

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

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**FINANCIAL STATEMENTS HIGHLIGHTS**

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# HARRISHEALTH SYSTEM

## October 2013 Financial Statement Highlights

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

### Statistics

Adjusted patient days were 14.3% <sup>(Pg1:ln1)</sup> greater than budget with approximately 67.8% of the volume representing outpatient care.

Clinic visits <sup>(Pg1:ln5)</sup> of 107,916 were 3.0% greater than the budget of 104,793. Primary care clinic visits <sup>(Pg1:ln3)</sup> were 1.4% greater than the month's budget and total specialty clinic visits were 7.1% greater than the October budget <sup>(Pg1:ln4)</sup>.

October Emergency Center visits <sup>(Pg1:ln10)</sup> are reported at 15,304 and were 5.9% greater than budget.

System wide, surgery cases were 3.5% less than budget expectations <sup>(Pg1:ln13)</sup>.

Deliveries of 567 were 2.9% greater than the budget of 551 <sup>(Pg1:ln21)</sup>.

63.9% of total cases occupying patient beds entered through the emergency room <sup>(Pg1:ln19)</sup>. Inpatient utilization System wide was 9.0% greater than budget <sup>(Pg2:ln3)</sup>. Inpatient length of stay <sup>(Pg2:ln8)</sup> was 1.7% greater than budget and the inpatient case mix index <sup>(Pg2:ln9)</sup> was 5.4% greater than budget.

Charity and Self Pay payor mix of 64.8% was 0.9% greater than the budget of 64.2% <sup>(Pg2:ln10)</sup>. Medicaid represented 21.2% of total patients and compared unfavorably to the budget of 21.9%. Medicare represented 9.3% of all patients and compared favorably with the budget of 8.6%. Commercial Insurance and Other represented 4.7% of all patients and compared unfavorably to the budget of 5.3%.

The Unduplicated Patient count, calculated on a rolling twelve months basis, of 309,904 is 3.3% greater than the prior year count of 300,088 <sup>(Pg2:ln17)</sup>.

New Patients seen during the past twelve month period total 105,498 <sup>(Pg2:ln18)</sup>.

## Revenue

Total Net Revenue of \$104.5 million <sup>(Pg3:ln23)</sup> was \$6.6 million greater than budget. Patient volumes, measured as adjusted patient days <sup>(Pg8:ln14)</sup>, were 14.3% greater than budget. October's estimated reimbursement per adjusted patient day <sup>(Pg8:ln1)</sup> was 0.7% greater than budget. The resulting Net Patient Service Revenue for October of \$31.7 million <sup>(Pg3:ln10)</sup> was \$4.2 million or 15.2% greater than budget. Estimated DSH/Uncompensated Care Program Revenues <sup>(Pg3:ln11)</sup> for the 2013 federal fiscal year have been lowered approximately \$17 million based on the most current data available. The unfavorable variance of \$17 million is being adjusted on a pro rata basis against September – February revenues. Ad valorem tax revenues, net of related expenses, have been reflected in accordance with budget. DSRIP revenues of \$8.9 million related to Demonstration Year 2 (12 month period ended September 30, 2013) were recognized in October. The next payment processing related to Demonstration Year 2 is scheduled for January of 2014. For budget purposes, all DSRIP revenues related to Demonstration Year 2 were reflected in the month of December 2013 in the amount of \$59.6 million. Other non-operating revenues <sup>(Pg3:ln19)</sup> represent contributions from the Foundation.

## Expenses

Total expenses <sup>(Pg4:ln13)</sup> of \$112.8 million were \$5.7 million greater than the budget of \$107.1 million. Salaries and wages were \$1.3 million greater than budget. Total FTE's <sup>(Pg8:ln17)</sup> were 4.0% greater than budget and when adjusted for volume were 9.6% less than the budgeted staffing level. Supplies expenses were \$3.0 million or 19.0% over budget and when adjusted for volume <sup>(Pg8:ln7)</sup> were 3.9% greater than the budget plan, primarily pharmaceuticals. Total Services <sup>(Pg4:ln12)</sup> of \$32.0 million were \$1.4 million or 4.6% greater than budget, primarily maintenance and repair costs. Total expenses adjusted for volume

(Pg8:ln12) were \$2,029 per day compared to the budget of \$2,202 per day, a favorable variance of \$173 per day or 7.9%.

### **Operating Income**

Operating Income (Pg4:ln14) for October is a loss of \$8.4 million compared to a budgeted loss of \$9.2 million. Page 10 of the report analyzes operating performance and reflects a favorable operating run rate as compared to budget due mostly to favorable revenue variances.

### **Cash Receipts/Disbursements/Balance Sheet**

October cash receipts (Pg9:ln24) totaled \$40.9 million compared to a budget of \$(39.7) 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 \$31.1million compared to a budget of \$29.9 million. The favorable cash variance was generated by patient revenue receipts. Including board designated funds, the System has \$205.3 million in unrestricted cash, cash equivalents and investments (Pg6:ln1,7,9,10,16,18,24), representing 59 days cash on hand compared to the prior year's cash of \$364.7 million and days cash on hand of 118. Harris Health System has (Pg6:ln2) \$66.3 million in net accounts receivable, representing 70 days of outstanding accounts receivable. At October 31, 2013 Harris Health System's balance sheet reflects an estimated receivable of \$212.3 million under the Section 1115 Supplemental Medicaid Programs and a \$23.8 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 October 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                 | 55,565         | 48,611         | 14.3%          | 406,426      | 391,296        | 3.9%           | 373,147    | 8.9%           |
| 2. Outpatient % of Adjusted Volume       | 67.8%          | 66.5%          | 1.8%           | 66.7%        | 65.8%          | 1.4%           | 64.7%      | 3.1%           |
| 3. Primary Care Clinic Visits            | 76,911         | 75,849         | 1.4%           | 546,867      | 558,954        | -2.2%          | 527,210    | 3.7%           |
| 4. Specialty Clinic Visits               | 31,005         | 28,944         | 7.1%           | 227,424      | 214,517        | 6.0%           | 206,762    | 10.0%          |
| 5. Total Clinic Visits                   | 107,916        | 104,793        | 3.0%           | 774,291      | 773,471        | 0.1%           | 733,972    | 5.5%           |
| 6. % Primary Care Visits                 | 71.3%          | 72.4%          | -1.5%          | 70.6%        | 72.3%          | -2.3%          | 71.8%      | -1.7%          |
| 7. Emergency Room Visits - Outpatient    | 12,428         | 11,966         | 3.9%           | 98,658       | 94,300         | 4.6%           | 97,210     | 1.5%           |
| 8. Emergency Room Visits - Observation   | 988            | 887            | 11.4%          | 7,472        | 7,282          | 2.6%           | 6,875      | 8.7%           |
| 9. Emergency Room Visits - Admitted      | 1,888          | 1,602          | 17.9%          | 13,987       | 12,660         | 10.5%          | 12,955     | 8.0%           |
| 10. Total Emergency Room Visits          | 15,304         | 14,455         | 5.9%           | 120,117      | 114,242        | 5.1%           | 117,040    | 2.6%           |
| 11. Surgery Cases - Outpatient           | 902            | 969            | -6.9%          | 6,755        | 7,172          | -5.8%          | 6,941      | -2.7%          |
| 12. Surgery Cases - Inpatient            | 1,007          | 1,009          | -0.2%          | 7,625        | 7,546          | 1.0%           | 7,635      | -0.1%          |
| 13. Total Surgery Cases                  | 1,909          | 1,978          | -3.5%          | 14,380       | 14,718         | -2.3%          | 14,576     | -1.3%          |
| 14. % Outpatient Cases                   | 47.2%          | 49.0%          | -3.5%          | 47.0%        | 48.7%          | -3.6%          | 47.6%      | -1.4%          |
| 15. Total Outpatient Visits              | 171,991        | 164,440        | 4.6%           | 1,240,271    | 1,222,889      | 1.4%           | 1,171,997  | 5.8%           |
| 16. Inpatient Cases (Discharges)         | 3,139          | 2,900          | 8.2%           | 23,855       | 23,853         | 0.0%           | 23,470     | 1.6%           |
| 17. Outpatient Observation Cases         | 1,359          | 1,160          | 17.2%          | 10,193       | 9,519          | 7.1%           | 9,240      | 10.3%          |
| 18. Total Cases Occupying Patient Beds   | 4,498          | 4,060          | 10.8%          | 34,048       | 33,372         | 2.0%           | 32,710     | 4.1%           |
| 19. % of Total Cases from Emergency Room | 63.9%          | 61.3%          | 4.3%           | 63.0%        | 59.8%          | 5.5%           | 60.6%      | 4.0%           |
| 20. % of Outpatient Cases                | 30.2%          | 28.6%          | 5.7%           | 29.9%        | 28.5%          | 5.0%           | 28.2%      | 6.0%           |
| 21. Births                               | 567            | 551            | 2.9%           | 4,137        | 4,424          | -6.5%          | 4,492      | -7.9%          |

# Statistical Highlights

## As of October 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                       | 17,906         | 16,262         | 10.1%          | 135,180      | 133,663        | 1.1%           | 131,556    | 2.8%           |  |
| 2. Outpatient Observation Days          | 3,075          | 2,989          | 2.9%           | 23,469       | 25,349         | -7.4%          | 23,978     | -2.1%          |  |
| 3. Total Patient Days                   | 20,981         | 19,251         | 9.0%           | 158,649      | 159,012        | -0.2%          | 155,534    | 2.0%           |  |
| 4. % of Outpatient Days                 | 14.7%          | 15.5%          | -5.6%          | 14.8%        | 15.9%          | -7.2%          | 15.4%      | -4.0%          |  |
| 5. Average Daily Census                 | 676.82         | 621.00         | 9.0%           | 647.55       | 649.03         | -0.2%          | 634.83     | 2.0%           |  |
| 6. Average Operating Beds               | 798            | 769            | 3.8%           | 798          | 794            | 0.5%           | 813        | -1.8%          |  |
| 7. Bed Occupancy %                      | 84.8%          | 80.8%          | 5.0%           | 81.1%        | 81.7%          | -0.7%          | 78.1%      | 3.9%           |  |
| 8. Inpatient Average Length of Stay     | 5.70           | 5.61           | 1.7%           | 5.67         | 5.60           | 1.1%           | 5.61       | 1.1%           |  |
| 9. Inpatient Case Mix Index (CMI)       | 1.509          | 1.432          | 5.4%           | 1.447        | 1.432          | 1.0%           | 1.412      | 2.5%           |  |
| Payor Mix (% of Charges)                |                |                |                |              |                |                |            |                |  |
| 10. Charity & Self Pay                  | 64.8%          | 64.2%          | 0.9%           | 64.4%        | 64.2%          | 0.3%           | 63.4%      | 1.6%           |  |
| 11. Medicaid & Medicaid Managed         | 21.2%          | 21.9%          | -3.3%          | 22.0%        | 21.9%          | 0.3%           | 22.5%      | -2.2%          |  |
| 12. Medicare & Medicare Managed         | 9.3%           | 8.6%           | 8.1%           | 8.9%         | 8.6%           | 3.5%           | 8.7%       | 2.3%           |  |
| 13. Commercial & Other                  | 4.7%           | 5.3%           | -10.8%         | 4.7%         | 5.3%           | -10.8%         | 5.3%       | -11.3%         |  |
| <b><u>NETWORK REFERRAL SERVICES</u></b> |                |                |                |              |                |                |            |                |  |
| 14. Primary Care Visits                 | 1,515          | 3,966          | -61.8%         | 3,839        | 11,207         | -65.7%         | 3,780      | 1.6%           |  |
| 15. Specialty Care Visits               | 44             | 0              | 0.0%           | 122          | 0              | 0.0%           | 0          | 0.0%           |  |
| 16. Surgery Cases                       | 168            | 238            | -29.4%         | 932          | 672            | 38.6%          | 708        | 31.6%          |  |
| 17. GI Procedures                       | 28             | 127            | -78.0%         | 608          | 359            | 69.4%          | 968        | -37.2%         |  |
| 18. Hemodialysis Treatments             | 191            | 0              | 0.0%           | 191          | 0              | 0.0%           | 0          | 0.0%           |  |
| <b><u>HEALTH SYSTEM TOTALS</u></b>      |                |                |                |              |                |                |            |                |  |
| 19. Primary Care Visits                 | 78,426         | 79,815         | -1.7%          | 550,706      | 570,161        | -3.4%          | 530,990    | 3.7%           |  |
| 20. Specialty Care Visits               | 31,049         | 28,944         | 7.3%           | 227,546      | 214,517        | 6.1%           | 206,762    | 10.1%          |  |
| 21. Surgery Cases                       | 2,077          | 2,216          | -6.3%          | 15,312       | 15,390         | -0.5%          | 15,284     | 0.2%           |  |
| 22. Unduplicated Patients - Rolling 12  |                |                |                | 309,904      |                |                | 300,088    | 3.3%           |  |
| 23. New Patient - Rolling 12            |                |                |                | 105,498      |                |                |            |                |  |

# Operating Statement

As of October 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                        | 19,480           | 18,259           | 6.7%           | 18,415           | 5.8%           | 148,560            | 150,718            | -1.4%          | 146,909            | 1.1%           |
| 2. Inpatient Ancillary                     | 69,347           | 65,555           | 5.8%           | 65,142           | 6.5%           | 523,305            | 513,734            | 1.9%           | 502,384            | 4.2%           |
| 3. Outpatient Ancillary                    | 184,338          | 163,585          | 12.7%          | 157,334          | 17.2%          | 1,328,050          | 1,257,785          | 5.6%           | 1,171,406          | 13.4%          |
| 4. Physician Services                      | 2,476            | 3,144            | -21.2%         | 2,954            | -16.2%         | 19,219             | 23,471             | -18.1%         | 20,959             | -8.3%          |
| <b>5. Gross Patient Charges</b>            | <b>275,640</b>   | <b>250,543</b>   | <b>10.0%</b>   | <b>243,845</b>   | <b>13.0%</b>   | <b>2,019,134</b>   | <b>1,945,709</b>   | <b>3.8%</b>    | <b>1,841,659</b>   | <b>9.6%</b>    |
| <b>REVENUE DEDUCTIONS:</b>                 |                  |                  |                |                  |                |                    |                    |                |                    |                |
| 6. Charity Care                            | (152,428)        | (118,312)        | -28.8%         | (112,399)        | -35.6%         | (1,028,950)        | (915,489)          | -12.4%         | (883,064)          | -16.5%         |
| 7. Contractual Allowance/Other Discounts   | (84,899)         | (90,836)         | 6.5%           | (92,313)         | 8.0%           | (687,930)          | (708,326)          | 2.9%           | (616,306)          | -11.6%         |
| 8. Provision for Bad Debt Expense          | (6,587)          | (13,845)         | 52.4%          | (9,946)          | 33.8%          | (79,175)           | (107,475)          | 26.3%          | (138,813)          | 43.0%          |
| <b>9. Total Patient Revenue Deductions</b> | <b>(243,913)</b> | <b>(222,993)</b> | <b>-9.4%</b>   | <b>(214,657)</b> | <b>-13.6%</b>  | <b>(1,796,056)</b> | <b>(1,731,290)</b> | <b>-3.7%</b>   | <b>(1,638,183)</b> | <b>-9.6%</b>   |
| <b>10. Net Patient Service Revenue</b>     | <b>31,727</b>    | <b>27,550</b>    | <b>15.2%</b>   | <b>29,188</b>    | <b>8.7%</b>    | <b>223,078</b>     | <b>214,420</b>     | <b>4.0%</b>    | <b>203,476</b>     | <b>9.6%</b>    |
| <b>OTHER OPERATING REVENUE:</b>            |                  |                  |                |                  |                |                    |                    |                |                    |                |
| 11. DSH/UPL/1115 Waiver                    | 19,415           | 24,799           | -21.7%         | 25,903           | -25.0%         | 188,704            | 198,389            | -4.9%          | 179,244            | 5.3%           |
| 12. Other Operating Revenue                | 1,327            | 2,221            | -40.2%         | 1,271            | 4.4%           | 16,590             | 18,312             | -9.4%          | 20,160             | -17.7%         |
| <b>13. Total Other Operating Revenue</b>   | <b>20,742</b>    | <b>27,019</b>    | <b>-23.2%</b>  | <b>27,174</b>    | <b>-23.7%</b>  | <b>205,295</b>     | <b>216,701</b>     | <b>-5.3%</b>   | <b>199,404</b>     | <b>3.0%</b>    |
| <b>14. Total Operating Revenue</b>         | <b>52,469</b>    | <b>54,569</b>    | <b>-3.8%</b>   | <b>56,362</b>    | <b>-6.9%</b>   | <b>428,373</b>     | <b>431,121</b>     | <b>-0.6%</b>   | <b>402,880</b>     | <b>6.3%</b>    |
| <b>NONOPERATING REVENUE:</b>               |                  |                  |                |                  |                |                    |                    |                |                    |                |
| 15. Net Ad Valorem Tax Revenue             | 42,340           | 42,917           | -1.3%          | 40,559           | 4.4%           | 342,563            | 343,332            | -0.2%          | 333,213            | 2.8%           |
| 16. DSRIP                                  | 8,871            | 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                        | 93               | 417              | -77.6%         | (317)            | -129.4%        | (64)               | 4,563              | -101.4%        | 3,125              | -102.0%        |
| 19. Other                                  | 695              | 0                | 0.0%           | 106              | 558.9%         | 609                | 0                  | 0.0%           | 11,391             | 94.7%          |
| <b>20. Total Nonoperating Revenue</b>      | <b>51,999</b>    | <b>43,333</b>    | <b>20.0%</b>   | <b>40,347</b>    | <b>28.9%</b>   | <b>385,466</b>     | <b>383,165</b>     | <b>0.6%</b>    | <b>357,447</b>     | <b>7.8%</b>    |
| 21. Capital Contributions                  | 0                | 0                | 0.0%           | 0                | 0.0%           | 0                  | 0                  | 0.0%           | 0                  | 0.0%           |
| <b>22. Total Capital Contributions</b>     | <b>0</b>         | <b>0</b>         | <b>0.0%</b>    | <b>0</b>         | <b>0.0%</b>    | <b>0</b>           | <b>0</b>           | <b>0.0%</b>    | <b>0</b>           | <b>0.0%</b>    |
| <b>23. Total Net Revenue</b>               | <b>104,469</b>   | <b>97,902</b>    | <b>6.7%</b>    | <b>96,709</b>    | <b>8.0%</b>    | <b>813,839</b>     | <b>814,286</b>     | <b>-0.1%</b>   | <b>760,327</b>     | <b>7.0%</b>    |

**Operating Statement**  
**As of October 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                           | 37,411         | 37,531         | 0.3%           | 35,069         | -6.7%          | 282,754         | 287,506        | 1.7%           | 263,512        | -7.3%           |
| 2. PTO & Secondday Sick Leave                 | 4,822          | 4,808          | -0.3%          | 4,292          | -12.4%         | 38,319          | 37,115         | -3.2%          | 35,489         | -8.0%           |
| 3. Contract Salaries                          | 1,354          | 640            | -111.6%        | 906            | -49.4%         | 8,956           | 5,203          | -72.1%         | 6,842          | -30.9%          |
| 4. Registry Salaries                          | 2,595          | 1,935          | -34.1%         | 2,201          | -17.9%         | 19,700          | 15,610         | -26.2%         | 17,520         | -12.4%          |
| 5. FICA and Benefits                          | 15,562         | 15,534         | -0.2%          | 13,835         | -12.5%         | 126,345         | 120,962        | -4.4%          | 111,707        | -13.1%          |
| <b>6. Total Salaries, Wages, and Benefits</b> | <b>61,744</b>  | <b>60,447</b>  | <b>-2.1%</b>   | <b>56,302</b>  | <b>-9.7%</b>   | <b>476,074</b>  | <b>466,396</b> | <b>-2.1%</b>   | <b>435,070</b> | <b>-9.4%</b>    |
| <b>7. Supplies</b>                            | <b>19,076</b>  | <b>16,031</b>  | <b>-19.0%</b>  | <b>17,209</b>  | <b>-10.8%</b>  | <b>132,734</b>  | <b>122,590</b> | <b>-8.3%</b>   | <b>118,636</b> | <b>-11.9%</b>   |
| <b>SERVICES:</b>                              |                |                |                |                |                |                 |                |                |                |                 |
| 8. Physician Services                         | 15,139         | 14,939         | -1.3%          | 12,729         | -18.9%         | 117,157         | 109,979        | -6.5%          | 97,393         | -20.3%          |
| 9. Other Purchased Services                   | 11,307         | 10,303         | -9.7%          | 9,345          | -21.0%         | 72,491          | 75,245         | 3.7%           | 69,848         | -3.8%           |
| 10. Depreciation and Amortization             | 4,298          | 4,853          | 11.4%          | 4,562          | 5.8%           | 34,587          | 37,212         | 7.1%           | 32,573         | -6.2%           |
| 11. Interest                                  | 1,257          | 504            | -149.6%        | 562            | -123.6%        | 4,791           | 3,980          | -20.4%         | 4,512          | -6.2%           |
| <b>12. Total Services</b>                     | <b>32,000</b>  | <b>30,599</b>  | <b>-4.6%</b>   | <b>27,198</b>  | <b>-17.7%</b>  | <b>229,026</b>  | <b>226,417</b> | <b>-1.2%</b>   | <b>204,326</b> | <b>-12.1%</b>   |
| <b>13. Total Operating Expenses</b>           | <b>112,820</b> | <b>107,077</b> | <b>-5.4%</b>   | <b>100,710</b> | <b>-12.0%</b>  | <b>837,834</b>  | <b>815,403</b> | <b>-2.8%</b>   | <b>758,031</b> | <b>-10.5%</b>   |
| <b>14. Operating Income (Loss)</b>            | <b>(8,351)</b> | <b>(9,175)</b> | <b>-</b>       | <b>(4,001)</b> | <b>-</b>       | <b>(23,995)</b> | <b>(1,117)</b> | <b>-</b>       | <b>2,296</b>   | <b>-1145.1%</b> |



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

|  | <b>CURRENT<br/>MONTH</b> | <b>PRIOR YEAR<br/>MONTH</b> | <b>FISCAL<br/>YTD</b> | <b>PRIOR FISCAL<br/>YTD</b> |
|--|--------------------------|-----------------------------|-----------------------|-----------------------------|
| <b><u>CASH RECEIPTS:</u></b>                         |                          |                             |                       |                             |
| 1. Ad Valorem Taxes                                  | \$ 432                   | 1,191                       | \$ 24,892             | \$ 31,507                   |
| 2. Collections on Patient Accounts                   | 27,770                   | 26,373                      | 212,828               | 210,691                     |
| 3. Disproportionate Share III/1115 Waiver UC & DSRIP | 9,843                    | 54,343                      | 201,925               | 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)       | 2,904                    | 4,015                       | 25,499                | 43,600                      |
| 7. <b>Total Cash Receipts</b>                        | <b>\$ 40,949</b>         | <b>\$ 85,922</b>            | <b>\$ 476,729</b>     | <b>\$ 471,867</b>           |
| <b><u>CASH DISBURSEMENTS:</u></b>                    |                          |                             |                       |                             |
| 8. Salaries and Wages                                | \$ 28,715                | \$ 27,445                   | \$ 254,101            | \$ 240,216                  |
| 9. Benefits and Employee Deductions                  | 27,251                   | 22,902                      | 255,292               | 217,425                     |
| 10. Drugs and Supplies                               | 15,509                   | 16,186                      | 132,750               | 122,616                     |
| 11. Physician Services                               | 113                      | 54,877                      | 159,072               | 88,716                      |
| 12. Purchased Services                               | 8,154                    | 9,454                       | 80,047                | 86,517                      |
| 13. Capital Expenditures                             | 6,928                    | 6,221                       | 53,829                | 82,832                      |
| 14. Debt and Interest Payments                       | 480                      | 483                         | 9,033                 | 9,138                       |
| 15. Other Uses                                       | (4,956)                  | 779                         | (36,947)              | (58,686)                    |
| 16. <b>Total Cash Disbursements</b>                  | <b>\$ 82,194</b>         | <b>\$ 138,347</b>           | <b>\$ 907,177</b>     | <b>\$ 788,774</b>           |
| 17. <b>Net Change</b>                                | <b>\$ (41,245)</b>       | <b>\$ (52,425)</b>          | <b>\$ (430,448)</b>   | <b>\$ (316,907)</b>         |

|   |                   |
|---|-------------------|
| Unrestricted Cash, Cash Equivalents and Investments - February 28, 2013 | \$ 635,769        |
| Net Change  | (430,448)         |
| Unrestricted Cash, Cash Equivalents and Investments - October 31, 2013  | <b>\$ 205,321</b> |

**Balance Sheet**  
**As of October 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                            | (109,234)        | 23,510            |
| 2. Net Patient Accounts Receivable  | 66,344           | 71,923            |
| 3. Net Ad Valorem Taxes, Current Portion  | 341,337          | 330,811           |
| 4. Prepaid Expenses, Inventories, and Other Current Assets                      | 239,666          | 117,544           |
| 5. <b>Total Current Assets</b>  | <b>538,112</b>   | <b>543,789</b>    |
| <b>ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:</b>                 |                  |                   |
| 6. Debt Service and Bond Covenants - Restricted                                 | 7,281            | 7,083             |
| 7. Board Designated for Future Expansion  | 1,612            | 3,114             |
| 8. Phase 1 Project Fund   | 0                | 0                 |
| 9. Board Designated for Legal Reserves  | 2,324            | 2,192             |
| 10. Board Designated for Self-Insured Programs                                  | 24,051           | 15,806            |
| 11. <b>Total Assets Limited as to Use or Restricted, Current Portion</b>        | <b>35,267</b>    | <b>28,196</b>     |
| <b>PLANT, PROPERTY AND EQUIPMENT:</b>   |                  |                   |
| 12. Plant, Property, & Equipment, Net of Accumulated Depreciation               | 381,006          | 352,749           |
| 13. Construction in Progress  | 58,972           | 51,956            |
| 14. <b>Total Plant, Property and Equipment</b>                                  | <b>439,979</b>   | <b>404,705</b>    |
| <b>ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:</b>          |                  |                   |
| 15. Debt Service and Bond Covenants - Restricted                                | 15,235           | 22,050            |
| 16. Board Designated for Future Expansion                                       | 115,474          | 168,689           |
| 17. Phase 1 Project Fund  | 0                | 0                 |
| 18. Board Designated for Self-Insured Programs                                  | 171,094          | 151,372           |
| 19. Other - Restricted  | 853              | 835               |
| 20. <b>Total Assets Limited as to Use or Restricted, Net of Current Portion</b> | <b>302,657</b>   | <b>342,945</b>    |
| <b>OTHER ASSETS:</b>  |                  |                   |
| 21. Net Ad Valorem Taxes, Delinquent  | 2,194            | 3,722             |
| 22. Net Deferred Bond Issue Costs   | 3,672            | 3,882             |
| 23. Net Pension Asset   | 13,569           | 11,463            |
| 24. Long-Term Investments   | 0                | 0                 |
| 25. Security Deposit  | 24               | 24                |
| 26. Derivative Asset  | 0                | 0                 |
| 27. Deferred Outflow - Derivative Financial Instrument                          | 10,057           | 10,904            |
| 28. <b>Total Other Assets</b>   | <b>29,516</b>    | <b>29,995</b>     |
| 29. Due to/from CHCI  | 3,846            | 3,868             |
| 30. <b>TOTAL ASSETS</b>   | <b>1,349,377</b> | <b>1,353,497</b>  |

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

|  | <u>ACTUAL</u>    | <u>PRIOR YEAR</u> |
|--|------------------|-------------------|
| <b><u>LIABILITIES AND NET ASSETS</u></b>                         |                  |                   |
| <b>CURRENT LIABILITIES:</b>                                      |                  |                   |
| 1. Accounts Payable and Accrued Liabilities                      | 66,325           | 44,677            |
| 2. Interest Payable  | 2,296            | 2,314             |
| 3. Employee Compensation & Related Benefit Liabilities           | 43,209           | 32,102            |
| 4. Compensated Absences  | 43,150           | 41,915            |
| 5. Estimated Third-Party Payor Settlements                       | 2,490            | (2,525)           |
| 6. Current Portion Long-Term Debt and Capital Leases             | 5,168            | 5,879             |
| <b>7. Total Current Liabilities</b>                              | <b>162,637</b>   | <b>124,363</b>    |
| <b>OTHER LONG-TERM LIABILITIES:</b>                              |                  |                   |
| 8. Pension Payable   | 0                | 0                 |
| 9. Post Employment Health Benefit Liability                      | 171,094          | 151,372           |
| 10. Borrowing Payable  | 14,701           | 15,569            |
| 11. Derivative Liability   | 10,057           | 10,904            |
| 12. Arbitrage Rebate Liability                                   | 141              | 111               |
| <b>13. Total Other Long-Term Liabilities</b>                     | <b>195,993</b>   | <b>177,955</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           | 82,223           | 82,179            |
| 16. Other Long-Term Obligation                                   | 167              | 202               |
| <b>17. Total Long-Term Debt</b>                                  | <b>270,220</b>   | <b>273,236</b>    |
| <b>TOTAL LIABILITIES</b>   | <b>628,850</b>   | <b>575,554</b>    |
| <b>NET ASSETS:</b>   |                  |                   |
| 18. Invested in Capital Assets, Net of Related Debt              | 149,890          | 110,023           |
| 19. Restricted Net Assets  | 24,223           | 29,969            |
| 20. Unrestricted Net Assets                                      | 546,414          | 637,951           |
| <b>21. Total Net Assets</b>                                      | <b>720,527</b>   | <b>777,943</b>    |
| <b>22. TOTAL LIABILITIES &amp; NET ASSETS</b>                    | <b>1,349,377</b> | <b>1,353,497</b>  |

# Operating Performance Per Adjusted Patient Days As of October 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            | \$ 571          | \$ 567          | 0.7%           | \$ 607         | -5.9%          | \$ 549         | \$ 548         | 0.2%           | \$ 545       | 0.7%            |
| 2. Other Operating Revenue                | 373             | 556             | -32.9%         | 565            | -34.0%         | 505            | 554            | -8.8%          | 534          | -5.4%           |
| 3. Nonoperating Revenue                   | 936             | 891             | 5.1%           | 840            | 11.4%          | 948            | 979            | -3.2%          | 958          | -1.0%           |
| 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>1,880</b>    | <b>2,014</b>    | <b>-6.7%</b>   | <b>2,012</b>   | <b>-6.6%</b>   | <b>2,002</b>   | <b>2,081</b>   | <b>-3.8%</b>   | <b>2,037</b> | <b>-1.7%</b>    |
| 6. Salaries, Wages, and Benefits          | 1,111           | 1,243           | 10.6%          | 1,172          | 5.2%           | 1,171          | 1,192          | 1.8%           | 1,166        | -0.4%           |
| 7. Supplies                               | 343             | 330             | -3.9%          | 358            | 4.2%           | 327            | 313            | -4.5%          | 318          | -2.8%           |
| 8. Physician Services                     | 272             | 307             | 11.4%          | 265            | -2.6%          | 288            | 281            | -2.5%          | 261          | -10.3%          |
| 9. Other Purchased Services               | 203             | 212             | 4.2%           | 194            | -4.6%          | 178            | 192            | 7.3%           | 187          | 4.8%            |
| 10. Depreciation and Amortization         | 77              | 100             | 23.0%          | 95             | 18.9%          | 85             | 95             | 10.5%          | 87           | 2.3%            |
| 11. Interest                              | 23              | 10              | -130.0%        | 12             | -91.7%         | 12             | 10             | -20.0%         | 12           | 0.0%            |
| <b>12. Total Operating Expenses</b>       | <b>2,029</b>    | <b>2,202</b>    | <b>7.9%</b>    | <b>2,096</b>   | <b>3.2%</b>    | <b>2,061</b>   | <b>2,083</b>   | <b>1.1%</b>    | <b>2,031</b> | <b>-1.5%</b>    |
| <b>13. Operating Income(Loss)</b>         | <b>\$ (149)</b> | <b>\$ (188)</b> | <b>-</b>       | <b>\$ (84)</b> | <b>0.0%</b>    | <b>\$ (59)</b> | <b>\$ (2)</b>  | <b>-</b>       | <b>\$ 6</b>  | <b>-1083.3%</b> |
| 14. Adjusted Patient Days                 | 55,565          | 48,611          | 14.3%          | 48,060         | 15.6%          | 406,426        | 391,296        | 3.9%           | 373,147      | 8.9%            |
| 15. Average Daily Census                  | 577.6           | 524.6           | 10.1%          | 530.7          | 8.8%           | 551.8          | 545.6          | 1.1%           | 537.0        | 2.7%            |
| 16. FTE's(Employee/Contract) per AOB      | 4.7             | 5.2             | 9.6%           | 5.1            | 7.8%           | 4.9            | 5.0            | 2.0%           | 5.0          | 2.0%            |
| 17. FTE's(Employee/Contract) - Total      | 8,436           | 8,109           | -4.0%          | 7,906          | -6.7%          | 8,099          | 7,913          | -2.4%          | 7,669        | -5.6%           |
| 18. FTE's(Employee/Contract) - Productive | 7,538           | 7,180           | -5.0%          | 7,072          | -6.6%          | 7,188          | 6,991          | -2.8%          | 6,784        | -6.0%           |

# Analysis of Cash Receipts

## As of October 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>               |                 |                 |                   |                  |                  |                 |               |                  |                   |              |
| Medicare                              | \$4,801         | \$4,101         | \$4,333           | \$34,731         | \$33,652         | \$1,079         | 3.2           | \$33,959         | \$772             | 2.3          |
| Medicaid                              | 9,036           | 8,079           | 8,142             | 71,137           | 72,474           | (1,337)         | (1.8)         | 71,238           | (101)             | (0.1)        |
| Texas vendor drug/Medicare Part D     | 2,968           | 2,811           | 2,646             | 21,716           | 20,069           | 1,647           | 8.2           | 20,328           | 1,388             | 6.8          |
| Managed Care - Medicaid               | 6,049           | 5,484           | 5,479             | 45,044           | 41,557           | 3,487           | 8.4           | 42,697           | 2,347             | 5.5          |
| Commercial insurance                  | 1,503           | 1,485           | 1,313             | 10,898           | 10,487           | 411             | 3.9           | 10,302           | 596               | 5.8          |
| Liens                                 | 143             | 380             | 199               | 1,944            | 2,112            | (168)           | (8.0)         | 1,544            | 400               | 25.9         |
| Patient pay                           | 2,377           | 2,171           | 2,308             | 17,028           | 18,115           | (1,087)         | (6.0)         | 17,786           | (758)             | (4.3)        |
| Business office                       | 386             | 356             | 407               | 2,808            | 3,100            | (292)           | (9.4)         | 3,139            | (331)             | (10.5)       |
| Other governmental projects/grants    | 507             | 1,506           | 1,130             | 7,522            | 9,125            | (1,603)         | (17.6)        | 8,890            | (1,368)           | (15.4)       |
| <b>SUBTOTAL</b>                       | <b>27,770</b>   | <b>26,373</b>   | <b>25,956</b>     | <b>212,828</b>   | <b>210,691</b>   | <b>2,137</b>    | <b>1.0</b>    | <b>209,884</b>   | <b>2,944</b>      | <b>1.4</b>   |
| Cost Reimbursements                   | 516             | 998             | 471               | 10,464           | 6,274            | 4,190           | 66.8          | 2,827            | 7,637             | 270.1        |
| Recoupments                           | 0               | 0               | 0                 | 0                | 0                | 0               | 0.0           | 0                | 0                 | 0.0          |
| <b>Net Patient Revenue Receipts</b>   | <b>28,286</b>   | <b>27,371</b>   | <b>26,428</b>     | <b>223,292</b>   | <b>216,965</b>   | <b>6,327</b>    | <b>2.9</b>    | <b>212,711</b>   | <b>10,581</b>     | <b>5.0</b>   |
| DSH/UPL/1115 Waiver                   | 9,843           | 54,343          | (69,525)          | 201,925          | 175,838          | 26,087          | 14.8          | 219,352          | (17,427)          | (7.9)        |
| Tobacco Settlement                    | 0               | 0               | 0                 | 9,774            | 10,126           | (352)           | (3.5)         | 12,210           | (2,436)           | (20.0)       |
| Trauma Fund                           | 0               | 0               | 0                 | 1,811            | 105              | 1,706           | 1,624.8       | 0                | 1,811             | 0.0          |
| <b>Total Patient Revenue Receipts</b> | <b>38,129</b>   | <b>81,714</b>   | <b>(43,097)</b>   | <b>436,802</b>   | <b>403,034</b>   | <b>33,768</b>   | <b>8.4</b>    | <b>444,273</b>   | <b>(7,471)</b>    | <b>(1.7)</b> |
| <b>NON-PATIENT OPERATING REVENUE:</b> |                 |                 |                   |                  |                  |                 |               |                  |                   |              |
| Parking                               | 253             | 237             | 297               | 1,886            | 1,723            | 163             | 9.5           | 2,374            | (488)             | (20.6)       |
| Grants                                | 185             | 585             | 685               | 4,612            | 11,508           | (6,896)         | (59.9)        | 5,475            | (863)             | (15.8)       |
| Miscellaneous                         | 1,905           | 1,673           | 749               | 6,956            | 20,645           | (13,689)        | (66.3)        | 7,027            | (71)              | (1.0)        |
| <b>Total Non-Patient Operating</b>    | <b>2,343</b>    | <b>2,495</b>    | <b>1,730</b>      | <b>13,454</b>    | <b>33,876</b>    | <b>(20,422)</b> | <b>(60.3)</b> | <b>14,877</b>    | <b>(1,423)</b>    | <b>(9.6)</b> |
| Interest income                       | 45              | 522             | 417               | 1,581            | 3,450            | (1,869)         | (54.2)        | 4,563            | (2,982)           | (65.4)       |
| <b>Total Non-Tax Receipts</b>         | <b>40,517</b>   | <b>84,731</b>   | <b>(40,951)</b>   | <b>451,837</b>   | <b>440,360</b>   | <b>11,477</b>   | <b>2.6</b>    | <b>463,713</b>   | <b>(11,876)</b>   | <b>(2.6)</b> |
| Ad valorem tax receipts/note          | 432             | 1,191           | 1,301             | 24,892           | 31,507           | (6,615)         | (21.0)        | 44,179           | (19,287)          | (43.7)       |
| Commercial Paper Proceeds             | 0               | 0               | 0                 | 0                | 0                | 0               | 0.0           | 0                | 0                 | 0.0          |
| <b>Total Receipts</b>                 | <b>\$40,949</b> | <b>\$85,922</b> | <b>(\$39,650)</b> | <b>\$476,729</b> | <b>\$471,867</b> | <b>\$4,862</b>  | <b>1.0</b>    | <b>\$507,892</b> | <b>(\$31,163)</b> | <b>(6.1)</b> |

**Operating Performance**  
**As of October 31, 2013**  
**(In Millions)**

|  | <u>MONTH</u>    | <u>YTD</u>       |
|--|-----------------|------------------|
| <b>Total Operating Income (Loss) as Reported</b>             | <b>\$ (8.4)</b> | <b>\$ (24.0)</b> |
| <b>Favorable Adjustments:</b>                                |                 |                  |
| <b>Trauma Funds</b>  | <b>\$ -</b>     | <b>\$ 1.8</b>    |
| <b>Medicaid Cost Report Settlement</b>                       | <b>\$ -</b>     | <b>\$ 2.1</b>    |
| <b>Pension Expense Based on Actuarial Review</b>             | <b>\$ 0.5</b>   | <b>\$ 0.2</b>    |
| <b>Subtotal of Favorable Adjustments</b>                     | <b>\$ 0.5</b>   | <b>\$ 4.1</b>    |
| <b>Unfavorable Adjustments:</b>                              |                 |                  |
| <b>Donations - CHCI</b>                                      | <b>\$ (0.3)</b> | <b>\$ (2.4)</b>  |
| <b>Tobacco Revenue</b>                                       | <b>\$ -</b>     | <b>\$ (2.4)</b>  |
| <b>Medicare Cost Report Settlement</b>                       | <b>\$ (0.2)</b> | <b>\$ (0.2)</b>  |
| <b>Subtotal of Unfavorable Adjustments</b>                   | <b>\$ (0.5)</b> | <b>\$ (5.0)</b>  |
| <b>Harris Health System Operating Run Rate as of October</b> | <b>\$ (8.4)</b> | <b>\$ (23.1)</b> |
| <b>Harris Health System 2014 Budget</b>                      | <b>\$ (9.2)</b> | <b>\$ (1.1)</b>  |
| <b>Favorable (Unfavorable) Run Rate</b>                      | <b>\$ 0.8</b>   | <b>\$ (22.0)</b> |
| <b>Attributable Factors:</b>                                 |                 |                  |
| <b>Favorable (Unfavorable) Revenue Variance</b>              | <b>\$ 7.0</b>   | <b>\$ 0.5</b>    |
| <b>Favorable (Unfavorable) Expense Variance</b>              | <b>\$ (6.2)</b> | <b>\$ (22.5)</b> |
| <b>Net of Attributable Factors</b>                           | <b>\$ 0.8</b>   | <b>\$ (22.0)</b> |

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

|                                       |        |        |        |        |           |         | MONTHLY AVERAGE    |                    |                    |                      |
|---------------------------------------|--------|--------|--------|--------|-----------|---------|--------------------|--------------------|--------------------|----------------------|
|                                       | May    | June   | July   | August | September | October | FY 2012<br>YTD Oct | FY 2013<br>YTD Oct | FY 2014<br>YTD Oct | % Change<br>14 vs 13 |
| 1. ADMISSIONS(A&P)                    | 2,868  | 2,857  | 3,109  | 3,150  | 2,971     | 3,139   | 2,972              | 2,934              | 2,982              | 1.6%                 |
| 2. PATIENT DAYS(A&P)                  | 16,485 | 15,913 | 17,195 | 16,981 | 16,899    | 17,906  | 16,531             | 16,445             | 16,898             | 2.8%                 |
| 3. AVERAGE LOS                        | 5.75   | 5.57   | 5.53   | 5.39   | 5.69      | 5.70    | 5.56               | 5.61               | 5.67               | 1.1%                 |
| 4. AVERAGE LOS, Overall CMI Adjusted  | 3.95   | 3.84   | 3.83   | 3.88   | 4.09      | 3.78    | 4.00               | 3.97               | 3.92               | -1.3%                |
| 5. PERCENT OCCUPANCY                  | 66.3%  | 66.1%  | 69.9%  | 69.0%  | 70.7%     | 72.4%   | 66.5%              | 66.0%              | 69.1%              | 4.7%                 |
| <b>CASE MIX INDEX (CMI)</b>           |        |        |        |        |           |         |                    |                    |                    |                      |
| 6. CMI - Excluding Obstetrics Cases   | 1.599  | 1.586  | 1.594  | 1.524  | 1.529     | 1.663   | 1.549              | 1.570              | 1.589              | 1.2%                 |
| 7. CMI - Overall                      | 1.455  | 1.449  | 1.444  | 1.391  | 1.392     | 1.509   | 1.391              | 1.412              | 1.447              | 2.5%                 |
| 8. BIRTHS                             | 495    | 484    | 558    | 555    | 537       | 567     | 567                | 562                | 517                | -7.9%                |
| 9. OPERATING ROOM CASES               | 1,777  | 1,714  | 1,891  | 1,773  | 1,742     | 1,909   | 1,814              | 1,822              | 1,798              | -1.3%                |
| 10. Inpatient                         | 894    | 918    | 1,049  | 954    | 968       | 1,007   | 980                | 954                | 953                | -0.1%                |
| 11. Outpatient                        | 883    | 796    | 842    | 819    | 774       | 902     | 833                | 868                | 844                | -2.7%                |
| 12. EMERGENCY VISITS                  | 15,675 | 14,946 | 14,630 | 14,765 | 15,501    | 15,304  | 15,292             | 14,630             | 15,015             | 2.6%                 |
| 13. Emergency Room Visits-Admitted    | 1,800  | 1,720  | 1,642  | 1,458  | 2,105     | 1,888   | 2,028              | 1,619              | 1,748              | 8.0%                 |
| 14. Emergency Room Visits-Outpatient  | 12,828 | 12,331 | 12,249 | 12,407 | 12,378    | 12,428  | 13,264             | 12,151             | 12,332             | 1.5%                 |
| 15. Emergency Room Visits-Observation | 1,047  | 895    | 739    | 900    | 1,018     | 988     | 0                  | 859                | 934                | 8.7%                 |
| 16. CLINIC VISITS                     | 98,993 | 88,252 | 94,026 | 96,727 | 94,201    | 107,916 | 88,979             | 91,747             | 96,786             | 5.5%                 |
| 17. Primary Care Clinic Visits        | 70,252 | 61,597 | 64,777 | 67,549 | 67,351    | 76,911  | 62,692             | 65,901             | 68,358             | 3.7%                 |
| 18. Specialty Clinic Visits           | 28,741 | 26,655 | 29,249 | 29,178 | 26,850    | 31,005  | 26,287             | 25,845             | 28,428             | 10.0%                |
| <b>PAYOR MIX</b>                      |        |        |        |        |           |         |                    |                    |                    |                      |
| 19. Charity & Self Pay                | 63.7%  | 63.6%  | 62.9%  | 66.5%  | 64.2%     | 64.8%   | 62.2%              | 63.4%              | 64.4%              | 1.6%                 |
| 19. Medicaid & Medicaid Managed       | 22.5%  | 21.5%  | 23.2%  | 21.8%  | 22.1%     | 21.2%   | 23.4%              | 22.5%              | 22.0%              | -2.2%                |
| 20. Medicare & Medicare Managed       | 8.1%   | 9.4%   | 8.8%   | 9.4%   | 8.9%      | 9.3%    | 8.3%               | 8.7%               | 8.9%               | 2.3%                 |
| 21. Commercial & Other                | 5.7%   | 5.5%   | 5.1%   | 2.3%   | 4.8%      | 4.7%    | 6.1%               | 5.3%               | 4.7%               | -11.3%               |

# Supplemental Information – Operating Statement - Monthly Trend

As of October 31, 2013

(In Thousands)

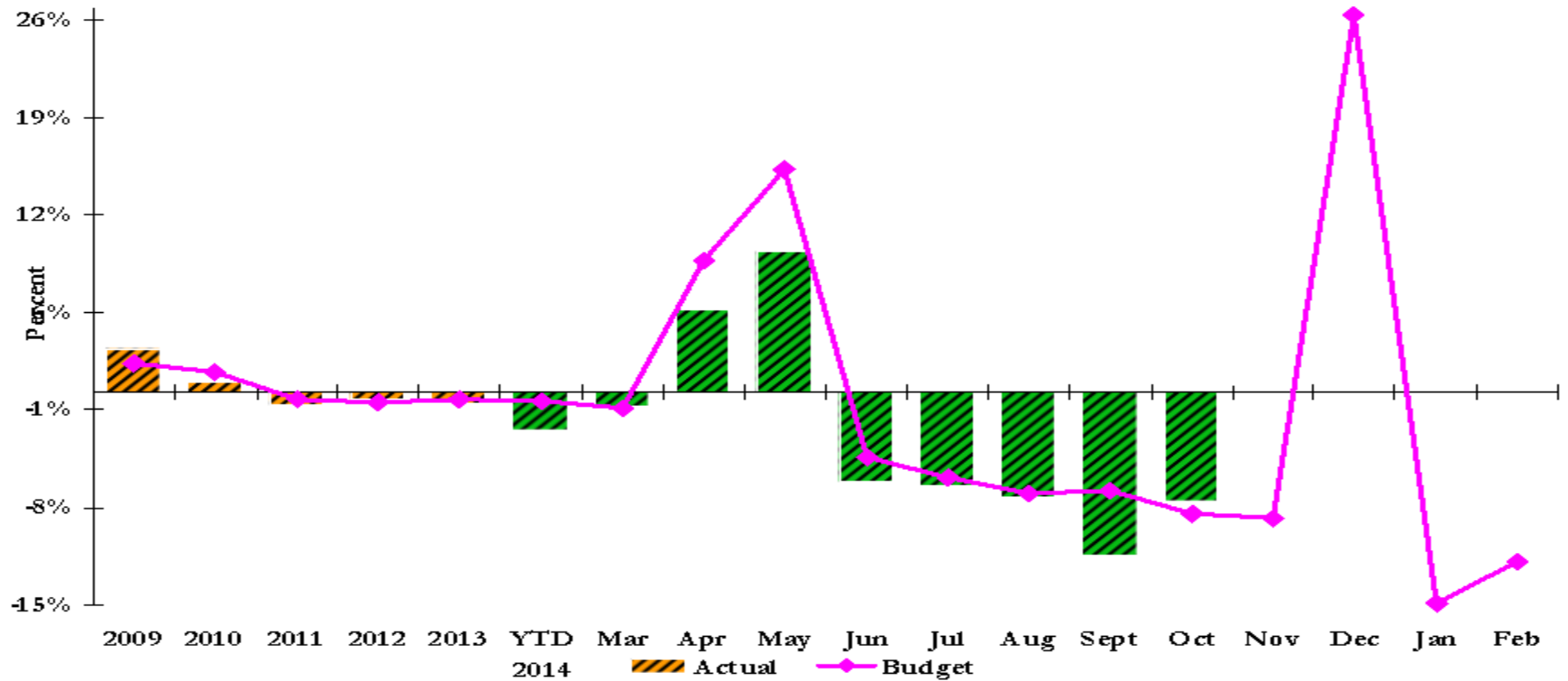


|   |            |            |            |            |             |            | MONTHLY AVERAGE    |                    |                    |                      |
|---|------------|------------|------------|------------|-------------|------------|--------------------|--------------------|--------------------|----------------------|
|   | May        | June       | July       | August     | September   | October    | FY 2012<br>YTD Oct | FY 2013<br>YTD Oct | FY 2014<br>YTD Oct | % Change<br>14 vs 13 |
| 1. Gross Patient Charges                | \$ 250,767 | \$ 238,278 | \$ 253,327 | \$ 257,758 | \$ 248,362  | \$ 275,640 | 219,083            | 230,207            | 252,392            | 9.6%                 |
| 2. Total Patient Revenue Deductions     | (224,865)  | (213,216)  | (224,630)  | (229,611)  | (220,838)   | (243,913)  | (192,828)          | (204,773)          | (224,507)          | 9.6%                 |
| 3. Net Patient Service Revenue          | 25,902     | 25,062     | 28,696     | 28,147     | 27,523      | 31,727     | 26,255             | 25,434             | 27,885             | 9.6%                 |
| 4. Net Revenue % of Gross Charges       | 10.3%      | 10.5%      | 11.3%      | 10.9%      | 11.1%       | 11.5%      | 12.0%              | 11.0%              | 11.0%              | 0.0%                 |
| 5. DSH/UPL Program Revenue              | 24,908     | 24,908     | 24,908     | 25,334     | 19,415      | 19,415     | 16,516             | 22,405             | 23,588             | 5.3%                 |
| 6. Other Operating Revenue              | 1,459      | 2,396      | 1,943      | 1,989      | 2,501       | 1,327      | 2,519              | 2,520              | 2,074              | -17.7%               |
| 7. Total Other Operating Revenue        | 26,367     | 27,304     | 26,851     | 27,323     | 21,916      | 20,742     | 19,034             | 24,925             | 25,662             | 3.0%                 |
| 8. Net Ad Valorem Tax Revenue           | 42,967     | 43,090     | 43,009     | 42,723     | 42,590      | 42,340     | 41,534             | 41,652             | 42,820             | 2.8%                 |
| 9. DSRIP                                | 23,714     | 0          | 0          | 0          | 0           | 8,871      | 0                  | 0                  | 4,073              | 0.0%                 |
| 10. Net Tobacco Settlement Revenue      | 0          | 0          | 0          | 0          | 0           | 0          | 1,344              | 1,215              | 1,222              | 0.6%                 |
| 11. Interest Income and Other           | 201        | 134        | 181        | (1,328)    | 58          | 788        | 1,093              | 1,814              | 68                 | -96.3%               |
| 12. Total Nonoperating Revenue          | 66,881     | 43,224     | 43,189     | 41,395     | 42,648      | 51,999     | 43,971             | 44,681             | 48,183             | 7.8%                 |
| 13. Capital Contributions               | 0          | 0          | 0          | 0          | 0           | 0          | 0                  | 0                  | 0                  | 0.0%                 |
| 14. Total Net Revenue                   | 119,151    | 95,590     | 98,737     | 96,865     | 92,087      | 104,469    | 89,261             | 95,041             | 101,730            | 7.0%                 |
| 15. Salaries and Wages                  | 45,716     | 41,804     | 44,223     | 44,532     | 42,264      | 46,182     | 38,528             | 40,420             | 43,716             | 8.2%                 |
| 16. FICA and Benefits                   | 15,576     | 16,551     | 15,827     | 15,826     | 15,881      | 15,562     | 13,890             | 13,963             | 15,793             | 13.1%                |
| 17. Total Salaries, Wages, and Benefits | 61,292     | 58,356     | 60,049     | 60,358     | 58,145      | 61,744     | 52,419             | 54,384             | 59,509             | 9.4%                 |
| 18. Supplies                            | 16,084     | 15,187     | 16,030     | 17,177     | 16,790      | 19,076     | 13,465             | 14,829             | 16,592             | 11.9%                |
| 19. Physician Services                  | 15,146     | 15,146     | 15,141     | 15,146     | 15,146      | 15,139     | 10,718             | 12,174             | 14,645             | 20.3%                |
| 20. Other Purchased Services            | 9,001      | 8,806      | 9,944      | 8,920      | 8,848       | 11,307     | 8,410              | 8,731              | 9,061              | 3.8%                 |
| 21. Depreciation and Amortization       | 4,345      | 4,309      | 4,294      | 3,986      | 4,144       | 4,298      | 3,946              | 4,072              | 4,323              | 6.2%                 |
| 22. Interest                            | 476        | 487        | 597        | 499        | 509         | 1,257      | 543                | 564                | 599                | 6.2%                 |
| 23. Total Expenses                      | 106,344    | 102,290    | 106,057    | 106,086    | 103,582     | 112,820    | 89,501             | 94,754             | 104,729            | 10.5%                |
| 24. Total Income (Loss)                 | \$ 12,807  | \$ (6,700) | \$ (7,320) | \$ (9,222) | \$ (11,495) | \$ (8,351) | \$ (240)           | \$ 287             | \$ (2,999)         | -1145.1%             |
| 25. Total Margin                        | 10.7%      | -7.0%      | -7.4%      | -9.5%      | -12.5%      | -8.0%      | -0.3%              | 0.3%               | -2.9%              | -1076.3%             |
| 26. Full-Time Equivalent Employees      | 8,084      | 7,963      | 8,139      | 8,076      | 8,150       | 8,436      | 7,414              | 7,669              | 8,099              | 5.6%                 |
| 27. Average Salary per FTE              | \$66,581   | \$63,875   | \$63,977   | \$64,922   | \$63,094    | \$64,454   | \$61,937           | \$62,817           | \$64,332           | 2.4%                 |
| 28. Adjusted Patient Days               | 51,586     | 48,336     | 48,570     | 51,565     | 50,028      | 55,565     | 44,013             | 46,643             | 50,803             | 8.9%                 |



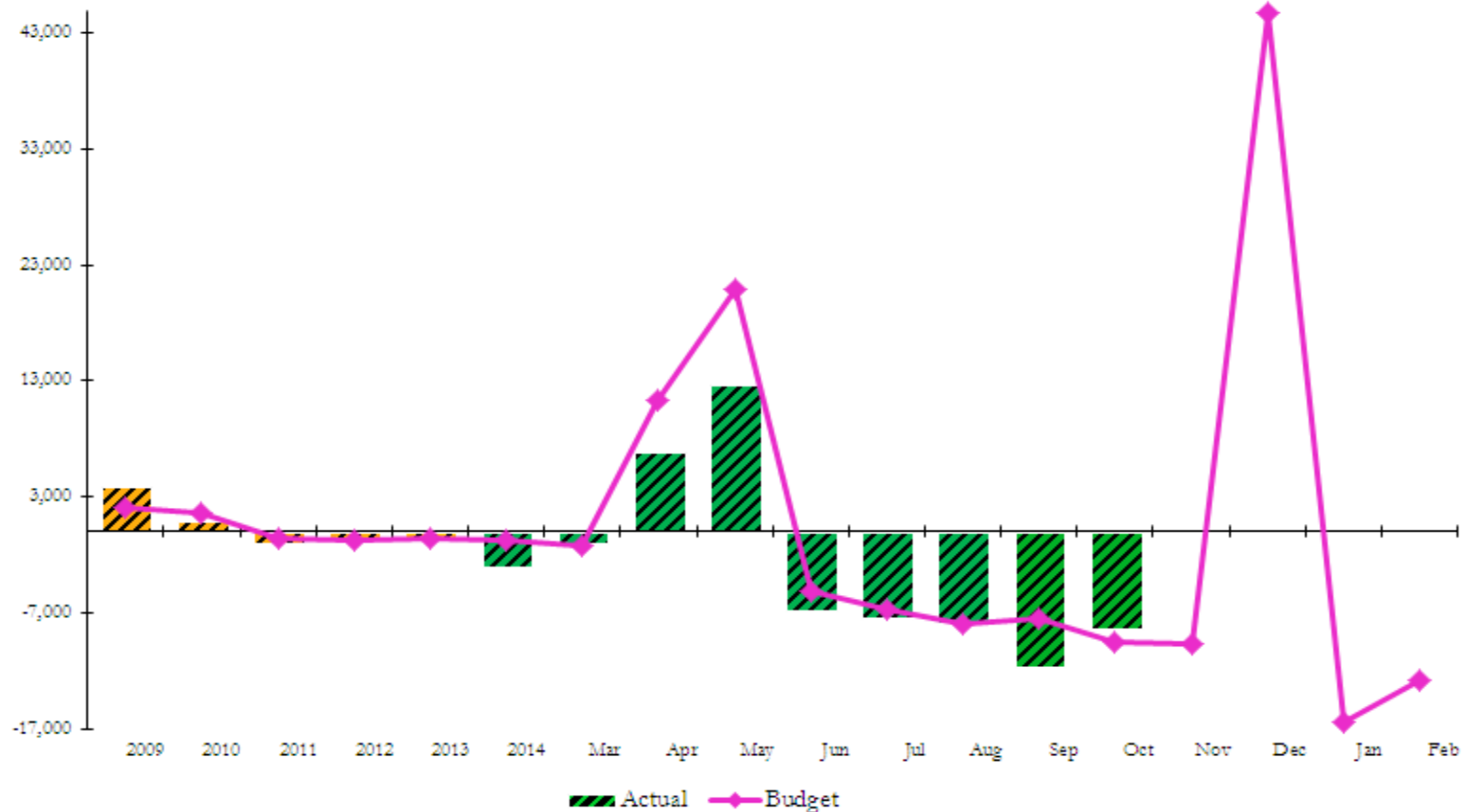
# Operating Margin

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



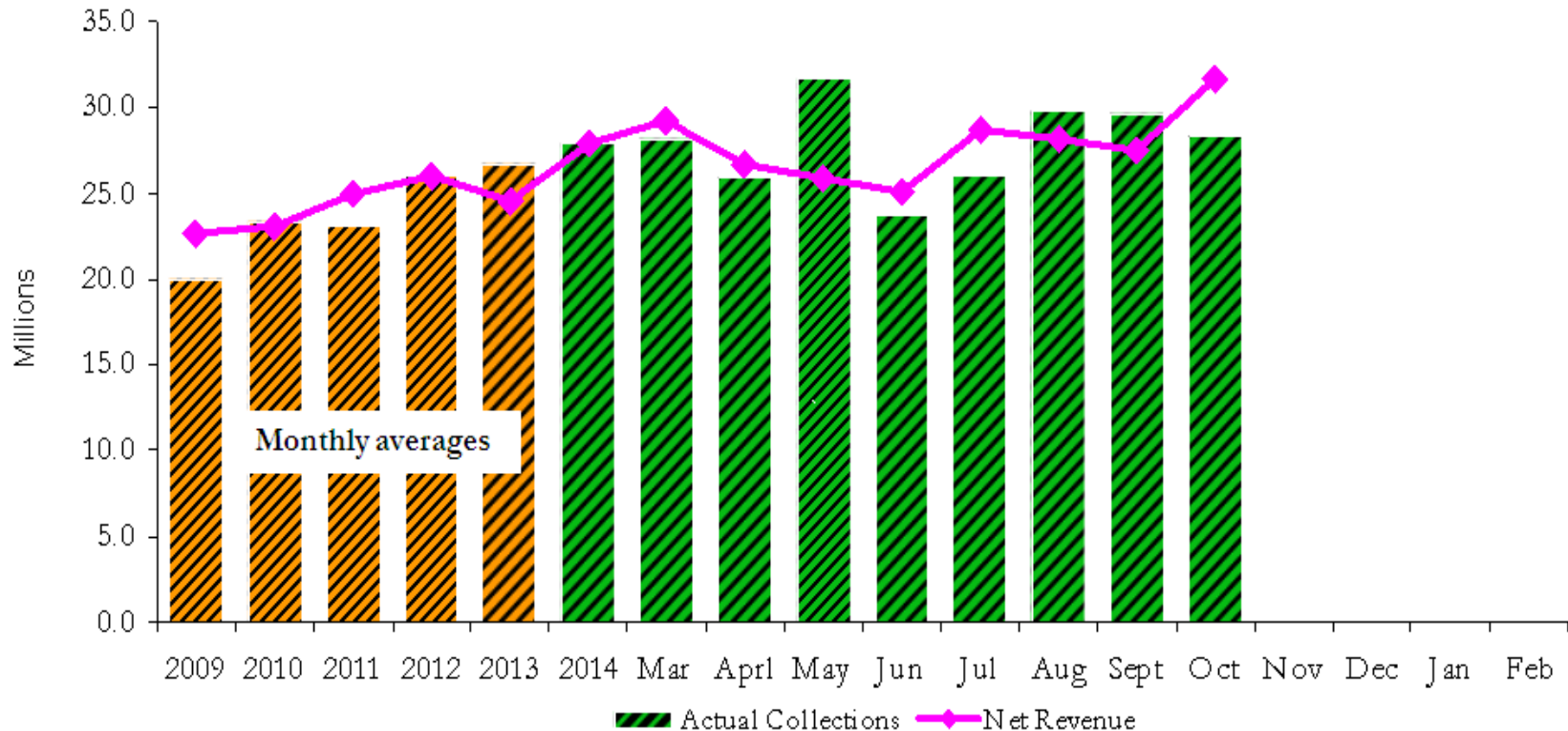
# Operating Income

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



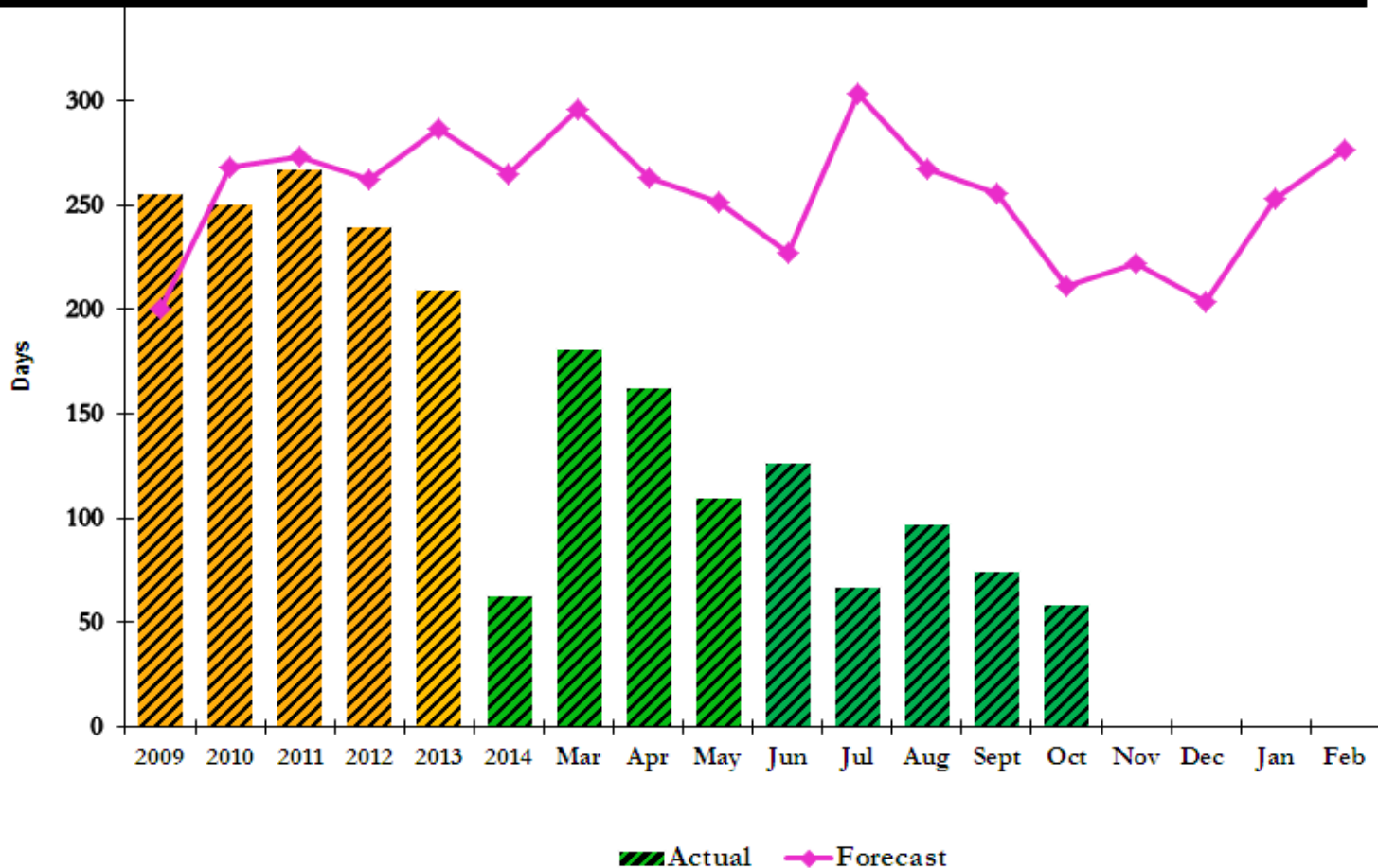
# Cash Collections

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



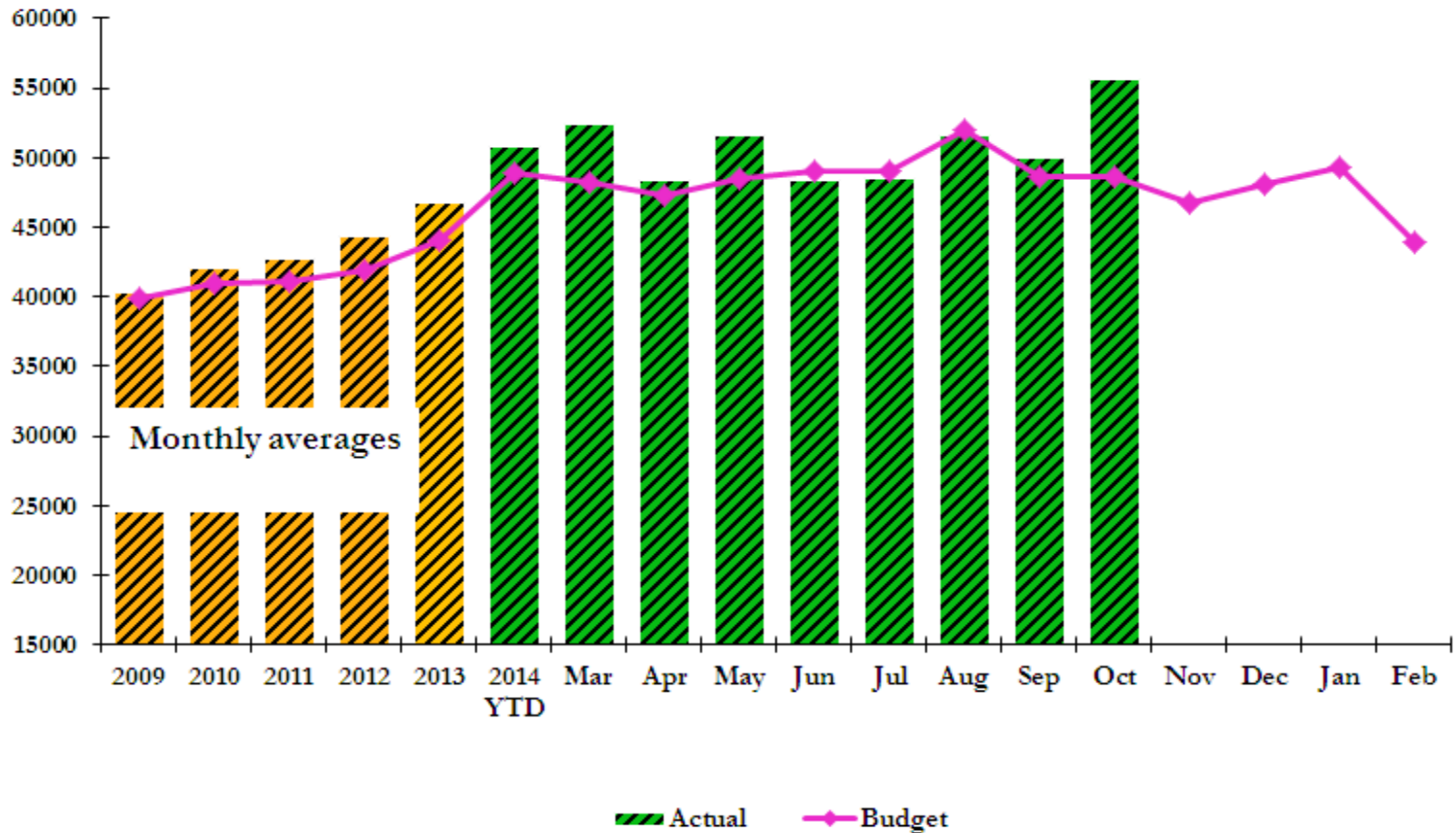
# Unrestricted Days Cash on Hand

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



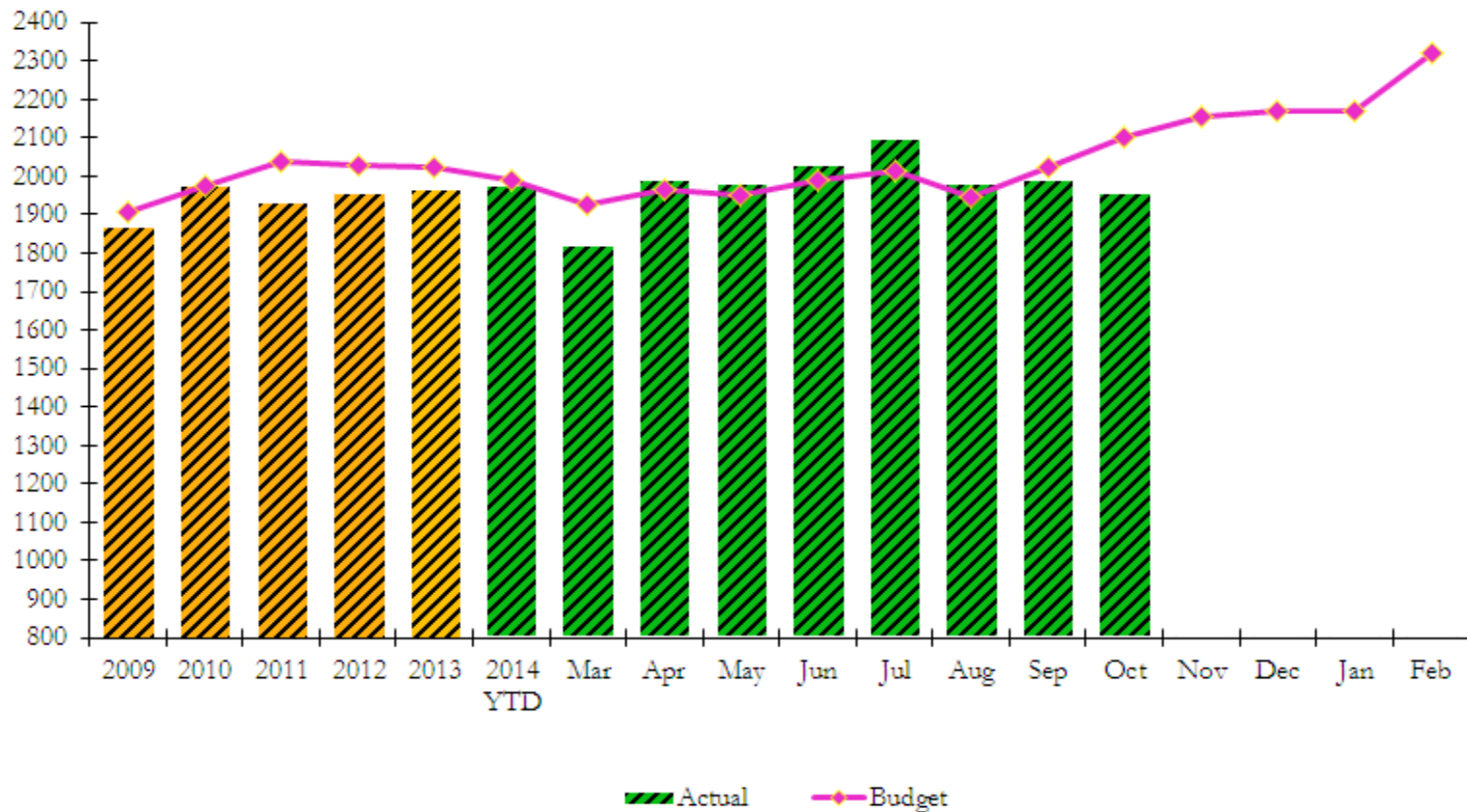
# Adjusted Patient Days

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



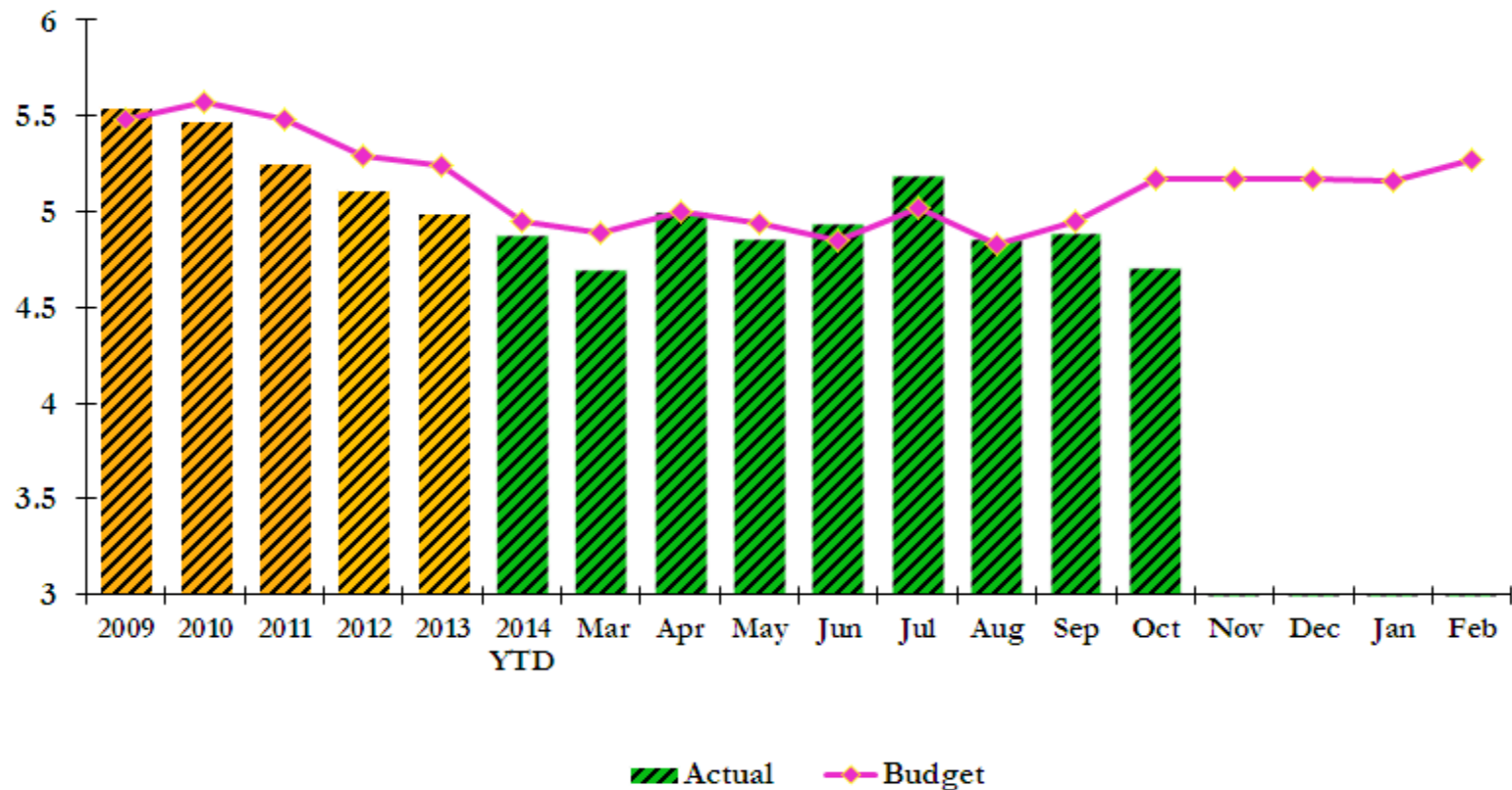
# Operating Cost Per Adj. Patient Day

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,

