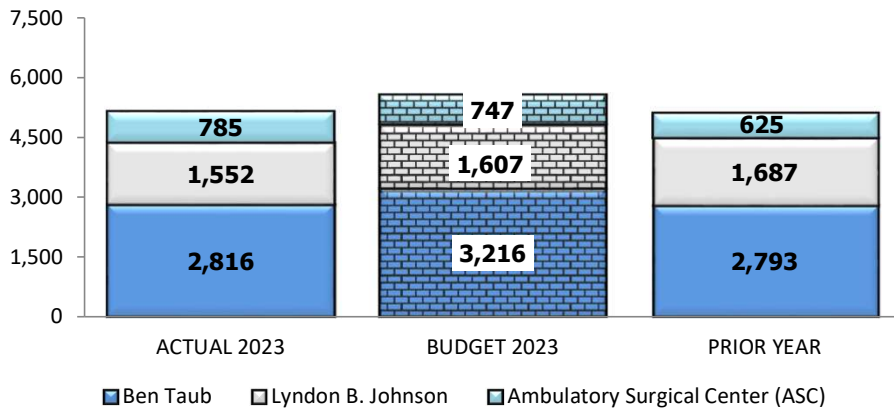
Clinic Visits - Q4

Actual	Budget	Prior Year
225,014	215,094	228,916

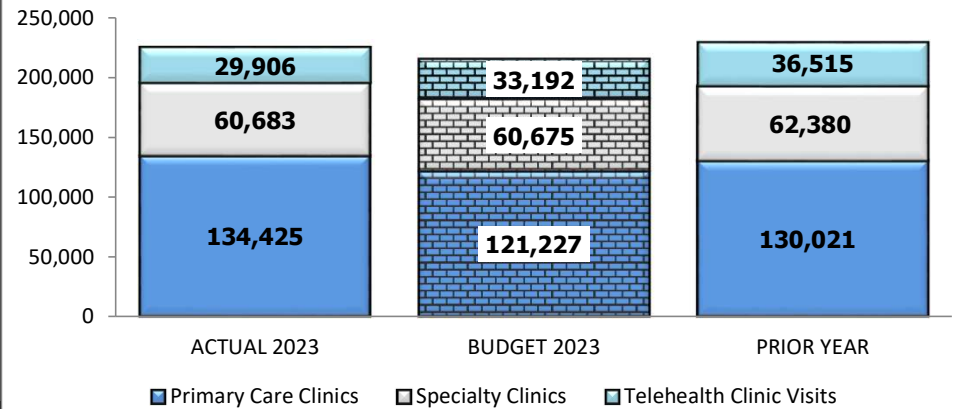
Clinic Visits - YTD

Actual	Budget	Prior Year
901,118	857,296	885,169

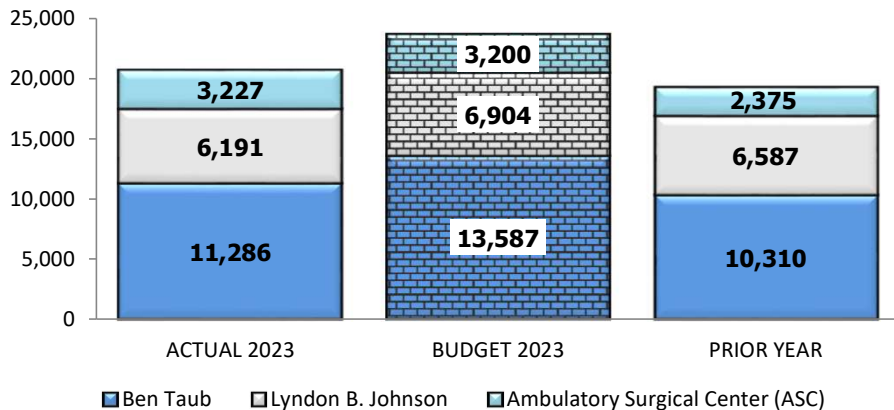
Surgery Cases - Quarter End



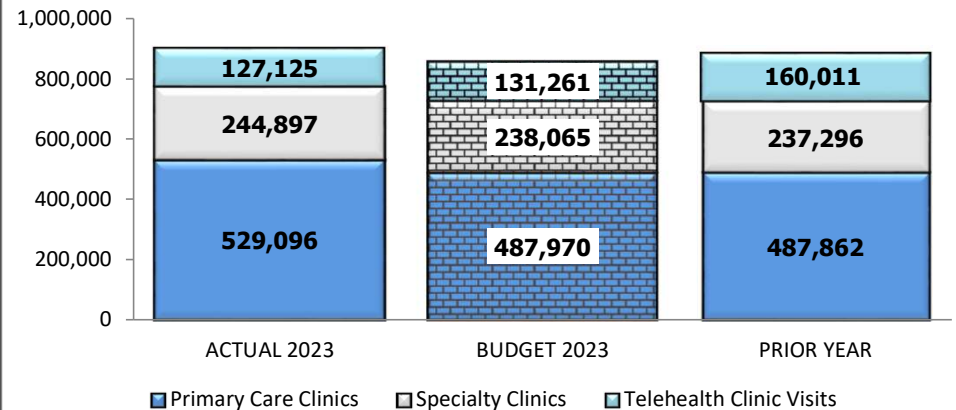
Clinic Visits - Quarter End



Surgery Cases - YTD



Clinic Visits - YTD



Harris Health System

Statistical Highlights

As of the Quarter Ended September 30, 2023

Adjusted Patient Days - Q4

131,095

Adjusted Patient Days - YTD

504,246

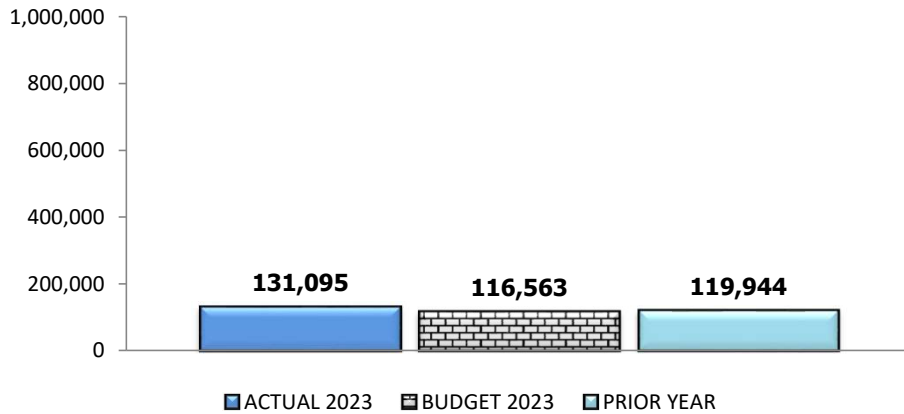
Average Daily Census - Q4

647.2

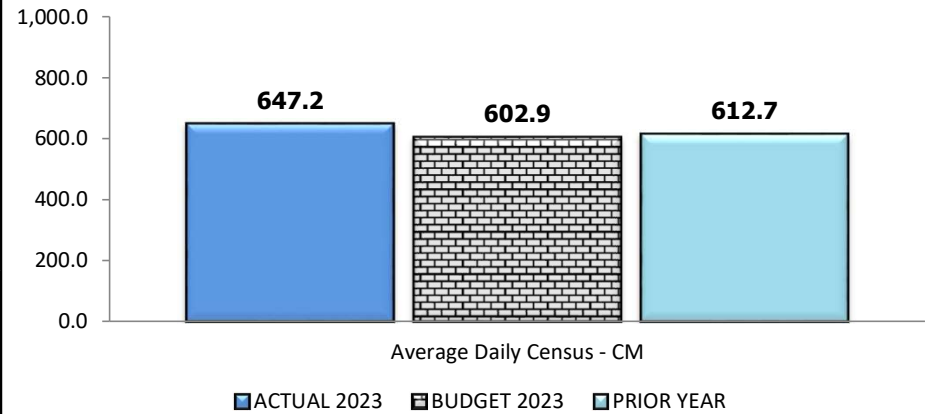
Average Daily Census - YTD

629.6

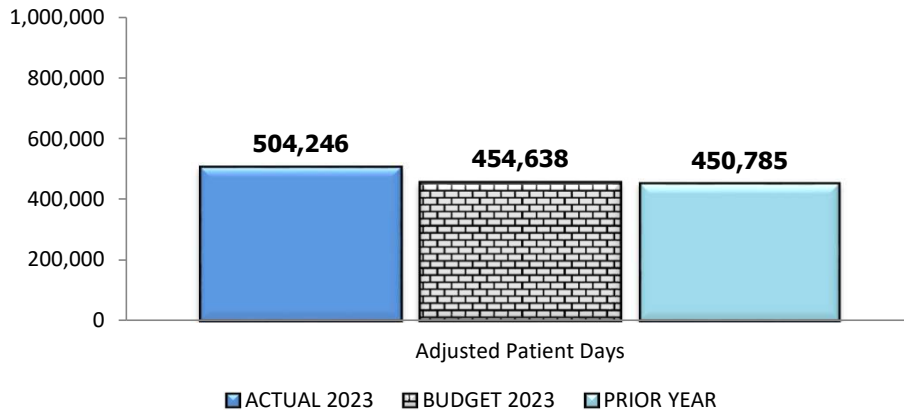
Adjusted Patient Days - Quarter End



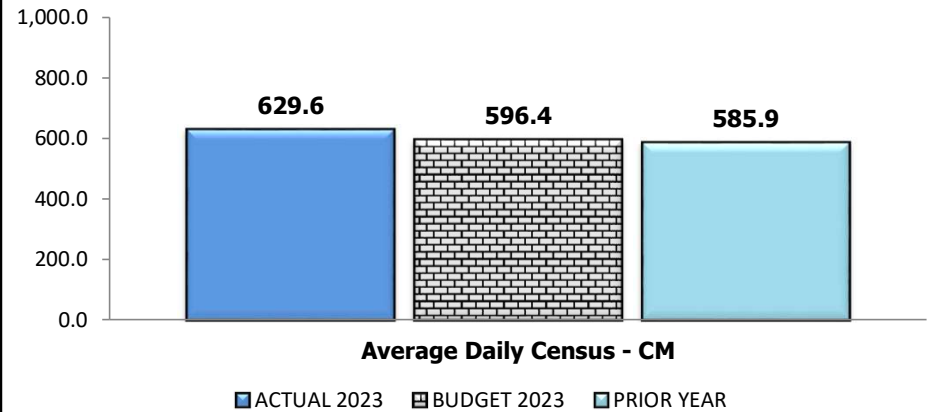
Average Daily Census - Quarter End



Adjusted Patient Days - YTD



Average Daily Census - YTD



Harris Health System

Statistical Highlights

As of the Quarter Ended September 30, 2023

Inpatient ALOS - Q4

6.23

Inpatient ALOS - YTD

6.24

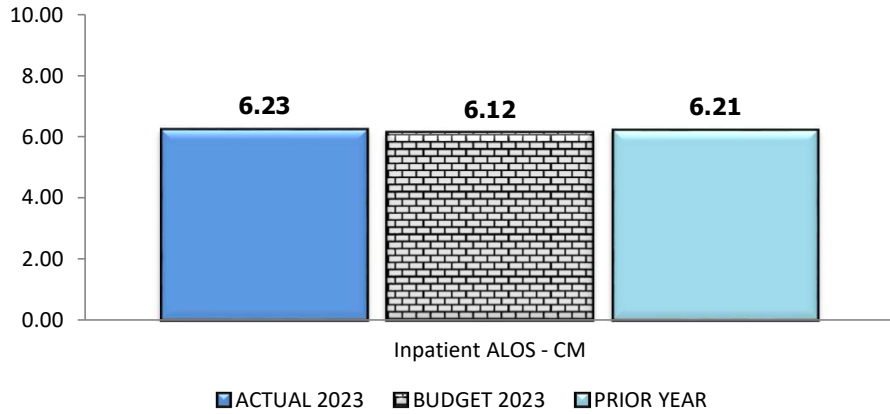
Case Mix Index - Q4

Overall	Excl. Obstetrics
1.655	1.838

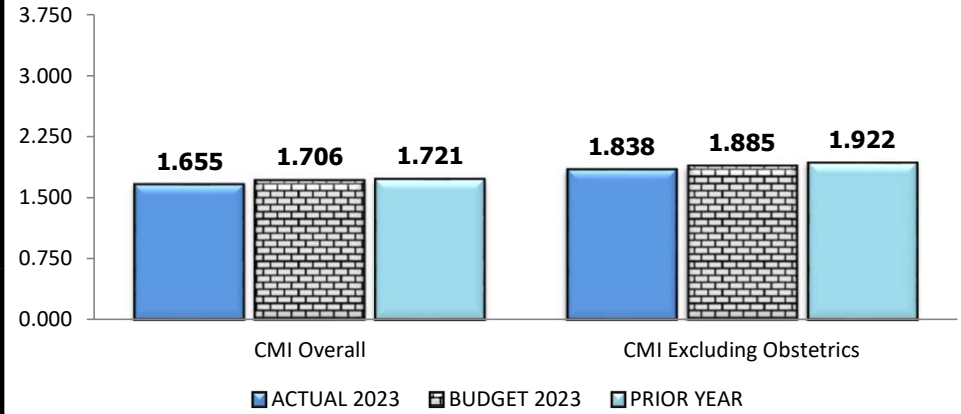
Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.694	1.870

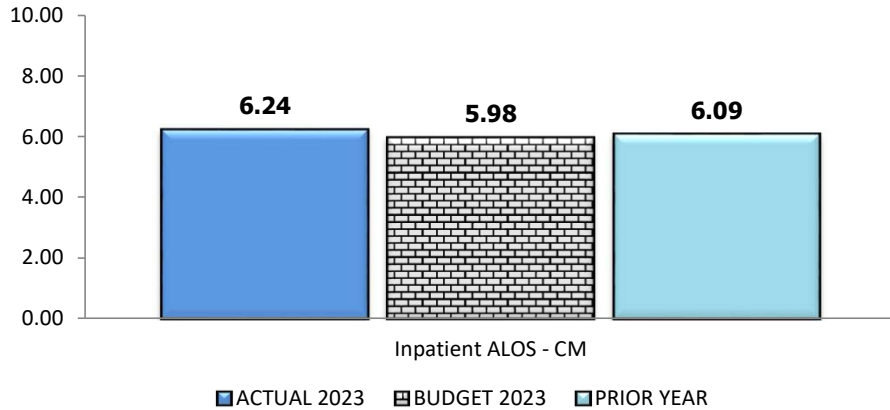
Inpatient ALOS - Quarter End



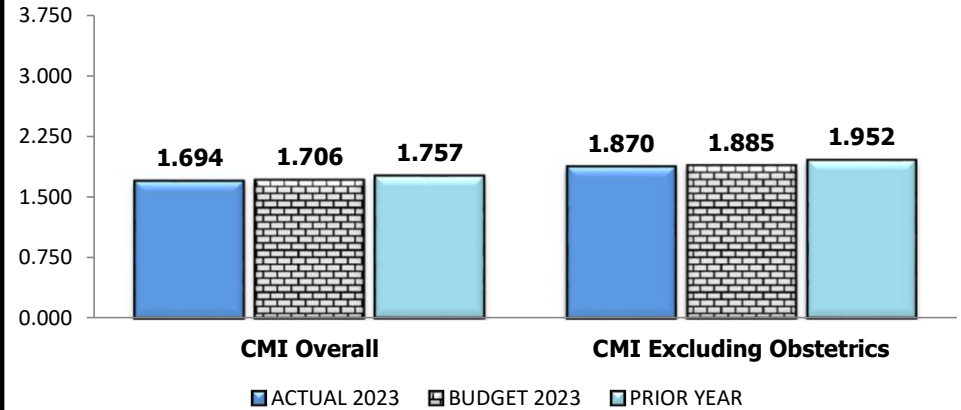
Case Mix Index - Quarter End



Inpatient ALOS - YTD



Case Mix Index - YTD



Harris Health System

Statistical Highlights - Cases Occupying Beds

As of the Quarter Ended September 30, 2023

BT Cases Occupying Beds - Q4

Actual	Budget	Prior Year
6,462	6,375	6,331

BT Cases Occupying Beds - YTD

Actual	Budget	Prior Year
24,831	25,509	24,660

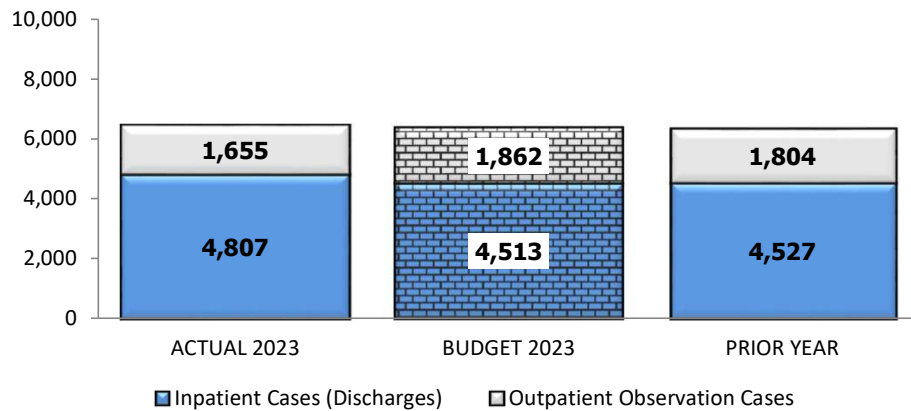
LBJ Cases Occupying Beds - Q4

Actual	Budget	Prior Year
4,251	4,383	4,193

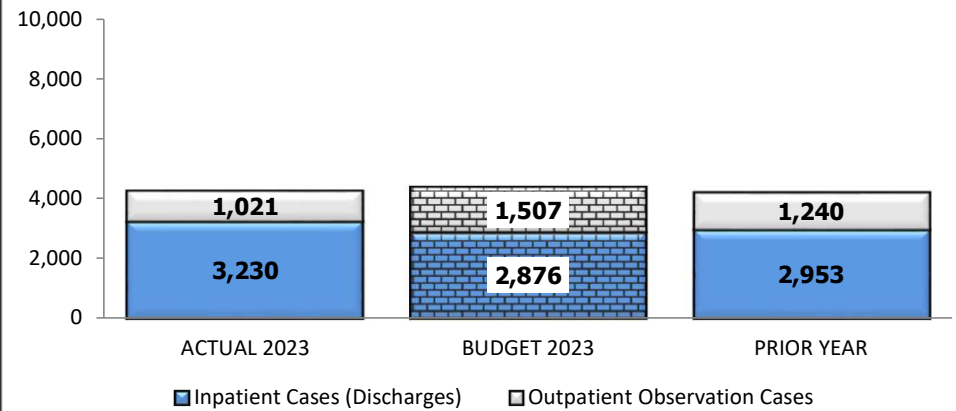
LBJ Cases Occupying Beds - YTD

Actual	Budget	Prior Year
16,773	17,893	16,808

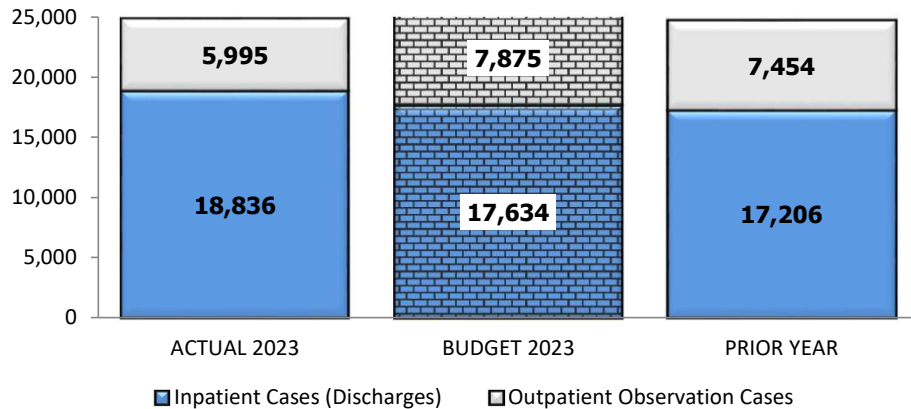
Ben Taub Cases - Quarter End



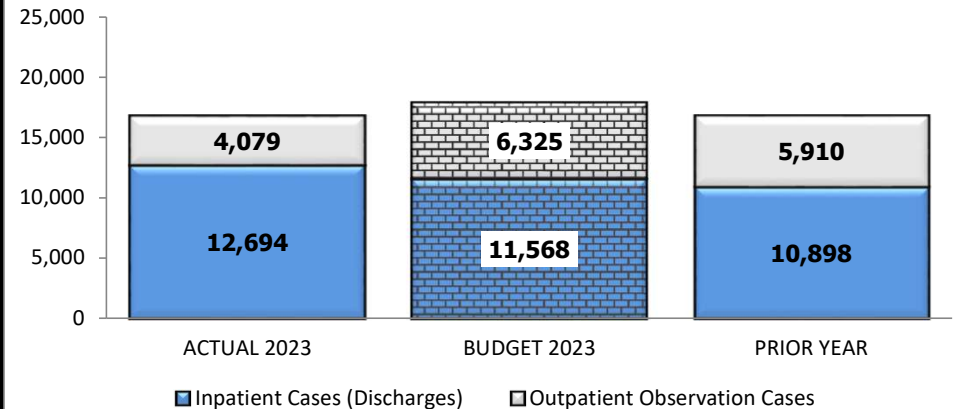
Lyndon B. Johnson Cases - Quarter End



Ben Taub Cases - YTD



Lyndon B. Johnson Cases - YTD



Harris Health System

Statistical Highlights - Surgery Cases

As of the Quarter Ended September 30, 2023

BT Surgery Cases - Q4

Actual	Budget	Prior Year
2,816	3,216	2,793

BT Surgery Cases - YTD

Actual	Budget	Prior Year
11,286	13,587	10,310

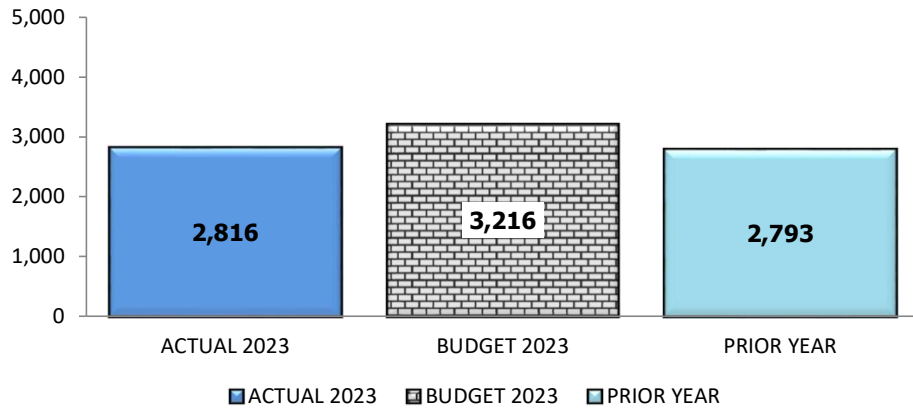
LBJ Surgery Cases - Q4

Actual	Budget	Prior Year
2,337	2,354	2,312

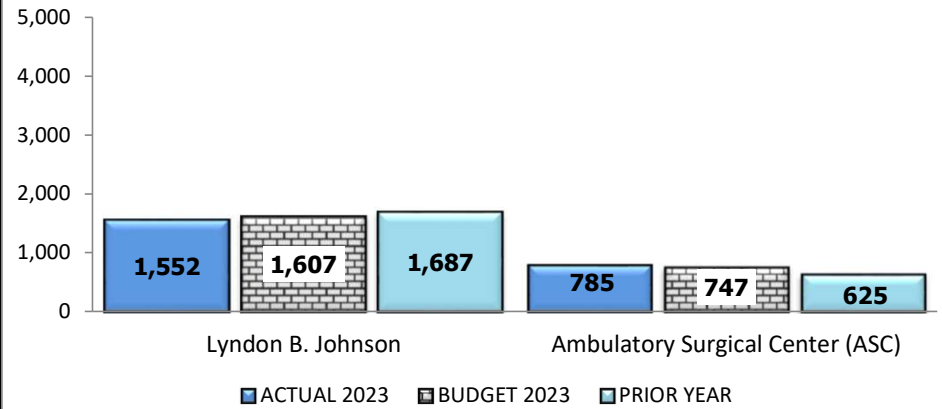
LBJ Surgery Cases - YTD

Actual	Budget	Prior Year
9,418	10,104	8,962

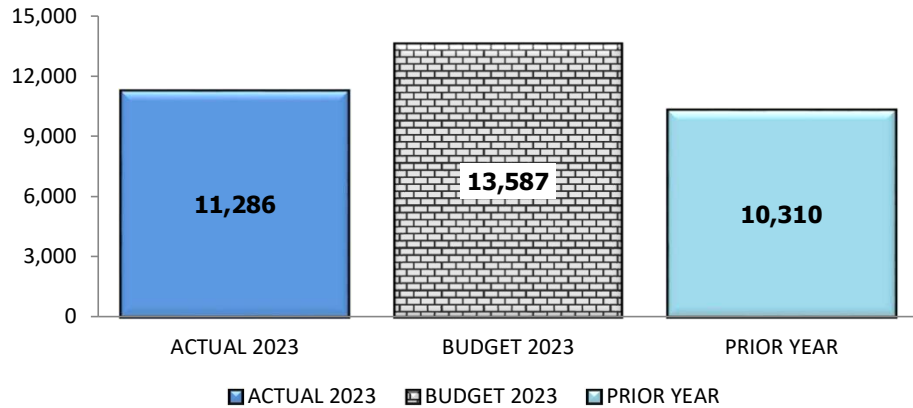
Ben Taub OR Cases - Quarter End



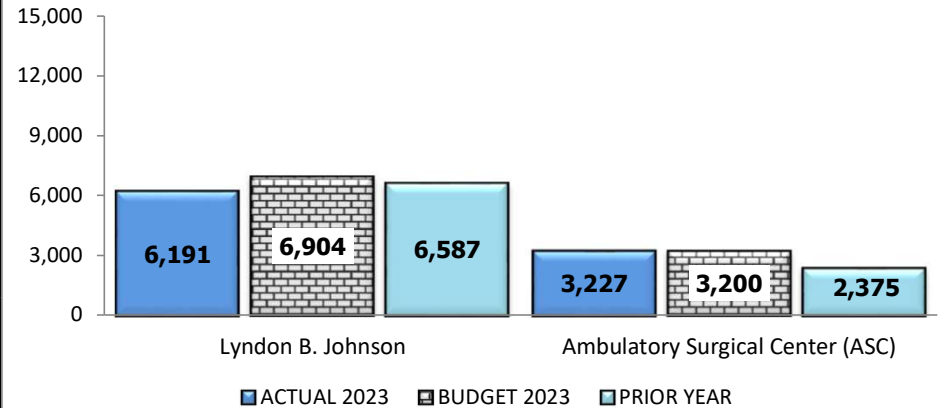
Lyndon B. Johnson OR Cases - Quarter End



Ben Taub OR Cases - YTD



Lyndon B. Johnson OR Cases - YTD



Harris Health System

Statistical Highlights - Emergency Room Visits

As of the Quarter Ended September 30, 2023

BT Emergency Visits - Q4

Actual	Budget	Prior Year
20,640	19,021	19,999

BT Emergency Visits - YTD

Actual	Budget	Prior Year
76,693	75,824	74,525

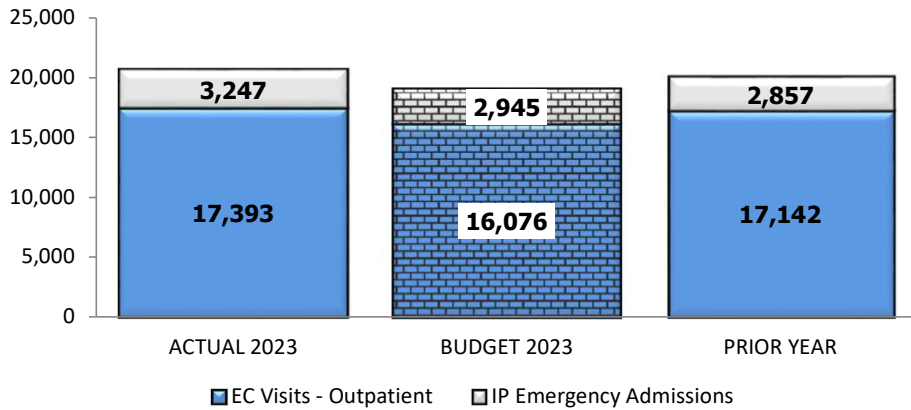
LBJ Emergency Visits - Q4

Actual	Budget	Prior Year
20,075	19,269	20,551

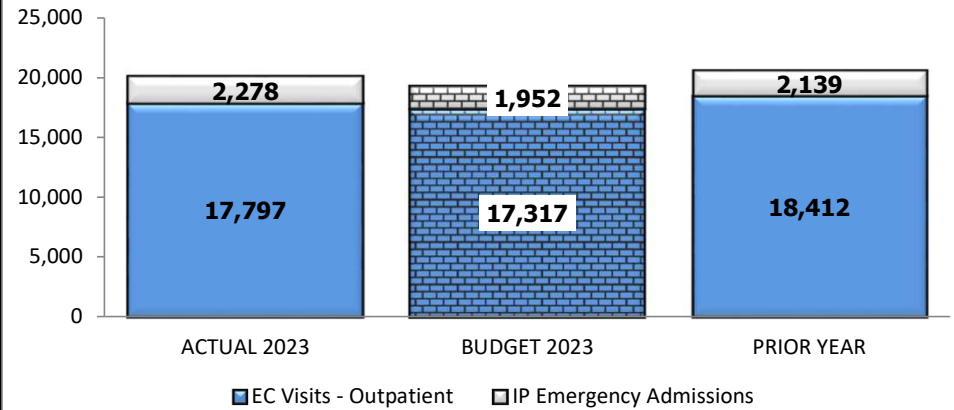
LBJ Emergency Visits - YTD

Actual	Budget	Prior Year
78,877	78,170	76,041

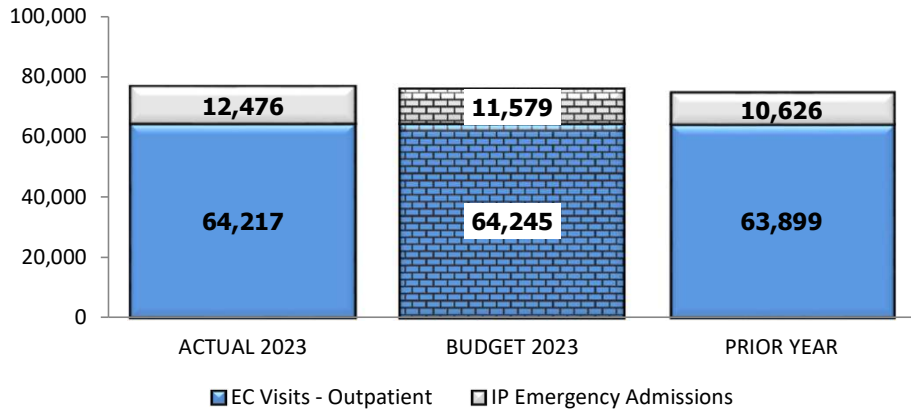
Ben Taub EC Visits - Quarter End



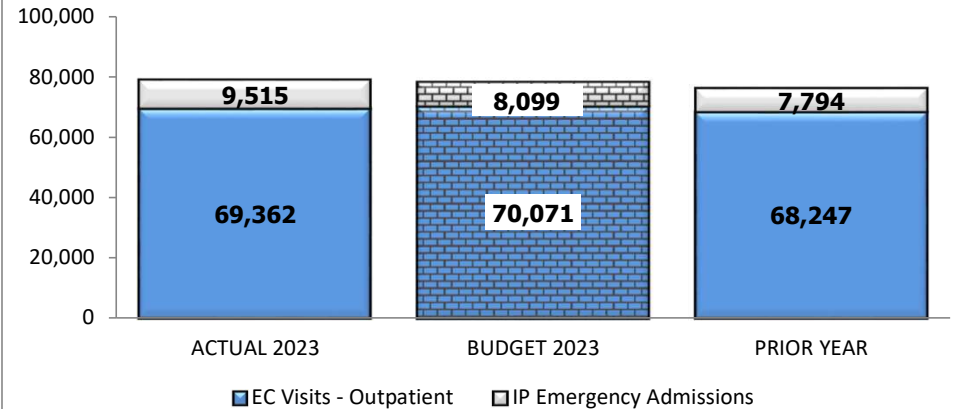
Lyndon B. Johnson EC Visits - Quarter End



Ben Taub EC Visits - YTD



Lyndon B. Johnson EC Visits - YTD



Harris Health System

Statistical Highlights - Births

As of the Quarter Ended September 30, 2023

BT Births - Q4

Actual	Budget	Prior Year
826	740	881

BT Births - YTD

Actual	Budget	Prior Year
3,195	2,832	3,028

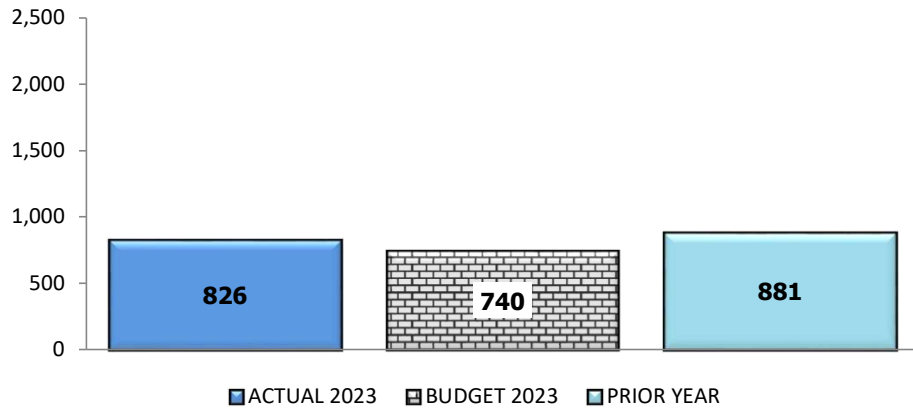
LBJ Births - Q4

Actual	Budget	Prior Year
667	610	586

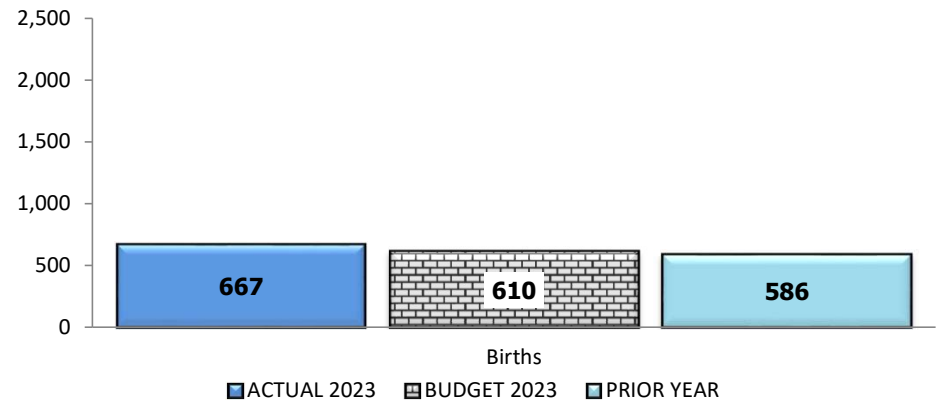
LBJ Births - YTD

Actual	Budget	Prior Year
2,299	2,133	2,187

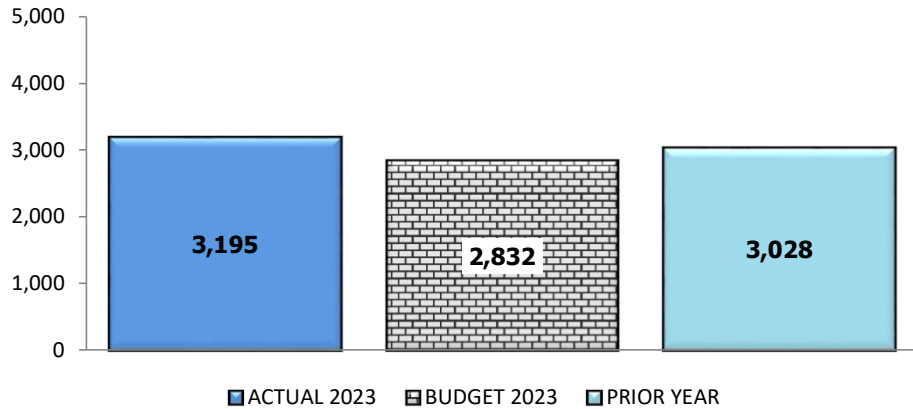
Ben Taub Births - Quarter End



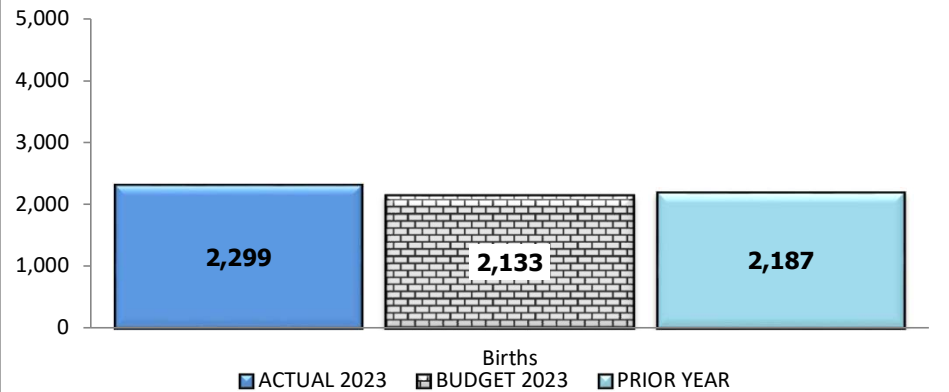
Lyndon B. Johnson Births - Quarter End



Ben Taub Births - YTD



Lyndon B. Johnson Births - YTD



Harris Health System

Statistical Highlights - Adjusted Patient Days

As of the Quarter Ended September 30, 2023

BT Adjusted Patient Days - Q4

64,995

BT Adjusted Patient Days - YTD

249,717

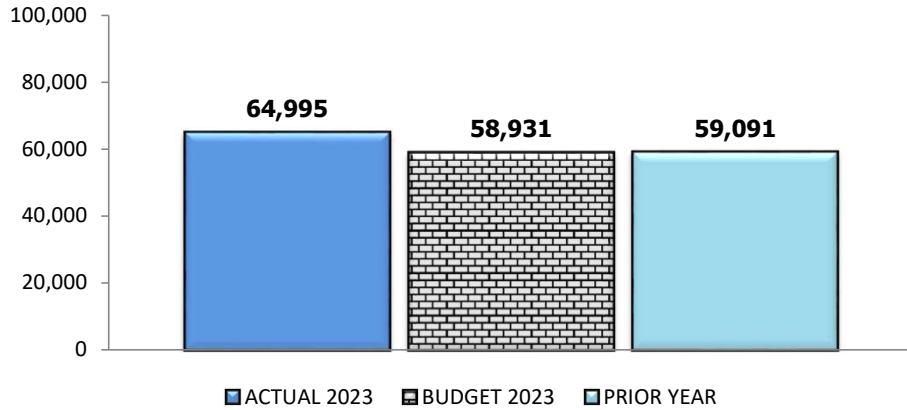
LBJ Adjusted Patient Days - Q4

41,384

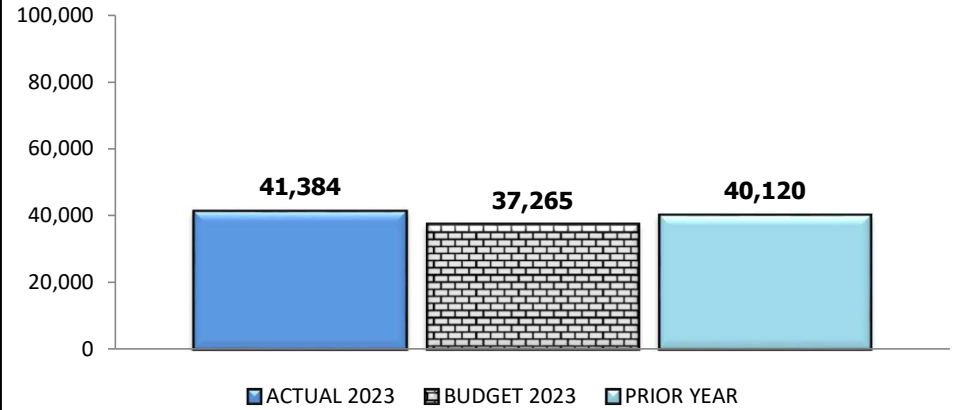
LBJ Adjusted Patient Days - YTD

158,941

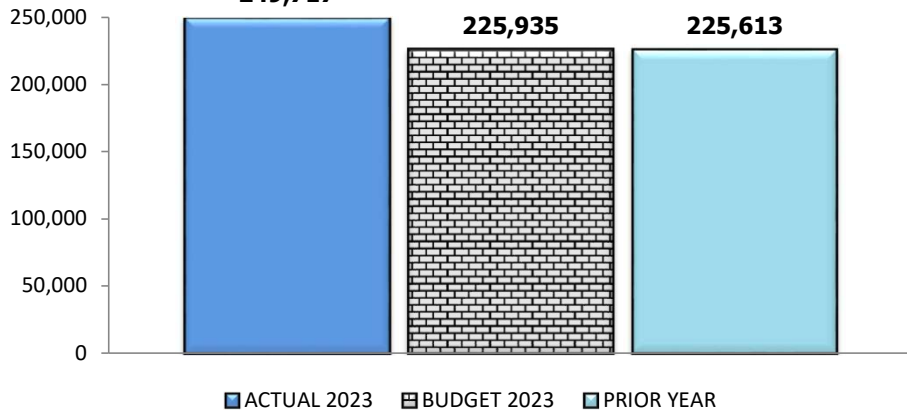
Ben Taub APD - Quarter End



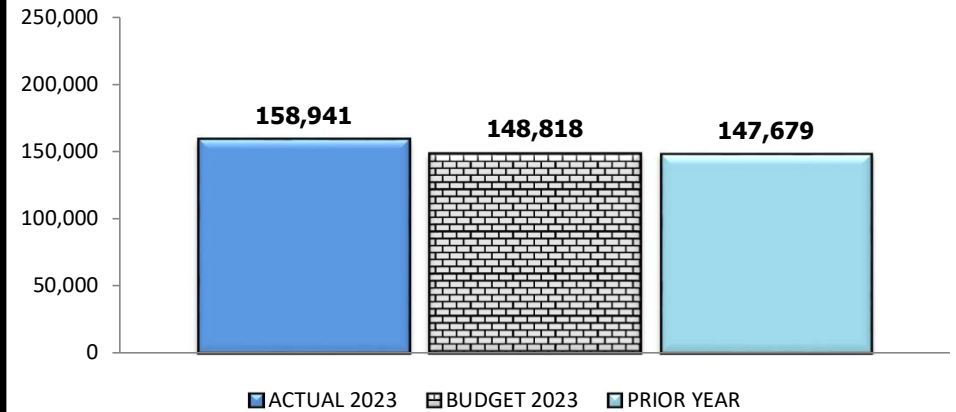
Lyndon B. Johnson APD - Quarter End



Ben Taub APD - YTD



Lyndon B. Johnson APD - YTD



Harris Health System

Statistical Highlights - Average Daily Census (ADC)

As of the Quarter Ended September 30, 2023

BT Average Daily Census - Q4

417.2

BT Average Daily Census - YTD

405.4

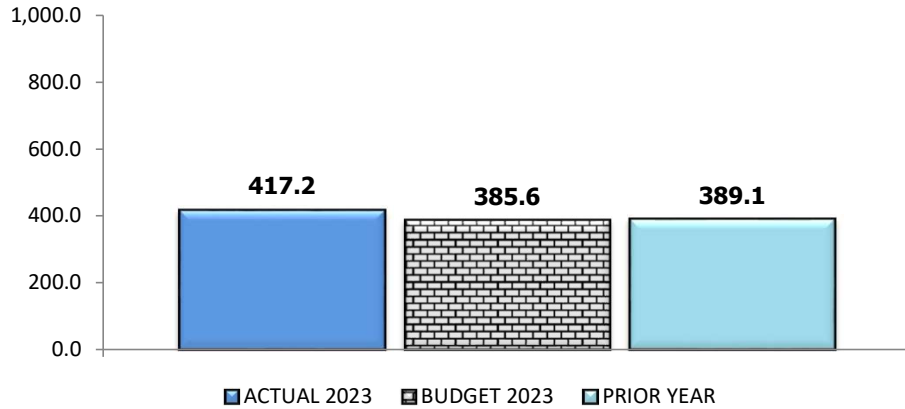
LBJ Average Daily Census - YTD

230.0

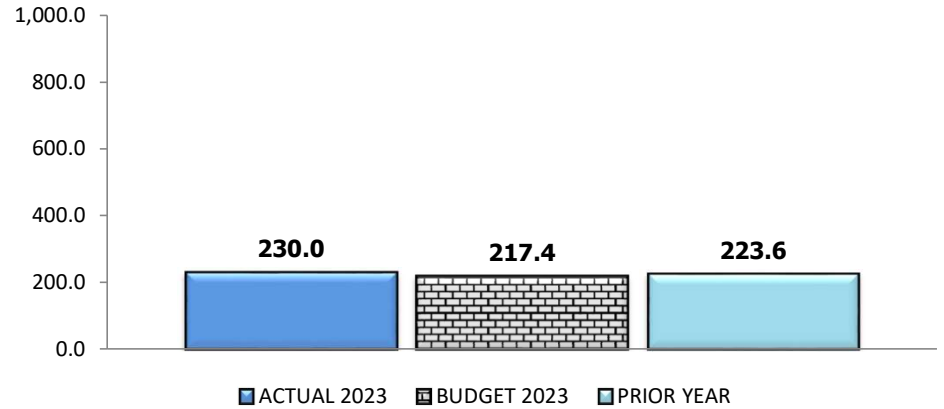
LBJ Average Daily Census - YTD

224.3

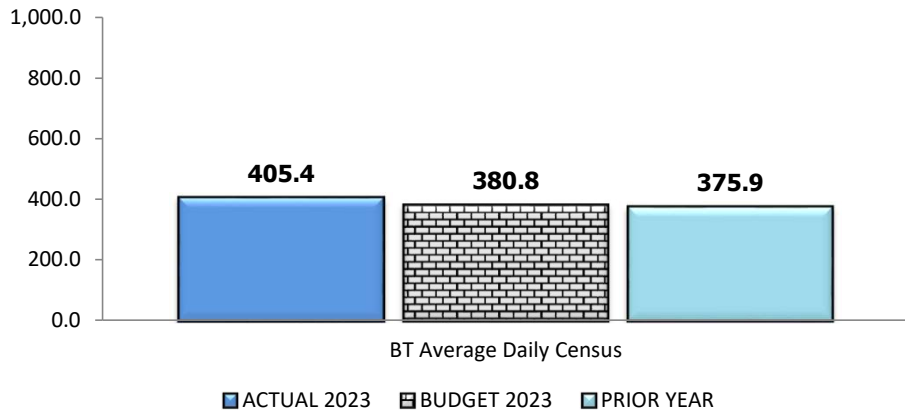
Ben Taub ADC - Quarter End



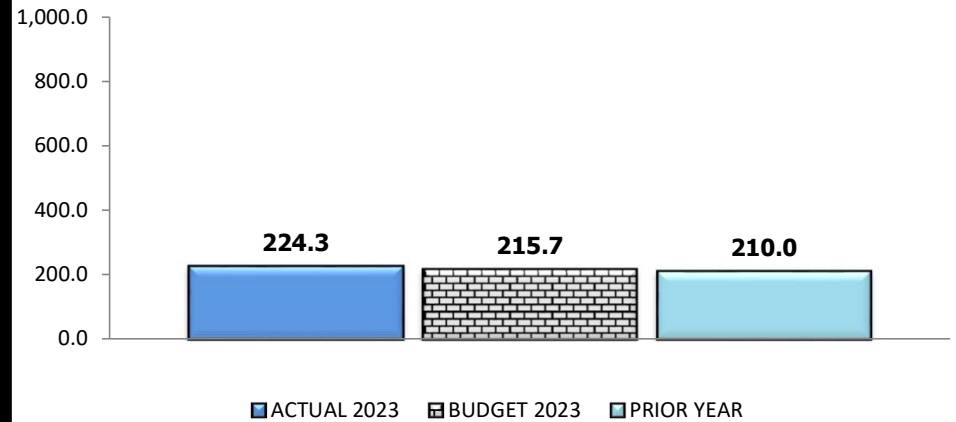
Lyndon B. Johnson ADC - Quarter End



Ben Taub ADC - YTD



Lyndon B. Johnson ADC - YTD



Harris Health System

Statistical Highlights - Inpatient Average Length of Stay (ALOS)

As of the Quarter Ended September 30, 2023

BT Inpatient ALOS - Q4

6.68

BT Inpatient ALOS - YTD

6.74

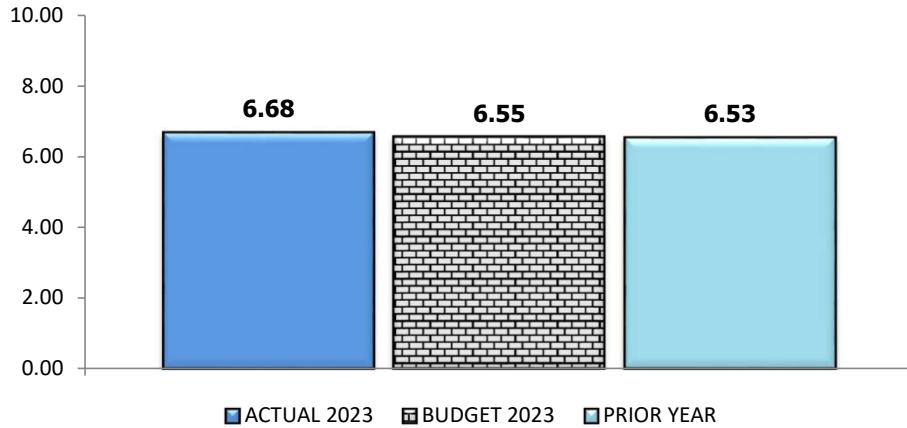
LBJ Inpatient ALOS - Q4

5.57

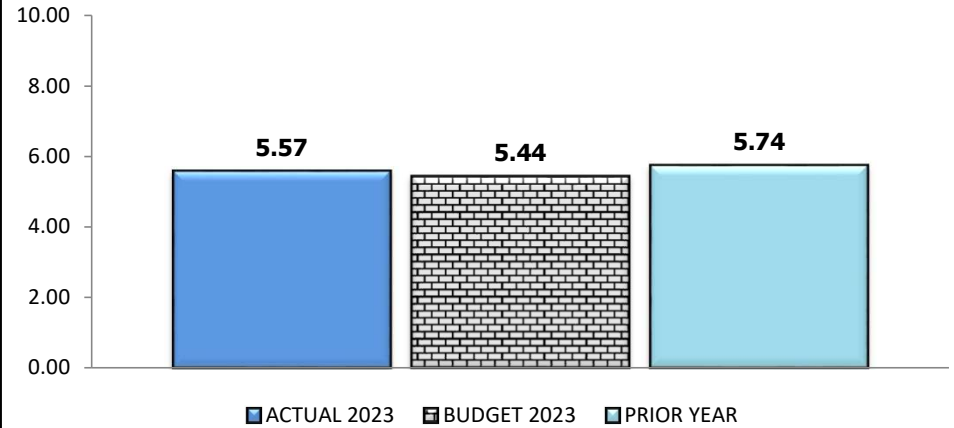
LBJ Inpatient ALOS - YTD

5.50

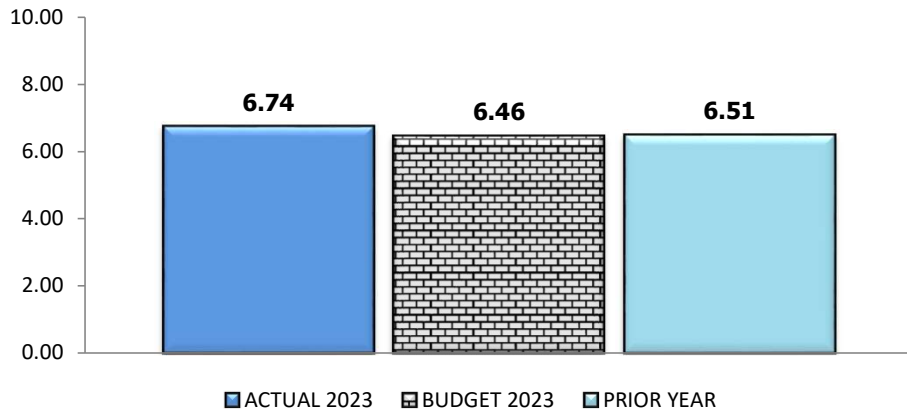
Ben Taub ALOS - Quarter End



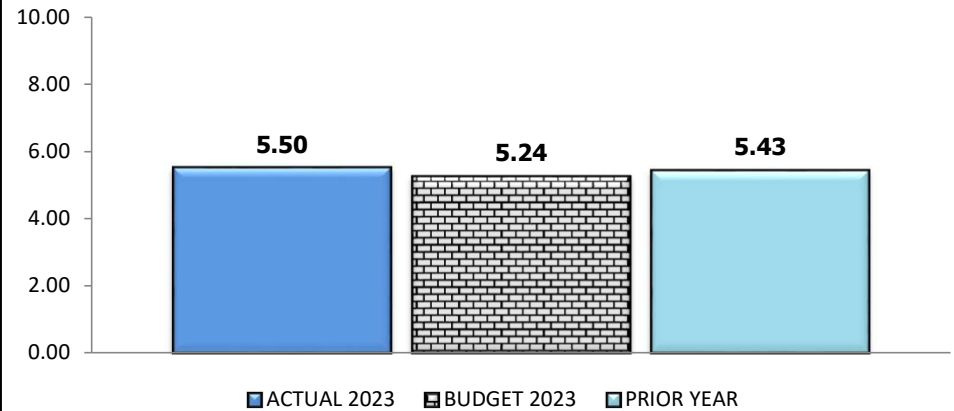
Lyndon B. Johnson ALOS - Quarter End



Ben Taub ALOS - YTD



Lyndon B. Johnson ALOS - YTD



Harris Health System

Statistical Highlights - Case Mix Index (CMI)

As of the Quarter Ended September 30, 2023

BT Case Mix Index (CMI) - Q4

Overall	Excl. Obstetrics
1.761	1.944

BT Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.807	1.995

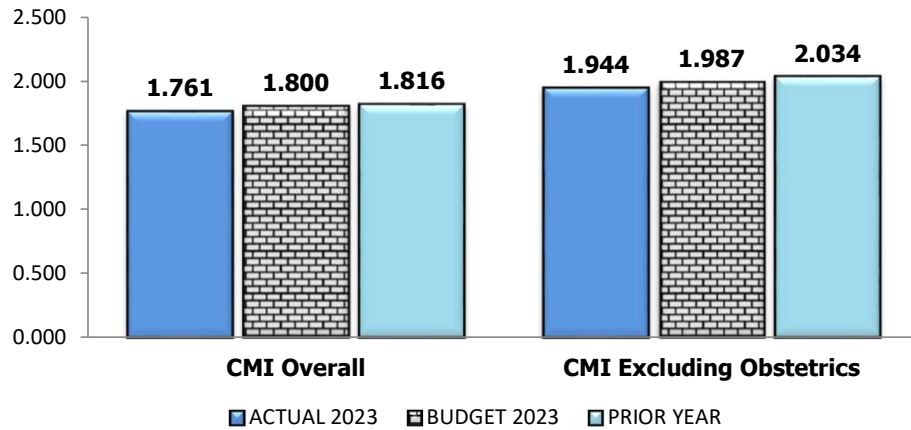
LBJ Case Mix Index (CMI) - Q4

Overall	Excl. Obstetrics
1.498	1.673

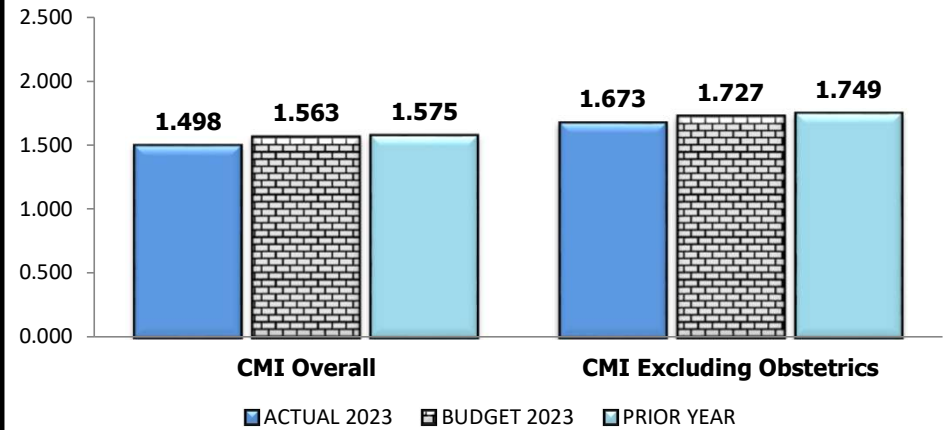
LBJ Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.527	1.681

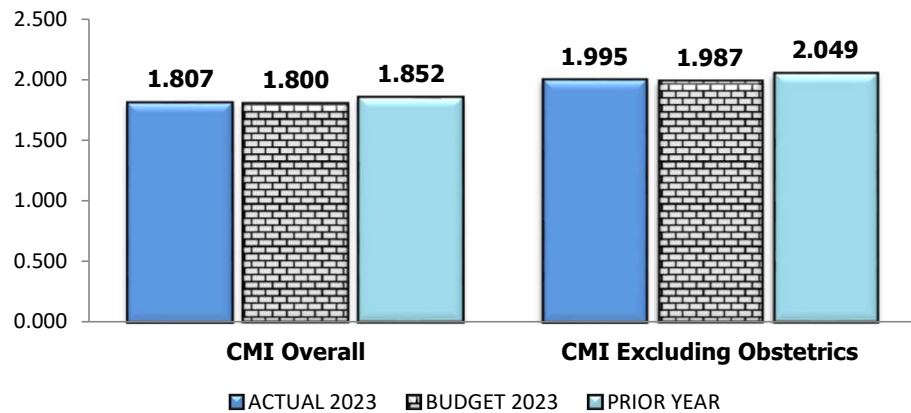
Ben Taub CMI - Quarter End



Lyndon B. Johnson CMI - Quarter End



Ben Taub CMI - YTD



Lyndon B. Johnson CMI - YTD

