

**FINANCIAL STATEMENTS**  
**As of December 31, 2013**

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**FINANCIAL STATEMENTS HIGHLIGHTS**

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# HARRISHEALTH SYSTEM

## December 2013 Financial Statement Highlights

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

### Statistics

Adjusted patient days were 4.4% <sup>(Pg1:ln1)</sup> greater than budget with approximately 64.0% of the volume representing outpatient care.

Clinic visits <sup>(Pg1:ln5)</sup> of 90,201 were 1.5% greater than the budget of 88,883. Primary care clinic visits <sup>(Pg1:ln3)</sup> were 0.1% less than the month's budget and total specialty clinic visits were 5.5% greater than the December budget <sup>(Pg1:ln4)</sup>.

December Emergency Center visits <sup>(Pg1:ln10)</sup> are reported at 14,987 and were 3.7% greater than budget.

System wide, surgery cases were 8.3% less than budget expectations <sup>(Pg1:ln13)</sup>.

Deliveries of 529 were 8.0% less than the budget of 575 <sup>(Pg1:ln21)</sup>.

62.5% of total cases occupying patient beds entered through the emergency room <sup>(Pg1:ln19)</sup>. Inpatient utilization System wide was 10.0% greater than budget <sup>(Pg2:ln3)</sup>. Inpatient length of stay <sup>(Pg2:ln8)</sup> was 0.7% greater than budget and the inpatient case mix index <sup>(Pg2:ln9)</sup> was 2.0% greater than budget.

Charity and Self Pay payor mix of 64.4% was 0.3% greater than the budget of 64.2% <sup>(Pg2:ln10)</sup>. Medicaid represented 21.7% of total patients and compared unfavorably to the budget of 21.9%. Medicare represented 9.0% of all patients and compared favorably with the budget of 8.6%. Commercial Insurance and Other represented 4.9% of all patients and compared unfavorably to the budget of 5.3%.

The Unduplicated Patient count, calculated on a rolling twelve months basis, of 311,072, is 3.3% greater than the prior year count of 301,007 <sup>(Pg2:ln17)</sup>.

<sup>(Pg2:ln18)</sup> New Patients seen during the past twelve month period total 105,326 and is 1.3% greater than the prior year count of 103,938.

### **Revenue**

Total Net Revenue of \$152.0 million <sup>(Pg3:ln23)</sup> was \$3.5 million less than budget. Patient volumes, measured as adjusted patient days <sup>(Pg8:ln14)</sup>, were 4.4% greater than budget. December's estimated reimbursement per adjusted patient day <sup>(Pg8:ln1)</sup> was 13.6% greater than budget. The resulting Net Patient Service Revenue for December of \$30.3 million <sup>(Pg3:ln10)</sup> was \$4.7 million or 18.5% greater than budget. Estimated DSH/Uncompensated Care Program Revenues <sup>(Pg3:ln11)</sup> 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. DSRIP revenues <sup>(Pg3:ln16)</sup> represent the final settlement for Demonstration Year 2.

### **Expenses**

Total expenses <sup>(Pg4:ln13)</sup> of \$109.1 million were \$1.2 million less than the budget of \$110.3 million. Salaries and wages were \$1.2 million less than the budget. Total FTE's <sup>(Pg8:ln17)</sup> were 0.8% greater than budget and when adjusted for volume were 3.8% less than the budgeted staffing level. Supplies expenses were \$1.5 million or 9.3% greater than budget and when adjusted for volume <sup>(Pg8:ln7)</sup> were 4.8% greater than the budget plan, largely due to unfavorable variances in pharmaceutical expenses. Total Services <sup>(Pg4:ln12)</sup> of \$31.9 million were \$1.4 million or 4.3% less than budget. Total expenses adjusted for volume <sup>(Pg8:ln12)</sup> were \$2,173 per day compared to the budget of \$2,294 per day, a favorable variance of \$121 per day or 5.3%.

### **Operating Income**

Operating Income <sup>(Pg4:ln14)</sup> for December is a gain of \$42.9 million compared to a budgeted gain of \$45.2 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**

December cash receipts <sup>(Pg9:ln24)</sup> totaled \$95.7 million compared to a budget of \$44.0 million due to the timing of intergovernmental transfers and receipt of Section 1115 Waiver funds. Non Section 1115 Waiver funds received totaled \$95.7 million compared to a budget of \$88.8 million. Including board designated funds, the System has \$195.1 million in unrestricted cash, cash equivalents and investments <sup>(Pg6:ln1,7,9,10,16,18,24)</sup>, representing 58 days cash on hand compared to the prior year's cash of \$337.4 million and days cash on hand of 113. Harris Health System has <sup>(Pg6:ln2)</sup> \$74.5 million in net accounts receivable, representing 75 days of outstanding accounts receivable. At December 31, 2013 Harris Health System's balance sheet reflects estimated receivables of \$272.7 million under the DSRIP and Section 1115 Supplemental Medicaid Programs and a \$54.0 million liability related to the Harris regional collaborative program. The financial dashboard indicator report graphs related to these statistics are attached.

# Statistical Highlights

## As of December 31, 2013

	MONTH-TO-MONTH			YEAR-TO-DATE					
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE	
<b><u>HEALTH SYSTEM FACILITIES</u></b>									
1. Adjusted Patient Days	50,228	48,101	4.4%	508,121	486,111	4.5%	464,837	9.3%	
2. Outpatient % of Adjusted Volume	64.0%	66.8%	-4.2%	66.5%	66.0%	0.8%	64.8%	2.7%	
3. Primary Care Clinic Visits	63,864	63,920	-0.1%	674,185	689,069	-2.2%	651,193	3.5%	
4. Specialty Clinic Visits	26,337	24,963	5.5%	279,778	265,235	5.5%	254,443	10.0%	
5. Total Clinic Visits	90,201	88,883	1.5%	953,963	954,304	0.0%	905,636	5.3%	
6. % Primary Care Visits	70.8%	71.9%	-1.5%	70.7%	72.2%	-2.1%	71.9%	-1.7%	
7. Emergency Room Visits - Outpatient	12,203	11,994	1.7%	122,422	117,887	3.8%	120,704	1.4%	
8. Emergency Room Visits - Observation	921	859	7.2%	9,276	8,987	3.2%	8,710	6.5%	
9. Emergency Room Visits - Admitted	1,863	1,602	16.3%	17,462	15,812	10.4%	16,040	8.9%	
10. Total Emergency Room Visits	14,987	14,455	3.7%	149,160	142,686	4.5%	145,454	2.5%	
11. Surgery Cases - Outpatient	800	1,078	-25.8%	8,290	9,092	-8.8%	8,475	-2.2%	
12. Surgery Cases - Inpatient	979	861	13.7%	9,444	9,297	1.6%	9,440	0.0%	
13. Total Surgery Cases	1,779	1,939	-8.3%	17,734	18,389	-3.6%	17,915	-1.0%	
14. % Outpatient Cases	45.0%	55.6%	-19.1%	46.7%	49.4%	-5.5%	47.3%	-1.2%	
15. Total Outpatient Visits	145,131	142,119	2.1%	1,530,621	1,510,717	1.3%	1,448,377	5.7%	
16. Inpatient Cases (Discharges)	3,196	2,841	12.5%	29,948	29,491	1.5%	29,078	3.0%	
17. Outpatient Observation Cases	1,255	1,124	11.7%	12,711	11,750	8.2%	11,557	10.0%	
18. Total Cases Occupying Patient Beds	4,451	3,965	12.3%	42,659	41,241	3.4%	40,635	5.0%	
19. % of Total Cases from Emergency Room	62.5%	62.1%	0.8%	62.7%	60.1%	4.2%	60.9%	2.9%	
20. % of Outpatient Cases	28.2%	28.3%	-0.5%	29.8%	28.5%	4.6%	28.4%	4.8%	
21. Births	529	575	-8.0%	5,223	5,532	-5.6%	5,620	-7.1%	

# Statistical Highlights

## As of December 31, 2013

	MONTH-TO-MONTH			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
<b><u>HEALTH SYSTEM FACILITIES</u></b>								
1. Inpatient Days	18,101	15,983	13.3%	170,288	165,410	2.9%	163,846	3.9%
2. Outpatient Observation Days	2,639	2,874	-8.2%	28,832	31,070	-7.2%	29,528	-2.4%
3. Total Patient Days	20,740	18,857	10.0%	199,120	196,480	1.3%	193,374	3.0%
4. % of Outpatient Days	12.7%	15.2%	-16.5%	14.5%	15.8%	-8.4%	15.3%	-5.2%
5. Average Daily Census	669.03	608.29	10.0%	650.72	642.09	1.3%	631.94	3.0%
6. Average Operating Beds	767	770	-0.4%	793	789	0.5%	813	-2.5%
7. Bed Occupancy %	87.2%	79.0%	10.4%	82.1%	81.4%	0.8%	77.7%	5.6%
8. Inpatient Average Length of Stay	5.66	5.63	0.7%	5.69	5.61	1.4%	5.63	0.9%
9. Inpatient Case Mix Index (CMI)	1.461	1.432	2.0%	1.445	1.432	0.9%	1.412	2.3%
Payor Mix (% of Charges)								
10. Charity & Self Pay	64.4%	64.2%	0.3%	64.3%	64.2%	0.2%	63.7%	0.9%
11. Medicaid & Medicaid Managed	21.7%	21.9%	-1.0%	21.9%	21.9%	-0.1%	22.5%	-2.7%
12. Medicare & Medicare Managed	9.0%	8.6%	4.7%	9.0%	8.6%	4.7%	8.9%	1.1%
13. Commercial & Other	4.9%	5.3%	-7.0%	4.8%	5.3%	-8.9%	4.9%	-2.0%
<b><u>NETWORK REFERRAL SERVICES</u></b>								
14. Primary Care	1,888	3,276	-42.4%	7,409	17,931	-58.7%	4,380	69.2%
15. Specialty Care Visits	72	0	0.0%	235	0	0.0%	0	0.0%
16. Surgery Cases	235	197	19.6%	1,329	1,076	23.5%	851	56.2%
17. GI Procedures	73	105	-30.4%	721	574	25.7%	1,213	-40.6%
18. Hemodialysis Treatments	751	0	0.0%	1,150	0	0.0%	0	0.0%
<b><u>HEALTH SYSTEM TOTALS</u></b>								
19. Primary Care	65,752	67,196	-2.1%	681,594	707,000	-3.6%	655,573	4.0%
20. Specialty Care Visits	26,409	24,963	5.8%	280,013	265,235	5.6%	254,443	10.0%
21. Surgery Cases	2,014	2,136	-5.7%	19,063	19,465	-2.1%	18,766	1.6%
17. Total Unduplicated Patients - Rolling 12				311,072			301,007	3.3%
18. Total New Patient - Rolling 12				105,326			103,938	1.3%

# Operating Statement

As of December 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
<b>PATIENT REVENUES:</b>										
1. Routine Services	19,988	17,713	12.8%	17,963	11.3%	187,168	185,947	0.7%	182,721	2.4%
2. Inpatient Ancillary	71,406	61,257	16.6%	59,511	20.0%	654,893	636,830	2.8%	622,412	5.2%
3. Outpatient Ancillary	160,256	156,043	2.7%	137,834	16.3%	1,645,975	1,566,886	5.0%	1,453,457	13.2%
4. Physician Services	1,958	2,649	-26.1%	2,208	-11.3%	23,178	28,860	-19.7%	25,596	-9.4%
5. Gross Patient Charges	253,608	237,662	6.7%	217,515	16.6%	2,511,214	2,418,523	3.8%	2,284,186	9.9%
<b>REVENUE DEDUCTIONS:</b>										
6. Charity Care	(138,924)	(112,148)	-23.9%	(101,913)	-36.3%	(1,315,076)	(1,138,467)	-15.5%	(1,090,934)	-20.5%
7. Contractual Allowance/Other Discounts	(75,432)	(86,807)	13.1%	(82,371)	8.4%	(818,924)	(880,682)	7.0%	(785,324)	-4.3%
8. Provision for Bad Debt Expense	(8,969)	(13,162)	31.9%	(9,281)	3.4%	(94,557)	(133,629)	29.2%	(156,841)	39.7%
9. Total Patient Revenue Deductions	(223,326)	(212,117)	-5.3%	(193,565)	-15.4%	(2,228,557)	(2,152,778)	-3.5%	(2,033,099)	-9.6%
10. Net Patient Service Revenue	30,283	25,545	18.5%	23,950	26.4%	282,657	265,745	6.4%	251,088	12.6%
<b>OTHER OPERATING REVENUE:</b>										
11. DSH/UPL/1115 Waiver	19,415	24,799	-21.7%	29,858	-35.0%	227,535	247,986	-8.2%	235,005	-3.2%
12. Other Operating Revenue	1,625	2,221	-26.8%	1,445	12.4%	19,883	22,753	-12.6%	22,979	-13.5%
13. Total Other Operating Revenue	21,040	27,019	-22.1%	31,303	-32.8%	247,417	270,739	-8.6%	257,984	-4.1%
14. Total Operating Revenue	51,322	52,565	-2.4%	55,253	-7.1%	530,075	536,484	-1.2%	509,072	4.1%
<b>NONOPERATING REVENUE:</b>										
15. Net Ad Valorem Tax Revenue	43,066	42,917	0.3%	40,559	6.2%	428,192	429,165	-0.2%	414,331	3.3%
16. DSRIP	57,538	59,636	-3.5%	0	0.0%	90,123	82,696	9.0%	0	0.0%
17. Net Tobacco Settlement Revenue	0	0	0.0%	1	-100.0%	9,774	12,210	-20.0%	9,719	0.6%
18. Interest Income	141	424	-66.8%	195	-27.8%	(129)	5,424	-102.4%	4,658	-102.8%
19. Other	(24)	0	0.0%	(35)	-30.2%	559	0	0.0%	11,313	95.1%
20. Total Nonoperating Revenue	100,722	102,977	-2.2%	40,720	147.4%	528,519	529,495	-0.2%	440,021	20.1%
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 Net Revenue	152,044	155,541	-2.2%	95,973	58.4%	1,058,594	1,065,979	-0.7%	949,093	11.5%

**Operating Statement**  
**As of December 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
<b>SALARIES, WAGES, AND BENEFITS:</b>										
1. Regular Salaries	34,511	37,797	8.7%	30,246	-14.1%	351,497	361,697	2.8%	327,499	-7.3%
2. PTO & Secondday Sick Leave	5,747	4,793	-19.9%	6,466	11.1%	49,439	46,552	-6.2%	46,143	-7.1%
3. Contract Salaries	1,159	640	-81.0%	741	-56.5%	11,508	6,441	-78.7%	8,423	-36.6%
4. Registry Salaries	2,519	1,947	-29.4%	2,090	-20.5%	24,623	19,426	-26.8%	21,733	-13.3%
5. FICA and Benefits	15,621	15,662	0.3%	15,433	-1.2%	155,595	151,980	-2.4%	141,275	-10.1%
<b>6. Total Salaries, Wages, and Benefits</b>	<b>59,557</b>	<b>60,838</b>	<b>2.1%</b>	<b>54,975</b>	<b>-8.3%</b>	<b>592,662</b>	<b>586,096</b>	<b>-1.1%</b>	<b>545,073</b>	<b>-8.7%</b>
<b>7. Supplies</b>	<b>17,686</b>	<b>16,181</b>	<b>-9.3%</b>	<b>13,920</b>	<b>-27.1%</b>	<b>164,089</b>	<b>154,028</b>	<b>-6.5%</b>	<b>148,171</b>	<b>-10.7%</b>
<b>SERVICES:</b>										
8. Physician Services	16,336	15,713	-4.0%	14,671	-11.3%	148,631	141,406	-5.1%	124,794	-19.1%
9. Other Purchased Services	9,535	11,091	14.0%	8,810	-8.2%	91,907	96,579	4.8%	88,163	-4.2%
10. Depreciation and Amortization	4,251	5,992	29.1%	4,732	10.2%	43,279	48,057	9.9%	42,010	-3.0%
11. Interest	1,757	504	-249.0%	567	-209.7%	8,090	4,971	-62.7%	5,689	-42.2%
<b>12. Total Services</b>	<b>31,879</b>	<b>33,300</b>	<b>4.3%</b>	<b>28,780</b>	<b>-10.8%</b>	<b>291,907</b>	<b>291,013</b>	<b>-0.3%</b>	<b>260,655</b>	<b>-12.0%</b>
<b>13. Total Operating Expenses</b>	<b>109,122</b>	<b>110,320</b>	<b>1.1%</b>	<b>97,676</b>	<b>-11.7%</b>	<b>1,048,658</b>	<b>1,031,136</b>	<b>-1.7%</b>	<b>953,899</b>	<b>-9.9%</b>
<b>14. Operating Income (Loss)</b>	<b>42,922</b>	<b>45,222</b>	<b>-5.1%</b>	<b>(1,703)</b>	<b>-</b>	<b>9,936</b>	<b>34,843</b>	<b>-71.5%</b>	<b>(4,806)</b>	<b>-</b>

**Cash Flow Summary**  
**As of December 31, 2013**  
**(In thousands)**

**HARRIS HEALTH SYSTEM**  
**CASH FLOW SUMMARY**  
**As of December 31, 2013**  
**(In Thousands)**

	<b>CURRENT MONTH</b>	<b>PRIOR YEAR MONTH</b>	<b>FISCAL YTD</b>	<b>PRIOR FISCAL YTD</b>
<b><u>CASH RECEIPTS:</u></b>				
1. Ad Valorem Taxes	\$ 65,294	73,893	\$ 101,208	\$ 113,779
2. Collections on Patient Accounts	27,151	24,245	265,950	261,001
3. Disproportionate Share III/1115 Waiver UC & DSRIP	0	0	237,948	175,838
4. Tobacco Settlement	0	0	9,774	10,126
5. Trauma Fund	0	0	1,811	105
6. Other Sources (Includes Cost Reimbursement)	3,263	1,801	31,540	47,437
<b>7. Total Cash Receipts</b>	<b>\$ 95,708</b>	<b>\$ 99,939</b>	<b>\$ 648,231</b>	<b>\$ 608,286</b>
<b><u>CASH DISBURSEMENTS:</u></b>				
8. Salaries and Wages	\$ 29,244	\$ 27,774	\$ 313,102	\$ 295,387
9. Benefits and Employee Deductions	24,781	23,289	306,234	262,299
10. Drugs and Supplies	15,021	14,033	168,487	155,046
11. Physician Services	1,112	38	160,301	88,980
12. Purchased Services	10,135	10,751	104,065	109,427
13. Capital Expenditures	3,891	7,695	65,468	98,124
14. Debt and Interest Payments	573	360	10,028	9,934
15. Other Uses	(1,212)	(4,590)	(38,753)	(66,696)
<b>16. Total Cash Disbursements</b>	<b>\$ 83,545</b>	<b>\$ 79,350</b>	<b>\$ 1,088,932</b>	<b>\$ 952,501</b>
<b>17. Net Change</b>	<b>\$ 12,163</b>	<b>\$ 20,589</b>	<b>\$ (440,701)</b>	<b>\$ (344,215)</b>
Unrestricted Cash, Cash Equivalents and Investments - February 28, 2013		\$ 635,769		
Net Change		(440,701)		
Unrestricted Cash, Cash Equivalents and Investments - December 31, 2013		<b>\$ 195,068</b>		

**Balance Sheet**  
**As of December 31, 2013**  
**(In thousands)**

	<b>ACTUAL</b>	<b>PRIOR YEAR</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
1. Cash, Cash Equivalents and Short Term Investments	(117,223)	2,305
2. Net Patient Accounts Receivable	74,461	68,641
3. Net Ad Valorem Taxes, Current Portion	352,114	330,985
4. Prepaid Expenses, Inventories, and Other Current Assets	300,794	174,436
5. <b>Total Current Assets</b>	<b>610,146</b>	<b>576,367</b>
<b>ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:</b>		
6. Debt Service and Bond Covenants - Restricted	8,928	8,754
7. Board Designated for Future Expansion	773	1,573
8. Phase 1 Project Fund	0	0
9. Board Designated for Legal Reserves	2,324	2,192
10. Board Designated for Self-Insured Programs	23,849	16,693
11. <b>Total Assets Limited as to Use or Restricted, Current Portion</b>	<b>35,873</b>	<b>29,212</b>
<b>PLANT, PROPERTY AND EQUIPMENT:</b>		
12. Plant, Property, & Equipment, Net of Accumulated Depreciation	378,379	358,857
13. Construction in Progress	66,468	51,545
14. <b>Total Plant, Property and Equipment</b>	<b>444,848</b>	<b>410,403</b>
<b>ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:</b>		
15. Debt Service and Bond Covenants - Restricted	18,385	22,604
16. Board Designated for Future Expansion	110,207	160,014
17. Phase 1 Project Fund	0	0
18. Board Designated for Self-Insured Programs	175,138	154,598
19. Other - Restricted	869	857
20. <b>Total Assets Limited as to Use or Restricted, Net of Current Portion</b>	<b>304,600</b>	<b>338,073</b>
<b>OTHER ASSETS:</b>		
21. Net Ad Valorem Taxes, Delinquent	1,391	3,090
22. Net Deferred Bond Issue Costs	3,637	3,847
23. Net Pension Asset	7,900	6,874
24. Long-Term Investments	0	0
25. Security Deposit	70	24
26. Derivative Asset	0	0
27. Deferred Outflow - Derivative Financial Instrument	10,057	10,904
28. <b>Total Other Assets</b>	<b>23,055</b>	<b>24,738</b>
29. Due to/from CHCI	5,059	4,307
30. <b>TOTAL ASSETS</b>	<b>1,423,581</b>	<b>1,383,100</b>

**Balance Sheet**  
**As of December 31, 2013**  
**(In thousands)**

	<b>ACTUAL</b>	<b>PRIOR YEAR</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
1. Accounts Payable and Accrued Liabilities	102,815	69,574
2. Interest Payable	3,943	3,997
3. Employee Compensation & Related Benefit Liabilities	42,659	39,991
4. Compensated Absences	41,296	40,436
5. Estimated Third-Party Payor Settlements	3,027	(2,525)
6. Current Portion Long-Term Debt and Capital Leases	4,990	6,077
<b>7. Total Current Liabilities</b>	<b>198,730</b>	<b>157,550</b>
<b>OTHER LONG-TERM LIABILITIES:</b>		
8. Pension Payable	0	0
9. Post Employment Health Benefit Liability	175,138	154,598
10. Borrowing Payable	14,556	15,422
11. Derivative Liability	10,057	10,904
12. Arbitrage Rebate Liability	141	141
<b>13. Total Other Long-Term Liabilities</b>	<b>199,893</b>	<b>181,065</b>
<b>LONG-TERM DEBT:</b>		
14. Series 2007 Revenue Bonds, Including Premium & Deferred Loss	187,830	190,855
15. Series 2010 Revenue Bonds, Including Deferred Loss	82,517	82,595
16. Other Long-Term Obligation	141	172
<b>17. Total Long-Term Debt</b>	<b>270,488</b>	<b>273,622</b>
<b>TOTAL LIABILITIES</b>	<b>669,110</b>	<b>612,237</b>
<b>NET ASSETS:</b>		
18. Invested in Capital Assets, Net of Related Debt	154,814	115,282
19. Restricted Net Assets	29,051	32,216
20. Unrestricted Net Assets	570,605	623,366
<b>21. Total Net Assets</b>	<b>754,471</b>	<b>770,864</b>
<b>22. TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>1,423,581</b>	<b>1,383,100</b>

# Operating Performance Per Adjusted Patient Days As of December 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	\$ 603	\$ 531	13.6%	\$ 528	14.2%	\$ 556	\$ 547	1.6%	\$ 540	3.0%
2. Other Operating Revenue	419	562	-25.4%	690	-39.3%	487	557	-12.6%	555	-12.3%
3. Nonoperating Revenue	2,005	2,141	-6.4%	897	123.5%	1,040	1,089	-4.5%	947	9.8%
4. Capital Contribution	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
<b>5. Total District Net Revenue</b>	<b>3,027</b>	<b>3,234</b>	<b>-6.4%</b>	<b>2,115</b>	<b>43.1%</b>	<b>2,083</b>	<b>2,193</b>	<b>-5.0%</b>	<b>2,042</b>	<b>2.0%</b>
6. Salaries, Wages, and Benefits	1,186	1,265	6.2%	1,211	2.1%	1,166	1,206	3.3%	1,173	0.6%
7. Supplies	352	336	-4.8%	307	-14.7%	323	317	-1.9%	319	-1.3%
8. Physician Services	325	327	0.6%	323	-0.6%	293	291	-0.7%	268	-9.3%
9. Other Purchased Services	190	231	17.7%	194	2.1%	181	199	9.0%	190	4.7%
10. Depreciation and Amortization	85	125	32.0%	104	18.3%	85	99	14.1%	90	5.6%
11. Interest	35	10	-250.0%	13	-169.2%	16	10	-60.0%	12	-33.3%
<b>12. Total Operating Expenses</b>	<b>2,173</b>	<b>2,294</b>	<b>5.3%</b>	<b>2,152</b>	<b>-1.0%</b>	<b>2,064</b>	<b>2,122</b>	<b>2.7%</b>	<b>2,052</b>	<b>-0.6%</b>
<b>13. Operating Income(Loss)</b>	<b>\$ 854</b>	<b>\$ 940</b>	<b>-9.1%</b>	<b>\$ (37)</b>	<b>-</b>	<b>\$ 19</b>	<b>\$ 71</b>	<b>-73.2%</b>	<b>\$ (10)</b>	<b>-</b>
14. Adjusted Patient Days	50,228	48,101	4.4%	45,387	10.7%	508,121	486,111	4.5%	464,837	9.3%
15. Average Daily Census	583.9	515.6	13.3%	521.3	12.0%	556.5	540.6	2.9%	535.4	3.9%
16. FTE's(Employee/Contract) per AOB	5.0	5.2	3.8%	5.0	0.0%	4.9	5.0	2.0%	5.0	2.0%
17. FTE's(Employee/Contract) - Total	8,084	8,018	-0.8%	7,361	-9.8%	8,108	7,937	-2.2%	7,659	-5.9%
18. FTE's(Employee/Contract) - Productive	7,006	7,116	1.5%	6,176	-13.4%	7,167	7,018	-2.1%	6,749	-6.2%

# Analysis of Cash Receipts As of December 31, 2013

	MONTH TO MONTH			YEAR TO DATE						
	ACTUAL		BUDGET	ACTUAL				BUDGET		
	CURRENT	PRIOR	CURRENT	CURRENT	PRIOR	VAR	VAR %	YTD	VAR	VAR %
<b>PATIENT REVENUE:</b>										
1. Medicare	\$6,997	\$4,317	\$4,043	\$47,274	\$42,038	\$5,236	12.5	\$42,081	\$5,193	12.3
2. Medicaid	7,061	7,397	8,142	85,530	89,661	(4,131)	(4.6)	89,557	(4,027)	(4.5)
3. Texas vendor drug/Medicare Part D	2,865	2,311	2,421	27,051	24,890	2,161	8.7	25,212	1,839	7.3
4. Managed Care - Medicaid	5,539	5,794	5,084	56,592	52,446	4,146	7.9	52,923	3,669	6.9
5. Commercial insurance	1,415	1,331	1,227	13,202	13,034	168	1.3	12,766	436	3.4
6. Liens	291	221	184	2,717	2,510	207	8.2	1,915	802	41.9
7. Patient pay	2,103	1,957	2,124	21,128	21,971	(843)	(3.8)	22,064	(936)	(4.2)
8. Business office	352	458	375	3,436	3,863	(427)	(11.1)	3,894	(458)	(11.8)
9. Other governmental projects/grants	528	459	1,090	9,020	10,588	(1,568)	(14.8)	11,058	(2,038)	(18.4)
10. SUBTOTAL	27,151	24,245	24,688	265,950	261,001	4,949	1.9	261,469	4,481	1.7
11a. Cost Reimbursements	1,040	505	314	12,020	7,116	4,904	68.9	3,456	8,564	247.8
11b. Recoupments	0	0	0	0	0	0	0.0	0	0	0.0
12. <b>Net Patient Revenue Receipts</b>	28,191	24,750	25,002	277,970	268,117	9,853	3.7	264,925	13,045	4.9
13. DSH/UPL/1115 Waiver	0	0	(44,840)	237,948	175,838	62,110	35.3	284,274	(46,326)	(16.3)
14. Tobacco Settlement	0	0	0	9,774	10,126	(352)	(3.5)	12,210	(2,436)	(20.0)
14a Trauma Fund	0	0	0	1,811	105	1,706	1,624.8	0	1,811	0.0
15. <b>Total Patient Revenue Receipts</b>	28,191	24,750	(19,838)	527,503	454,186	73,317	16.1	561,409	(33,906)	(6.0)
<b>NON-PATIENT OPERATING REVENUE:</b>										
16. Parking	265	219	297	2,414	2,157	257	11.9	2,968	(554)	(18.7)
17. Grants	1,021	714	685	7,061	12,567	(5,506)	(43.8)	6,844	217	3.2
18. Miscellaneous	933	363	749	8,428	21,721	(13,293)	(61.2)	13,923	(5,495)	(39.5)
19. <b>Total Non-Patient Operating</b>	2,219	1,296	1,730	17,903	36,445	(18,542)	(50.9)	23,735	(5,832)	(24.6)
20. Interest income	4	0	424	1,617	3,876	(2,259)	(58.3)	5,424	(3,807)	(70.2)
21. <b>Total Non-Tax Receipts</b>	30,414	26,046	(17,683)	547,023	494,507	52,516	10.6	590,568	(43,545)	(7.4)
22. Ad valorem tax receipts/note	65,294	73,893	61,671	101,208	113,779	(12,571)	(11.0)	112,178	(10,970)	(9.8)
23. Commercial Paper Proceeds	0	0	0	0	0	0	0.0	0	0	0.0
24. <b>Total Receipts</b>	\$95,708	\$99,939	\$43,988	\$648,231	\$608,286	\$39,945	6.6	\$702,746	(\$54,515)	(7.8)

Operating Performance  
As of December 31, 2013  
(In Millions)

	<u>MONTH</u>	<u>YTD</u>
<b>Total Operating Income (Loss) as Reported</b>	<b>\$ 43.0</b>	<b>\$ 10.0</b>
<b>Favorable Adjustments:</b>		
Trauma Funds	\$ -	\$ 1.8
Medicaid Cost Report Settlement	\$ -	\$ 2.1
Pension Expense Based on Actuarial Review	\$ 0.2	\$ 0.6
<b>Subtotal of Favorable Adjustments</b>	<b>\$ 0.2</b>	<b>\$ 4.5</b>
<b>Unfavorable Adjustments:</b>		
Donations - CHCI	\$ (0.3)	\$ (3.0)
Tobacco Revenue	\$ -	\$ (2.4)
Medicare Cost Report Settlement	\$ (0.6)	\$ (0.8)
<b>Subtotal of Unfavorable Adjustments</b>	<b>\$ (0.9)</b>	<b>\$ (6.2)</b>
<b>Harris Health System Operating Run Rate as of December</b>	<b>\$ 43.7</b>	<b>\$ 11.7</b>
<b>Harris Health System 2014 Budget</b>	<b>\$ 45.2</b>	<b>\$ 34.8</b>
<b>Favorable (Unfavorable) Run Rate</b>	<b>\$ (1.5)</b>	<b>\$ (23.1)</b>
<b>Attributable Factors:</b>		
Favorable (Unfavorable) Revenue Variance	\$ (2.5)	\$ (5.1)
Favorable (Unfavorable) Expense Variance	\$ 1.0	\$ (18.0)
<b>Net of Attributable Factors</b>	<b>\$ (1.5)</b>	<b>\$ (23.1)</b>

Supplemental Information – Statistical Highlights - Monthly Trend  
As of December 31, 2013

							MONTHLY AVERAGE			
	July	August	September	October	November	December	FY 2012 YTD Dec	FY 2013 YTD Dec	FY 2014 YTD Dec	% Change 14 vs 13
1. ADMISSIONS(A&P)	3,109	3,150	2,971	3,139	2,897	3,196	2,959	2,908	2,995	3.0%
2. PATIENT DAYS(A&P)	17,195	16,981	16,899	17,906	17,007	18,101	16,616	16,385	17,029	3.9%
3. AVERAGE LOS	5.53	5.39	5.69	5.70	5.87	5.66	5.61	5.63	5.69	0.9%
4. AVERAGE LOS, Overall CMI Adjusted	3.83	3.88	4.09	3.78	3.97	3.88	4.00	3.99	3.94	-1.4%
5. PERCENT OCCUPANCY	69.9%	69.0%	70.7%	72.4%	73.2%	76.1%	66.8%	65.9%	70.2%	6.5%
<b>CASE MIX INDEX (CMI)</b>										
6. CMI - Excluding Obstetrics Cases	1.594	1.524	1.529	1.663	1.647	1.609	1.563	1.571	1.588	1.1%
7. CMI - Overall	1.444	1.391	1.392	1.509	1.480	1.461	1.403	1.412	1.445	2.3%
8. BIRTHS	558	555	537	567	557	529	566	562	522	-7.1%
9. OPERATING ROOM CASES	1,891	1,773	1,742	1,909	1,575	1,779	1,813	1,792	1,773	-1.0%
10. Inpatient	1,049	954	968	1,007	840	979	977	944	944	0.0%
11. Outpatient	842	819	774	902	735	800	836	848	829	-2.2%
12. EMERGENCY VISITS	14,630	14,765	15,501	15,304	14,056	14,987	1,932	14,545	14,916	2.5%
13. Emergency Room Visits-Admitted	1,642	1,458	2,105	1,888	1,612	1,863	1,932	1,604	1,746	8.9%
14. Emergency Room Visits-Outpatient	12,249	12,407	12,378	12,428	11,561	12,203	0	12,070	12,242	1.4%
15. Emergency Room Visits-Observation	739	900	1,018	988	883	921	0	871	928	6.5%
16. CLINIC VISITS	94,026	96,727	94,201	107,916	89,471	90,201	87,918	90,564	95,396	5.3%
17. Primary Care Clinic Visits	64,777	67,549	67,351	76,911	63,454	63,864	62,323	65,119	67,419	3.5%
18. Specialty Clinic Visits	29,249	29,178	26,850	31,005	26,017	26,337	25,595	25,444	27,978	10.0%
<b>PAYOR MIX</b>										
19. Charity & Self Pay	62.9%	66.5%	64.2%	64.8%	64.6%	64.4%	62.6%	63.7%	64.3%	0.9%
19. Medicaid & Medicaid Managed	23.2%	21.8%	22.1%	21.2%	21.2%	21.7%	23.3%	22.5%	21.9%	-2.7%
20. Medicare & Medicare Managed	8.8%	9.4%	8.9%	9.3%	9.2%	9.0%	8.5%	8.9%	9.0%	1.1%
21. Commercial & Other	5.1%	2.3%	4.8%	4.7%	5.0%	4.9%	5.6%	4.9%	4.8%	-2.0%

# Supplemental Information – Operating Statement - Monthly Trend

As of December 31, 2013

(In Thousands)

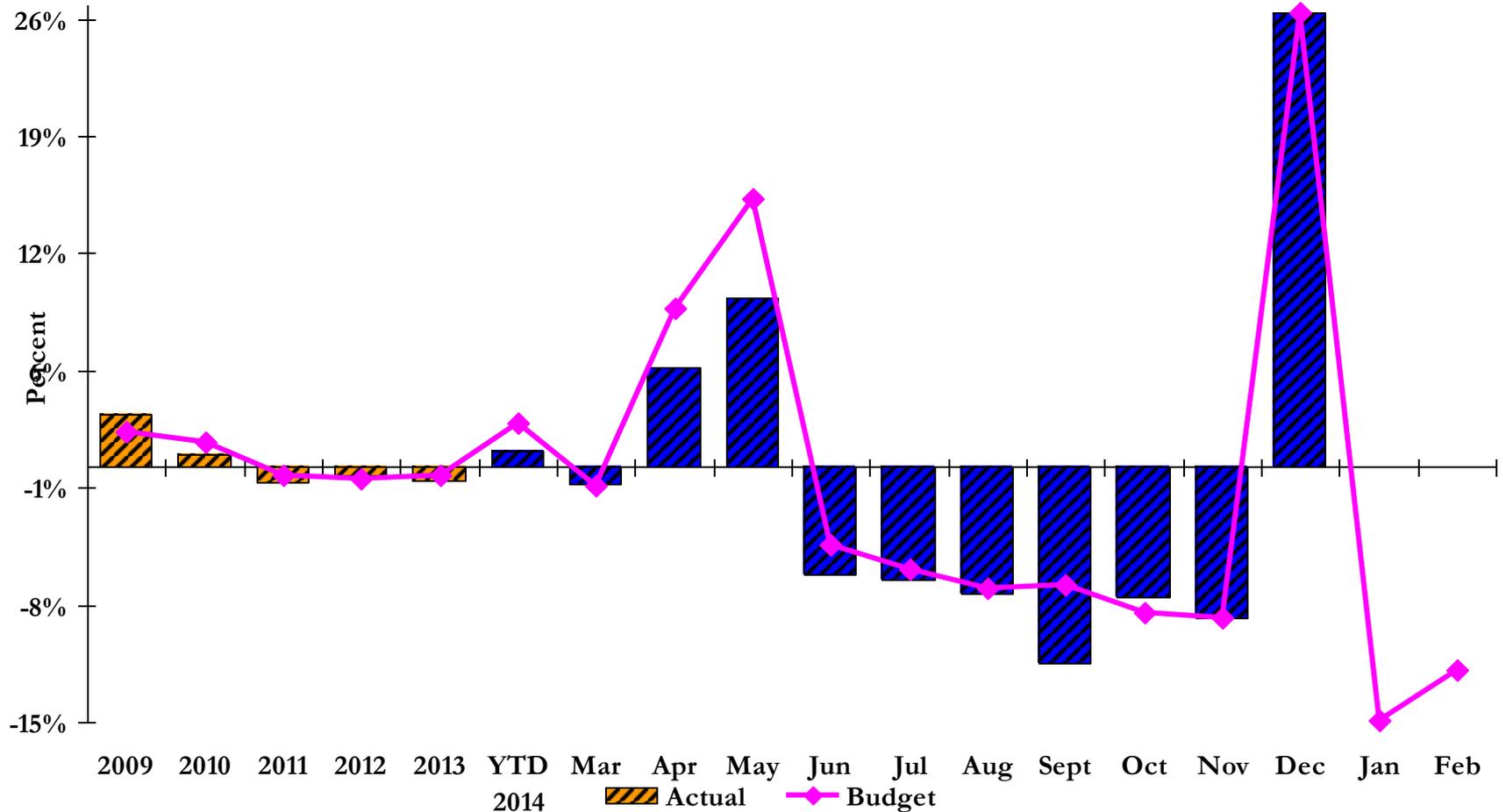


	July	August	September	October	November	December
1. Gross Patient Charges	\$ 253,327	\$ 257,758	\$ 248,362	\$ 275,640	\$ 238,472	\$ 253,608
2. Total Patient Revenue Deductions	(224,630)	(229,611)	(220,838)	(243,913)	(209,176)	(223,326)
3. Net Patient Service Revenue	28,696	28,147	27,523	31,727	29,296	30,283
4. Net Revenue % of Gross Charges	11.3%	10.9%	11.1%	11.5%	12.3%	11.9%
5. DSH/UPL Program Revenue	24,908	25,334	19,415	19,415	19,415	19,415
6. Other Operating Revenue	1,943	1,989	2,501	1,327	1,668	1,625
7. Total Other Operating Revenue	26,851	27,323	21,916	20,742	21,083	21,040
8. Net Ad Valorem Tax Revenue	43,009	42,723	42,590	42,340	42,563	43,066
9. DSRIP	0	0	0	8,871	0	57,538
10. Net Tobacco Settlement Revenue	0	0	0	0	0	0
11. Interest Income and Other	181	(1,328)	58	788	(231)	117
12. Total Nonoperating Revenue	43,189	41,395	42,648	51,999	42,332	100,722
13. Capital Contributions	0	0	0	0	0	0
14. Total Net Revenue	98,737	96,865	92,087	104,469	92,710	152,044
15. Salaries and Wages	44,223	44,532	42,264	46,182	43,402	43,936
16. FICA and Benefits	15,827	15,826	15,881	15,562	13,630	15,621
17. Total Salaries, Wages, and Benefits	60,049	60,358	58,145	61,744	57,032	59,557
18. Supplies	16,030	17,177	16,790	19,076	13,669	17,686
19. Physician Services	15,141	15,146	15,146	15,139	15,139	16,336
20. Other Purchased Services	9,944	8,920	8,848	11,307	9,881	9,535
21. Depreciation and Amortization	4,294	3,986	4,144	4,298	4,442	4,251
22. Interest	597	499	509	1,257	1,542	1,757
23. Total Expenses	106,057	106,086	103,582	112,820	101,704	109,122
24. Total Income (Loss)	\$ (7,320)	\$ (9,222)	\$ (11,495)	\$ (8,351)	\$ (8,994)	\$ 42,922
25. Total Margin	-7.4%	-9.5%	-12.5%	-8.0%	-9.7%	28.2%
26. Full-Time Equivalent Employees	8,139	8,076	8,150	8,436	8,203	8,084
27. Average Salary per FTE	\$63,977	\$64,922	\$63,094	\$64,454	\$64,372	\$63,993
28. Adjusted Patient Days	48,570	51,565	50,028	55,565	51,467	50,228

MONTHLY AVERAGE			
FY 2012	FY 2013	FY 2014	% Change
YTD Dec	YTD Dec	YTD Dec	14 vs 13
217,973	228,419	251,121	9.9%
(192,246)	(203,310)	(222,856)	9.6%
25,727	25,109	28,266	12.6%
11.8%	11.0%	11.3%	2.4%
17,108	23,501	22,753	-3.2%
2,342	2,298	1,988	-13.5%
19,449	25,798	24,742	-4.1%
41,597	41,433	42,819	3.3%
0	0	9,012	0.0%
1,075	972	977	0.6%
865	1,597	43	-97.3%
43,538	44,002	52,852	20.1%
0	0	0	0.0%
88,714	94,909	105,859	11.5%
38,501	40,380	43,707	8.2%
13,886	14,128	15,560	10.1%
52,388	54,507	59,266	8.7%
13,772	14,817	16,409	10.7%
10,869	12,479	14,863	19.1%
8,460	8,816	9,191	4.2%
3,930	4,201	4,328	3.0%
570	569	809	42.2%
89,988	95,390	104,866	9.9%
\$ (1,275)	\$ (481)	\$ 993	-306.7%
-1.4%	-0.5%	0.9%	-285.3%
7,409	7,659	8,108	5.9%
\$61,987	\$62,885	\$64,302	2.3%
43,928	46,484	50,812	9.3%

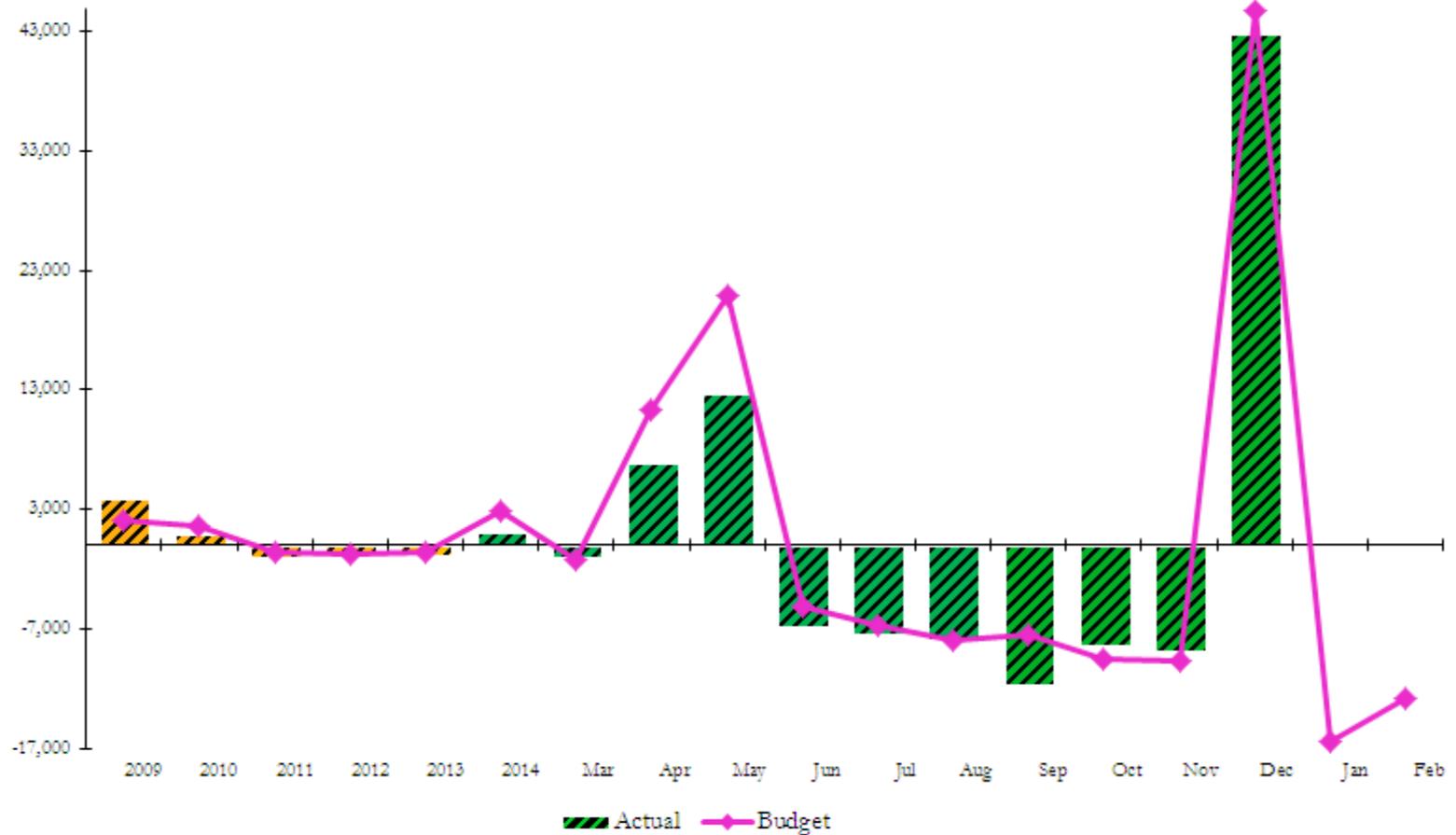
# Operating Margin

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



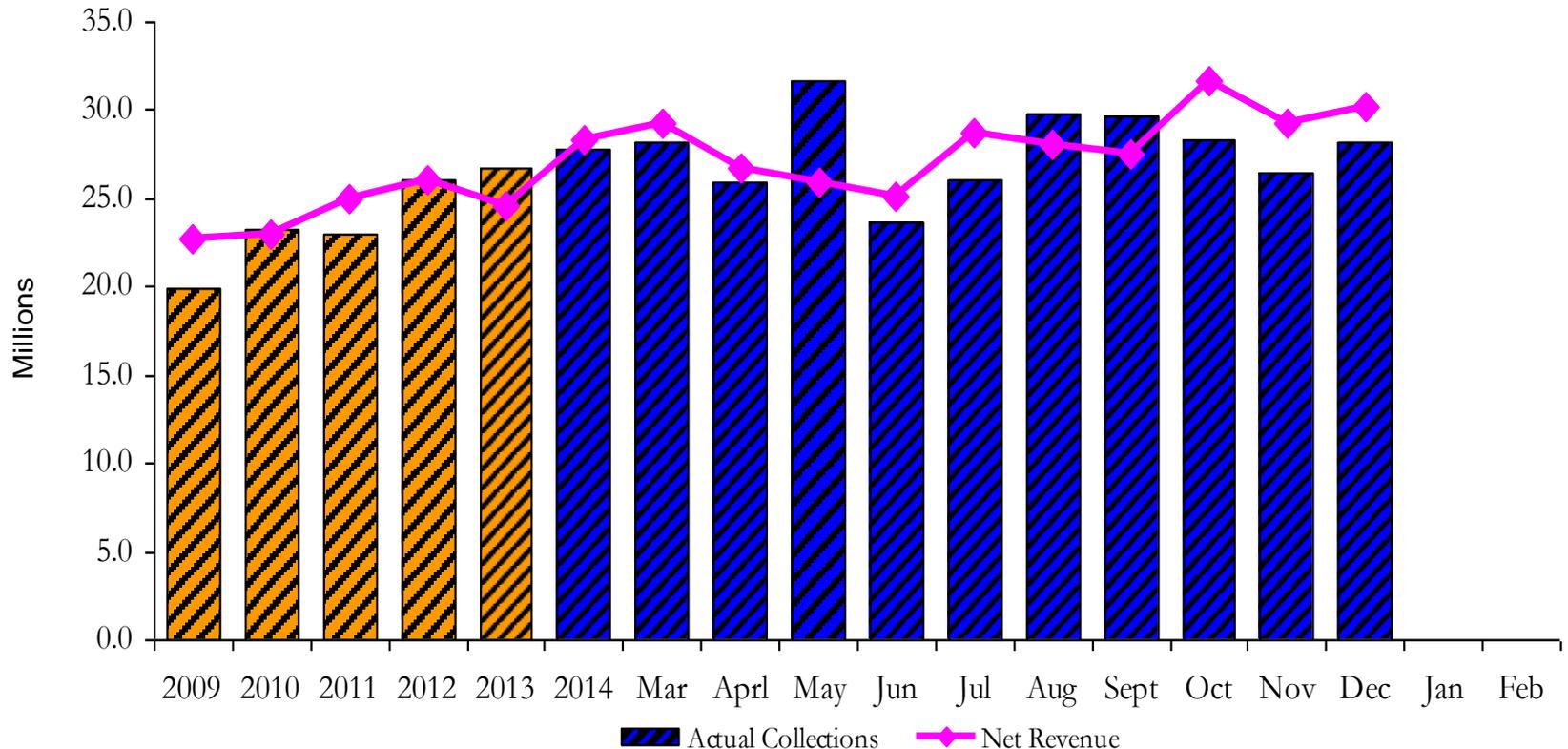
# Operating Income

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



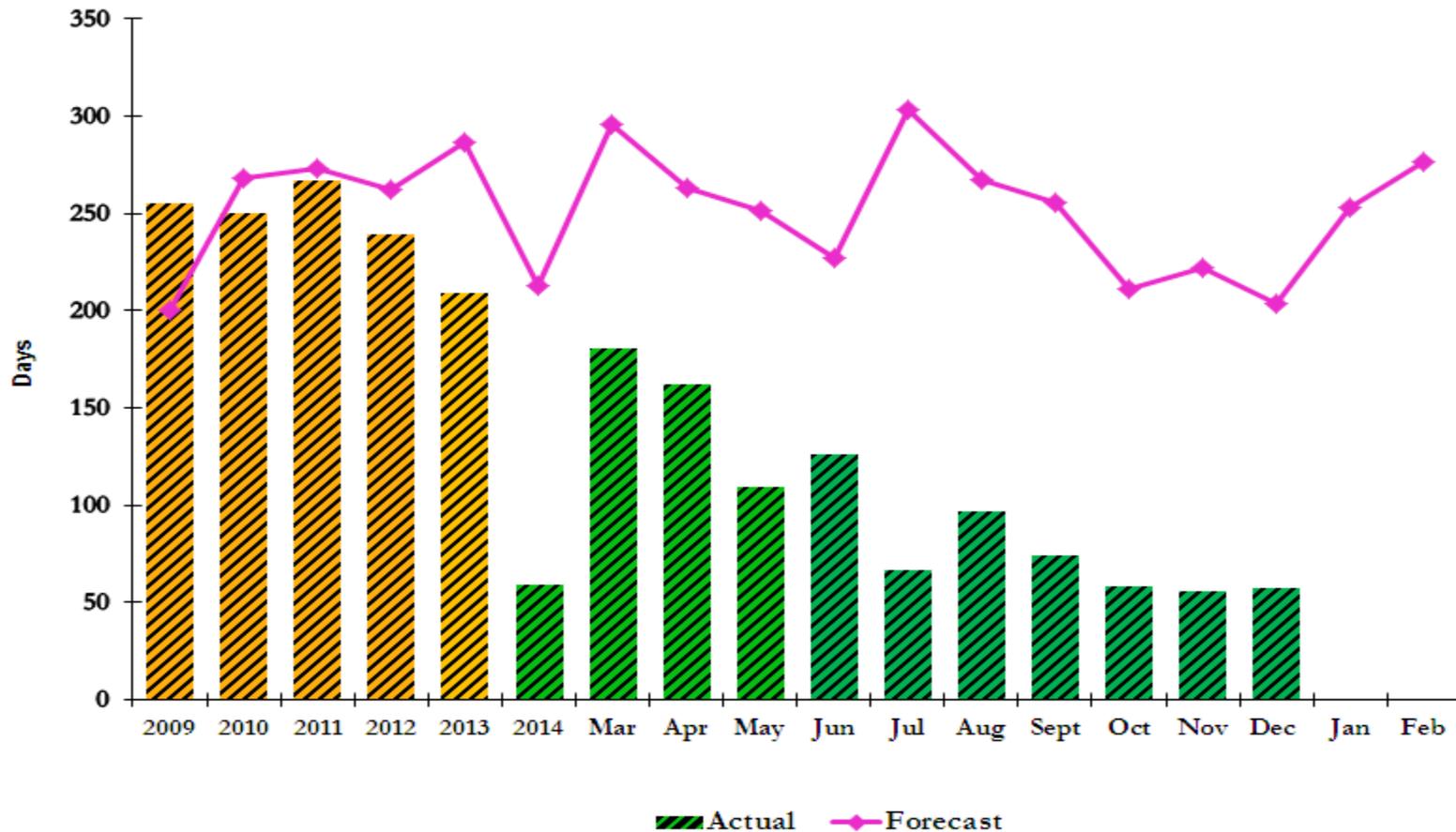
# Cash Collections

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.



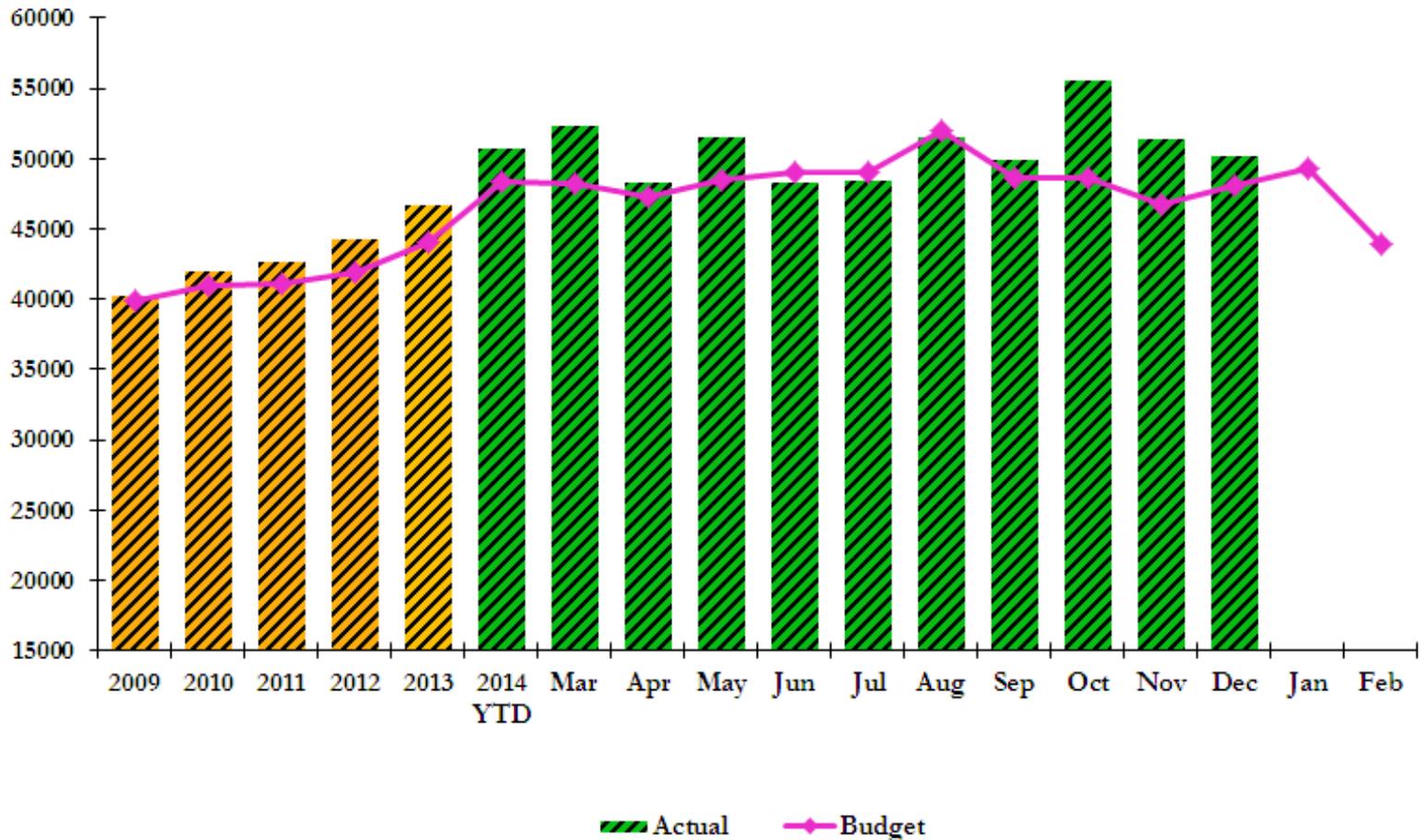
# Unrestricted Days Cash on Hand

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.



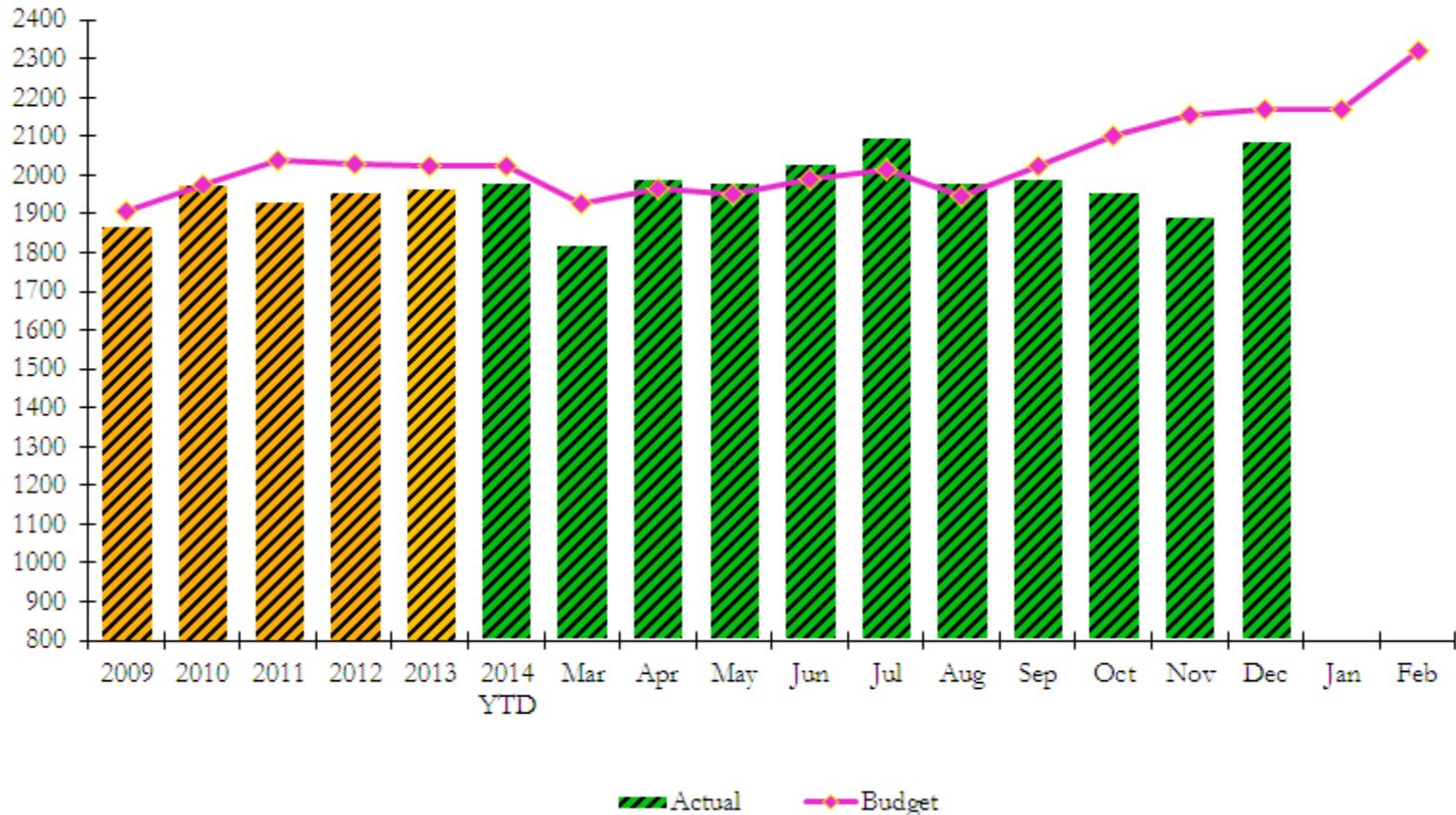
# Adjusted Patient Days

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



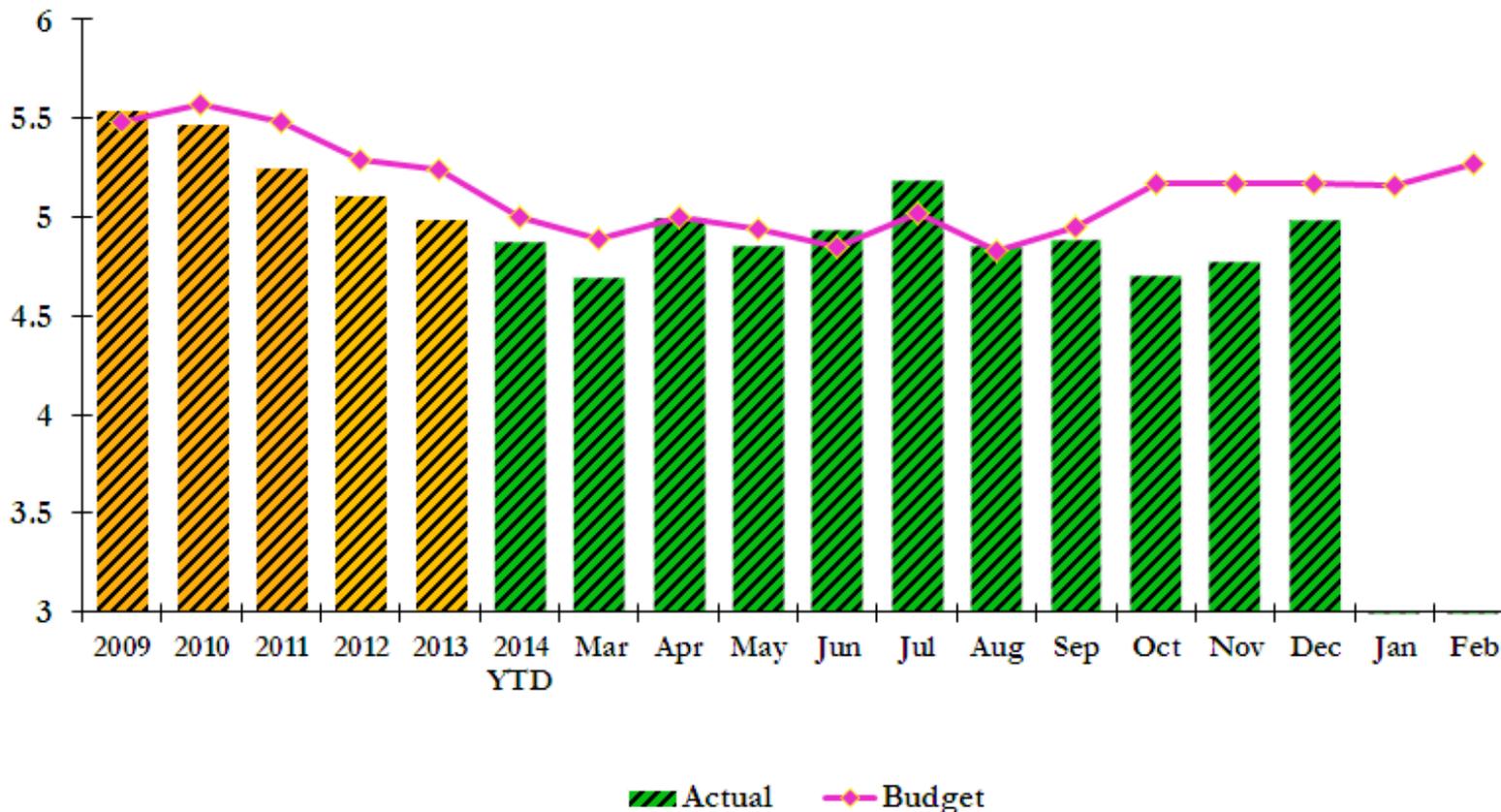
# Operating Cost Per Adj. Patient Day

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

