

FINANCIAL STATEMENTS
As of November 30, 2013

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HARRISHEALTH SYSTEM

November 2013 Financial Statement Highlights

Presented for your review, discussion and acceptance are the financial statements for the month ended November 30, 2013.

Statistics

Adjusted patient days were 10.2% ^(Pg1:ln1) greater than budget with approximately 67.0% of the volume representing outpatient care.

Clinic visits ^(Pg1:ln5) of 89,471 were 2.7% less than the budget of 91,951. Primary care clinic visits ^(Pg1:ln3) were 4.1% less than the month's budget and total specialty clinic visits were 1.0% greater than the November budget ^(Pg1:ln4).

November Emergency Center visits ^(Pg1:ln10) are reported at 14,056 and were 0.5% greater than budget.

System wide, surgery cases were 9.1% less than budget expectations ^(Pg1:ln13).

Deliveries of 557 were 4.5% greater than the budget of 533 ^(Pg1:ln21).

60.0% of total cases occupying patient beds entered through the emergency room ^(Pg1:ln19). Inpatient utilization System wide was 6.0% greater than budget ^(Pg2:ln3). Inpatient length of stay ^(Pg2:ln8) was 4.2% greater than budget and the inpatient case mix index ^(Pg2:ln9) was 3.4% greater than budget.

Charity and Self Pay payor mix of 64.6% was 0.6% greater than the budget of 64.2% ^(Pg2:ln10). Medicaid represented 21.2% of total patients and compared unfavorably to the budget of 21.9%. Medicare represented 9.2% of all patients and compared favorably with the budget of 8.6%. Commercial Insurance and Other represented 5.0% of all patients and compared unfavorably to the budget of 5.3%.

The Unduplicated Patient count, calculated on a rolling twelve months basis, of 310,298, is 3.2% greater than the prior year count of 300,592 ^(Pg2:ln17).

^(Pg2:ln18) New Patients seen during the past twelve month period total 105,288 and is 1.5% greater than the prior year count of 103,722.

Revenue

Total Net Revenue of \$92.7 million ^(Pg3:ln23) was \$3.4 million less than budget. Patient volumes, measured as adjusted patient days ^(Pg8:ln14), were 10.2% greater than budget. November's estimated reimbursement per adjusted patient day ^(Pg8:ln1) was 3.1% greater than budget. The resulting Net Patient Service Revenue for November of \$29.3 million ^(Pg3:ln10) was \$3.5 million or 13.6% 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 \$101.7 million were \$3.7 million less than the budget of \$105.4 million. Salaries and wages were in line with the budget. Total FTE's ^(Pg8:ln17) were 1.9% greater than budget and when adjusted for volume were 7.7% less than the budgeted staffing level. Supplies expenses were \$1.6 million or 10.4% less than budget and when adjusted for volume ^(Pg8:ln7) were 18.7% less than the budget plan, largely due to a \$1.8 million positive variance resulting from a pharmacy physical inventory and valuation. Total Services ^(Pg4:ln12) of \$31.0 million were \$0.9 million or 0.9% less than budget. Total expenses adjusted for volume ^(Pg8:ln12) were \$1,976 per day compared to the budget of \$2,256 per day, a favorable variance of \$280 per day or 12.4%.

Operating Income

Operating Income ^(Pg4:ln14) for November is a loss of \$9.0 million compared to a budgeted loss of \$9.3 million. Page 10 of the report analyzes operating performance and reflects a favorable operating run rate as compared to budget due mostly to favorable expense variances.

Cash Receipts/Disbursements/Balance Sheet

November cash receipts ^(Pg9:ln24) totaled \$75.8 million compared to a budget of \$150.9 million due to the timing of intergovernmental transfers and receipt of Section 1115 Waiver funds related to federal fiscal year 2013. Non Section 1115 Waiver funds received totaled \$39.8 million compared to a budget of \$41.1 million. Including board designated funds, the System has \$182.9 million in unrestricted cash, cash equivalents and investments ^(Pg6:ln1,7,9,10,16,18,24), representing 56 days cash on hand compared to the prior year's cash of \$316.8 million and days cash on hand of 102. Harris Health System has ^(Pg6:ln2) \$71.4 million in net accounts receivable, representing 73 days of outstanding accounts receivable. At November 30, 2013 Harris Health System's balance sheet reflects an estimated receivable of \$195.8 million under the Section 1115 Supplemental Medicaid Programs and a \$38.9 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 November 30, 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 FACILITIES</u>									
1. Adjusted Patient Days	51,467	46,714	10.2%	457,893	438,010	4.5%	419,450	9.2%	
2. Outpatient % of Adjusted Volume	67.0%	66.3%	1.1%	66.8%	65.9%	1.3%	64.8%	3.0%	
3. Primary Care Clinic Visits	63,454	66,196	-4.1%	610,321	625,149	-2.4%	591,506	3.2%	
4. Specialty Clinic Visits	26,017	25,755	1.0%	253,441	240,272	5.5%	232,069	9.2%	
5. Total Clinic Visits	89,471	91,951	-2.7%	863,762	865,421	-0.2%	823,575	4.9%	
6. % Primary Care Visits	70.9%	72.0%	-1.5%	70.7%	72.2%	-2.2%	71.8%	-1.6%	
7. Emergency Room Visits - Outpatient	11,561	11,593	-0.3%	110,219	105,893	4.1%	108,813	1.3%	
8. Emergency Room Visits - Observation	883	846	4.4%	8,355	8,128	2.8%	7,806	7.0%	
9. Emergency Room Visits - Admitted	1,612	1,550	4.0%	15,599	14,210	9.8%	14,515	7.5%	
10. Total Emergency Room Visits	14,056	13,989	0.5%	134,173	128,231	4.6%	131,134	2.3%	
11. Surgery Cases - Outpatient	735	842	-12.7%	7,490	8,014	-6.5%	7,751	-3.4%	
12. Surgery Cases - Inpatient	840	890	-5.6%	8,465	8,436	0.3%	8,505	-0.5%	
13. Total Surgery Cases	1,575	1,732	-9.1%	15,955	16,450	-3.0%	16,256	-1.9%	
14. % Outpatient Cases	46.7%	48.6%	-4.0%	46.9%	48.7%	-3.6%	47.7%	-1.5%	
15. Total Outpatient Visits	145,219	145,710	-0.3%	1,385,490	1,368,598	1.2%	1,314,300	5.4%	
16. Inpatient Cases (Discharges)	2,897	2,797	3.6%	26,752	26,650	0.4%	26,254	1.9%	
17. Outpatient Observation Cases	1,263	1,107	14.1%	11,456	10,626	7.8%	10,402	10.1%	
18. Total Cases Occupying Patient Beds	4,160	3,904	6.6%	38,208	37,276	2.5%	36,656	4.2%	
19. % of Total Cases from Emergency Room	60.0%	61.4%	-2.3%	62.7%	59.9%	4.6%	60.9%	3.0%	
20. % of Outpatient Cases	30.4%	28.4%	7.1%	30.0%	28.5%	5.2%	28.4%	5.7%	
21. Births	557	533	4.5%	4,694	4,957	-5.3%	5,033	-6.7%	

Statistical Highlights

As of November 30, 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 FACILITIES</u>									
1. Adjusted Patient Days	51,467	46,714	10.2%	457,893	438,010	4.5%	419,450	9.2%	
2. Outpatient % of Adjusted Volume	67.0%	66.3%	1.1%	66.8%	65.9%	1.3%	64.8%	3.0%	
3. Primary Care Clinic Visits	63,454	66,196	-4.1%	610,321	625,149	-2.4%	591,506	3.2%	
4. Specialty Clinic Visits	26,017	25,755	1.0%	253,441	240,272	5.5%	232,069	9.2%	
5. Total Clinic Visits	89,471	91,951	-2.7%	863,762	865,421	-0.2%	823,575	4.9%	
6. % Primary Care Visits	70.9%	72.0%	-1.5%	70.7%	72.2%	-2.2%	71.8%	-1.6%	
7. Emergency Room Visits - Outpatient	11,561	11,593	-0.3%	110,219	105,893	4.1%	108,813	1.3%	
8. Emergency Room Visits - Observation	883	846	4.4%	8,355	8,128	2.8%	7,806	7.0%	
9. Emergency Room Visits - Admitted	1,612	1,550	4.0%	15,599	14,210	9.8%	14,515	7.5%	
1. Inpatient Days	17,007	15,764	7.9%	152,187	149,427	1.8%	147,685	3.0%	
2. Outpatient Observation Days	2,724	2,847	-4.3%	26,193	28,196	-7.1%	26,724	-2.0%	
3. Total Patient Days	19,731	18,611	6.0%	178,380	177,623	0.4%	174,409	2.3%	
4. % of Outpatient Days	13.8%	15.3%	-9.8%	14.7%	15.9%	-7.5%	15.3%	-4.2%	
5. Average Daily Census	657.70	620.37	6.0%	648.66	645.90	0.4%	634.22	2.3%	
6. Average Operating Beds	775	769	0.8%	796	791	0.6%	813	-2.1%	
7. Bed Occupancy %	84.9%	80.7%	5.2%	81.5%	81.7%	-0.2%	78.0%	4.5%	
8. Inpatient Average Length of Stay	5.87	5.64	4.2%	5.69	5.61	1.5%	5.63	1.1%	
9. Inpatient Case Mix Index (CMI)	1.480	1.432	3.4%	1.451	1.432	1.3%	1.412	2.8%	
Payor Mix (% of Charges)									
10. Charity & Self Pay	64.6%	64.2%	0.6%	64.3%	64.2%	0.2%	63.3%	1.6%	
11. Medicaid & Medicaid Managed	21.2%	21.9%	-3.3%	21.9%	21.9%	-0.1%	22.6%	-3.1%	
12. Medicare & Medicare Managed	9.2%	8.6%	7.0%	9.0%	8.6%	4.7%	8.8%	2.3%	
13. Commercial & Other	5.0%	5.3%	-5.1%	4.8%	5.3%	-8.9%	5.3%	-9.4%	
<u>NETWORK REFERRAL SERVICES</u>									
14. Primary Care	1,682	3,448	-51.2%	5,521	14,655	-62.3%	4,133	33.6%	
15. Specialty Care Visits	41	0	0.0%	163	0	0.0%	0	0.0%	
16. Surgery Cases	162	207	-21.7%	1,094	879	24.4%	763	43.4%	
17. GI Procedures	40	110	-63.7%	648	469	38.2%	1,120	-42.1%	
18. Hemodialysis Treatments	208	0	0.0%	399	0	0.0%	0	0.0%	
<u>HEALTH SYSTEM TOTALS</u>									
19. Primary Care	65,136	69,644	-6.5%	615,842	639,804	-3.7%	595,639	3.4%	
20. Specialty Care Visits	26,058	25,755	1.2%	253,604	240,272	5.5%	232,069	9.3%	
21. Surgery Cases	1,737	1,939	-10.4%	17,049	17,329	-1.6%	17,019	0.2%	
17. Total Unduplicated Patients - Rolling 12				310,298			300,592	3.2%	
18. Total New Patient - Rolling 12				105,288			103,722	1.5%	

Operating Statement

As of November 30, 2013

(In thousands)

	MONTH-TO-MONTH					YEAR-TO-DATE				
	CURRENT	CURRENT	PERCENT	PRIOR	PERCENT	CURRENT	CURRENT	PERCENT	PRIOR	PERCENT
	YEAR	BUDGET	CHANGE	YEAR	CHANGE	YEAR	BUDGET	CHANGE	YEAR	CHANGE
PATIENT REVENUES:										
1. Routine Services	18,620	17,516	6.3%	17,850	4.3%	167,180	168,235	-0.6%	164,759	1.5%
2. Inpatient Ancillary	60,182	61,838	-2.7%	60,517	-0.6%	583,487	575,572	1.4%	562,901	3.7%
3. Outpatient Ancillary	157,669	153,059	3.0%	144,216	9.3%	1,485,719	1,410,844	5.3%	1,315,623	12.9%
4. Physician Services	2,001	2,739	-27.0%	2,429	-17.6%	21,220	26,211	-19.0%	23,389	-9.3%
5. Gross Patient Charges	238,472	235,152	1.4%	225,012	6.0%	2,257,606	2,180,862	3.5%	2,066,671	9.2%
REVENUE DEDUCTIONS:										
6. Charity Care	(147,201)	(110,831)	-32.8%	(105,957)	-38.9%	(1,176,151)	(1,026,319)	-14.6%	(989,021)	-18.9%
7. Contractual Allowance / Other Discounts	(55,562)	(85,549)	35.1%	(86,647)	35.9%	(743,492)	(793,875)	6.3%	(702,953)	-5.8%
8. Provision for Bad Debt Expense	(6,413)	(12,992)	50.6%	(8,747)	26.7%	(85,588)	(120,468)	29.0%	(147,560)	42.0%
9. Total Patient Revenue Deductions	(209,176)	(209,372)	0.1%	(201,350)	-3.9%	(2,005,231)	(1,940,661)	-3.3%	(1,839,533)	-9.0%
10. Net Patient Service Revenue	29,296	25,780	13.6%	23,662	23.8%	252,375	240,200	5.1%	227,138	11.1%
OTHER OPERATING REVENUE:										
11. DSH/UPL/1115 Waiver	19,415	24,799	-21.7%	25,903	-25.0%	208,119	223,187	-6.8%	205,147	1.4%
12. Other Operating Revenue	1,668	2,220	-24.9%	1,375	21.3%	18,258	20,532	-11.1%	21,534	-15.2%
13. Total Other Operating Revenue	21,083	27,018	-22.0%	27,278	-22.7%	226,378	243,720	-7.1%	226,682	-0.1%
14. Total Operating Revenue	50,379	52,799	-4.6%	50,940	-1.1%	478,752	483,920	-1.1%	453,820	5.5%
NONOPERATING REVENUE:										
15. Net Ad Valorem Tax Revenue	42,563	42,917	-0.8%	40,559	4.9%	385,126	386,249	-0.3%	373,772	3.0%
16. DSRIP	0	0	0.0%	0	0.0%	32,584	23,060	41.3%	0	0.0%
17. Net Tobacco Settlement Revenue	0	0	0.0%	0	0.0%	9,774	12,210	-20.0%	9,719	0.6%
18. Interest Income	(205)	436	-147.0%	1,338	-115.3%	(270)	4,999	-105.4%	4,463	-106.1%
19. Other	(26)	0	0.0%	(43)	-40.8%	583	0	0.0%	11,347	94.9%
20. Total Nonoperating Revenue	42,332	43,353	-2.4%	41,853	1.1%	427,797	426,518	0.3%	399,301	7.1%
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	92,710	96,152	-3.6%	92,793	-0.1%	906,549	910,438	-0.4%	853,120	6.3%

Operating Statement
As of November 30, 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	34,232	36,394	5.9%	33,741	-1.5%	316,985	323,900	2.1%	297,253	-6.6%
2. PTO & Secondary Sick Leave	5,372	4,644	-15.7%	4,188	-28.3%	43,692	41,760	-4.6%	39,677	-10.1%
3. Contract Salaries	1,393	598	-133.1%	840	-65.8%	10,349	5,801	-78.4%	7,682	-34.7%
4. Registry Salaries	2,405	1,870	-28.6%	2,123	-13.3%	22,105	17,480	-26.5%	19,643	-12.5%
5. FICA and Benefits	13,630	15,355	11.2%	14,135	3.6%	139,975	136,318	-2.7%	125,842	-11.2%
6. Total Salaries, Wages, and Benefits	57,032	58,861	3.1%	55,027	-3.6%	533,106	525,258	-1.5%	490,097	-8.8%
7. Supplies	13,669	15,256	10.4%	15,616	12.5%	146,403	137,846	-6.2%	134,251	-9.1%
SERVICES:										
8. Physician Services	15,139	15,713	3.7%	12,729	-18.9%	132,295	125,692	-5.3%	110,122	-20.1%
9. Other Purchased Services	9,881	10,243	3.5%	9,506	-4.0%	82,372	85,488	3.6%	79,353	-3.8%
10. Depreciation and Amortization	4,442	4,853	8.5%	4,705	5.6%	39,029	42,065	7.2%	37,278	-4.7%
11. Interest	1,542	487	-216.4%	609	-153.3%	6,333	4,467	-41.8%	5,121	-23.7%
12. Total Services	31,004	31,296	0.9%	27,549	-12.5%	260,029	257,713	-0.9%	231,875	-12.1%
13. Total Operating Expenses	101,704	105,414	3.5%	98,192	-3.6%	939,538	920,817	-2.0%	856,224	-9.7%
14. Operating Income (Loss)	(8,994)	(9,262)	-	(5,399)	-	(32,989)	(10,379)	-	(3,103)	-

Cash Flow Summary
As of November 30, 2013
(In thousands)

HARRIS HEALTH SYSTEM
CASH FLOW SUMMARY
As of November 30, 2013
(In Thousands)

	CURRENT MONTH	PRIOR YEAR MONTH	FISCAL YTD	PRIOR FISCAL YTD
<u>CASH RECEIPTS:</u>				
1. Ad Valorem Taxes	\$ 11,022	8,379	\$ 35,914	\$ 39,886
2. Collections on Patient Accounts	25,971	26,065	238,799	236,756
3. Disproportionate Share III/1115 Waiver UC & DSRIP	36,023	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)	2,778	2,036	28,277	45,636
7. Total Cash Receipts	\$ 75,794	\$ 36,480	\$ 552,523	\$ 508,347
<u>CASH DISBURSEMENTS:</u>				
8. Salaries and Wages	\$ 29,757	\$ 27,397	\$ 283,858	\$ 267,613
9. Benefits and Employee Deductions	26,161	21,585	281,453	239,010
10. Drugs and Supplies	20,716	18,397	153,466	141,013
11. Physician Services	117	226	159,189	88,942
12. Purchased Services	13,883	12,159	93,930	98,676
13. Capital Expenditures	7,748	7,597	61,577	90,429
14. Debt and Interest Payments	422	436	9,455	9,574
15. Other Uses	(594)	(3,420)	(37,541)	(62,106)
16. Total Cash Disbursements	\$ 98,210	\$ 84,377	\$ 1,005,387	\$ 873,151
17. Net Change	\$ (22,416)	\$ (47,897)	\$ (452,864)	\$ (364,804)

Unrestricted Cash, Cash Equivalents and Investments - February 28, 2013	\$ 635,769
Net Change	(452,864)
Unrestricted Cash, Cash Equivalents and Investments - November 30, 2013	\$ 182,905

Balance Sheet

As of November 30, 2013

(In thousands)

	<u>ACTUAL</u>	<u>PRIOR YEAR</u>
ASSETS		
CURRENT ASSETS:		
1. Cash, Cash Equivalents and Short Term Investments	(130,556)	(17,359)
2. Net Patient Accounts Receivable	71,424	68,971
3. Net Ad Valorem Taxes, Current Portion	374,121	363,783
4. Prepaid Expenses, Inventories, and Other Current Assets	224,153	144,800
5. Total Current Assets	539,142	560,195
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
6. Debt Service and Bond Covenants - Restricted	8,099	7,916
7. Board Designated for Future Expansion	2,545	1,103
8. Phase 1 Project Fund	0	0
9. Board Designated for Legal Reserves	2,324	2,192
10. Board Designated for Self-Insured Programs	23,223	16,231
11. Total Assets Limited as to Use or Restricted, Current Portion	36,190	27,442
PLANT, PROPERTY AND EQUIPMENT:		
12. Plant, Property, & Equipment, Net of Accumulated Depreciation	379,369	367,893
13. Construction in Progress	61,944	37,477
14. Total Plant, Property and Equipment	441,313	405,371
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
15. Debt Service and Bond Covenants - Restricted	19,154	23,383
16. Board Designated for Future Expansion	111,971	161,711
17. Phase 1 Project Fund	0	0
18. Board Designated for Self-Insured Programs	173,398	152,908
19. Other - Restricted	864	862
20. Total Assets Limited as to Use or Restricted, Net of Current Portion	305,387	338,865
OTHER ASSETS:		
21. Net Ad Valorem Taxes, Delinquent	1,281	3,279
22. Net Deferred Bond Issue Costs	3,655	3,865
23. Net Pension Asset	10,734	9,168
24. Long-Term Investments	0	0
25. Security Deposit	45	24
26. Derivative Asset	0	0
27. Deferred Outflow - Derivative Financial Instrument	10,057	10,904
28. Total Other Assets	25,772	27,240
29. Due to/from CHCI	4,418	5,783
30. TOTAL ASSETS	1,352,223	1,364,896

Balance Sheet
As of November 30, 2013
(In thousands)

<u>ASSETS</u>	<u>ACTUAL</u>	<u>PRIOR YEAR</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
1. Accounts Payable and Accrued Liabilities	73,713	54,742
2. Interest Payable	3,114	3,152
3. Employee Compensation & Related Benefit Liabilities	45,179	35,490
4. Compensated Absences	42,450	42,615
5. Estimated Third-Party Payor Settlements	2,470	(2,525)
6. Current Portion Long-Term Debt and Capital Leases	5,178	5,975
7. Total Current Liabilities	172,104	139,448
OTHER LONG-TERM LIABILITIES:		
8. Pension Payable	0	0
9. Post Employment Health Benefit Liability	173,398	152,908
10. Borrowing Payable	14,630	15,497
11. Derivative Liability	10,057	10,904
12. Arbitrage Rebate Liability	141	141
13. Total Other Long-Term Liabilities	198,226	179,450
LONG-TERM DEBT:		
14. Series 2007 Revenue Bonds, Including Premium & Deferred Loss	187,830	190,855
15. Series 2010 Revenue Bonds, Including Deferred Loss	82,368	82,384
16. Other Long-Term Obligation	152	187
17. Total Long-Term Debt	270,350	273,427
TOTAL LIABILITIES	640,680	592,325
NET ASSETS:		
18. Invested in Capital Assets, Net of Related Debt	151,455	110,473
19. Restricted Net Assets	28,981	32,162
20. Unrestricted Net Assets	531,108	629,936
21. Total Net Assets	711,543	772,571
22. TOTAL LIABILITIES & NET ASSETS	1,352,223	1,364,896

Operating Performance Per Adjusted Patient Days

As of November 30, 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	\$ 569	\$ 552	3.1%	\$ 511	11.4%	\$ 551	\$ 548	0.5%	\$ 542	1.7%
2. Other Operating Revenue	410	578	-29.1%	589	-30.4%	494	556	-11.2%	540	-8.5%
3. Nonoperating Revenue	823	928	-11.3%	904	-9.0%	934	974	-4.1%	952	-1.9%
4. Capital Contribution	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
5. Total District Net Revenue	1,802	2,058	-12.4%	2,004	-10.1%	1,979	2,078	-4.8%	2,034	-2.7%
6. Salaries, Wages, and Benefits	1,108	1,260	12.1%	1,188	6.7%	1,164	1,199	2.9%	1,168	0.3%
7. Supplies	266	327	18.7%	337	21.1%	320	315	-1.6%	320	0.0%
8. Physician Services	294	336	12.5%	275	-6.9%	289	287	-0.7%	263	-9.9%
9. Other Purchased Services	192	219	12.3%	205	6.3%	180	195	7.7%	189	4.8%
10. Depreciation and Amortization	86	104	17.3%	102	15.7%	85	96	11.5%	89	4.5%
11. Interest	30	10	-200.0%	13	-130.8%	14	10	-40.0%	12	-16.7%
12. Total Operating Expenses	1,976	2,256	12.4%	2,120	6.8%	2,052	2,102	2.4%	2,041	-0.5%
13. Operating Income(Loss)	\$ (174)	\$ (198)	-	\$ (116)	-	\$ (73)	\$ (24)	-	\$ (7)	-
14. Adjusted Patient Days	51,467	46,714	10.2%	46,303	11.2%	457,893	438,010	4.5%	419,450	9.2%
15. Average Daily Census	566.9	525.5	7.9%	537.6	5.5%	553.4	543.4	1.8%	537.0	3.1%
16. FTE's(Employee/Contract) per AOB	4.8	5.2	7.7%	5.1	5.9%	4.9	5.0	2.0%	5.0	2.0%
17. FTE's(Employee/Contract) - Total	8,203	8,050	-1.9%	7,887	-4.0%	8,110	7,928	-2.3%	7,693	-5.4%
18. FTE's(Employee/Contract) - Productive	7,159	7,136	-0.3%	7,054	-1.5%	7,185	7,007	-2.5%	6,814	-5.5%

Analysis of Cash Receipts As of November 30, 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	\$5,546	\$4,069	\$4,080	\$40,277	\$37,721	\$2,556	6.8	\$38,038	\$2,239	5.9
2. Medicaid	7,332	9,790	10,177	78,469	82,264	(3,795)	(4.6)	81,415	(2,946)	(3.6)
3. Texas vendor drug/Medicare Part D	2,470	2,510	2,463	24,186	22,579	1,607	7.1	22,791	1,395	6.1
4. Managed Care - Medicaid	6,009	5,095	5,142	51,053	46,652	4,401	9.4	47,839	3,214	6.7
5. Commercial insurance	889	1,216	1,237	11,787	11,703	84	0.7	11,540	247	2.1
6. Liens	482	177	186	2,426	2,289	137	6.0	1,731	695	40.2
7. Patient pay	1,997	1,899	2,154	19,025	20,014	(989)	(4.9)	19,940	(915)	(4.6)
8. Business office	276	305	380	3,084	3,405	(321)	(9.4)	3,519	(435)	(12.4)
9. Other governmental projects/grants	970	1,004	1,078	8,492	10,129	(1,637)	(16.2)	9,968	(1,476)	(14.8)
10. SUBTOTAL	25,971	26,065	26,897	238,799	236,756	2,043	0.9	236,781	2,018	0.9
11a. Cost Reimbursements	516	337	314	10,980	6,611	4,369	66.1	3,141	7,839	249.5
11b. Recoupments	0	0	0	0	0	0	0.0	0	0	0.0
12. Net Patient Revenue Receipts	26,487	26,402	27,211	249,779	243,367	6,412	2.6	239,923	9,856	4.1
13. DSH/UPL/1115 Waiver	36,023	0	109,762	237,948	175,838	62,110	35.3	329,114	(91,166)	(27.7)
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. Total Patient Revenue Receipts	62,510	26,402	136,973	499,312	429,436	69,876	16.3	581,246	(81,934)	(14.1)
NON-PATIENT OPERATING REVENUE:										
16. Parking	263	215	297	2,149	1,938	211	10.9	2,671	(522)	(19.5)
17. Grants	1,428	345	684	6,040	11,853	(5,813)	(49.0)	6,159	(119)	(1.9)
18. Miscellaneous	539	713	6,148	7,495	21,358	(13,863)	(64.9)	13,175	(5,680)	(43.1)
19. Total Non-Patient Operating	2,230	1,273	7,129	15,684	35,149	(19,465)	(55.4)	22,005	(6,321)	(28.7)
20. Interest income	32	426	436	1,613	3,876	(2,263)	(58.4)	5,000	(3,387)	(67.7)
21. Total Non-Tax Receipts	64,772	28,101	144,538	516,609	468,461	48,148	10.3	608,251	(91,642)	(15.1)
22. Ad valorem tax receipts/note	11,022	8,379	6,329	35,914	39,886	(3,972)	(10.0)	50,508	(14,594)	(28.9)
23. Commercial Paper Proceeds	0	0	0	0	0	0	0.0	0	0	0.0
24. Total Receipts	\$75,794	\$36,480	\$150,867	\$552,523	\$508,347	\$44,176	8.7	\$658,759	(\$106,236)	(16.1)

Operating Performance
As of November 30, 2013
(In Millions)

	<u>MONTH</u>	<u>YTD</u>
Total Operating Income (Loss) as Reported	\$ (9.0)	\$ (33.0)
Favorable Adjustments:		
Trauma Funds	\$ -	\$ 1.8
Medicaid Cost Report Settlement	\$ -	\$ 2.1
Pension Expense Based on Actuarial Review	\$ 0.2	\$ 0.4
Subtotal of Favorable Adjustments	\$ 0.2	\$ 4.3
Unfavorable Adjustments:		
Donations - CHCI	\$ (0.3)	\$ (2.7)
Tobacco Revenue	\$ -	\$ (2.4)
Medicare Cost Report Settlement	\$ -	\$ (0.2)
Subtotal of Unfavorable Adjustments	\$ (0.3)	\$ (5.3)
Harris Health System Operating Run Rate as of November	\$ (8.9)	\$ (32.0)
Harris Health System 2014 Budget	\$ (9.3)	\$ (10.4)
Favorable (Unfavorable) Run Rate	\$ 0.4	\$ (21.6)
Attributable Factors:		
Favorable (Unfavorable) Revenue Variance	\$ (3.1)	\$ (2.6)
Favorable (Unfavorable) Expense Variance	\$ 3.5	\$ (19.0)
Net of Attributable Factors	\$ 0.4	\$ (21.6)

Supplemental Information – Statistical Highlights - Monthly Trend
As of November 30, 2013

							MONTHLY AVERAGE			
	June	July	August	September	October	November	FY 2012 YTD Nov	FY 2013 YTD Nov	FY 2014 YTD Nov	% Change 14 vs 13
1. ADMISSIONS(A&P)	2,857	3,109	3,150	2,971	3,139	2,897	2,952	2,917	2,972	1.9%
2. PATIENT DAYS(A&P)	15,913	17,195	16,981	16,899	17,906	17,007	16,565	16,409	16,910	3.0%
3. AVERAGE LOS	5.57	5.53	5.39	5.69	5.70	5.87	5.61	5.63	5.69	1.1%
4. AVERAGE LOS, Overall CMI Adjusted	3.84	3.83	3.88	4.09	3.78	3.97	4.00	3.98	3.92	-1.6%
5. PERCENT OCCUPANCY	66.1%	69.9%	69.0%	70.7%	72.4%	73.2%	66.7%	66.1%	69.5%	5.1%
CASE MIX INDEX (CMI)										
6. CMI - Excluding Obstetrics Cases	1.586	1.594	1.524	1.529	1.663	1.647	1.561	1.570	1.595	1.6%
7. CMI - Overall	1.449	1.444	1.391	1.392	1.509	1.480	1.401	1.412	1.451	2.8%
8. BIRTHS	484	558	555	537	567	557	565	559	522	-6.7%
9. OPERATING ROOM CASES	1,714	1,891	1,773	1,742	1,909	1,575	1,817	1,806	1,773	-1.9%
10. Inpatient	918	1,049	954	968	1,007	840	981	945	941	-0.5%
11. Outpatient	796	842	819	774	902	735	836	861	832	-3.4%
12. EMERGENCY VISITS	14,946	14,630	14,765	15,501	15,304	14,056	1,979	14,570	14,908	2.3%
13. Emergency Room Visits-Admitted	1,720	1,642	1,458	2,105	1,888	1,612	1,979	1,613	1,733	7.5%
14. Emergency Room Visits-Outpatient	12,331	12,249	12,407	12,378	12,428	11,561	0	12,090	12,247	1.3%
15. Emergency Room Visits-Observation	895	739	900	1,018	988	883	0	867	928	7.0%
16. CLINIC VISITS	88,252	94,026	96,727	94,201	107,916	89,471	88,582	91,508	95,974	4.9%
17. Primary Care Clinic Visits	61,597	64,777	67,549	67,351	76,911	63,454	62,616	65,723	67,813	3.2%
18. Specialty Clinic Visits	26,655	29,249	29,178	26,850	31,005	26,017	25,965	25,785	28,160	9.2%
PAYOR MIX										
19. Charity & Self Pay	63.6%	62.9%	66.5%	64.2%	64.8%	64.6%	62.3%	63.3%	64.3%	1.6%
19. Medicaid & Medicaid Managed	21.5%	23.2%	21.8%	22.1%	21.2%	21.2%	23.3%	22.6%	21.9%	-3.1%
20. Medicare & Medicare Managed	9.4%	8.8%	9.4%	8.9%	9.3%	9.2%	8.4%	8.8%	9.0%	2.3%
21. Commercial & Other	5.5%	5.1%	2.3%	4.8%	4.7%	5.0%	6.0%	5.3%	4.8%	-9.4%

Supplemental Information – Operating Statement - Monthly Trend

As of November 30, 2013

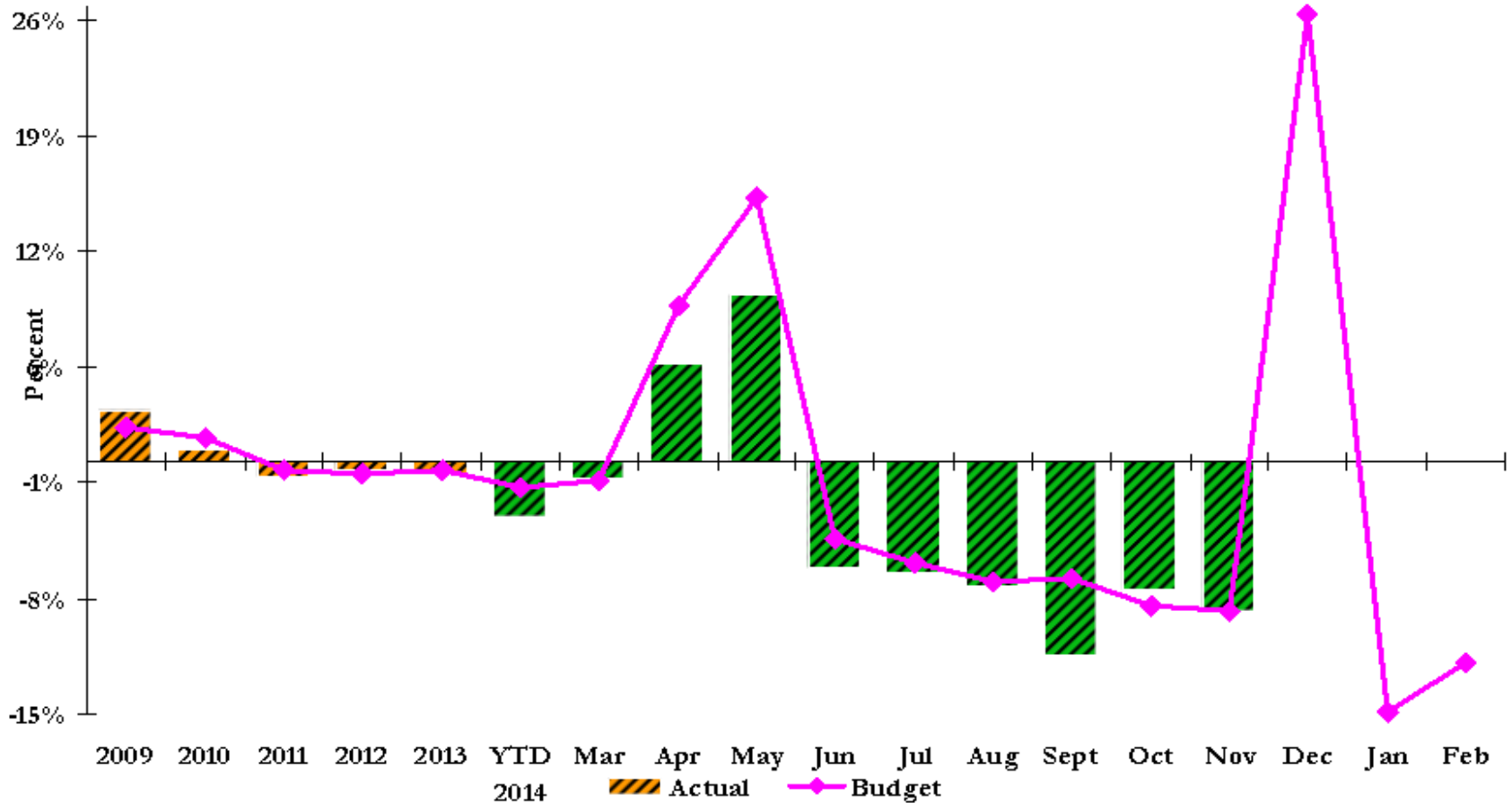
(In Thousands)



							MONTHLY AVERAGE			
	June	July	August	September	October	November	FY 2012 YTD Nov	FY 2013 YTD Nov	FY 2014 YTD Nov	% Change 14 vs 13
1. Gross Patient Charges	\$ 238,278	\$ 253,327	\$ 257,758	\$ 248,362	\$ 275,640	\$ 238,472	218,376	229,630	250,845	9.2%
2. Total Patient Revenue Deductions	(213,216)	(224,630)	(229,611)	(220,838)	(243,913)	(209,176)	(192,352)	(204,393)	(222,803)	9.0%
3. Net Patient Service Revenue	25,062	28,696	28,147	27,523	31,727	29,296	26,024	25,238	28,042	11.1%
4. Net Revenue % of Gross Charges	10.5%	11.3%	10.9%	11.1%	11.5%	12.3%	11.9%	11.0%	11.2%	1.7%
5. DSH/UPL Program Revenue	24,908	24,908	25,334	19,415	19,415	19,415	16,515	22,794	23,124	1.4%
6. Other Operating Revenue	2,396	1,943	1,989	2,501	1,327	1,668	2,414	2,393	2,029	-15.2%
7. Total Other Operating Revenue	27,304	26,851	27,323	21,916	20,742	21,083	18,929	25,187	25,153	-0.1%
8. Net Ad Valorem Tax Revenue	43,090	43,009	42,723	42,590	42,340	42,563	41,466	41,530	42,792	3.0%
9. DSRIP	0	0	0	0	8,871	0	0	0	3,620	0.0%
10. Net Tobacco Settlement Revenue	0	0	0	0	0	0	1,195	1,080	1,086	0.6%
11. Interest Income and Other	134	181	(1,328)	58	788	(231)	916	1,757	35	-98.0%
12. Total Nonoperating Revenue	43,224	43,189	41,395	42,648	51,999	42,332	43,578	44,367	47,533	7.1%
13. Capital Contributions	0	0	0	0	0	0	0	0	0	0.0%
14. Total Net Revenue	95,590	98,737	96,865	92,087	104,469	92,710	88,530	94,791	100,728	6.3%
15. Salaries and Wages	41,804	44,223	44,532	42,264	46,182	43,402	38,562	40,473	43,681	7.9%
16. FICA and Benefits	16,551	15,827	15,826	15,881	15,562	13,630	13,908	13,982	15,553	11.2%
17. Total Salaries, Wages, and Benefits	58,356	60,049	60,358	58,145	61,744	57,032	52,470	54,455	59,234	8.8%
18. Supplies	15,187	16,030	17,177	16,790	19,076	13,669	13,602	14,917	16,267	9.1%
19. Physician Services	15,146	15,141	15,146	15,146	15,139	15,139	10,802	12,236	14,699	20.1%
20. Other Purchased Services	8,806	9,944	8,920	8,848	11,307	9,881	8,447	8,817	9,152	3.8%
21. Depreciation and Amortization	4,309	4,294	3,986	4,144	4,298	4,442	3,934	4,142	4,337	4.7%
22. Interest	487	597	499	509	1,257	1,542	557	569	704	23.7%
23. Total Expenses	102,290	106,057	106,086	103,582	112,820	101,704	89,812	95,136	104,393	9.7%
24. Total Income (Loss)	\$ (6,700)	\$ (7,320)	\$ (9,222)	\$ (11,495)	\$ (8,351)	\$ (8,994)	\$ (1,282)	\$ (345)	\$ (3,665)	963.2%
25. Total Margin	-7.0%	-7.4%	-9.5%	-12.5%	-8.0%	-9.7%	-1.4%	-0.4%	-3.6%	900.6%
26. Full-Time Equivalent Employees	7,963	8,139	8,076	8,150	8,436	8,203	7,429	7,693	8,110	5.4%
27. Average Salary per FTE	\$63,875	\$63,977	\$64,922	\$63,094	\$64,454	\$64,372	\$62,001	\$62,846	\$64,336	2.4%
28. Adjusted Patient Days	48,336	48,570	51,565	50,028	55,565	51,467	43,836	46,606	50,877	9.2%

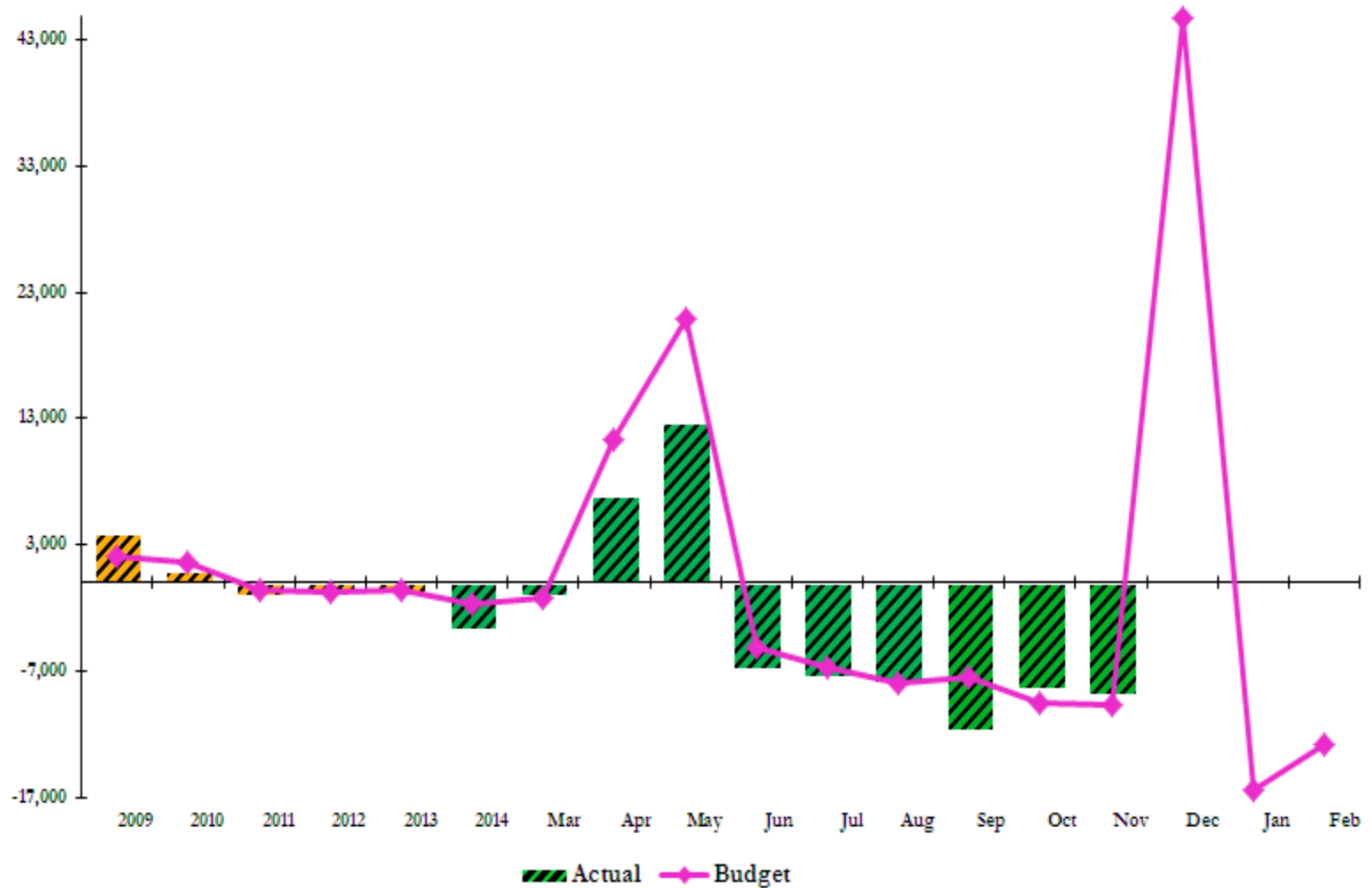
Operating Margin

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



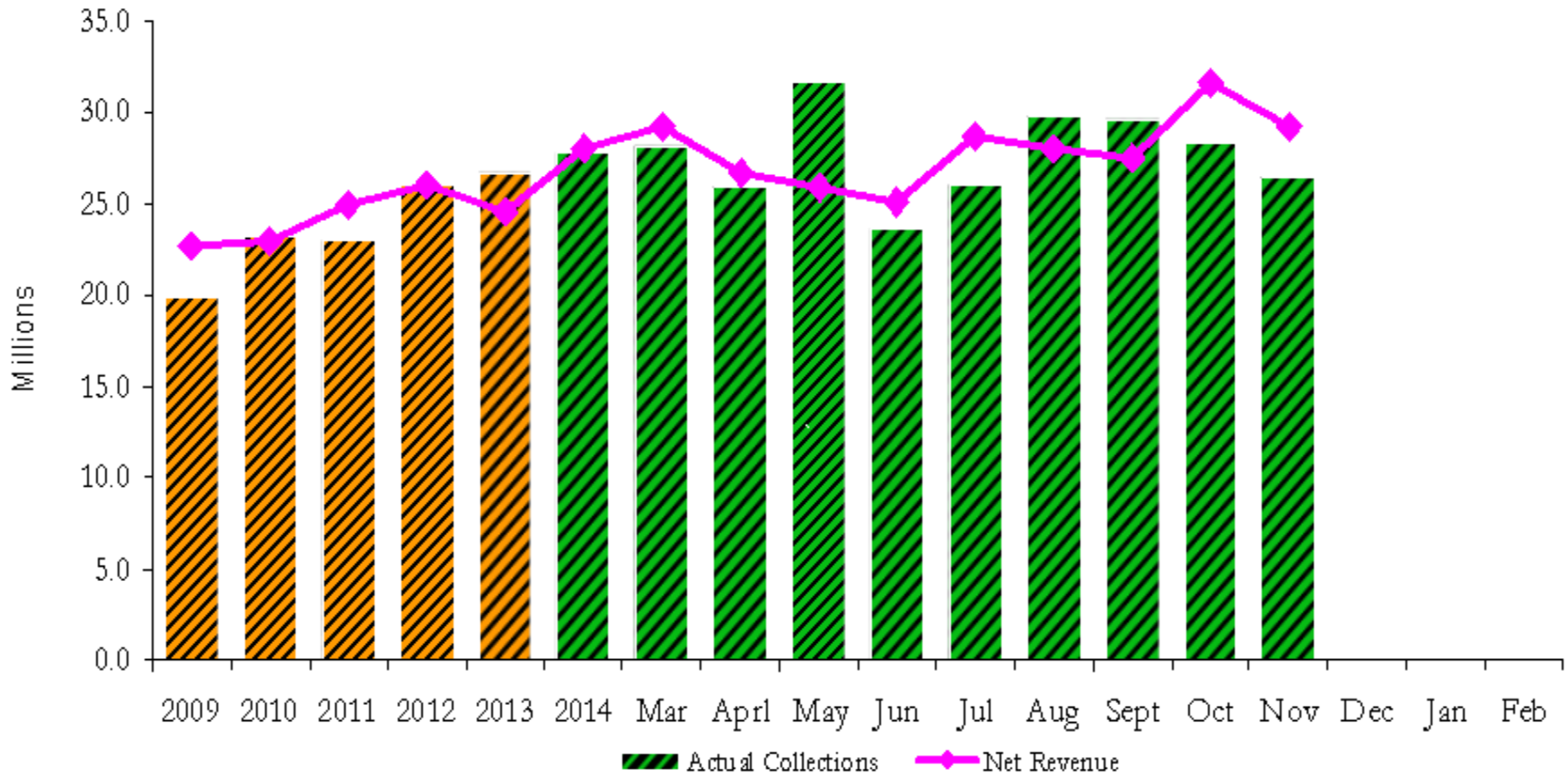
Operating Income

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



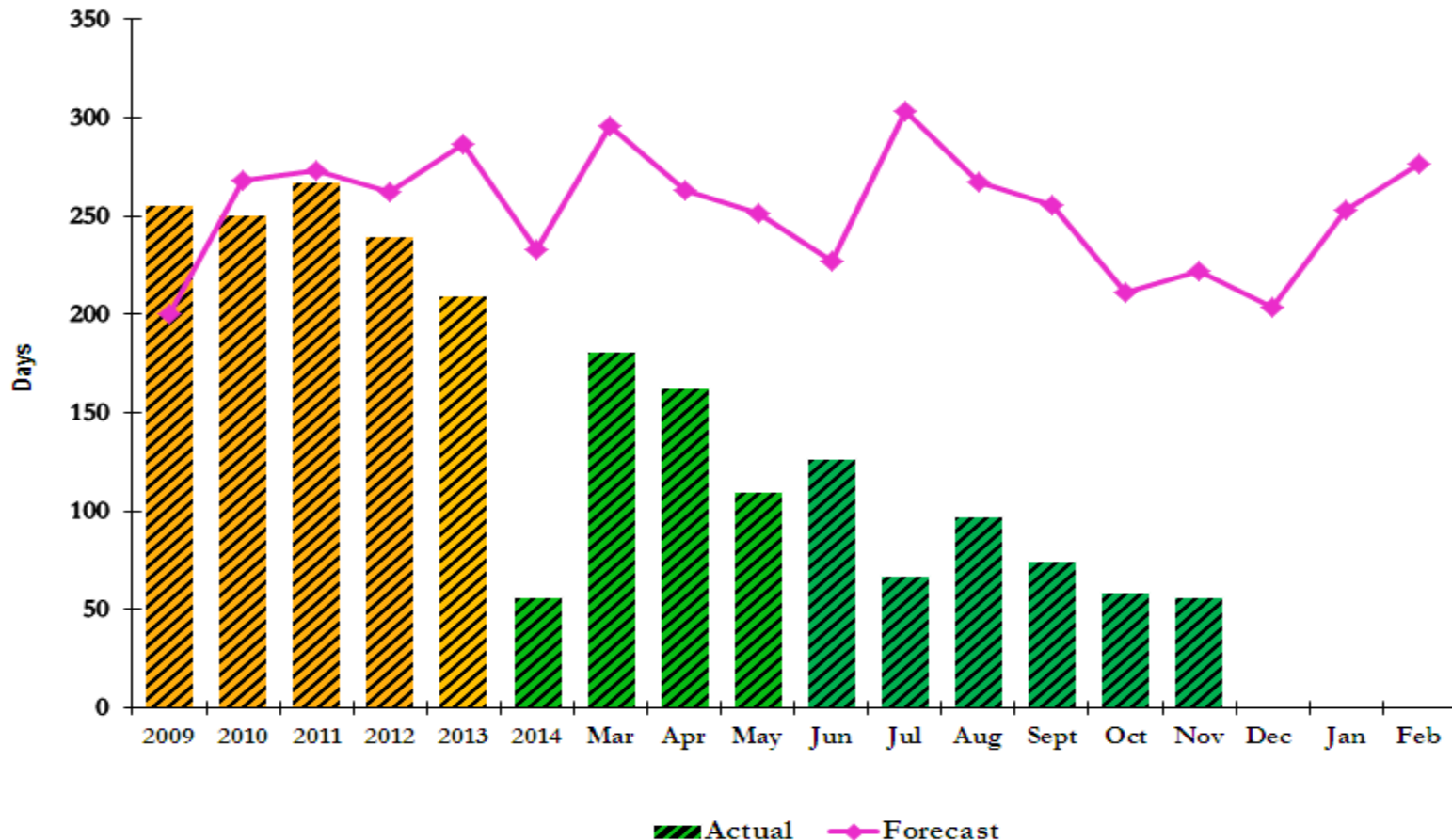
Cash Collections

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.



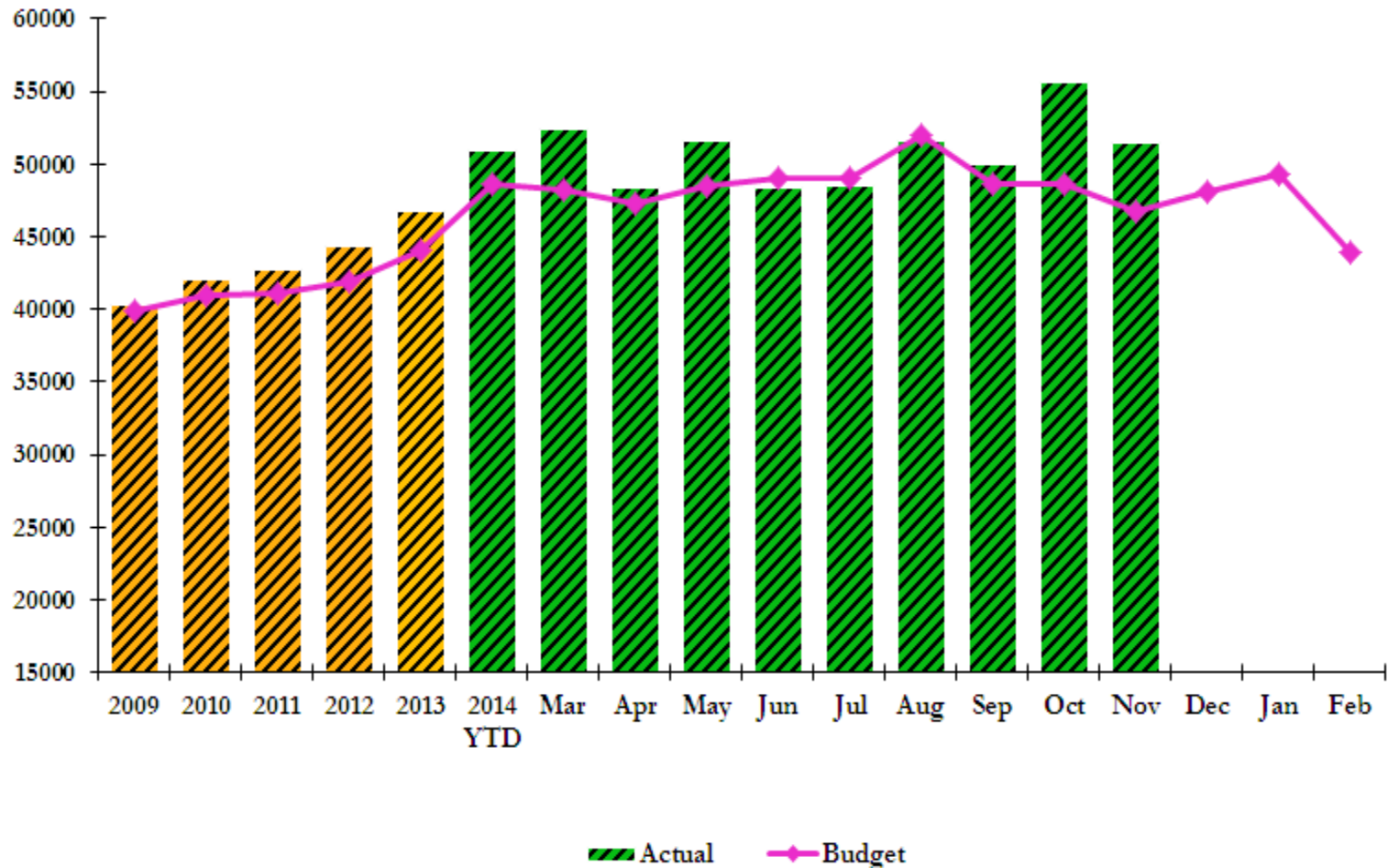
Unrestricted Days Cash on Hand

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.



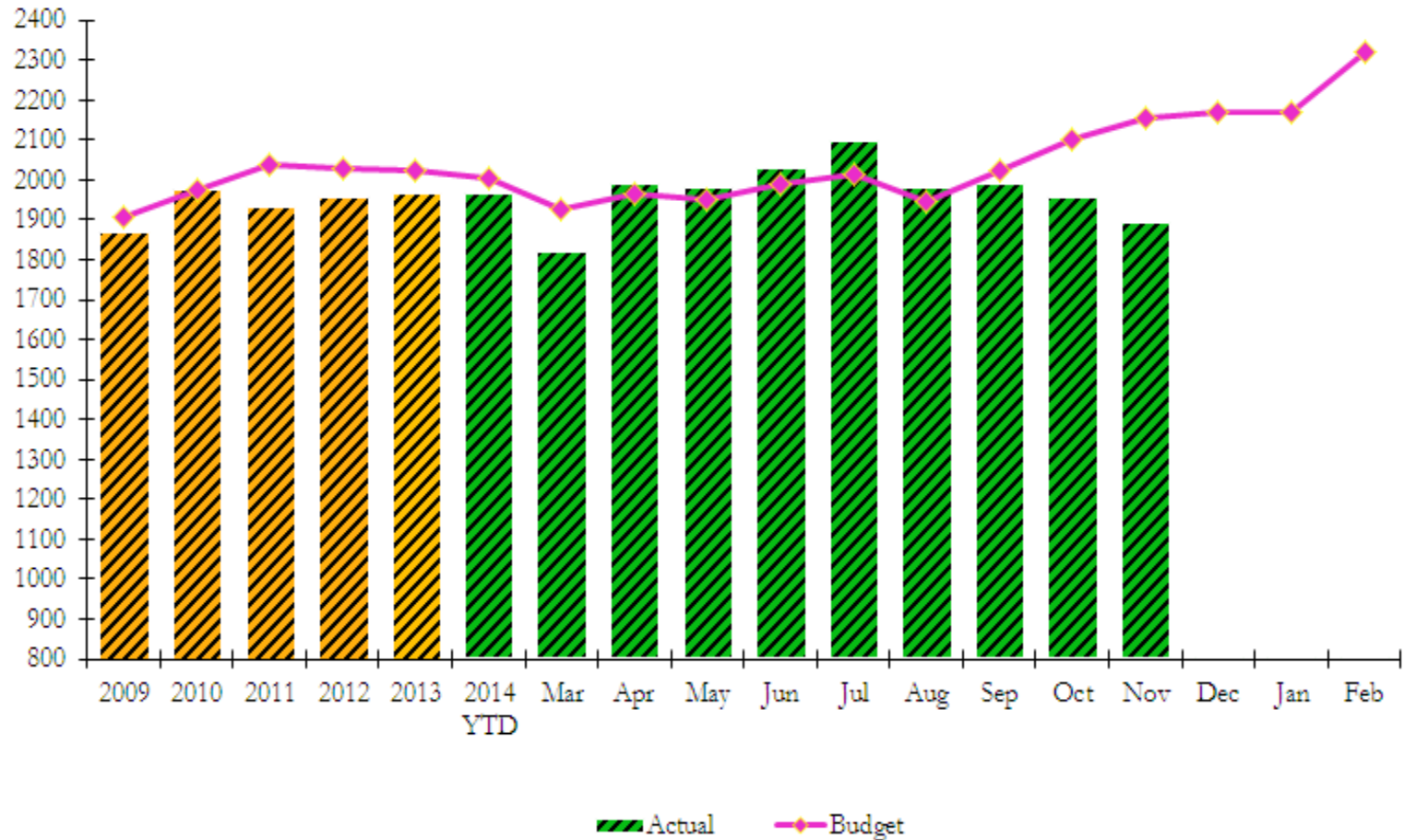
Adjusted Patient Days

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



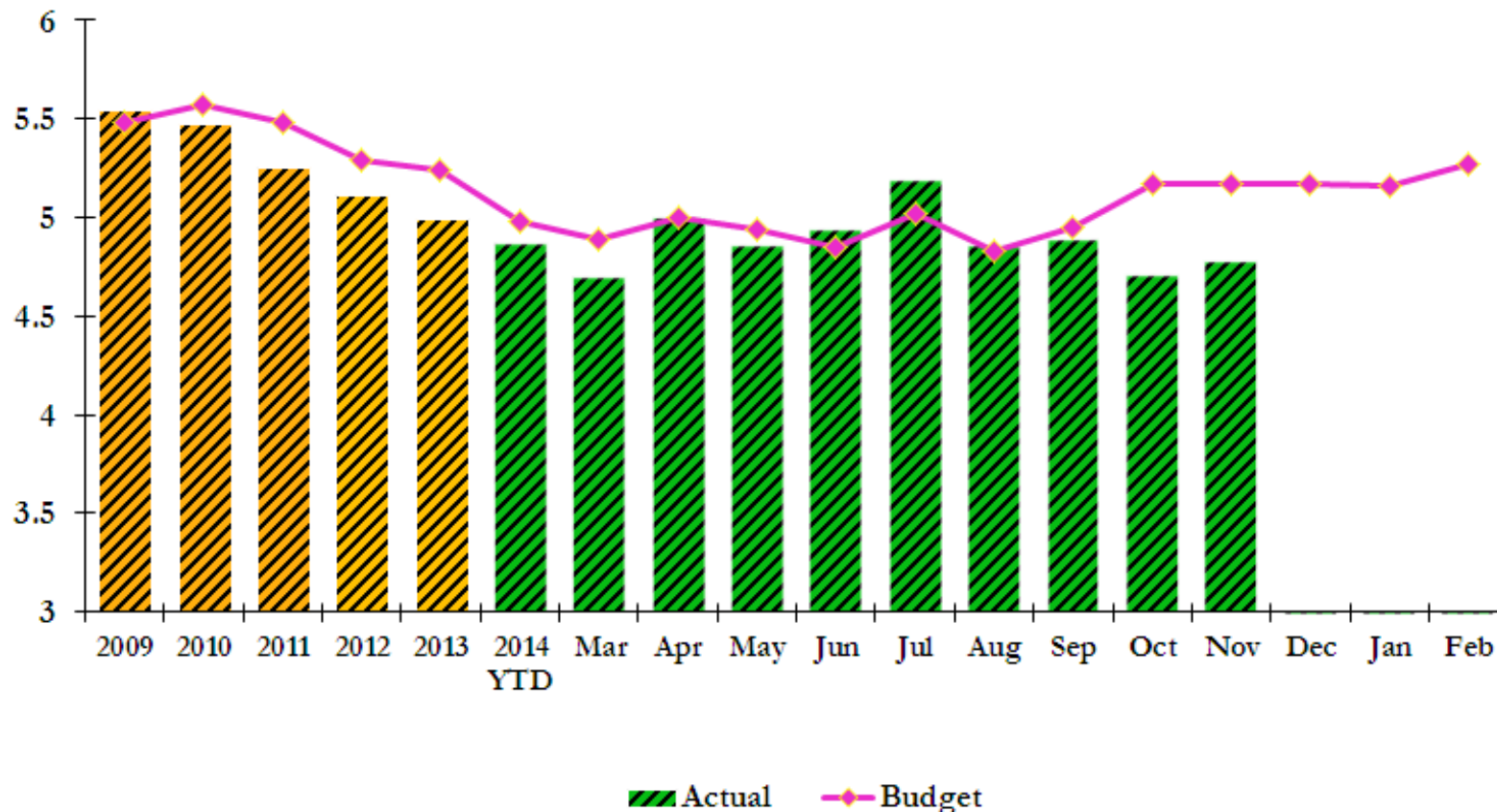
Operating Cost Per Adj. Patient Day

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.

