



FINANCIAL STATEMENTS
As of July 31, 2013

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HARRISHEALTH SYSTEM

July 2013 Financial Statement Highlights

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

Statistics

Adjusted patient days were 0.9% ^(Pg1:ln1) less than budget with approximately 64.6% of the volume representing outpatient care.

Clinic visits ^(Pg1:ln6) of 94,026 were 2.4% less than the budget of 96,334. Primary care clinic visits ^(Pg1:ln4) were 6.8% less than the month's budget and total specialty clinic visits were 9.1% greater than the July budget ^(Pg1:ln5).

July Emergency Center visits ^(Pg1:ln10) are reported at 14,630 and were 1.2% greater than budget.

System wide, surgery cases were 4.2% greater than budget expectations ^(Pg2:ln14).

Deliveries of 558 were 9.1% less than the budget of 614.

Inpatient admissions were driven 52.8% from the Emergency Room, 17.9% from deliveries and 29.2% - other ^(Pg1:ln22,23,&24). Inpatient utilization System wide was greater than budget by 1.2% ^(Pg2:ln3). Inpatient length of stay ^(Pg2:ln8) was 0.9% less than budget and the inpatient case mix index ^(Pg2:ln9) was 0.8% greater than budget.

Charity and Self Pay payor mix of 62.9% compared favorably to the budget of 64.2% ^(Pg2:ln11). Medicaid represented 23.2% of total patients and compared favorably to the budget of 21.9%. Medicare represented 8.8% of all patients and compared favorably with the budget of 8.6%. Commercial Insurance and Other represented 5.1% of all patients and compared unfavorably to the budget of 5.3%.

The Unduplicated Patient count of 207,099 is 0.5% greater than the budget of 206,064 ^(Pg2:ln16).

Revenue

Total Net Revenue of \$98.7 million ^(Pg3:ln23) was \$1.6 million greater than budget. Patient volumes, measured as adjusted patient days ^(Pg8:ln14), were 0.9% less than budget. July's estimated reimbursement per adjusted patient day ^(Pg8:ln1) was 8.8% greater than budget. The resulting Net Patient Service Revenue for July of \$28.7 million ^(Pg3:ln10) was \$2.1 million 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.

Expenses

Total expenses ^(Pg4:ln13) of \$106.1 million were \$2.8 million greater than the budget of \$103.2 million. Salaries and wages were \$0.3 million greater than budget. Total FTE's ^(Pg8:ln17) were 2.6% greater than budget and when adjusted for volume were 4.0% greater than the budgeted staffing level. Expenses for benefits were over budget \$0.3 million due primarily to health benefit expenses. Supplies expenses were \$0.8 million or 5.3% over budget and when adjusted for volume ^(Pg8:ln7) were 6.5% greater than the budget plan. The month's unfavorable supplies variance was related primarily to pharmaceutical expenses. Total Services ^(Pg4:ln12) of \$30.0 million were \$1.4 million or 5.0% greater than budget. The month's unfavorable services variance was related primarily to physician services. Total expenses adjusted for volume ^(Pg8:ln12) were \$2,183 per day compared to the budget of \$2,105 per day, an unfavorable variance of \$78 per day or 3.7%.

Operating Income

Operating Income ^(Pg4:ln14) for July is a loss of \$7.3 million compared to a budgeted loss of \$6.1 million. Page 10 of the report analyzes operating performance and reflects an unfavorable operating run rate as compared to budget due mostly to unfavorable expense variances.

Cash Receipts/Disbursements/Balance Sheet

July cash receipts ^(Pg9:ln24) netted \$(38.8) million compared to a budget of \$326.3 million due to the timing of the intergovernmental transfers and receipt of Section 1115 Waiver funds related to federal fiscal year 2013. Section 1115 Waiver funds for the uncompensated care program were received the first part of August in the amount of \$170.2 million. Including board designated funds, the System has \$219.1 million in unrestricted cash, cash equivalents and investments ^(Pg6:ln1,7,9,10,16,18,24), representing 67 days cash on hand compared to the prior year's cash of \$533.4 million and days cash on hand of 189. Harris Health System has ^(Pg6:ln2) \$62.0 million in net accounts receivable, representing 72 days of outstanding accounts receivable. At July 31, 2013 Harris Health System's balance sheet reflects an estimated receivable of \$319.4 million under the Section 1115 Supplemental Medicaid Programs and a related \$21.4 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 July 31, 2013

	MONTH-TO-MONTH			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
<u>HEALTH SYSTEM TOTAL</u>								
1. Adjusted Patient Days	48,570	49,026	-0.9%	249,268	242,098	3.0%	231,377	7.7%
2. Adjusted Discharges	8,782	8,782	0.0%	43,612	43,988	-0.9%	41,071	6.2%
3. Outpatient % of Adjusted Volume	64.6%	65.9%	-2.0%	66.5%	65.7%	1.2%	64.7%	2.9%
4. Primary Care Clinic Visits	64,777	69,516	-6.8%	335,056	343,897	-2.6%	319,837	4.8%
5. Specialty Clinic Visits	29,249	26,818	9.1%	140,391	131,937	6.4%	127,428	10.2%
6. Total Clinic Visits	94,026	96,334	-2.4%	475,447	475,834	-0.1%	447,265	6.3%
7. % Primary Care Visits	68.9%	72.2%	-4.5%	70.5%	72.3%	-2.5%	71.5%	-1.5%
8. Emergency Room Visits - Outpatient	12,988	12,853	1.1%	66,011	63,437	4.1%	65,455	0.8%
9. Emergency Room Visits - Admitted	1,642	1,602	2.5%	8,536	7,906	8.0%	8,070	5.8%
10. Total Emergency Room Visits	14,630	14,455	1.2%	74,547	71,343	4.5%	73,525	1.4%
11. % ER Visits Admitted	11.2%	11.1%	1.3%	11.5%	11.1%	3.3%	11.0%	4.3%
12. Surgery Cases - Outpatient	842	884	-4.8%	4,260	4,434	-3.9%	4,412	-3.4%
13. Surgery Cases - Inpatient	1,049	930	12.8%	4,696	4,678	0.4%	4,725	-0.6%
14. Total Surgery Cases	1,891	1,814	4.2%	8,956	9,112	-1.7%	9,137	-2.0%
15. % Outpatient Cases	44.5%	48.7%	-8.6%	47.6%	48.7%	-2.3%	48.3%	-1.5%
16. Total Outpatient Visits	150,755	152,452	-1.1%	757,544	753,840	0.5%	716,899	5.7%
17. Inpatient Cases (Discharges)	3,109	2,995	3.8%	14,595	14,743	-1.0%	14,509	0.6%
18. Outpatient Observation Cases	1,182	1,200	-1.5%	6,018	5,911	1.8%	5,802	3.7%
19. Total Cases Occupying Patient Beds	4,291	4,195	2.3%	20,613	20,654	-0.2%	20,311	1.5%
20. % of Outpatient Cases	27.5%	28.6%	-3.7%	29.2%	28.6%	2.0%	28.6%	2.2%
21. Births	558	614	-9.1%	2,478	2,645	-6.3%	2,687	-7.8%
22. % of IP Admissions from ER	52.8%	53.5%	-1.3%	58.5%	53.6%	9.1%	55.6%	5.2%
23. % of IP Admissions from Deliveries	17.9%	20.5%	-12.5%	17.0%	17.9%	-5.4%	18.5%	-8.3%
24. % of IP Admissions - Other	29.2%	26.0%	12.4%	24.5%	28.4%	-13.7%	25.9%	-5.1%

HARRIS HEALTH SYSTEM
 STATISTICAL HIGHLIGHTS
 As Of July 31, 2013

	MONTH-TO-MONTH			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
<u>HEALTH SYSTEM TOTAL</u>								
1. Inpatient Days	17,195	16,719	2.8%	83,394	82,961	0.5%	81,737	2.0%
2. Outpatient Observation Days	2,976	3,215	-7.4%	14,452	15,889	-9.0%	15,466	-6.6%
3. Total Patient Days	20,171	19,934	1.2%	97,846	98,850	-1.0%	97,203	0.7%
4. % of Outpatient Days	14.8%	16.1%	-8.5%	14.8%	16.1%	-8.1%	15.9%	-7.2%
5. Average Daily Census	650.67	643.03	1.2%	639.52	646.08	-1.0%	635.31	0.7%
6. Average Operating Beds	794	789	0.6%	800	797	0.4%	814	-1.7%
7. Bed Occupancy %	81.9%	81.5%	0.6%	79.9%	81.1%	-1.4%	78.0%	2.4%
8. Inpatient Average Length of Stay	5.53	5.58	-0.9%	5.71	5.63	1.5%	5.63	1.4%
9. Inpatient Case Mix Index (CMI)	1.444	1.432	0.8%	1.457	1.432	1.7%	1.427	2.1%
Payor Mix (% of Charges)								
10. Charity & Self Pay	62.9%	64.2%	-2.0%	63.8%	64.2%	-0.6%	64.2%	-0.6%
11. Medicaid & Medicaid Managed	23.2%	21.9%	5.8%	22.0%	21.9%	0.3%	22.0%	0.0%
12. Medicare & Medicare Managed	8.8%	8.6%	2.3%	8.8%	8.6%	2.3%	8.5%	3.5%
13. Commercial & Other	5.1%	5.3%	-3.2%	5.4%	5.3%	2.5%	5.2%	3.8%
14. Total Unduplicated Patients				207,099	206,064	0.5%	197,373	4.9%

**HARRIS HEALTH SYSTEM
OPERATING STATEMENT
As Of July 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	18,928	18,860	0.4%	18,473	2.5%	91,618	93,966	-2.5%	91,305	0.3%
2. Inpatient Ancillary	70,757	63,739	11.0%	63,276	11.8%	322,643	320,476	0.7%	312,757	3.2%
3. Outpatient Ancillary	161,414	156,758	3.0%	138,443	16.6%	810,664	780,743	3.8%	726,655	11.6%
4. Physician Services	2,228	2,855	-21.9%	2,425	-8.1%	12,449	14,577	-14.6%	13,082	-4.8%
5. Gross Patient Charges	253,327	242,212	4.6%	222,616	13.8%	1,237,374	1,209,761	2.3%	1,143,799	8.2%
REVENUE DEDUCTIONS:										
6. Charity Care	(126,360)	(113,841)	-11.0%	(108,041)	-17.0%	(613,285)	(569,147)	-7.8%	(554,606)	-10.6%
7. Contractual Allowance/Other Discounts	(84,334)	(88,346)	4.5%	(76,821)	-9.8%	(432,753)	(440,436)	1.7%	(365,637)	-18.4%
8. Provision for Bad Debt Expense	(13,936)	(13,381)	-4.2%	(15,293)	8.9%	(55,655)	(66,818)	16.7%	(97,216)	42.8%
9. Total Patient Revenue Deductions	(224,630)	(215,568)	-4.2%	(200,154)	-12.2%	(1,101,693)	(1,076,401)	-2.3%	(1,017,458)	-8.3%
10. Net Patient Service Revenue	28,696	26,644	7.7%	22,462	27.8%	135,682	133,361	1.7%	126,340	7.4%
OTHER OPERATING REVENUE:										
11. DSH/UPL/1115 Waiver	24,908	24,799	0.4%	21,237	17.3%	124,540	123,993	0.4%	106,201	17.3%
12. Other Operating Revenue	1,943	2,221	-12.5%	1,141	70.3%	10,774	11,619	-7.3%	12,818	-15.9%
13. Total Other Operating Revenue	26,851	27,019	-0.6%	22,377	20.0%	135,314	135,612	-0.2%	119,018	13.7%
14. Total Operating Revenue	55,547	53,664	3.5%	44,839	23.9%	270,995	268,972	0.8%	245,359	10.4%
NONOPERATING REVENUE:										
15. Net Ad Valorem Tax Revenue	43,009	42,917	0.2%	41,880	2.7%	214,910	214,583	0.2%	210,153	2.3%
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	166	548	-69.8%	461	-64.1%	1,004	3,147	-68.1%	3,932	-74.5%
19. Other	15	0	0.0%	10,246	-99.9%	22	0	0.0%	10,122	99.8%
20. Total Nonoperating Revenue	43,189	43,465	-0.6%	52,587	-17.9%	249,424	253,000	-1.4%	234,333	6.4%
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	98,737	97,129	1.7%	97,426	1.3%	520,419	521,972	-0.3%	479,692	8.5%

**HARRIS HEALTH SYSTEM
OPERATING STATEMENT
As Of July 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	34,641	36,612	5.4%	32,012	-8.2%	175,373	176,906	0.9%	162,232	-8.1%
2. PTO & Secondary Sick Leave	5,735	4,665	-22.9%	4,808	-19.3%	24,208	22,931	-5.6%	22,419	-8.0%
3. Contract Salaries	1,282	671	-91.2%	788	-62.7%	5,311	3,175	-67.3%	4,037	-31.6%
4. Registry Salaries	2,564	2,002	-28.1%	2,268	-13.1%	11,858	9,751	-21.6%	10,862	-9.2%
5. FICA and Benefits	15,827	15,492	-2.2%	12,992	-21.8%	79,077	74,317	-6.4%	71,146	-11.1%
6. Total Salaries, Wages, and Benefits	60,049	59,442	-1.0%	52,868	-13.6%	295,827	287,080	-3.0%	270,697	-9.3%
7. Supplies	16,030	15,220	-5.3%	13,840	-15.8%	79,691	75,660	-5.3%	71,470	-11.5%
SERVICES:										
8. Physician Services	15,141	14,165	-6.9%	12,059	-25.6%	71,726	66,710	-7.5%	59,954	-19.6%
9. Other Purchased Services	9,944	9,297	-7.0%	8,374	-18.8%	43,416	44,591	2.6%	42,646	-1.8%
10. Depreciation and Amortization	4,294	4,584	6.3%	4,029	-6.6%	22,160	22,922	3.3%	19,981	-10.9%
11. Interest	597	504	-18.6%	576	-3.6%	2,525	2,485	-1.6%	2,765	8.7%
12. Total Services	29,977	28,550	-5.0%	25,038	-19.7%	139,827	136,708	-2.3%	125,346	-11.6%
13. Total Operating Expenses	106,057	103,212	-2.8%	91,746	-15.6%	515,345	499,449	-3.2%	467,514	-10.2%
14. HCHD Operating Income (Loss)	(7,320)	(6,083)	-	5,680	-228.9%	5,074	22,523	-77.5%	12,178	-58.3%

**HARRIS HEALTH SYSTEM
CASH FLOW SUMMARY**

As of July 31, 2013

(In Thousands)

<u>CASH RECEIPTS:</u>	CURRENT MONTH	PRIOR YEAR MONTH	FISCAL YTD	PRIOR FISCAL YTD
1. Ad Valorem Taxes	\$ 2,226	2,741	\$ 22,265	\$ 28,108
2. Collections on Patient Accounts	25,216	24,353	129,962	133,167
3. Disproportionate Share III/1115 Waiver UC & DSRIP	(69,289)	0	21,840	102,807
4. Tobacco Settlement	0	0	9,774	10,126
5. Trauma Fund	0	0	1,665	0
6. Other Sources (Includes Cost Reimbursement)	3,000	12,241	13,947	28,948
7. Total Cash Receipts	\$ (38,847)	\$ 39,335	\$ 199,453	\$ 303,156
<u>CASH DISBURSEMENTS:</u>				
8. Salaries and Wages	\$ 28,211	\$ 26,223	\$ 150,803	\$ 145,385
9. Benefits and Employee Deductions	27,269	23,461	155,683	136,082
10. Drugs and Supplies	13,834	12,746	81,781	75,152
11. Physician Services	77,567	83	158,776	33,613
12. Purchased Services	8,802	8,410	52,660	55,358
13. Capital Expenditures	3,582	5,164	31,223	49,478
14. Debt and Interest Payments	573	357	2,496	2,502
15. Other Uses	(3,970)	(13,295)	(17,257)	(46,195)
16. Total Cash Disbursements	\$ 155,868	\$ 63,149	\$ 616,165	\$ 451,375
17. Net Change	\$ (194,715)	\$ (23,814)	\$ (416,712)	\$ (148,219)

Unrestricted Cash, Cash Equivalents and Investments - February 28, 2013

\$ 635,769

Net Change

(416,712)

Unrestricted Cash, Cash Equivalents and Investments - July 31, 2013

\$ 219,057

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

<u>ASSETS</u>	<u>ACTUAL</u>	<u>PRIOR YEAR</u>
CURRENT ASSETS:		
1. Cash, Cash Equivalents and Short Term Investments	(101,139)	142,976
2. Net Patient Accounts Receivable	62,026	73,516
3. Net Ad Valorem Taxes, Current Portion	213,092	208,580
4. Prepaid Expenses, Inventories, and Other Current Assets	350,322	119,896
5. Total Current Assets	524,301	544,967
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
6. Debt Service and Bond Covenants - Restricted	9,732	9,570
7. Board Designated for Future Expansion	285	0
8. Phase 1 Project Fund	0	4,981
9. Board Designated for Legal Reserves	2,324	2,192
10. Board Designated for Self-Insured Programs	24,554	16,667
11. Total Assets Limited as to Use or Restricted, Current Portion	36,894	33,410
PLANT, PROPERTY AND EQUIPMENT:		
12. Plant, Property, & Equipment, Net of Accumulated Depreciation	350,777	282,729
13. Construction in Progress	77,018	99,921
14. Total Plant, Property and Equipment	427,795	382,649
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
15. Debt Service and Bond Covenants - Restricted	21,054	15,743
16. Board Designated for Future Expansion	127,388	179,739
17. Phase 1 Project Fund	0	4,471
18. Board Designated for Self-Insured Programs	166,217	147,265
19. Other - Restricted	860	892
20. Total Assets Limited as to Use or Restricted, Net of Current Portion	315,518	348,109
OTHER ASSETS:		
21. Net Ad Valorem Taxes, Delinquent	4,486	5,245
22. Net Deferred Bond Issue Costs	3,725	3,936
23. Net Pension Asset	10,092	9,104
24. Long-Term Investments	0	44,532
25. Security Deposit	24	24
26. Derivative Asset	0	0
27. Deferred Outflow - Derivative Financial Instrument	10,057	10,904
28. Total Other Assets	28,384	73,744
29. Due to/from CHCI	3,708	3,820
30. TOTAL ASSETS	1,336,601	1,386,700

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

	ACTUAL	PRIOR YEAR
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
1. Accounts Payable and Accrued Liabilities	24,384	60,517
2. Interest Payable	4,746	4,802
3. Employee Compensation & Related Benefit Liabilities	47,653	40,842
4. Compensated Absences	42,382	40,807
5. Estimated Third-Party Payor Settlements	1,290	(2,615)
6. Current Portion Long-Term Debt and Capital Leases	5,411	6,489
7. Total Current Liabilities	125,865	150,842
 OTHER LONG-TERM LIABILITIES:		
8. Pension Payable	0	0
9. Post Employment Health Benefit Liability	166,217	147,265
10. Borrowing Payable	14,918	15,791
11. Derivative Liability	10,057	10,904
12. Arbitrage Rebate Liability	141	111
13. Total Other Long-Term Liabilities	191,333	174,070
 LONG-TERM DEBT:		
14. Series 2007 Revenue Bonds, Including Premium & Deferred Loss	187,830	190,855
15. Series 2010 Revenue Bonds, Including Deferred Loss	81,779	81,552
16. Other Long-Term Obligation	191	1,499
17. Total Long-Term Debt	269,800	273,906
 TOTAL LIABILITIES	586,999	598,818
 NET ASSETS:		
18. Invested in Capital Assets, Net of Related Debt	137,666	92,349
19. Restricted Net Assets	32,505	26,204
20. Unrestricted Net Assets	579,431	669,330
21. Total Net Assets	749,602	787,882
 22. TOTAL LIABILITIES & NET ASSETS	1,336,601	1,386,700

HARRIS HEALTH SYSTEM
OPERATING PERFORMANCE PER ADJUSTED PATIENT DAY
As of July 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	\$ 591	\$ 543	8.8%	\$ 504	17.3%	\$ 544	\$ 551	-1.3%	\$ 546	-0.4%
2. Other Operating Revenue	553	551	0.4%	502	10.2%	543	560	-3.0%	514	5.6%
3. Nonoperating Revenue	889	887	0.2%	1,180	-24.7%	1,001	1,045	-4.2%	1,013	-1.2%
4. Capital Contribution	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
5. Total District Net Revenue	2,033	1,981	2.6%	2,186	-7.0%	2,088	2,156	-3.2%	2,073	0.7%
6. Salaries, Wages, and Benefits	1,236	1,212	-2.0%	1,186	-4.2%	1,187	1,186	-0.1%	1,170	-1.5%
7. Supplies	330	310	-6.5%	311	-6.1%	320	313	-2.2%	309	-3.6%
8. Physician Services	312	289	-8.0%	271	-15.1%	288	276	-4.3%	259	-11.2%
9. Other Purchased Services	205	190	-7.9%	188	-9.0%	174	184	5.4%	184	5.4%
10. Depreciation and Amortization	88	94	6.4%	90	2.2%	89	95	6.3%	86	-3.5%
11. Interest	12	10	-20.0%	13	7.7%	10	10	0.0%	12	16.7%
12. Total Operating Expenses	2,183	2,105	-3.7%	2,059	-6.0%	2,068	2,064	-0.2%	2,020	-2.4%
13. HCHD Operating Income(Loss)	\$ (150)	\$ (124)	-	\$ 127	-218.1%	\$ 20	\$ 92	-78.3%	\$ 53	-62.3%
14. Adjusted Patient Days	48,570	49,026	-0.9%	44,561	9.0%	249,268	242,098	3.0%	231,377	7.7%
15. Average Daily Census	554.7	539.3	2.8%	528.1	5.0%	545.1	542.2	0.5%	534.2	2.0%
16. FTE's(Employee/Contract) per AOB	5.2	5.0	-4.0%	5.2	0.0%	4.9	4.9	0.0%	5.0	2.0%
17. FTE's(Employee/Contract) - Total	8,139	7,936	-2.6%	7,484	-8.8%	8,025	7,814	-2.7%	7,595	-5.7%
18. FTE's(Employee/Contract) - Productive	7,164	7,015	-2.1%	6,549	-9.4%	7,110	6,899	-3.1%	6,696	-6.2%

**HARRIS HEALTH SYSTEM
ANALYSIS OF CASH RECEIPTS
July 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	\$3,999	\$4,025	\$4,229	\$20,601	\$20,657	(\$56)	(0.3)	\$21,125	(\$524)	(2.5)
2. Medicaid	7,547	7,529	8,142	42,416	46,394	(3,978)	(8.6)	44,779	(2,363)	(5.3)
3. Texas vendor drug/Medicare Part D	3,066	2,432	2,512	13,635	12,234	1,401	11.5	12,643	992	7.9
4. Managed Care - Medicaid	5,458	5,081	5,306	27,693	26,487	1,206	4.6	26,559	1,134	4.3
5. Commercial insurance	1,487	1,683	1,284	7,152	6,079	1,073	17.7	6,409	743	11.6
6. Liens	72	403	192	1,335	1,334	1	0.1	960	375	39.0
7. Patient pay	2,058	1,817	2,202	10,589	12,322	(1,733)	(14.1)	11,064	(475)	(4.3)
8. Business office	330	393	389	1,816	2,029	(213)	(10.5)	1,953	(137)	(7.0)
9. Other governmental projects/grants	1,199	990	1,115	4,725	5,631	(906)	(16.1)	5,541	(816)	(14.7)
10. SUBTOTAL	25,216	24,353	25,370	129,962	133,167	(3,205)	(2.4)	131,031	(1,069)	(0.8)
11a. Cost Reimbursements	773	505	314	5,578	3,422	2,156	63.0	1,728	3,850	222.9
11b. Recoupments	0	0	0	0	0	0	0.0	0	0	0.0
12. Net Patient Revenue Receipts	25,989	24,858	25,684	135,540	136,589	(1,049)	(0.8)	132,759	2,781	2.1
13. DSH/UPL/1115 Waiver	(69,289)	0	292,886	21,840	102,807	(80,967)	(78.8)	278,458	(256,618)	(92.2)
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	1,665	0	1,665	0.0	0	1,665	0.0
15. Total Patient Revenue Receipts	(43,300)	24,858	318,570	168,819	249,522	(80,703)	(32.3)	423,426	(254,607)	(60.1)
NON-PATIENT OPERATING REVENUE:										
16. Parking	254	238	297	1,155	1,108	47	4.2	1,484	(329)	(22.2)
17. Grants	957	650	685	2,328	9,484	(7,156)	(75.5)	3,422	(1,094)	(32.0)
18. Miscellaneous	537	10,848	749	3,514	13,572	(10,058)	(74.1)	4,749	(1,235)	(26.0)
19. Total Non-Patient Operating	1,748	11,736	1,730	6,997	24,164	(17,167)	(71.0)	9,656	(2,659)	(27.5)
20. Interest income	479	0	548	1,372	1,362	10	0.7	3,148	(1,776)	(56.4)
21. Total Non-Tax Receipts	(41,073)	36,594	320,848	177,188	275,048	(97,860)	(35.6)	436,230	(259,042)	(59.4)
22. Ad valorem tax receipts/note	2,226	2,741	5,404	22,265	28,108	(5,843)	(20.8)	39,378	(17,113)	(43.5)
23. Commercial Paper Proceeds	0	0	0	0	0	0	0.0	0	0	0.0
24. Total Receipts	(\$38,847)	\$39,335	\$326,252	\$199,453	\$303,156	(\$103,703)	(34.2)	\$475,608	(\$276,155)	(58.1)

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

	<u>MONTH</u>	<u>YTD</u>
Total Operating Income (Loss) as Reported	\$ (7.3)	\$ 5.1
Favorable Adjustments:		
Trauma Funds	\$ -	\$ 1.6
Medicaid Cost Report Settlement	\$ 2.1	\$ 2.1
Subtotal of Favorable Adjustments	\$ 2.1	\$ 3.7
Unfavorable Adjustments:		
Donations-CHCI	\$ (0.3)	\$ (1.5)
Pension Expense Based on Actuarial Review	\$ 0.2	\$ (0.7)
Tobacco Revenue	\$ -	\$ (2.4)
Subtotal of Unfavorable Adjustments	\$ (0.1)	\$ (4.6)
Harris Health System Operating Run Rate as of July	\$ (9.3)	\$ 6.0
Harris Health System 2014 Budget	\$ (6.1)	\$ 22.5
Favorable (Unfavorable) Run Rate	\$ (3.2)	\$ (16.5)
Attributable Factors:		
Favorable (Unfavorable) Revenue Variance	\$ (0.2)	\$ (1.4)
Favorable (Unfavorable) Expense Variance	\$ (3.0)	\$ (15.1)
Net of Attributable Factors	\$ (3.2)	\$ (16.5)

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

							MONTHLY AVERAGE			
	February	March	April	May	June	July	FY 2012 YTD July	FY 2013 YTD July	FY 2014 YTD July	% Change 14 vs 13
1. ADMISSIONS(A&P)	2,675	2,984	2,777	2,868	2,857	3,109	2,938	2,902	2,919	0.6%
2. PATIENT DAYS(A&P)	15,596	17,652	16,149	16,485	15,913	17,195	16,132	16,347	16,679	2.0%
3. AVERAGE LOS	5.83	5.92	5.82	5.75	5.57	5.53	5.49	5.63	5.71	1.4%
4. AVERAGE LOS, Overall CMI Adjusted	4.04	3.95	4.04	3.95	3.84	3.83	3.97	3.95	3.92	-0.7%
5. HCHD PERCENT OCCUPANCY	68.9%	71.3%	67.1%	66.3%	66.1%	69.9%	64.9%	65.6%	68.2%	4.0%
CASE MIX INDEX (CMI)										
6. CMI - Excluding Obstetrics Cases	1.595	1.649	1.565	1.599	1.586	1.594	1.534	1.581	1.599	1.1%
7. CMI - Overall	1.444	1.498	1.440	1.455	1.449	1.444	1.383	1.427	1.457	2.1%
8. BIRTHS	489	505	436	495	484	558	542	537	496	-7.8%
9. OPERATING ROOM CASES	1,655	1,739	1,835	1,777	1,714	1,891	1,815	1,827	1,791	-2.0%
10. Inpatient	850	877	958	894	918	1,049	984	945	939	-0.6%
11. Outpatient	805	862	877	883	796	842	830	882	852	-3.4%
12. EMERGENCY VISITS	13,330	14,530	14,766	15,675	14,946	14,630	15,048	14,705	14,909	1.4%
13. Admitted to Inpatient	1,565	1,661	1,713	1,800	1,720	1,642	1,936	1,614	1,707	5.8%
14. Outpatient Emergency	11,765	12,869	13,053	13,875	13,226	12,988	13,112	13,091	13,202	0.8%
15. CLINIC VISITS	90,676	92,308	101,868	98,993	88,252	94,026	88,006	89,453	95,089	6.3%
16. Primary Care Clinic Visits	65,381	65,705	72,725	70,252	61,597	64,777	62,086	63,967	67,011	4.8%
17. Specialty Clinic Visits	25,295	26,603	29,143	28,741	26,655	29,249	25,920	25,486	28,078	10.2%
PAYOR MIX										
18. Charity & Self Pay	62.7%	63.6%	64.9%	63.7%	63.6%	62.9%	61.4%	64.2%	63.8%	-0.6%
19. Medicaid & Medicaid Managed	23.2%	22.3%	20.7%	22.5%	21.5%	23.2%	24.3%	22.0%	22.0%	0.0%
20. Medicare & Medicare Managed	9.3%	8.5%	9.1%	8.1%	9.4%	8.8%	8.1%	8.5%	8.8%	3.5%
21. Commercial & Other	4.8%	5.6%	5.3%	5.7%	5.5%	5.1%	6.2%	5.2%	5.4%	3.8%

SUPPLEMENTAL INFORMATION - OPERATING STATEMENT - MONTHLY TREND

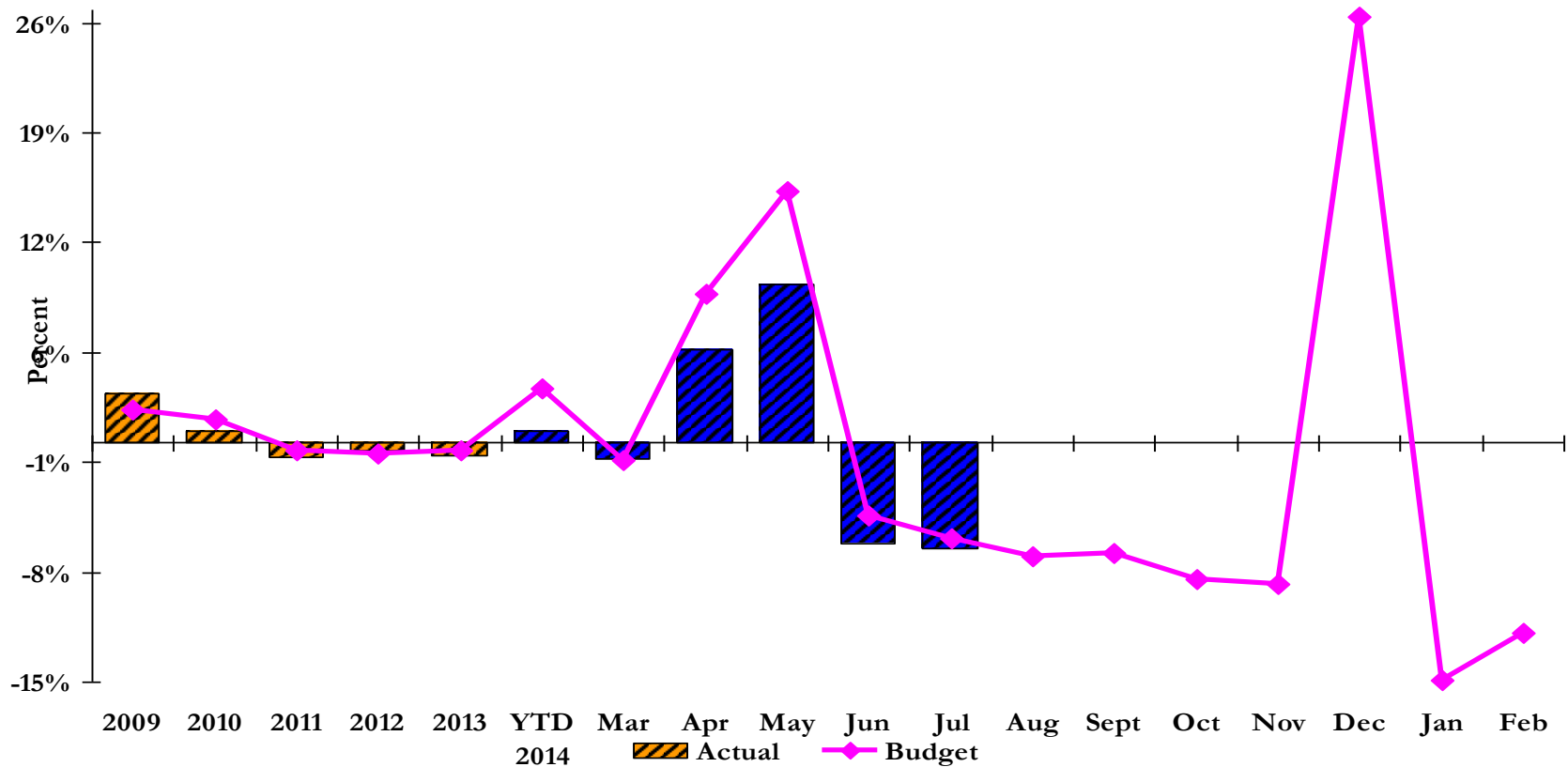
As Of July 31, 2013

(In Thousands)

							MONTHLY AVERAGE			
	February	March	April	May	June	July	FY 2012 YTD July	FY 2013 YTD July	FY 2014 YTD July	% Change 14 vs 13
1. Gross Patient Charges	\$ 229,157	\$ 247,233	\$ 247,770	\$ 250,767	\$ 238,278	\$ 253,327	216,502	228,760	247,475	8.2%
2. Total Patient Revenue Deductions	(203,192)	(217,904)	(221,078)	(224,865)	(213,216)	(224,630)	(190,185)	(203,492)	(220,339)	8.3%
3. Net Patient Service Revenue	25,965	29,330	26,692	25,902	25,062	28,696	26,318	25,268	27,136	7.4%
4. Net Revenue % of Gross Charges	11.3%	11.9%	10.8%	10.3%	10.5%	11.3%	12.2%	11.0%	11.0%	-0.7%
5. DSH/UPL Program Revenue	7,582	24,908	24,908	24,908	24,908	24,908	16,516	21,240	24,908	17.3%
6. DSRIP	0	0	0	23,714	0	0	0	0	4,743	0.0%
7. Other Operating Revenue	1,136	1,602	3,374	1,459	2,396	1,943	3,049	2,564	2,155	-15.9%
8. Total Other Operating Revenue	8,718	26,510	28,282	50,081	27,304	26,851	19,565	23,804	31,805	33.6%
9. Net Ad Valorem Tax Revenue	50,677	42,910	42,935	42,967	43,090	43,009	41,654	42,031	42,982	2.3%
10. Net Tobacco Settlement Revenue	0	0	9,774	0	0	0	2,151	2,025	1,955	-3.5%
11. Interest Income and Other	(8,342)	273	236	201	134	181	1,705	2,811	205	-92.7%
12. Total Nonoperating Revenue	42,334	43,183	52,945	43,168	43,224	43,189	45,510	46,867	45,142	-3.7%
13. Capital Contributions	10,272	0	0	0	0	0	0	0	0	0.0%
14. Total District Net Revenue	87,289	99,023	107,919	119,151	95,590	98,737	91,393	95,938	104,084	8.5%
15. Salaries and Wages	43,082	43,094	41,914	45,716	41,804	44,223	38,264	39,910	43,350	8.6%
16. FICA and Benefits	16,494	15,697	15,425	15,576	16,551	15,827	13,890	14,229	15,815	11.1%
17. Total Salaries, Wages, and Benefits	59,576	58,792	57,339	61,292	58,356	60,049	52,154	54,139	59,166	9.3%
18. Supplies	15,405	15,374	17,016	16,084	15,187	16,030	13,305	14,294	15,938	11.5%
19. Physician Services	14,671	13,146	13,146	15,146	15,146	15,141	10,392	11,991	14,345	19.6%
20. Other Purchased Services	9,060	7,425	8,239	9,001	8,806	9,944	8,448	8,529	8,683	1.8%
21. Depreciation and Amortization	4,708	4,623	4,589	4,345	4,309	4,294	3,967	3,996	4,432	10.9%
22. Interest	799	477	488	476	487	597	491	553	505	-8.7%
23. Total Expenses	104,219	99,837	100,817	106,344	102,290	106,057	88,757	93,503	103,069	10.2%
24. HCHD Total Income (Loss)	\$ (16,930)	\$ (814)	\$ 7,102	\$ 12,807	\$ (6,700)	\$ (7,320)	\$ 2,636	\$ 2,436	\$ 1,015	-58.3%
25. Total Margin	-19.4%	-0.8%	6.6%	10.7%	-7.0%	-7.4%	2.9%	2.5%	1.0%	-61.6%
26. Full-Time Equivalent Employees	8,103	7,944	7,993	8,084	7,963	8,139	7,386	7,595	8,025	5.7%
27. Average Salary per FTE	\$69,310	\$63,872	\$63,797	\$66,581	\$63,875	\$63,977	\$61,798	\$62,676	\$64,432	2.8%
28. Adjusted Patient Days	46,322	52,380	48,396	51,586	48,336	48,570	42,956	46,275	49,854	7.7%

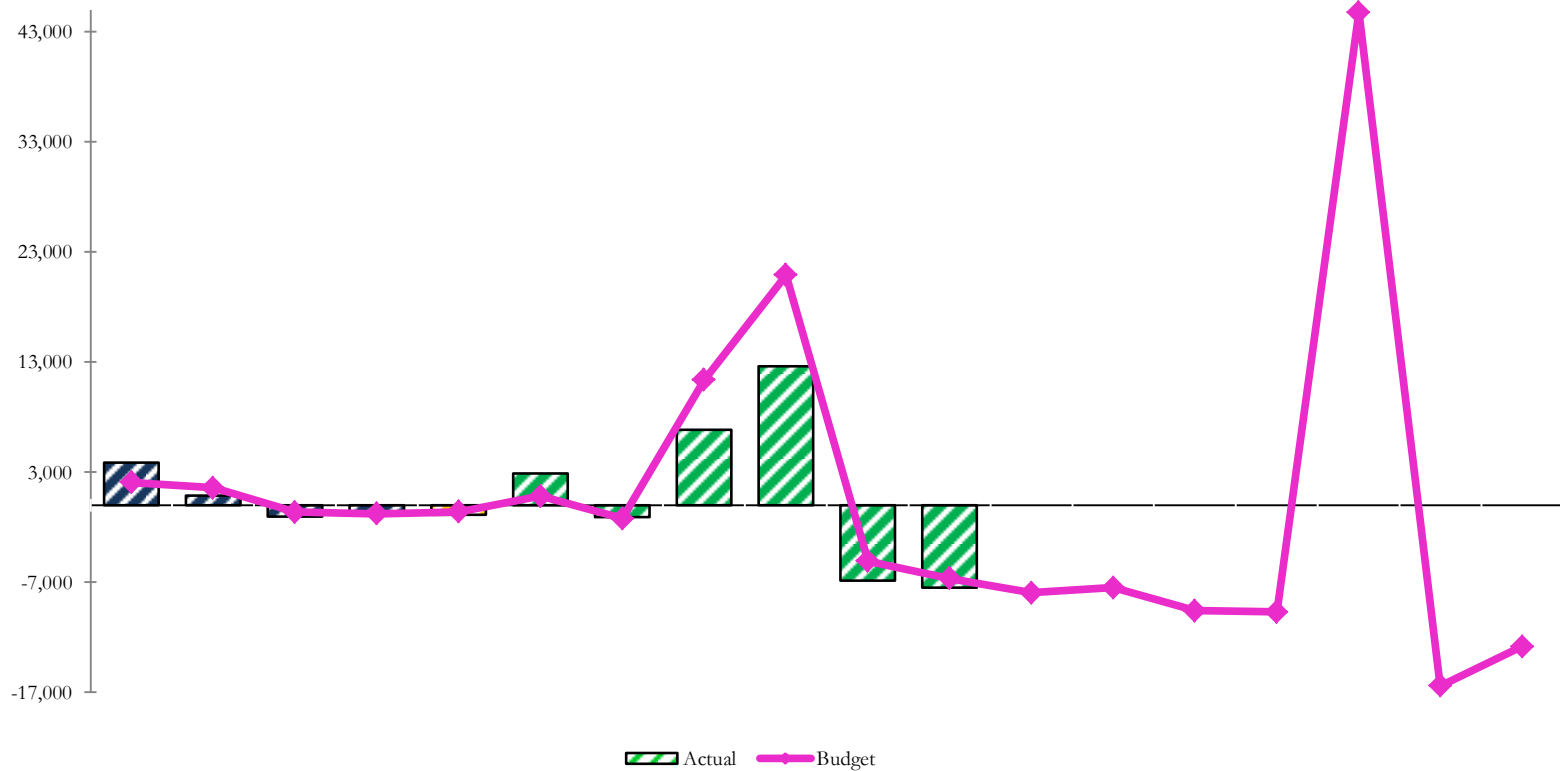
Operating Margin

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



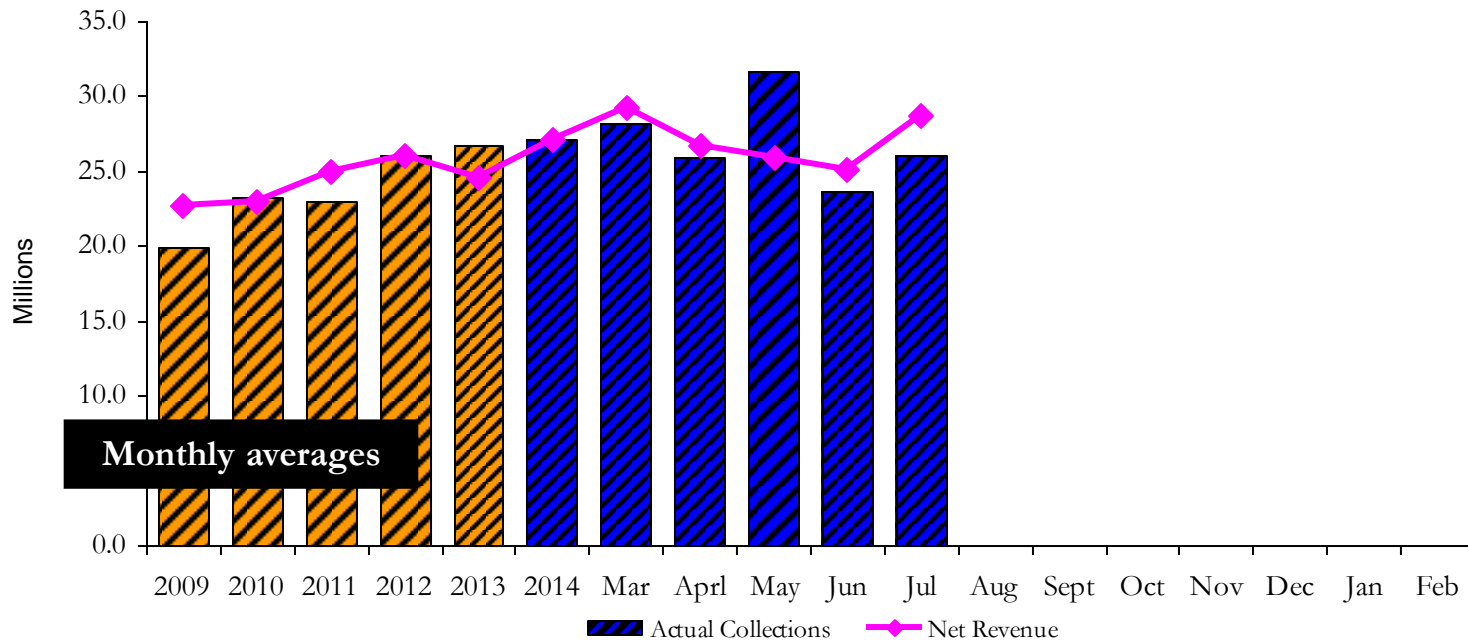
Operating Income

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



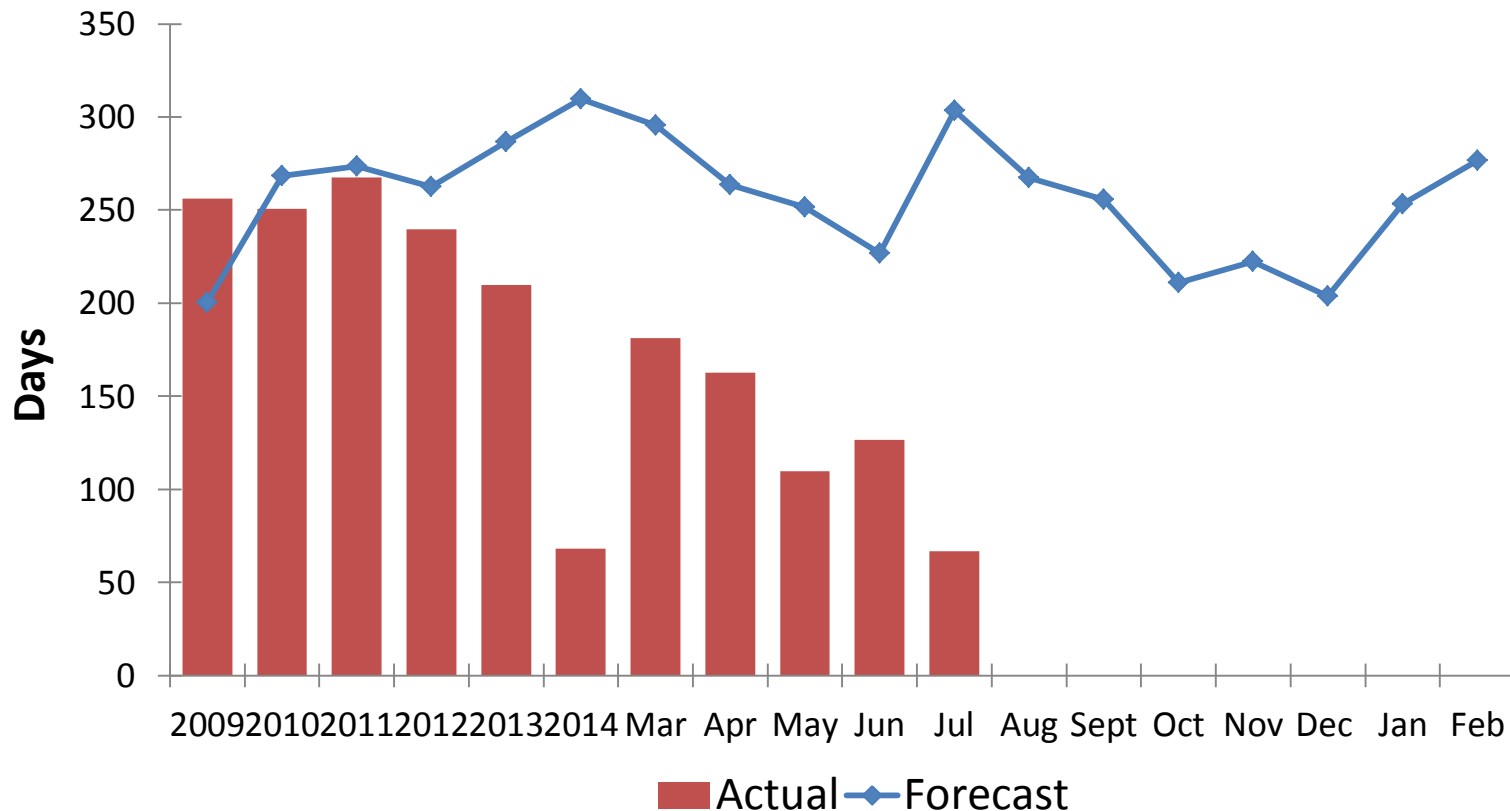
Cash Collections

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.



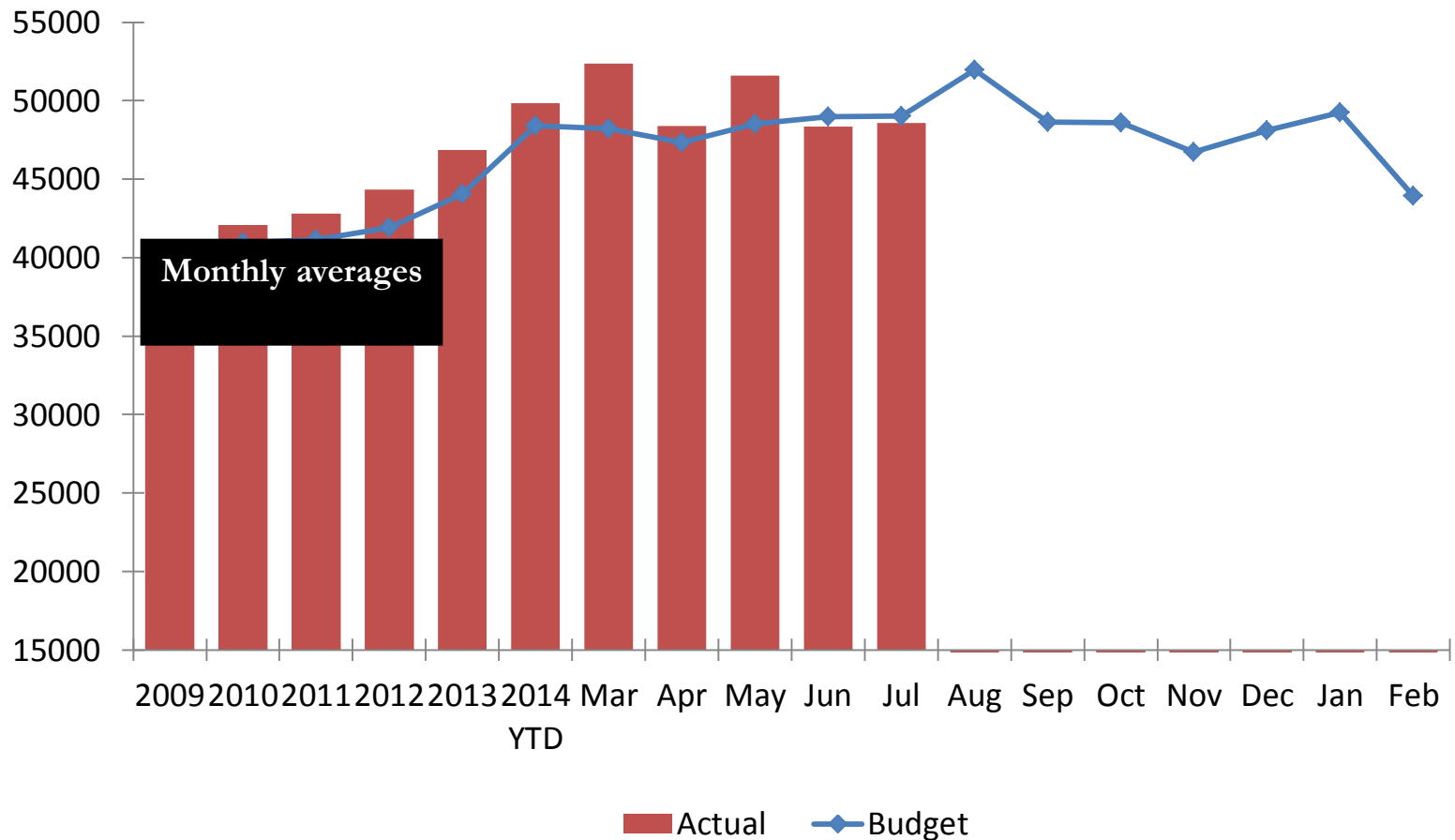
Unrestricted Days Cash on Hand

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.



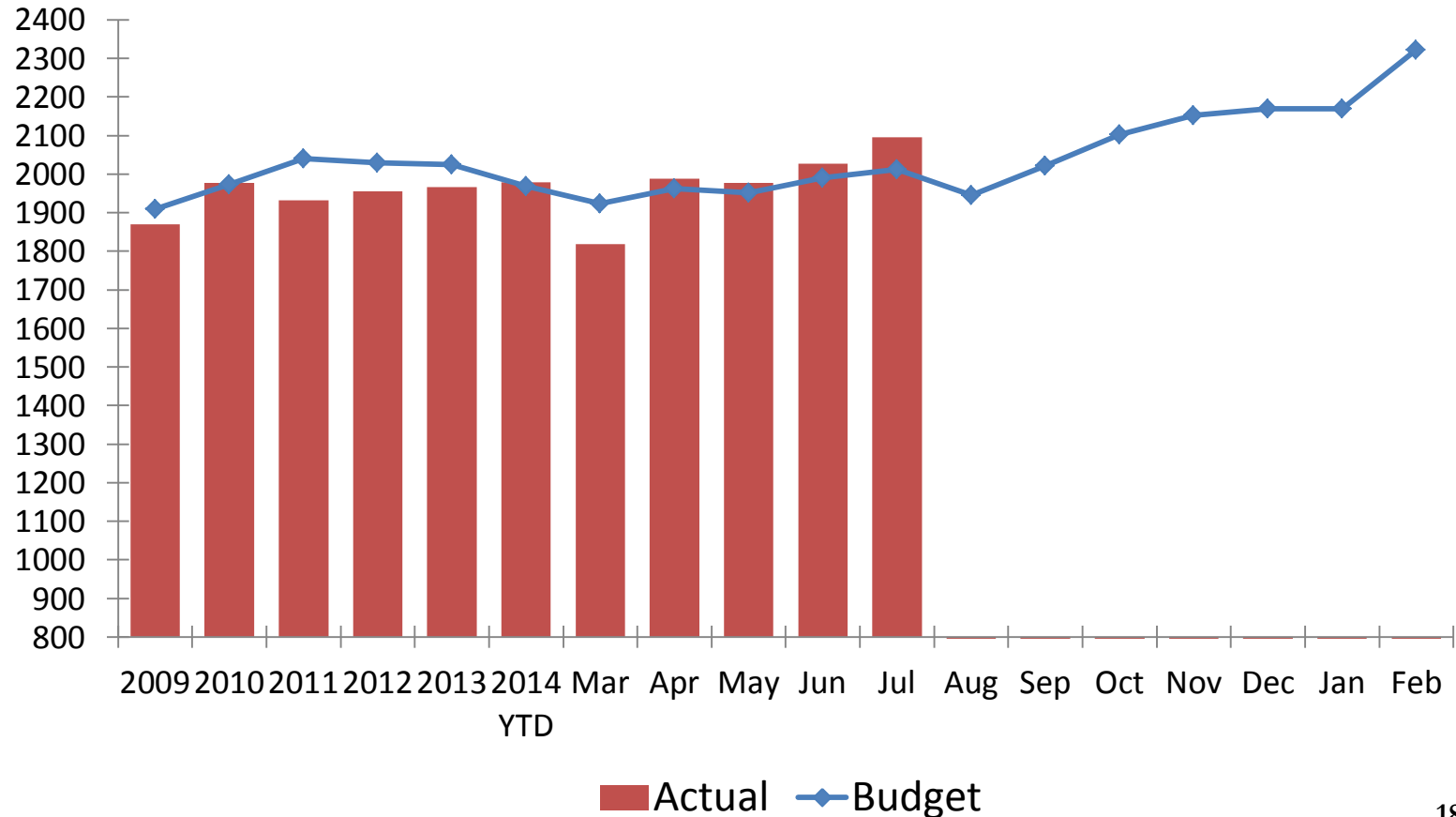
Adjusted Patient Days

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



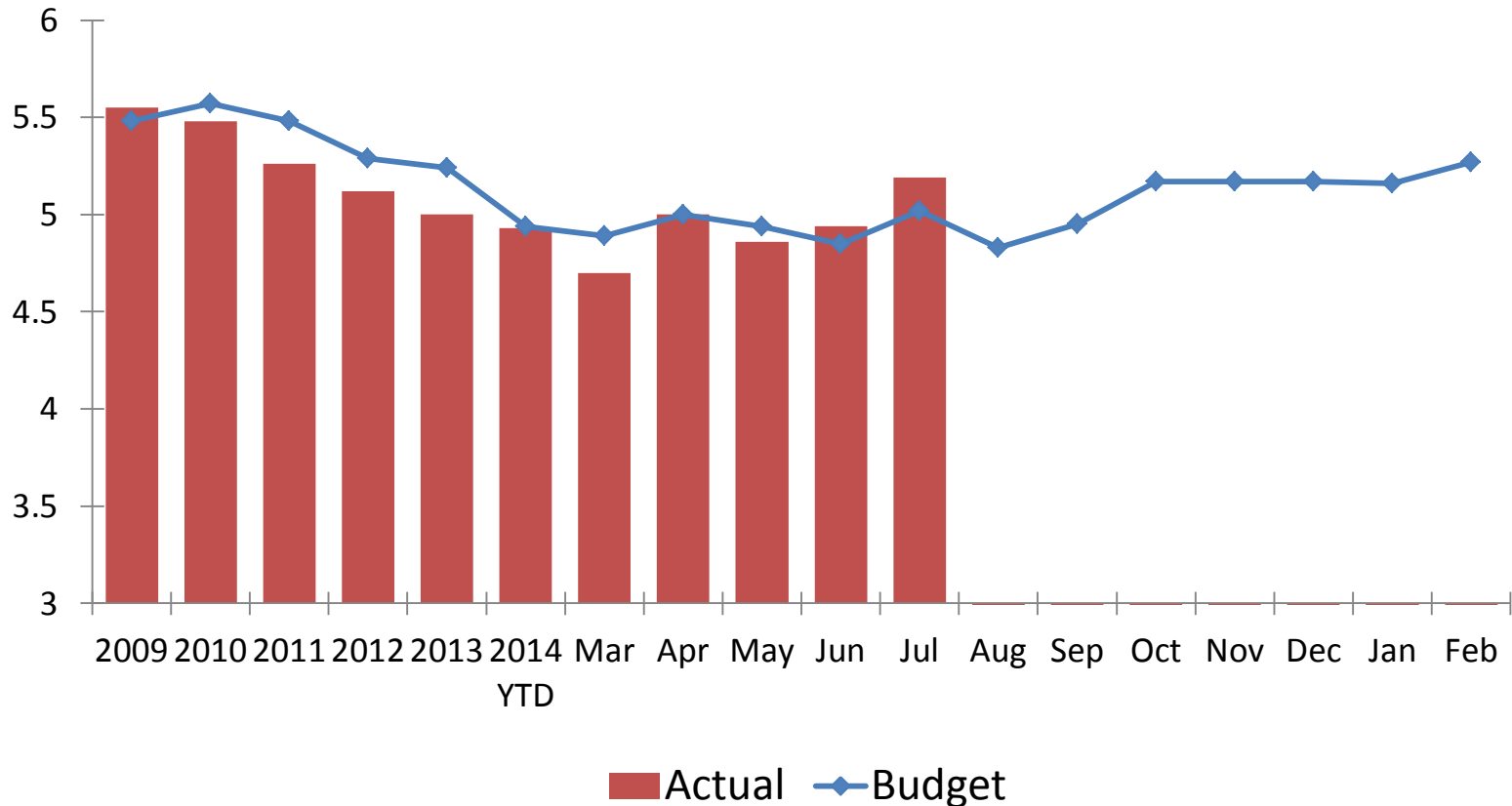
Operating Cost Per Adj. Patient Day

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

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

