



FINANCIAL STATEMENTS
As of August 31, 2013

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FINANCIAL STATEMENTS HIGHLIGHTS

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HARRISHEALTH SYSTEM

August 2013 Financial Statement Highlights

Presented for your review, discussion and acceptance are the financial statements for the month ended August 31, 2013.

Statistics

Adjusted patient days were 0.8% ^(Pg1:ln1) less than budget with approximately 67.1% of the volume representing outpatient care.

Clinic visits ^(Pg1:ln5) of 96,727 were 7.2% less than the budget of 104,286. Primary care clinic visits ^(Pg1:ln3) were 10.3% less than the month's budget and total specialty clinic visits were 0.8% greater than the August budget ^(Pg1:ln4).

August Emergency Center visits ^(Pg1:ln10) are reported at 14,765 and were 2.1% greater than budget.

System wide, surgery cases were 10.4% less than budget expectations ^(Pg1:ln13).

Deliveries of 555 were 12.0% less than the budget of 631 ^(Pg1:ln21).

51.8% of total cases occupying patient beds entered through the emergency room ^(Pg1:ln19). Inpatient utilization System wide was less than budget by 5.1% ^(Pg2:ln3). Inpatient length of stay ^(Pg2:ln8) was 3.5% less than budget and the inpatient case mix index ^(Pg2:ln9) was 2.9% less than budget.

Charity and Self Pay payor mix of 66.5% compared unfavorably to the budget of 64.2% ^(Pg2:ln10). Medicaid represented 21.8% of total patients and compared unfavorably to the budget of 21.9%. Medicare represented 9.4% of all patients and compared favorably with the budget of 8.6%. Commercial Insurance and Other represented 2.3% of all patients and compared unfavorably to the budget of 5.3%.

The Unduplicated Patient count, calculated on a rolling twelve months basis, of 307,262 is 3.1% greater than the prior year count of 298,102 ^(Pg2:ln17).

New Patients seen during the past twelve month period total 105,080 ^(Pg2:ln18).

Revenue

Total Net Revenue of \$96.9 million ^(Pg3:ln23) was \$1.4 million less than budget. Patient volumes, measured as adjusted patient days ^(Pg8:ln14), were 0.8% less than budget. August's estimated reimbursement per adjusted patient day ^(Pg8:ln1) was 2.2% greater than budget. The resulting Net Patient Service Revenue for August of \$28.1 million ^(Pg3:ln10) was \$0.4 million or 1.4% greater than budget. Estimated DSH/Uncompensated Care Program Revenues ^(Pg3:ln11) for the 2013 federal fiscal year are based on the most current data available. Ad valorem tax revenues, net of related expenses, have been reflected in accordance with budget. Interest Income ^(Pg3:ln18) reflects an unfavorable market adjustment for the investment portfolio.

Expenses

Total expenses ^(Pg4:ln13) of \$106.1 million were \$0.4 million greater than the budget of \$105.7 million. Salaries and wages were \$0.2 million less than budget. Total FTE's ^(Pg8:ln17) were 0.1% less than budget and when adjusted for volume were 2.1% greater than the budgeted staffing level. Expenses for benefits were over budget \$0.2 million due primarily to health benefit expenses. Supplies expenses were \$1.3 million or 8.0% over budget and when adjusted for volume ^(Pg8:ln7) were 8.8% greater than the budget plan. Total Services ^(Pg4:ln12) of \$28.6 million were \$0.8 million or 2.9% less than budget. Total expenses adjusted for volume ^(Pg8:ln12) were \$2,058 per day compared to the budget of \$2,034 per day, an unfavorable variance of \$24 per day or 1.2%.

Operating Income

Operating Income ^(Pg4:ln14) for August is a loss of \$9.2 million compared to a budgeted loss of \$7.4 million. Page 10 of the report analyzes operating performance and reflects an unfavorable operating run rate as compared to budget due mostly to unfavorable revenue variances.

Cash Receipts/Disbursements/Balance Sheet

August cash receipts ^(Pg9:ln24) totaled \$203.0 million compared to a budget of \$8.1 million due to the timing of the intergovernmental transfers and receipt of Section 1115 Waiver funds related to federal fiscal year 2013. Non Section 1115 Waiver funds received totaled \$32.8 million compared to a budget of \$32.9 million. Including board designated funds, the System has \$320.5 million in unrestricted cash, cash equivalents and investments ^(Pg6:ln1,7,9,10,16,18,24), representing 97 days cash on hand compared to the prior year's cash of \$464.0 million and days cash on hand of 156. Harris Health System has ^(Pg6:ln2) \$61.8 million in net accounts receivable, representing 69 days of outstanding accounts receivable. At August 31, 2013 Harris Health System's balance sheet reflects an estimated receivable of \$174.5 million under the Section 1115 Supplemental Medicaid Programs and a \$6.3 million receivable related to the Harris regional collaborative program. The financial dashboard indicator report graphs related to these statistics are attached.

**HARRIS HEALTH SYSTEM
STATISTICAL HIGHLIGHTS
As Of August 31, 2013**

	<u>MONTH-TO-MONTH</u>			<u>YEAR-TO-DATE</u>				
	<u>CURRENT YEAR</u>	<u>CURRENT BUDGET</u>	<u>PERCENT CHANGE</u>	<u>CURRENT YEAR</u>	<u>CURRENT BUDGET</u>	<u>PERCENT CHANGE</u>	<u>PRIOR YEAR</u>	<u>PERCENT CHANGE</u>
<u>HEALTH SYSTEM TOTAL</u>								
1. Adjusted Patient Days	51,565	51,956	-0.8%	300,833	294,054	2.3%	278,897	7.9%
2. Outpatient % of Adjusted Volume	67.1%	65.8%	1.9%	66.6%	65.7%	1.3%	64.5%	3.3%
3. Primary Care Clinic Visits	67,549	75,342	-10.3%	402,605	419,239	-4.0%	388,040	3.8%
4. Specialty Clinic Visits	29,178	28,944	0.8%	169,569	160,881	5.4%	155,249	9.2%
5. Total Clinic Visits	96,727	104,286	-7.2%	572,174	580,120	-1.4%	543,289	5.3%
6. % Primary Care Visits	69.8%	72.2%	-3.3%	70.4%	72.3%	-2.6%	71.4%	-1.5%
7. Emergency Room Visits - Outpatient	12,407	11,893	4.3%	73,852	70,808	4.3%	73,255	0.8%
8. Emergency Room Visits - Observation	900	960	-6.3%	5,466	5,482	-0.3%	5,180	5.5%
9. Emergency Room Visits - Admitted	1,458	1,602	-9.0%	9,994	9,508	5.1%	9,696	3.1%
10. Total Emergency Room Visits	14,765	14,455	2.1%	89,312	85,798	4.1%	88,131	1.3%
11. Surgery Cases - Outpatient	819	969	-15.5%	5,079	5,403	-6.0%	5,297	-4.1%
12. Surgery Cases - Inpatient	954	1,009	-5.5%	5,650	5,687	-0.7%	5,734	-1.5%
13. Total Surgery Cases	1,773	1,978	-10.4%	10,729	11,090	-3.3%	11,031	-2.7%
14. % Outpatient Cases	46.2%	49.0%	-5.7%	47.3%	48.7%	-2.8%	48.0%	-1.4%
15. Total Outpatient Visits	157,582	163,752	-3.8%	915,126	917,592	-0.3%	869,309	5.3%
16. Inpatient Cases (Discharges)	3,150	3,177	-0.8%	17,745	17,920	-1.0%	17,594	0.9%
17. Outpatient Observation Cases	1,398	1,255	11.4%	7,416	7,166	3.5%	6,981	6.2%
18. Total Cases Occupying Patient Beds	4,548	4,432	2.6%	25,161	25,086	0.3%	24,575	2.4%
19. % of Total Cases from Emergency Room	51.8%	57.8%	-10.3%	61.4%	59.8%	2.8%	60.5%	1.5%
20. % of Outpatient Cases	30.7%	28.3%	8.6%	29.5%	28.6%	3.2%	28.4%	3.8%
21. Births	555	631	-12.0%	3,033	3,276	-7.4%	3,329	-8.9%

**HARRIS HEALTH SYSTEM
STATISTICAL HIGHLIGHTS
As Of August 31, 2013**

	<u>MONTH-TO-MONTH</u>			<u>YEAR-TO-DATE</u>				
	<u>CURRENT YEAR</u>	<u>CURRENT BUDGET</u>	<u>PERCENT CHANGE</u>	<u>CURRENT YEAR</u>	<u>CURRENT BUDGET</u>	<u>PERCENT CHANGE</u>	<u>PRIOR YEAR</u>	<u>PERCENT CHANGE</u>
<u>HEALTH SYSTEM TOTAL</u>								
1. Inpatient Days	16,981	17,755	-4.4%	100,375	100,716	-0.3%	98,943	1.4%
2. Outpatient Observation Days	2,985	3,285	-9.1%	17,436	19,174	-9.1%	18,319	-4.8%
3. Total Patient Days	19,966	21,040	-5.1%	117,811	119,890	-1.7%	117,262	0.5%
4. % of Outpatient Days	14.9%	15.6%	-4.3%	14.8%	16.0%	-7.5%	15.6%	-5.3%
5. Average Daily Census	644.05	678.71	-5.1%	640.28	651.58	-1.7%	637.29	0.5%
6. Average Operating Beds	794	798	-0.5%	799	797	0.3%	814	-1.8%
7. Bed Occupancy %	81.1%	85.1%	-4.6%	80.1%	81.8%	-2.0%	78.3%	2.4%
8. Inpatient Average Length of Stay	5.39	5.59	-3.5%	5.66	5.62	0.6%	5.62	0.6%
9. Inpatient Case Mix Index (CMI)	1.391	1.432	-2.9%	1.446	1.432	1.0%	1.427	1.3%
Payor Mix (% of Charges)								
10. Charity & Self Pay	66.5%	64.2%	3.6%	64.2%	64.2%	0.0%	63.7%	0.8%
11. Medicaid & Medicaid Managed	21.8%	21.9%	-0.6%	22.0%	21.9%	0.3%	22.5%	-2.2%
12. Medicare & Medicare Managed	9.4%	8.6%	9.3%	8.9%	8.6%	3.5%	8.7%	2.3%
13. Commercial & Other	2.3%	5.3%	-56.4%	4.9%	5.3%	-7.0%	5.1%	-3.9%
<u>NETWORK REFERRAL SERVICES</u>								
14. Primary Care Visits	1,176	3,966	-70.3%	1,176	3,966	-70.3%	0	0.0%
15. Specialty Care Visits	42	0	0.0%	42	0	0.0%	0	0.0%
15. Surgery Cases	154	238	-35.3%	598	238	151.3%	0	0.0%
16. GI Procedures	52	127	-59.0%	512	127	303.5%	0	0.0%
17. Unduplicated Patients-Rolling 12 Months				307,262			298,102	3.1%
18. New Patients - Rolling 12 Months				105,080				

**HARRIS HEALTH SYSTEM
OPERATING STATEMENT**

As Of August 31, 2013
(In Thousands)

	MONTH-TO-MONTH					YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
PATIENT REVENUES:										
1. Routine Services	18,881	19,883	-5.0%	19,163	-1.5%	110,499	113,849	-2.9%	110,468	0.0%
2. Inpatient Ancillary	66,001	66,326	-0.5%	65,719	0.4%	388,644	386,802	0.5%	378,476	2.7%
3. Outpatient Ancillary	170,666	162,961	4.7%	146,959	16.1%	981,330	943,704	4.0%	873,614	12.3%
4. Physician Services	2,209	3,100	-28.7%	2,586	-14.6%	14,659	17,676	-17.1%	15,668	-6.4%
5. Gross Patient Charges	257,758	252,269	2.2%	234,427	10.0%	1,495,132	1,462,030	2.3%	1,378,225	8.5%
REVENUE DEDUCTIONS:										
6. Charity Care	(130,427)	(118,568)	-10.0%	(114,876)	-13.5%	(743,712)	(687,715)	-8.1%	(669,481)	-11.1%
7. Contractual Allowance/Other Discounts	(90,826)	(91,996)	1.3%	(77,668)	-16.9%	(523,578)	(532,432)	1.7%	(443,304)	-18.1%
8. Provision for Bad Debt Expense	(8,359)	(13,938)	40.0%	(15,122)	44.7%	(64,014)	(80,755)	20.7%	(112,337)	43.0%
9. Total Patient Revenue Deductions	(229,611)	(224,501)	-2.3%	(207,665)	-10.6%	(1,331,304)	(1,300,902)	-2.3%	(1,225,123)	-8.7%
10. Net Patient Service Revenue	28,147	27,768	1.4%	26,762	5.2%	163,828	161,128	1.7%	153,102	7.0%
OTHER OPERATING REVENUE:										
11. DSH/UPL/1115 Waiver	25,334	24,799	2.2%	21,237	19.3%	149,874	148,791	0.7%	127,437	17.6%
12. Other Operating Revenue	1,989	2,253	-11.7%	4,006	-50.3%	12,763	13,872	-8.0%	16,823	-24.1%
13. Total Other Operating Revenue	27,323	27,051	1.0%	25,242	8.2%	162,637	162,663	0.0%	144,261	12.7%
14. Total Operating Revenue	55,470	54,819	1.2%	52,004	6.7%	326,465	323,792	0.8%	297,362	9.8%
NONOPERATING REVENUE:										
15. Net Ad Valorem Tax Revenue	42,723	42,917	-0.5%	41,943	1.9%	257,633	257,499	0.1%	252,096	2.2%
16. DSRIP	0	0	0.0%	0	0.0%	23,714	23,060	2.8%	0	0.0%
17. Net Tobacco Settlement Revenue	0	0	0.0%	0	0.0%	9,774	12,210	-20.0%	10,126	-3.5%
18. Interest Income	(1,271)	531	-339.3%	(829)	53.4%	(267)	3,678	-107.3%	3,104	-108.6%
19. Other	(57)	0	0.0%	1,113	-105.1%	(35)	0	0.0%	11,234	100.3%
20. Total Nonoperating Revenue	41,395	43,448	-4.7%	42,227	-2.0%	290,819	296,447	-1.9%	276,560	5.2%
21. Capital Contributions	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
22 Total Capital Contributions	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
23. Total District Net Revenue	96,865	98,267	-1.4%	94,231	2.8%	617,284	620,239	-0.5%	573,923	7.6%

**HARRIS HEALTH SYSTEM
OPERATING STATEMENT**
As Of August 31, 2013
(In Thousands)

	MONTH-TO-MONTH					YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
SALARIES, WAGES, AND BENEFITS:										
1. Regular Salaries	35,668	37,249	4.2%	33,760	-5.7%	211,041	214,155	1.5%	195,992	-7.7%
2. PTO & Secondday Sick Leave	4,919	4,767	-3.2%	4,569	-7.7%	29,127	27,699	-5.2%	26,989	-7.9%
3. Contract Salaries	1,232	701	-75.7%	1,051	-17.2%	6,543	3,876	-68.8%	5,088	-28.6%
4. Registry Salaries	2,713	2,023	-34.1%	2,382	-13.9%	14,571	11,774	-23.8%	13,245	-10.0%
5. FICA and Benefits	15,826	15,656	-1.1%	13,397	-18.1%	94,903	89,973	-5.5%	84,543	-12.3%
6. Total Salaries, Wages, and Benefits	60,358	60,396	0.1%	55,160	-9.4%	356,185	347,477	-2.5%	325,857	-9.3%
7. Supplies	17,177	15,905	-8.0%	15,564	-10.4%	96,868	91,565	-5.8%	87,034	-11.3%
SERVICES:										
8. Physician Services	15,146	14,165	-6.9%	11,979	-26.4%	86,872	80,875	-7.4%	71,934	-20.8%
9. Other Purchased Services	8,920	10,144	12.1%	8,929	0.1%	52,336	54,735	4.4%	51,575	-1.5%
10. Depreciation and Amortization	3,986	4,584	13.1%	3,991	0.1%	26,145	27,506	4.9%	23,972	-9.1%
11. Interest	499	504	0.8%	600	16.8%	3,024	2,989	-1.2%	3,365	10.1%
12. Total Services	28,551	29,397	2.9%	25,500	-12.0%	168,377	166,105	-1.4%	150,846	-11.6%
13. Total Operating Expenses	106,086	105,699	-0.4%	96,223	-10.2%	621,430	605,147	-2.7%	563,737	-10.2%
14. HCHD Operating Income (Loss)	(9,222)	(7,432)	-	(1,993)	-	(4,146)	15,092	-127.5%	10,186	-140.7%

HARRIS HEALTH SYSTEM

CASH FLOW SUMMARY

As of August 31, 2013

(In Thousands)

	CURRENT MONTH	PRIOR YEAR MONTH	FISCAL YTD	PRIOR FISCAL YTD
<u>CASH RECEIPTS:</u>				
1. Ad Valorem Taxes	\$ 1,092	1,197	\$ 23,357	\$ 29,305
2. Collections on Patient Accounts	28,290	29,389	158,252	162,556
3. Disproportionate Share III/1115 Waiver UC & DSRIP	170,242	0	192,082	102,807
4. Tobacco Settlement	0	0	9,774	10,126
5. Trauma Fund	0	105	1,665	105
6. Other Sources (Includes Cost Reimbursement)	3,389	7,142	17,336	36,090
7. Total Cash Receipts	\$ 203,013	\$ 37,833	\$ 402,466	\$ 340,989
<u>CASH DISBURSEMENTS:</u>				
8. Salaries and Wages	\$ 42,654	\$ 40,731	\$ 193,457	\$ 186,116
9. Benefits and Employee Deductions	26,978	27,980	182,661	164,062
10. Drugs and Supplies	18,847	17,071	100,628	92,223
11. Physician Services	139	171	158,915	33,784
12. Purchased Services	9,757	12,216	62,417	67,574
13. Capital Expenditures	9,809	13,042	41,032	62,520
14. Debt and Interest Payments	5,615	5,627	8,111	8,129
15. Other Uses	(12,217)	(9,678)	(29,474)	(55,873)
16. Total Cash Disbursements	\$ 101,582	\$ 107,160	\$ 717,747	\$ 558,535
17. Net Change	\$ 101,431	\$ (69,327)	\$ (315,281)	\$ (217,546)
Unrestricted Cash, Cash Equivalents and Investments - February 28, 2013		\$ 635,769		
Net Change		(315,281)		
Unrestricted Cash, Cash Equivalents and Investments - August 31, 2013		\$ 320,488		

**HARRIS HEALTH SYSTEM
BALANCE SHEET
As Of August 31, 2013
(In Thousands)**

<u>ASSETS</u>	<u>ACTUAL</u>	<u>PRIOR YEAR</u>
CURRENT ASSETS:		
1. Cash, Cash Equivalents and Short Term Investments	(1,699)	115,190
2. Net Patient Accounts Receivable	61,808	70,299
3. Net Ad Valorem Taxes, Current Portion	255,817	250,305
4. Prepaid Expenses, Inventories, and Other Current Assets	203,959	142,258
5. Total Current Assets	519,886	578,052
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
6. Debt Service and Bond Covenants - Restricted	5,632	5,409
7. Board Designated for Future Expansion	1,003	0
8. Phase 1 Project Fund	0	4,471
9. Board Designated for Legal Reserves	2,324	2,192
10. Board Designated for Self-Insured Programs	24,963	16,235
11. Total Assets Limited as to Use or Restricted, Current Portion	33,922	28,307
PLANT, PROPERTY AND EQUIPMENT:		
12. Plant, Property, & Equipment, Net of Accumulated Depreciation	348,616	280,120
13. Construction in Progress	84,661	115,334
14. Total Plant, Property and Equipment	433,277	395,454
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
15. Debt Service and Bond Covenants - Restricted	16,768	16,734
16. Board Designated for Future Expansion	125,893	178,525
17. Phase 1 Project Fund	0	0
18. Board Designated for Self-Insured Programs	168,004	148,249
19. Other - Restricted	862	865
20. Total Assets Limited as to Use or Restricted, Net of Current Portion	311,527	344,372
OTHER ASSETS:		
21. Net Ad Valorem Taxes, Delinquent	3,656	4,614
22. Net Deferred Bond Issue Costs	3,707	3,918
23. Net Pension Asset	7,258	6,810
24. Long-Term Investments	0	3,653
25. Security Deposit	24	24
26. Derivative Asset	0	0
27. Deferred Outflow - Derivative Financial Instrument	10,057	10,904
28. Total Other Assets	24,702	29,922
29. Due to/from CHCI	2,157	3,946
30. TOTAL ASSETS	1,325,471	1,380,053

**HARRIS HEALTH SYSTEM
BALANCE SHEET
As Of August 31, 2013
(In Thousands)**

	ACTUAL	PRIOR YEAR
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
1. Accounts Payable and Accrued Liabilities	33,233	74,615
2. Interest Payable	647	641
3. Employee Compensation & Related Benefit Liabilities	39,370	25,231
4. Compensated Absences	42,211	40,963
5. Estimated Third-Party Payor Settlements	1,290	(2,705)
6. Current Portion Long-Term Debt and Capital Leases	5,335	6,477
7. Total Current Liabilities	122,086	145,220
OTHER LONG-TERM LIABILITIES:		
8. Pension Payable	0	0
9. Post Employment Health Benefit Liability	168,004	148,249
10. Borrowing Payable	14,845	15,716
11. Derivative Liability	10,057	10,904
12. Arbitrage Rebate Liability	141	111
13. Total Other Long-Term Liabilities	193,047	174,979
LONG-TERM DEBT:		
14. Series 2007 Revenue Bonds, Including Premium & Deferred Loss	187,830	190,855
15. Series 2010 Revenue Bonds, Including Deferred Loss	81,929	81,763
16. Other Long-Term Obligation	197	1,373
17. Total Long-Term Debt	269,956	273,991
TOTAL LIABILITIES	585,089	594,190
NET ASSETS:		
18. Invested in Capital Assets, Net of Related Debt	143,141	109,949
19. Restricted Net Assets	24,124	23,008
20. Unrestricted Net Assets	573,117	652,906
21. Total Net Assets	740,382	785,863
22. TOTAL LIABILITIES & NET ASSETS	1,325,471	1,380,053

HARRIS HEALTH SYSTEM
OPERATING PERFORMANCE PER ADJUSTED PATIENT DAY
As of August 31, 2013

	MONTH-TO-MONTH					YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
1. Net Patient Service Revenue	\$ 546	\$ 534	2.2%	\$ 563	-3.0%	\$ 545	\$ 548	-0.5%	\$ 549	-0.7%
2. Other Operating Revenue	530	521	1.7%	531	-0.2%	541	553	-2.2%	517	4.6%
3. Nonoperating Revenue	803	836	-3.9%	889	-9.7%	967	1,008	-4.1%	992	-2.5%
4. Capital Contribution	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
5. Total District Net Revenue	1,879	1,891	-0.6%	1,983	-5.2%	2,053	2,109	-2.7%	2,058	-0.2%
6. Salaries, Wages, and Benefits	1,171	1,162	-0.8%	1,161	-0.9%	1,184	1,182	-0.2%	1,168	-1.4%
7. Supplies	333	306	-8.8%	328	-1.5%	322	311	-3.5%	312	-3.2%
8. Physician Services	294	273	-7.7%	252	-16.7%	289	275	-5.1%	258	-12.0%
9. Other Purchased Services	173	195	11.3%	188	8.0%	174	186	6.5%	185	5.9%
10. Depreciation and Amortization	77	88	12.5%	84	8.3%	87	94	7.4%	86	-1.2%
11. Interest	10	10	0.0%	13	23.1%	10	10	0.0%	12	16.7%
12. Total Operating Expenses	2,058	2,034	-1.2%	2,026	-1.6%	2,066	2,058	-0.4%	2,021	-2.2%
13. HCHD Operating Income(Loss)	\$ (179)	\$ (143)	-	\$ (43)	-	\$ (13)	\$ 51	-125.5%	\$ 37	-135.1%
14. Adjusted Patient Days	51,565	51,956	-0.8%	47,520	8.5%	300,833	294,054	2.3%	278,897	7.9%
15. Average Daily Census	547.8	572.7	-4.4%	555.0	-1.3%	545.5	547.4	-0.3%	537.7	1.5%
16. FTE's(Employee/Contract) per AOB	4.9	4.8	-2.1%	5.1	3.9%	4.9	4.9	0.0%	5.0	2.0%
17. FTE's(Employee/Contract) - Total	8,076	8,087	0.1%	7,810	-3.4%	8,034	7,860	-2.2%	7,632	-5.3%
18. FTE's(Employee/Contract) - Productive	7,143	7,147	0.1%	6,920	-3.2%	7,115	6,940	-2.5%	6,734	-5.7%

**HARRIS HEALTH SYSTEM
ANALYSIS OF CASH RECEIPTS
August 31, 2013**

	MONTH TO MONTH			YEAR TO DATE						
	ACTUAL		BUDGET	ACTUAL				BUDGET		
	CURRENT	PRIOR	CURRENT	CURRENT	PRIOR	VAR	VAR %	YTD	VAR	VAR %
PATIENT REVENUE:										
1. Medicare	\$4,653	\$5,212	\$4,414	\$25,254	\$25,869	(\$615)	(2.4)	\$25,539	(\$285)	(1.1)
2. Medicaid	10,413	10,920	10,177	52,829	57,314	(4,485)	(7.8)	54,955	(2,126)	(3.9)
3. Texas vendor drug/Medicare Part D	2,605	2,631	2,623	16,240	14,865	1,375	9.2	15,265	975	6.4
4. Managed Care - Medicaid	6,443	5,816	5,538	34,136	32,303	1,833	5.7	32,097	2,039	6.4
5. Commercial insurance	933	1,334	1,340	8,085	7,413	672	9.1	7,749	336	4.3
6. Liens	398	318	200	1,733	1,652	81	4.9	1,161	573	49.3
7. Patient pay	2,061	1,911	2,295	12,650	14,233	(1,583)	(11.1)	13,358	(708)	(5.3)
8. Business office	252	375	405	2,068	2,404	(336)	(14.0)	2,358	(290)	(12.3)
9. Other governmental projects/grants	532	872	1,141	5,257	6,503	(1,246)	(19.2)	6,682	(1,425)	(21.3)
10. SUBTOTAL	28,290	29,389	28,132	158,252	162,556	(4,304)	(2.6)	159,163	(911)	(0.6)
11a. Cost Reimbursements	1,557	1,517	314	7,135	4,939	2,196	44.5	2,042	5,093	249.4
11b. Recoupments	0	0	0	0	0	0	0.0	0	0	0.0
12. Net Patient Revenue Receipts	29,847	30,906	28,447	165,387	167,495	(2,108)	(1.3)	161,205	4,182	2.6
13. DSH/UPL/1115 Waiver	170,242	0	(24,758)	192,082	102,807	89,275	86.8	253,700	(61,618)	(24.3)
14. Tobacco Settlement	0	0	0	9,774	10,126	(352)	(3.5)	12,210	(2,436)	(20.0)
14a. Trauma Fund	0	105	0	1,665	105	1,560	1,485.7	0	1,665	0.0
15. Total Patient Revenue Receipts	200,089	31,011	3,689	368,908	280,533	88,375	31.5	427,115	(58,207)	(13.6)
NON-PATIENT OPERATING REVENUE:										
16. Parking	232	216	297	1,387	1,324	63	4.8	1,781	(394)	(22.1)
17. Grants	873	473	685	3,201	9,957	(6,756)	(67.9)	4,107	(906)	(22.1)
18. Miscellaneous	650	4,605	781	4,164	18,177	(14,013)	(77.1)	5,530	(1,366)	(24.7)
19. Total Non-Patient Operating	1,755	5,294	1,762	8,752	29,458	(20,706)	(70.3)	11,418	(2,666)	(23.3)
20. Interest income	77	331	531	1,449	1,693	(244)	(14.4)	3,679	(2,230)	(60.6)
21. Total Non-Tax Receipts	201,921	36,636	5,982	379,109	311,684	67,425	21.6	442,211	(63,102)	(14.3)
22. Ad valorem tax receipts/note	1,092	1,197	2,124	23,357	29,305	(5,948)	(20.3)	41,502	(18,145)	(43.7)
23. Commercial Paper Proceeds	0	0	0	0	0	0	0.0	0	0	0.0
24. Total Receipts	\$203,013	\$37,833	\$8,106	\$402,466	\$340,989	\$61,477	18.0	\$483,714	(\$81,248)	(16.8)

**HARRIS HEALTH SYSTEM
OPERATING PERFORMANCE
AS OF AUGUST 31, 2013
(IN MILLIONS)**

	<u>MONTH</u>	<u>YTD</u>
Total Operating Income (Loss) as Reported	\$ (9.2)	\$ (4.1)
Favorable Adjustments:		
Trauma Funds	\$ -	\$ 1.6
Medicaid Cost Report Settlement	\$ -	\$ 2.1
Subtotal of Favorable Adjustments	\$ -	\$ 3.7
Unfavorable Adjustments:		
Donations - CHCI	\$ (0.3)	\$ (1.8)
Pension Expense Based on Actuarial Review	\$ 0.2	\$ (0.5)
Tobacco Revenue	\$ -	\$ (2.4)
Subtotal of Unfavorable Adjustments	\$ (0.1)	\$ (4.7)
Harris Health System Operating Run Rate as of August	\$ (9.1)	\$ (3.1)
Harris Health System 2014 Budget	\$ (7.4)	\$ 15.1
Favorable (Unfavorable) Run Rate	\$ (1.7)	\$ (18.2)
Attributable Factors:		
Favorable (Unfavorable) Revenue Variance	\$ (1.1)	\$ (2.5)
Favorable (Unfavorable) Expense Variance	\$ (0.6)	\$ (15.7)
Net of Attributable Factors	\$ (1.7)	\$ (18.2)

HARRIS HEALTH SYSTEM
SUPPLEMENTAL INFORMATION - STATISTICAL HIGHLIGHTS - MONTHLY TREND
As Of August 31, 2013

							MONTHLY AVERAGE			
	March	April	May	June	July	August	FY 2012 YTD Aug	FY 2013 YTD Aug	FY 2014 YTD Aug	% Change 14 vs 13
1. ADMISSIONS(A&P)	2,984	2,777	2,868	2,857	3,109	3,150	2,973	2,932	2,958	0.9%
2. PATIENT DAYS(A&P)	17,652	16,149	16,485	15,913	17,195	16,981	16,442	16,491	16,729	1.4%
3. AVERAGE LOS	5.92	5.82	5.75	5.57	5.53	5.39	5.53	5.62	5.66	0.6%
4. AVERAGE LOS, Overall CMI Adjusted	3.95	4.04	3.95	3.84	3.83	3.88	3.97	3.94	3.91	-0.7%
5. PERCENT OCCUPANCY	71.3%	67.1%	66.3%	66.1%	69.9%	69.0%	66.0%	66.1%	68.3%	3.3%
CASE MIX INDEX (CMI)										
6. CMI - Excluding Obstetrics Cases	1.649	1.565	1.599	1.586	1.594	1.524	1.548	1.586	1.586	0.0%
7. CMI - Overall	1.498	1.440	1.455	1.449	1.444	1.391	1.393	1.427	1.446	1.3%
8. BIRTHS	505	436	495	484	558	555	557	555	506	-8.9%
9. OPERATING ROOM CASES	1,739	1,835	1,777	1,714	1,891	1,773	1,847	1,839	1,788	-2.7%
10. Inpatient	877	958	894	918	1,049	954	1,007	956	942	-1.5%
11. Outpatient	862	877	883	796	842	819	840	883	847	-4.1%
12. EMERGENCY VISITS	14,530	14,766	15,675	14,946	14,630	14,765	15,253	13,825	13,975	1.1%
13. Emergency Room Visits-Admitted	1,661	1,713	1,800	1,720	1,642	1,458	2,027	1,616	1,666	3.1%
14. Emergency Room Visits-Outpatient	11,829	12,208	12,828	12,331	12,249	12,407	13,226	12,209	12,309	0.8%
15. Emergency Room Visits-Observation	1,040	845	1,047	895	739	900	0	863	911	5.6%
16. CLINIC VISITS	92,308	101,868	98,993	88,252	94,026	96,727	88,919	90,548	95,362	5.3%
17. Primary Care Clinic Visits	65,705	72,725	70,252	61,597	64,777	67,549	62,539	64,673	67,101	3.8%
18. Specialty Clinic Visits	26,603	29,143	28,741	26,655	29,249	29,178	26,381	25,875	28,262	9.2%
PAYOR MIX										
19. Charity & Self Pay	63.6%	64.9%	63.7%	63.6%	62.9%	66.5%	61.7%	63.7%	64.2%	0.8%
20. Medicaid & Medicaid Managed	22.3%	20.7%	22.5%	21.5%	23.2%	21.8%	23.9%	22.5%	22.0%	-2.2%
21. Medicare & Medicare Managed	8.5%	9.1%	8.1%	9.4%	8.8%	9.4%	8.2%	8.7%	8.9%	2.3%
22. Commercial & Other	5.6%	5.3%	5.7%	5.5%	5.1%	2.3%	6.2%	5.1%	4.9%	-3.9%

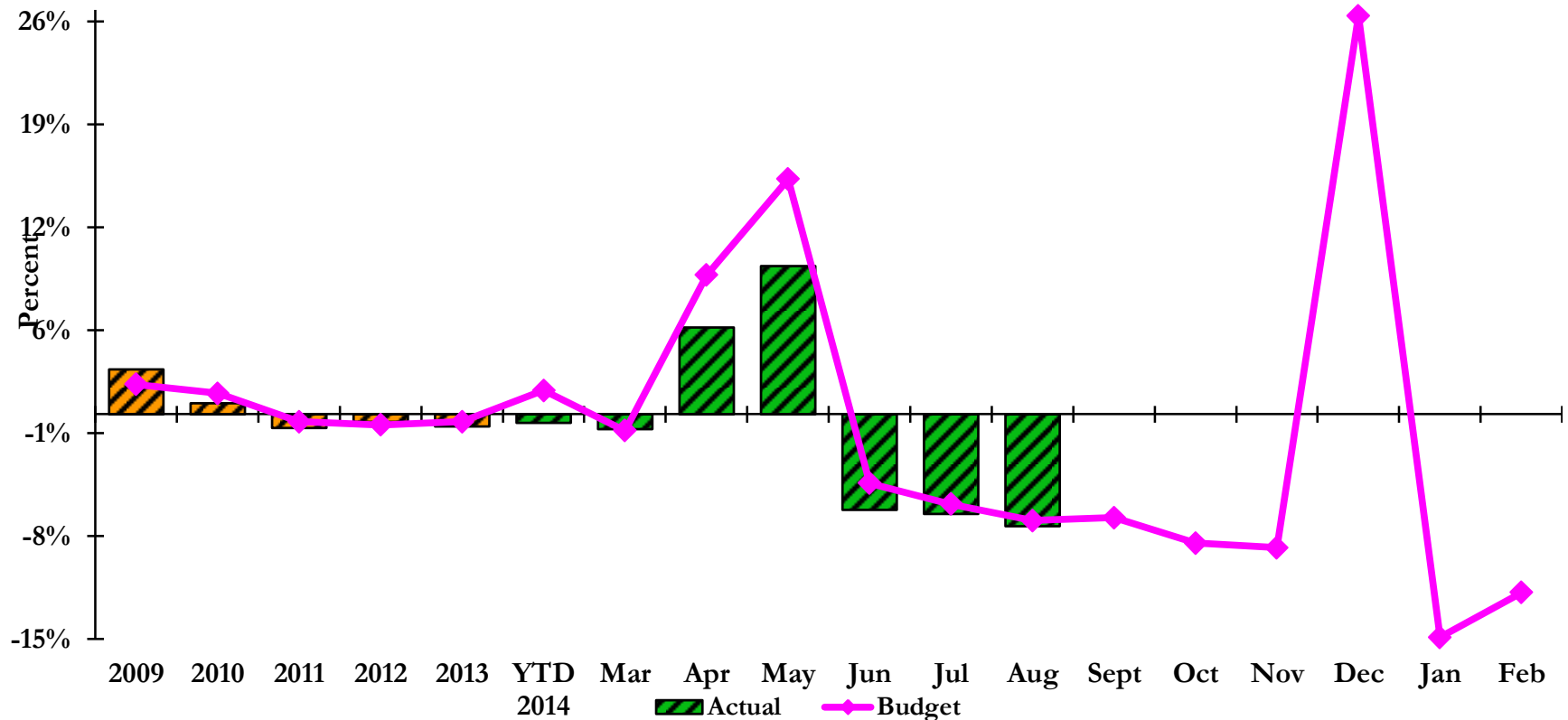
HARRIS HEALTH SYSTEM
SUPPLEMENTAL INFORMATION - OPERATING STATEMENT - MONTHLY TREND
As Of August 31, 2013
(In Thousands)

	March	April	May	June	July	August
1. Gross Patient Charges	\$ 247,233	\$ 247,770	\$ 250,767	\$ 238,278	\$ 253,327	\$ 257,758
2. Total Patient Revenue Deductions	(217,904)	(221,078)	(224,865)	(213,216)	(224,630)	(229,611)
3. Net Patient Service Revenue	29,330	26,692	25,902	25,062	28,696	28,147
4. Net Revenue % of Gross Charges	11.9%	10.8%	10.3%	10.5%	11.3%	10.9%
5. DSH/UPL Program Revenue	24,908	24,908	24,908	24,908	24,908	25,334
6. Other Operating Revenue	1,602	3,374	1,459	2,396	1,943	1,989
7. Total Other Operating Revenue	26,510	28,282	26,367	27,304	26,851	27,323
8. Net Ad Valorem Tax Revenue	42,910	42,935	42,967	43,090	43,009	42,723
9. DSRIP	0	0	23,714	0	0	0
10. Net Tobacco Settlement Revenue	0	9,774	0	0	0	0
11. Interest Income and Other	273	236	201	134	181	(1,328)
12. Total Nonoperating Revenue	43,183	52,945	66,881	43,224	43,189	41,395
13. Capital Contributions	0	0	0	0	0	0
14. Total District Net Revenue	99,023	107,919	119,151	95,590	98,737	96,865
15. Salaries and Wages	43,094	41,914	45,716	41,804	44,223	44,532
16. FICA and Benefits	15,697	15,425	15,576	16,551	15,827	15,826
17. Total Salaries, Wages, and Benefits	58,792	57,339	61,292	58,356	60,049	60,358
18. Supplies	15,374	17,016	16,084	15,187	16,030	17,177
19. Physician Services	13,146	13,146	15,146	15,146	15,141	15,146
20. Other Purchased Services	7,425	8,239	9,001	8,806	9,944	8,920
21. Depreciation and Amortization	4,623	4,589	4,345	4,309	4,294	3,986
22. Interest	477	488	476	487	597	499
23. Total Expenses	99,837	100,817	106,344	102,290	106,057	106,086
24. HCHD Total Income (Loss)	\$ (814)	\$ 7,102	\$ 12,807	\$ (6,700)	\$ (7,320)	\$ (9,222)
25. Total Margin	-0.8%	6.6%	10.7%	-7.0%	-7.4%	-9.5%
26. Full-Time Equivalent Employees	7,944	7,993	8,084	7,963	8,139	8,076
27. Average Salary per FTE	\$63,872	\$63,797	\$66,581	\$63,875	\$63,977	\$64,922
28. Adjusted Patient Days	52,380	48,396	51,586	48,336	48,570	51,565

MONTHLY AVERAGE			
FY 2012	FY 2013	FY 2014	% Change
YTD Aug	YTD Aug	YTD Aug	14 vs 13
219,992	229,704	249,189	8.5%
(193,292)	(204,187)	(221,884)	8.7%
26,700	25,517	27,305	7.0%
12.1%	11.1%	11.0%	-1.4%
16,517	21,240	24,979	17.6%
2,822	2,804	2,127	-24.1%
19,340	24,043	27,106	12.7%
41,625	42,016	42,939	2.2%
0	0	3,952	0.0%
1,792	1,688	1,629	-3.5%
1,323	2,390	(50)	-102.1%
44,740	46,093	48,470	5.2%
0	0	0	0.0%
90,779	95,654	102,881	7.6%
38,421	40,219	43,547	8.3%
13,910	14,091	15,817	12.3%
52,331	54,309	59,364	9.3%
13,446	14,506	16,145	11.3%
10,519	11,989	14,479	20.8%
8,400	8,596	8,723	1.5%
3,961	3,995	4,358	9.1%
498	561	504	-10.1%
89,155	93,956	103,572	10.2%
\$ 1,624	\$ 1,698	\$ (691)	-140.7%
1.8%	1.8%	-0.7%	-137.9%
7,395	7,632	8,034	5.3%
\$61,840	\$62,725	\$64,515	2.9%
43,829	46,483	50,139	7.9%

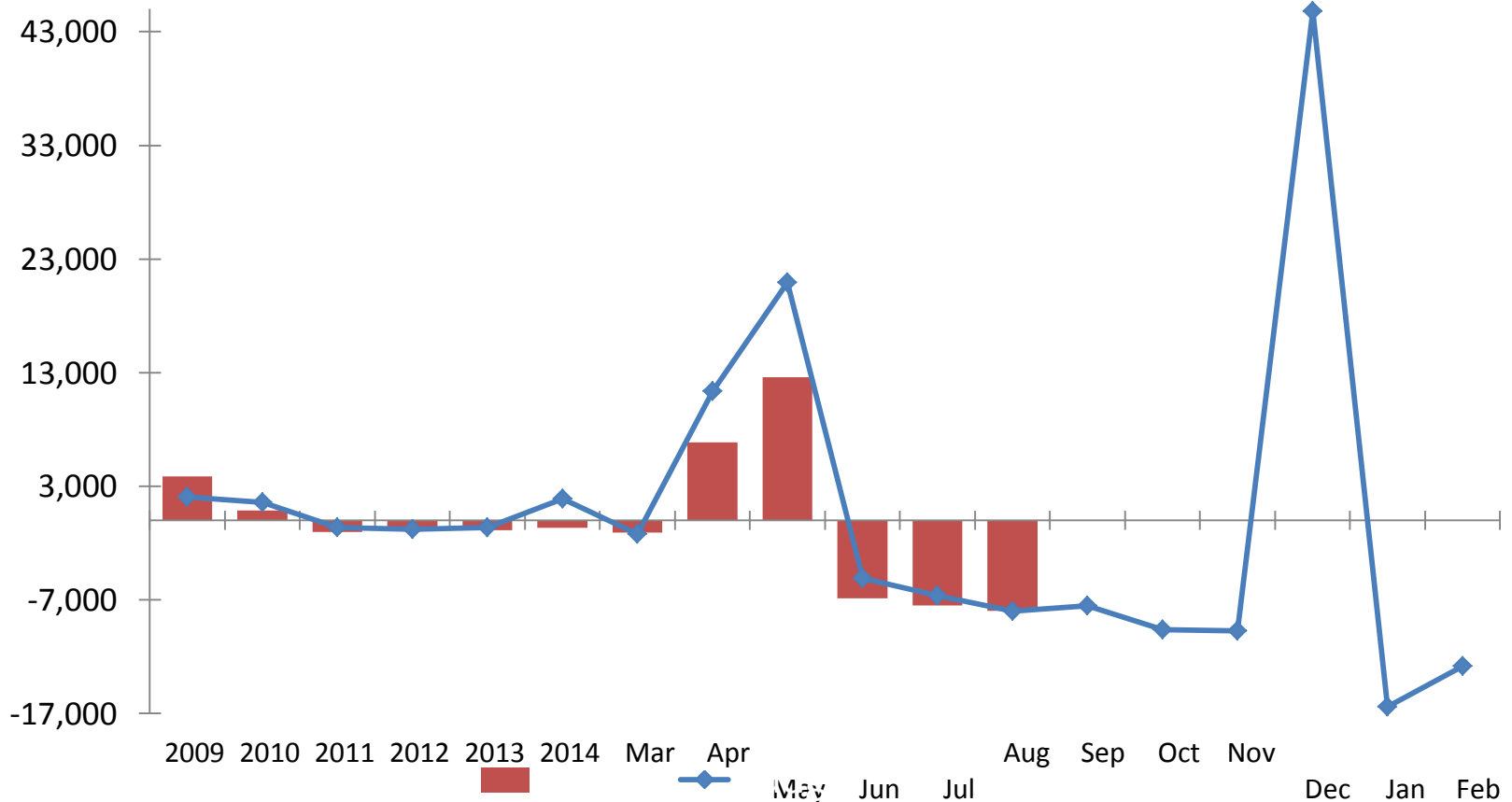
Operating Margin

A measure of hospital profitability with respect to patient care services. Positive values are favorable.



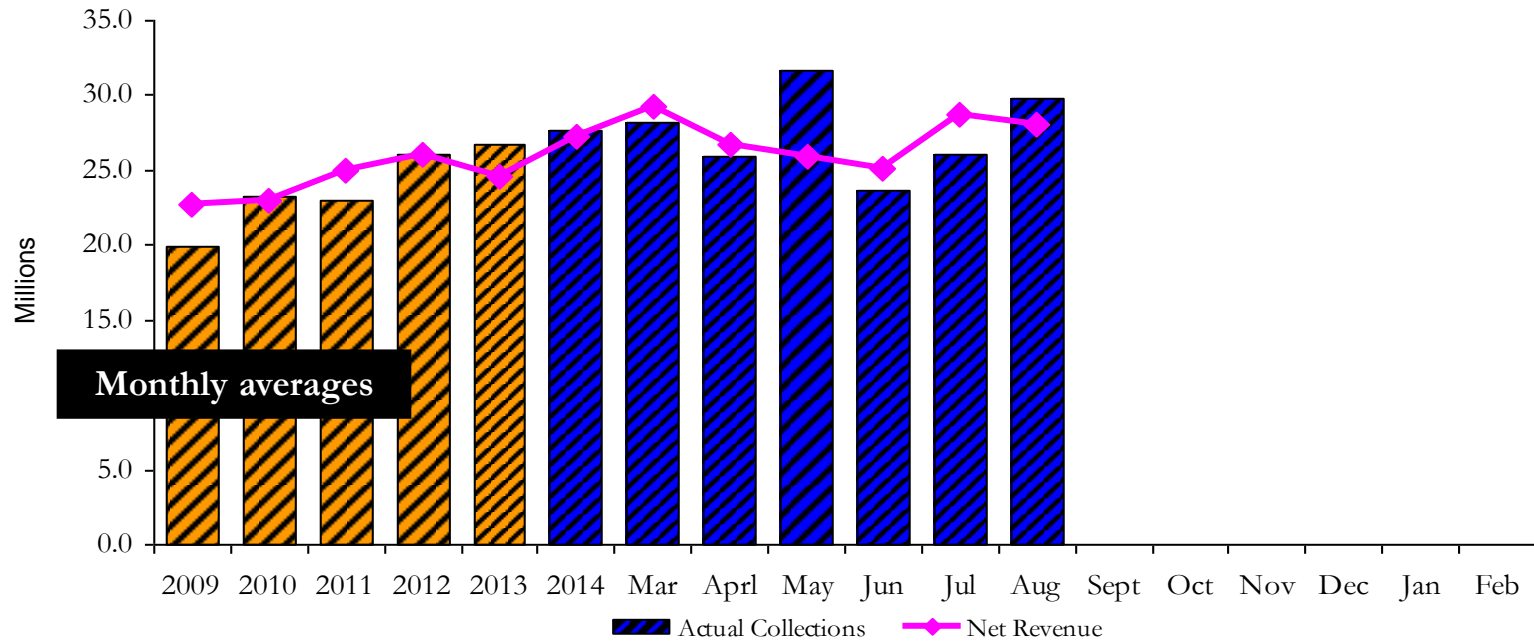
Operating Income

A measure of hospital profitability with respect to patient care services. Positive values are favorable. Values are monthly averages.



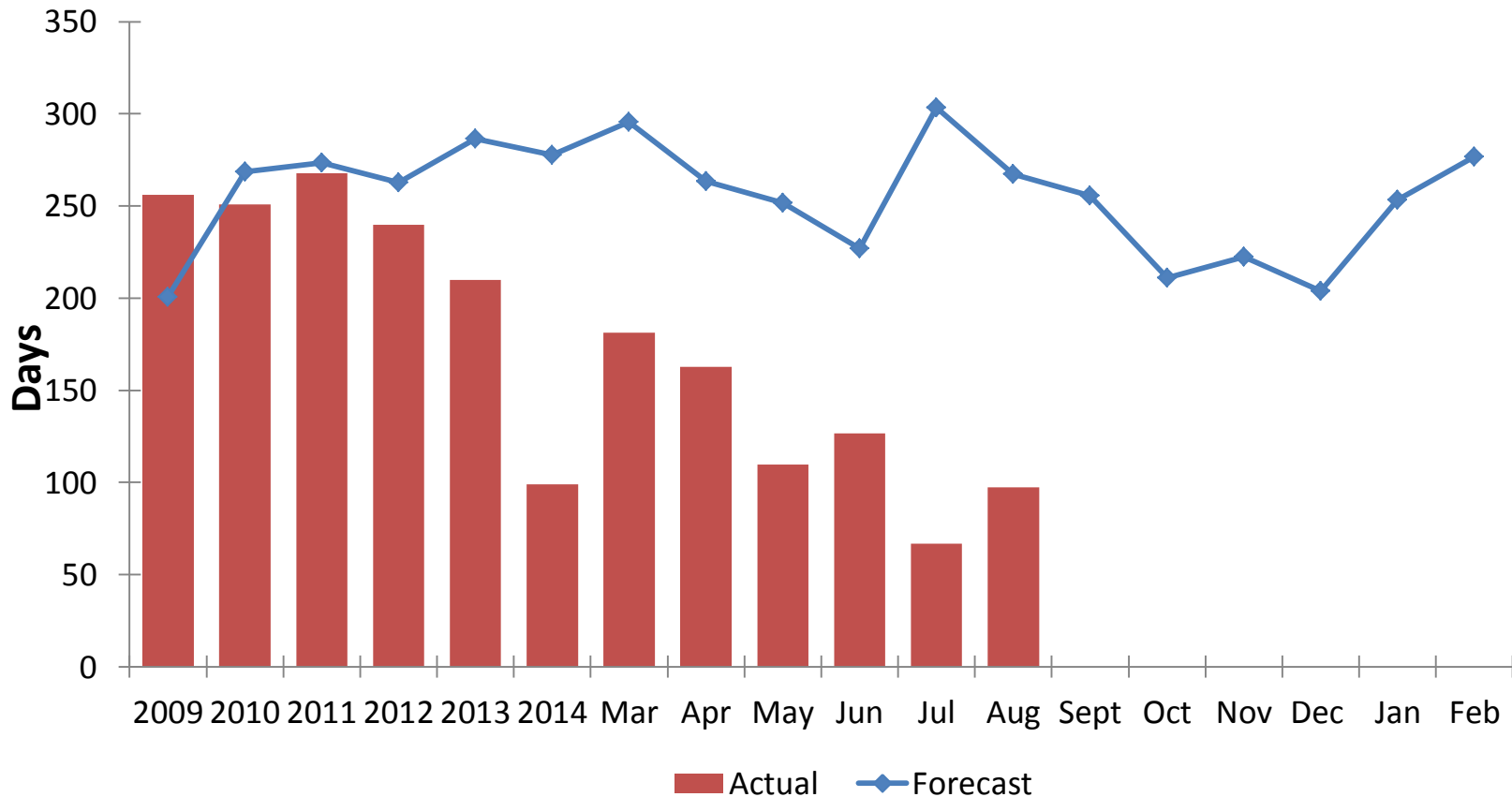
Cash Collections

An absolute value of cash collections. When measured against net revenue, indicates projected strength or weakness in collections. Goal is to equal or exceed net revenue.



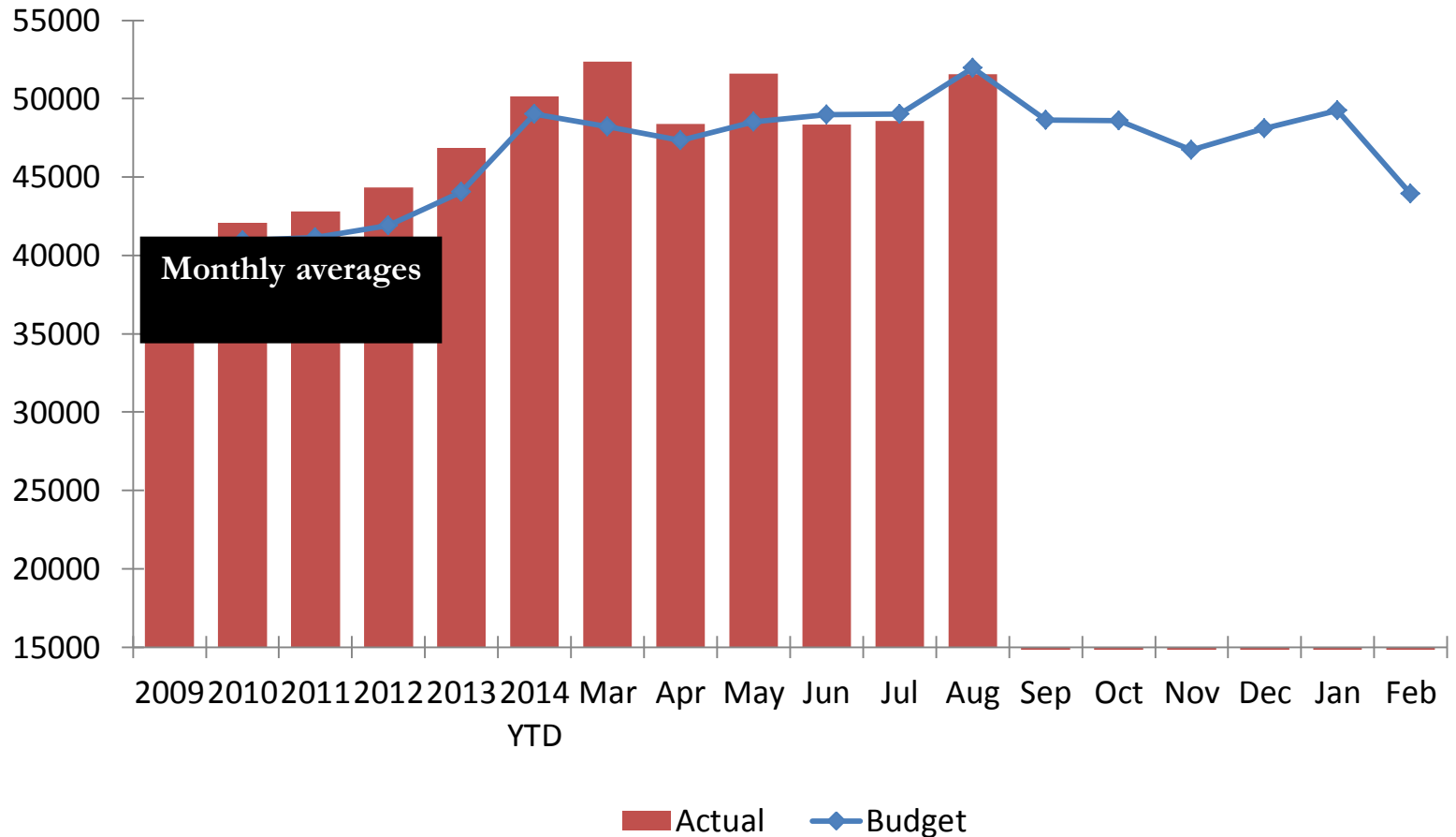
Unrestricted Days Cash on Hand

The number of days the Harris Health System could operate if no further patient revenues were received. Harris Health System's goal is to reach a year-end figure of 180 to 210 days.



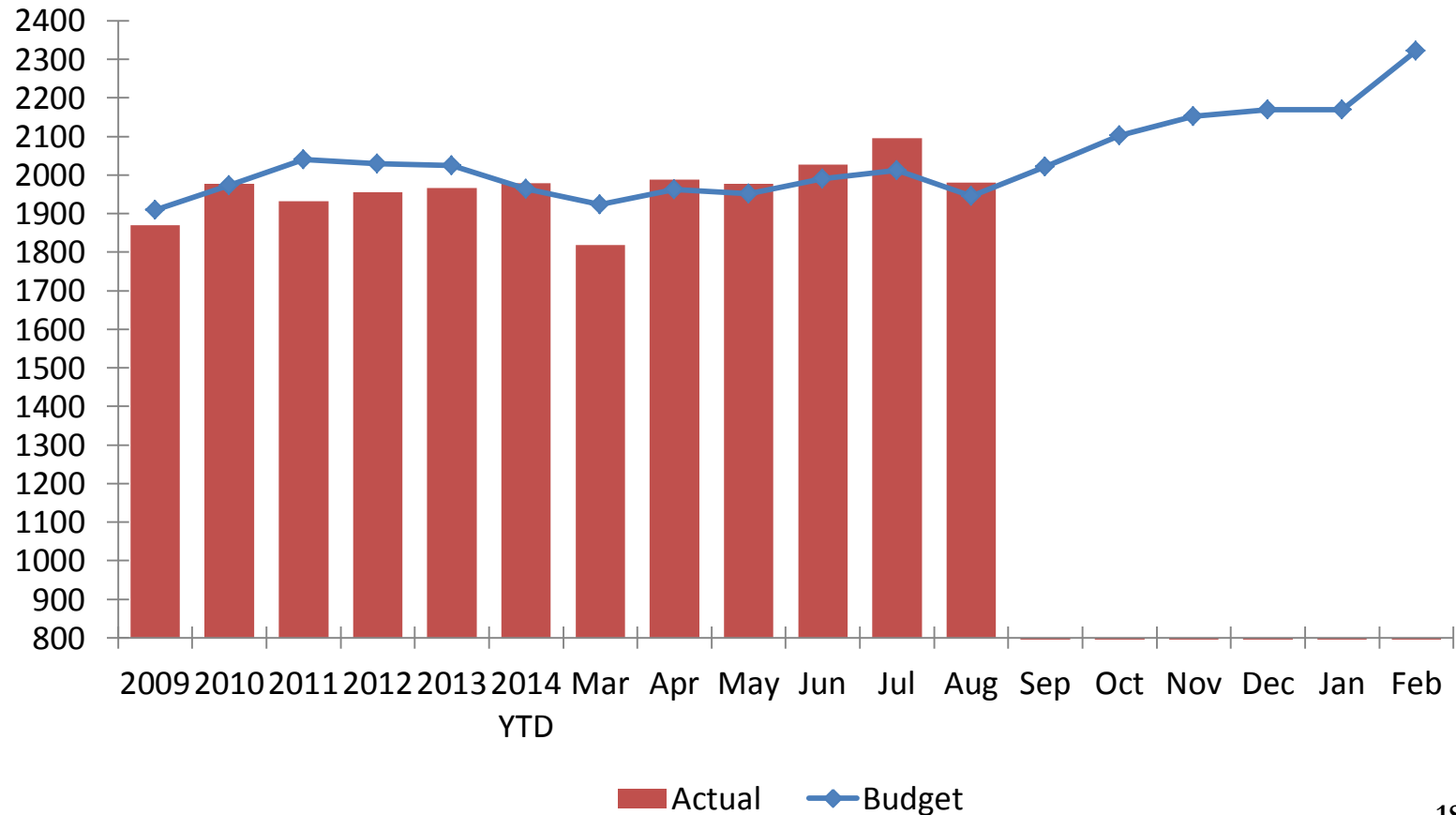
Patient Days

A measure of overall volume in the Harris Health System. A denominator of hospital activity.



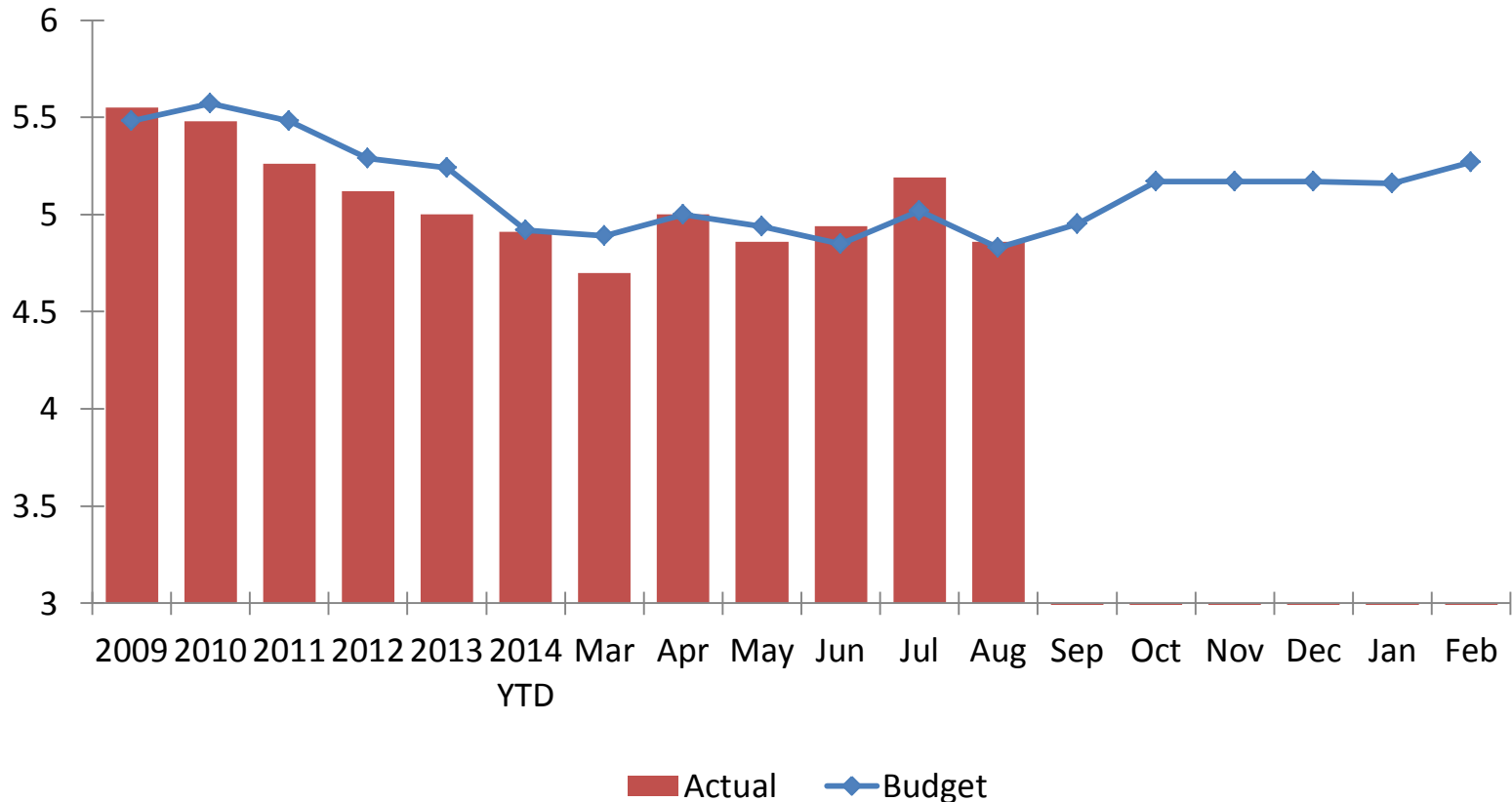
Operating Cost Per Adj. Patient Day

Measures the average cost of delivering care per equivalent inpatient day.
Favorable values are below the budget.



FTEs Per Adj. Occupied Bed

Number of average full-time equivalent personnel divided by the adjusted average daily census. Favorable values are below budget. Goal is 5.24.



Days in Accounts Receivable

The number of days of patient revenue that is due from patient billings after all deductions. Lower numbers are favorable.

