

FINANCIAL STATEMENTS
As of September 30, 2013

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HARRISHEALTH SYSTEM

September 2013 Financial Statement Highlights

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

Statistics

Adjusted patient days were 2.9% ^(Pg1:ln1) greater than budget with approximately 66.2% of the volume representing outpatient care.

Clinic visits ^(Pg1:ln5) of 94,201 were 6.4% greater than the budget of 88,557. Primary care clinic visits ^(Pg1:ln3) were 5.5% greater than the month's budget and total specialty clinic visits were 8.7% greater than the September budget ^(Pg1:ln4).

September Emergency Center visits ^(Pg1:ln10) are reported at 15,501 and were 10.8% greater than budget.

System wide, surgery cases were 5.6% greater than budget expectations ^(Pg1:ln13).

Deliveries of 537 were 10.1% less than the budget of 597 ^(Pg1:ln21).

71.2% of total cases occupying patient beds entered through the emergency room ^(Pg1:ln19). Inpatient utilization System wide was less than budget by 0.1% ^(Pg2:ln3). Inpatient length of stay ^(Pg2:ln8) was 3.4% greater than budget and the inpatient case mix index ^(Pg2:ln9) was 2.8% less than budget.

Charity and Self Pay payor mix of 64.2% was on target with the budget of 64.2% ^(Pg2:ln10). Medicaid represented 22.1% of total patients and compared favorably to the budget of 21.9%. Medicare represented 8.9% of all patients and compared favorably with the budget of 8.6%. Commercial Insurance and Other represented 4.8% of all patients and compared unfavorably to the budget of 5.3%.

The Unduplicated Patient count, calculated on a rolling twelve months basis, of 308,957 is 3.6% greater than the prior year count of 298,263 ^(Pg2:ln17).

New Patients seen during the past twelve month period total 100,890 ^(Pg2:ln18).

Revenue

Total Net Revenue of \$92.1 million ^(Pg3:ln23) was \$4.1 million less than budget. Patient volumes, measured as adjusted patient days ^(Pg8:ln14), were 2.9% greater than budget. September's estimated reimbursement per adjusted patient day ^(Pg8:ln1) was 4.0% greater than budget. The resulting Net Patient Service Revenue for September of \$27.5 million ^(Pg3:ln10) was \$1.8 million or 6.9% greater than budget. Estimated DSH/Uncompensated Care Program Revenues ^(Pg3:ln11) 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 will be 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.

Expenses

Total expenses ^(Pg4:ln13) of \$103.6 million were \$0.4 million greater than the budget of \$103.2 million. Salaries and wages were \$0.8 million less than budget. Total FTE's ^(Pg8:ln17) were 1.5% greater than budget and when adjusted for volume were 2.0% less than the budgeted staffing level. Expenses for benefits were over budget \$0.4 million or 2.8%. Supplies expenses were \$1.8 million or 12.0% over budget and when adjusted for volume ^(Pg8:ln7) were 9.1% greater than the budget plan, primarily pharmaceuticals. Total Services ^(Pg4:ln12) of \$28.6 million were \$1.1 million or 3.6% less than budget. Total expenses adjusted for volume ^(Pg8:ln12) were \$2,071 per day compared to the budget of \$2,121 per day, a favorable variance of \$50 per day or 2.4%.

Operating Income

Operating Income ^(Pg4:ln14) for September is a loss of \$11.5 million compared to a budgeted loss of \$7.0 million. Page 10 of the report analyzes operating performance and reflects an unfavorable operating run rate as compared to budget due mostly to unfavorable revenue variances.

Cash Receipts/Disbursements/Balance Sheet

September cash receipts ^(Pg9:ln24) totaled \$33.3 million compared to a budget of \$63.8 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 \$33.3 million compared to a budget of \$28.7 million. The favorable cash variance was generated by patient revenue receipts. Including board designated funds, the System has \$246.6 million in unrestricted cash, cash equivalents and investments ^(Pg6:ln1,7,9,10,16,18,24), representing 75 days cash on hand compared to the prior year's cash of \$417.1 million and days cash on hand of 140. Harris Health System has ^(Pg6:ln2) \$62.2 million in net accounts receivable, representing 68 days of outstanding accounts receivable. At September 30, 2013 Harris Health System's balance sheet reflects an estimated receivable of \$193.9 million under the Section 1115 Supplemental Medicaid Programs and an \$8.8 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 September 30, 2013

	MONTH-TO-MONTH			YEAR-TO-DATE					
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE	
HEALTH SYSTEM FACILITIES									
1. Adjusted Patient Days	50,028	48,631	2.9%	350,861	342,685	2.4%	325,087	7.9%	
2. Outpatient % of Adjusted Volume	66.2%	65.7%	0.8%	66.6%	65.7%	1.3%	64.6%	3.1%	
3. Primary Care Clinic Visits	67,351	63,865	5.5%	469,956	483,105	-2.7%	450,959	4.2%	
4. Specialty Clinic Visits	26,850	24,692	8.7%	196,419	185,573	5.8%	179,094	9.7%	
5. Total Clinic Visits	94,201	88,557	6.4%	666,375	668,678	-0.3%	630,053	5.8%	
6. % Primary Care Visits	71.5%	72.1%	-0.9%	70.5%	72.2%	-2.4%	71.6%	-1.5%	
7. Emergency Room Visits - Outpatient	12,378	11,526	7.4%	86,230	82,334	4.7%	85,003	1.4%	
8. Emergency Room Visits - Observation	1,018	913	11.5%	6,484	6,395	1.4%	6,014	7.8%	
9. Emergency Room Visits - Admitted	2,105	1,550	35.8%	12,099	11,058	9.4%	11,303	7.0%	
10. Total Emergency Room Visits	15,501	13,989	10.8%	104,813	99,787	5.0%	102,320	2.4%	
11. Surgery Cases - Outpatient	774	800	-3.3%	5,853	6,203	-5.6%	6,050	-3.3%	
12. Surgery Cases - Inpatient	968	850	13.9%	6,618	6,537	1.2%	6,605	0.2%	
13. Total Surgery Cases	1,742	1,650	5.6%	12,471	12,740	-2.1%	12,655	-1.5%	
14. % Outpatient Cases	44.4%	48.5%	-8.4%	46.9%	48.7%	-3.6%	47.8%	-1.8%	
15. Total Outpatient Visits	153,154	140,856	8.7%	1,068,280	1,058,449	0.9%	1,008,635	5.9%	
16. Inpatient Cases (Discharges)	2,971	3,033	-2.0%	20,716	20,953	-1.1%	20,541	0.9%	
17. Outpatient Observation Cases	1,418	1,193	18.9%	8,834	8,359	5.7%	8,092	9.2%	
18. Total Cases Occupying Patient Beds	4,389	4,226	3.9%	29,550	29,312	0.8%	28,633	3.2%	
19. % of Total Cases from Emergency Room	71.2%	58.3%	22.1%	62.9%	59.5%	5.6%	60.5%	4.0%	
20. % of Outpatient Cases	32.3%	28.2%	14.4%	29.9%	28.5%	4.8%	28.3%	5.8%	
21. Births	537	597	-10.1%	3,570	3,873	-7.8%	3,937	-9.3%	

Statistical Highlights

As of September 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. Inpatient Days	16,899	16,685	1.3%	117,274	117,401	-0.1%	115,103	1.9%
2. Outpatient Observation Days	2,958	3,186	-7.2%	20,394	22,360	-8.8%	21,151	-3.6%
3. Total Patient Days	19,857	19,871	-0.1%	137,668	139,761	-1.5%	136,254	1.0%
4. % of Outpatient Days	14.9%	16.0%	-7.1%	14.8%	16.0%	-7.4%	15.5%	-4.6%
5. Average Daily Census	661.89	662.37	-0.1%	643.31	653.09	-1.5%	636.70	1.0%
6. Average Operating Beds	797	798	-0.1%	799	797	0.3%	813	-1.7%
7. Bed Occupancy %	83.0%	83.0%	0.1%	80.5%	81.9%	-1.7%	78.3%	2.8%
8. Inpatient Average Length of Stay	5.69	5.50	3.4%	5.66	5.60	1.0%	5.60	1.0%
9. Inpatient Case Mix Index (CMI)	1.392	1.432	-2.8%	1.438	1.432	0.4%	1.415	1.6%
Payor Mix (% of Charges)								
10. Charity & Self Pay	64.2%	64.2%	0.0%	64.3%	64.2%	0.2%	63.4%	1.4%
11. Medicaid & Medicaid Managed	22.1%	21.9%	0.8%	23.1%	21.9%	5.3%	22.6%	2.2%
12. Medicare & Medicare Managed	8.9%	8.6%	3.5%	8.7%	8.6%	1.2%	8.7%	0.0%
13. Commercial & Other	4.8%	5.3%	-8.9%	3.9%	5.3%	-26.0%	5.3%	-26.4%
<u>NETWORK REFERRAL SERVICES</u>								
14. Primary Care Visits	1,148	3,276	-65.0%	2,324	7,241	-67.9%	3,314	-29.9%
15. Specialty Care Visits	36	0	0.0%	78	0	0.0%	0	0.0%
16. Surgery Cases	166	197	-15.5%	764	434	75.8%	649	17.7%
17. GI Procedures	68	105	-35.1%	580	232	150.3%	841	-31.0%
<u>HEALTH SYSTEM TOTALS</u>								
18. Primary Care Visits	68,499	67,141	2.0%	472,280	490,346	-3.7%	454,273	4.0%
19. Specialty Care Visits	26,886	24,692	8.9%	196,497	185,573	5.9%	179,094	9.7%
20. Surgery Cases	1,908	1,847	3.3%	13,235	13,174	0.5%	13,304	-0.5%
21. Unduplicated Patients - Rolling 12				308,957			298,263	3.6%
22. New Patient - Rolling 12				100,890			98,077	2.9%

Operating Statement

As of September 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
PATIENT REVENUES:										
1. Routine Services	18,581	18,611	-0.2%	18,027	3.1%	129,080	132,459	-2.6%	128,494	0.5%
2. Inpatient Ancillary	65,314	61,377	6.4%	58,766	11.1%	453,958	448,179	1.3%	437,242	3.8%
3. Outpatient Ancillary	162,382	150,497	7.9%	140,458	15.6%	1,143,712	1,094,200	4.5%	1,014,072	12.8%
4. Physician Services	2,085	2,651	-21.4%	2,337	-10.8%	16,743	20,328	-17.6%	18,006	-7.0%
5. Gross Patient Charges	248,362	233,136	6.5%	219,588	13.1%	1,743,494	1,695,166	2.9%	1,597,813	9.1%
REVENUE DEDUCTIONS:										
6. Charity Care	(132,811)	(109,461)	-21.3%	(101,183)	-31.3%	(876,522)	(797,176)	-10.0%	(770,665)	-13.7%
7. Contractual Allowance/Other Discounts	(79,453)	(85,058)	6.6%	(80,688)	1.5%	(603,031)	(617,490)	2.3%	(523,993)	-15.1%
8. Provision for Bad Debt Expense	(8,575)	(12,875)	33.4%	(16,530)	48.1%	(72,589)	(93,631)	22.5%	(128,868)	43.7%
9. Total Patient Revenue Deductions	(220,838)	(207,394)	-6.5%	(198,402)	-11.3%	(1,552,142)	(1,508,296)	-2.9%	(1,423,525)	-9.0%
10. Net Patient Service Revenue	27,523	25,742	6.9%	21,186	29.9%	191,351	186,870	2.4%	174,288	9.8%
OTHER OPERATING REVENUE:										
11. DSH/UPL/1115 Waiver	19,415	24,799	-21.7%	25,903	-25.0%	169,289	173,590	-2.5%	153,341	10.4%
12. Other Operating Revenue	2,501	2,220	12.6%	2,066	21.0%	15,263	16,092	-5.1%	18,889	-19.2%
13. Total Other Operating Revenue	21,916	27,018	-18.9%	27,969	-21.6%	184,553	189,682	-2.7%	172,230	7.2%
14. Total Operating Revenue	49,439	52,760	-6.3%	49,156	0.6%	375,904	376,552	-0.2%	346,518	8.5%
NONOPERATING REVENUE:										
15. Net Ad Valorem Tax Revenue	42,590	42,917	-0.8%	40,558	5.0%	300,223	300,416	-0.1%	292,654	2.6%
16. DSRIP	0	0	0.0%	0	0.0%	23,714	23,060	2.8%	0	0.0%
17. Net Tobacco Settlement Revenue	0	0	0.0%	(408)	-100.0%	9,774	12,210	-20.0%	9,719	0.6%
18. Interest Income	110	468	-76.6%	338	-67.6%	(158)	4,147	-103.8%	3,442	-104.6%
19. Other	(52)	0	0.0%	51	-201.8%	(87)	0	0.0%	11,285	100.8%
20. Total Nonoperating Revenue	42,648	43,385	-1.7%	40,540	5.2%	333,466	339,832	-1.9%	317,100	5.2%
21. Capital Contributions	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
22. Total Capital Contributions	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
23. Total District Net Revenue	92,087	96,145	-4.2%	89,696	2.7%	709,370	716,384	-1.0%	663,618	6.9%

Operating Statement
As of September 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	34,301	35,820	4.2%	32,452	-5.7%	245,343	249,975	1.9%	228,444	-7.4%
2. PTO & Secondary Sick Leave	4,370	4,608	5.2%	4,209	-3.8%	33,497	32,307	-3.7%	31,197	-7.4%
3. Contract Salaries	1,059	688	-54.0%	848	-24.9%	7,602	4,563	-66.6%	5,936	-28.1%
4. Registry Salaries	2,534	1,901	-33.3%	2,074	-22.2%	17,105	13,675	-25.1%	13,318	-11.7%
5. FICA and Benefits	15,881	15,455	-2.8%	13,329	-19.1%	110,784	105,428	-5.1%	97,872	-13.2%
6. Total Salaries, Wages, and Benefits	58,145	58,472	0.6%	52,911	-9.9%	414,331	405,949	-2.1%	378,767	-9.4%
7. Supplies	16,790	14,993	-12.0%	14,392	-16.7%	113,658	106,559	-6.7%	101,426	-12.1%
SERVICES:										
8. Physician Services	15,146	14,165	-6.9%	12,729	-19.0%	102,018	95,040	-7.3%	84,663	-20.5%
9. Other Purchased Services	8,848	10,207	13.3%	8,928	0.9%	61,184	64,942	5.8%	60,503	-1.1%
10. Depreciation and Amortization	4,144	4,853	14.6%	4,039	-2.6%	30,289	32,359	6.4%	28,012	-8.1%
11. Interest	509	487	-4.5%	585	12.9%	3,534	3,476	-1.7%	3,950	10.5%
12. Total Services	28,647	29,712	3.6%	26,281	-9.0%	197,025	195,818	-0.6%	177,128	-11.2%
13. Total Operating Expenses	103,582	103,178	-0.4%	93,584	-10.7%	725,014	708,325	-2.4%	657,321	-10.3%
14. HCHD Operating Income (Loss)	(11,495)	(7,033)	-	(3,889)	-	(15,644)	8,058	-294.1%	6,297	-348.4%

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

	CURRENT MONTH	PRIOR YEAR MONTH	FISCAL YTD	PRIOR FISCAL YTD
<u>CASH RECEIPTS:</u>				
1. Ad Valorem Taxes	\$ 1,103	1,011	\$ 24,460	\$ 30,316
2. Collections on Patient Accounts	26,806	21,762	185,058	184,318
3. Disproportionate Share III/1115 Waiver UC & DSRIP	0	18,688	192,082	121,495
4. Tobacco Settlement	0	0	9,774	10,126
5. Trauma Fund	146	0	1,811	105
6. Other Sources (Includes Cost Reimbursement)	5,259	3,495	22,595	39,585
7. Total Cash Receipts	\$ 33,314	\$ 44,956	\$ 435,780	\$ 385,945
<u>CASH DISBURSEMENTS:</u>				
8. Salaries and Wages	\$ 31,929	\$ 26,655	\$ 225,386	\$ 212,771
9. Benefits and Employee Deductions	45,380	30,461	228,041	194,523
10. Drugs and Supplies	16,613	14,207	117,241	106,430
11. Physician Services	44	55	158,959	33,839
12. Purchased Services	9,476	9,489	71,893	77,063
13. Capital Expenditures	5,869	14,091	46,901	76,611
14. Debt and Interest Payments	442	526	8,553	8,655
15. Other Uses	(2,517)	(3,592)	(31,991)	(59,465)
16. Total Cash Disbursements	\$ 107,236	\$ 91,892	\$ 824,983	\$ 650,427
17. Net Change	\$ (73,922)	\$ (46,936)	\$ (389,203)	\$ (264,482)

Unrestricted Cash, Cash Equivalents and Investments - February 28, 2013	\$ 635,769
Net Change	(389,203)
Unrestricted Cash, Cash Equivalents and Investments - September 30, 2013	\$ 246,566

Balance Sheet

As of September 30, 2013

(In thousands)

	<u>ACTUAL</u>	<u>PRIOR YEAR</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
1. Cash, Cash Equivalents and Short Term Investments	(70,730)	66,590
2. Net Patient Accounts Receivable	62,188	69,059
3. Net Ad Valorem Taxes, Current Portion	298,560	290,671
4. Prepaid Expenses, Inventories, and Other Current Assets	222,511	147,299
5. Total Current Assets	512,529	573,618
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
6. Debt Service and Bond Covenants - Restricted	6,451	6,239
7. Board Designated for Future Expansion	1,454	6,662
8. Phase 1 Project Fund	0	0
9. Board Designated for Legal Reserves	2,324	2,192
10. Board Designated for Self-Insured Programs	23,502	16,478
11. Total Assets Limited as to Use or Restricted, Current Portion	33,731	31,572
PLANT, PROPERTY AND EQUIPMENT:		
12. Plant, Property, & Equipment, Net of Accumulated Depreciation	346,981	280,325
13. Construction in Progress	92,577	120,976
14. Total Plant, Property and Equipment	439,557	401,301
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
15. Debt Service and Bond Covenants - Restricted	16,006	15,958
16. Board Designated for Future Expansion	119,892	175,866
17. Phase 1 Project Fund	0	0
18. Board Designated for Self-Insured Programs	170,124	149,319
19. Other - Restricted	867	862
20. Total Assets Limited as to Use or Restricted, Net of Current Portion	306,889	342,005
OTHER ASSETS:		
21. Net Ad Valorem Taxes, Delinquent	2,731	4,146
22. Net Deferred Bond Issue Costs	3,690	3,900
23. Net Pension Asset	16,403	13,758
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. Total Other Assets	32,906	32,732
29. Due to/from CHCI	3,910	7,285
30. TOTAL ASSETS	1,329,521	1,388,514

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

	<u>ACTUAL</u>	<u>PRIOR YEAR</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
1. Accounts Payable and Accrued Liabilities	46,238	82,274
2. Interest Payable	1,465	1,470
3. Employee Compensation & Related Benefit Liabilities	37,874	28,350
4. Compensated Absences	42,391	40,942
5. Estimated Third-Party Payor Settlements	2,229	(2,705)
6. Current Portion Long-Term Debt and Capital Leases	5,251	6,180
7. Total Current Liabilities	135,448	156,511
OTHER LONG-TERM LIABILITIES:		
8. Pension Payable	0	0
9. Post Employment Health Benefit Liability	170,124	149,319
10. Borrowing Payable	14,774	15,644
11. Derivative Liability	10,057	10,904
12. Arbitrage Rebate Liability	141	111
13. Total Other Long-Term Liabilities	195,096	175,977
LONG-TERM DEBT:		
14. Series 2007 Revenue Bonds, Including Premium & Deferred Loss	187,830	190,855
15. Series 2010 Revenue Bonds, Including Deferred Loss	82,074	81,968
16. Other Long-Term Obligation	182	1,231
17. Total Long-Term Debt	270,086	274,054
TOTAL LIABILITIES	600,629	606,542
NET ASSETS:		
18. Invested in Capital Assets, Net of Related Debt	149,446	105,423
19. Restricted Net Assets	24,191	23,059
20. Unrestricted Net Assets	555,255	653,489
21. Total Net Assets	728,892	781,971
22. TOTAL LIABILITIES & NET ASSETS	1,329,521	1,388,514

Operating Performance Per Adjusted Patient Days

As of September 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	\$ 550	\$ 529	4.0%	\$ 459	19.8%	\$ 545	\$ 545	0.0%	\$ 536	1.7%
2. Other Operating Revenue	438	556	-21.2%	606	-27.7%	526	554	-5.1%	530	-0.8%
3. Nonoperating Revenue	852	892	-4.5%	878	-3.0%	950	992	-4.2%	975	-2.6%
4. Capital Contribution	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
5. Total District Net Revenue	1,840	1,977	-6.9%	1,943	-5.3%	2,021	2,091	-3.3%	2,041	-1.0%
6. Salaries, Wages, and Benefits	1,162	1,202	3.3%	1,146	-1.4%	1,181	1,185	0.3%	1,165	-1.4%
7. Supplies	336	308	-9.1%	312	-7.7%	324	311	-4.2%	312	-3.8%
8. Physician Services	303	291	-4.1%	276	-9.8%	291	277	-5.1%	260	-11.9%
9. Other Purchased Services	177	210	15.7%	193	8.3%	174	190	8.4%	186	6.5%
10. Depreciation and Amortization	83	100	17.0%	87	4.6%	86	94	8.5%	86	0.0%
11. Interest	10	10	0.0%	13	23.1%	10	10	0.0%	12	16.7%
12. Total Operating Expenses	2,071	2,121	2.4%	2,027	-2.2%	2,066	2,067	0.0%	2,021	-2.2%
13. HCHD Operating Income(Loss)	\$ (231)	\$ (144)	-	\$ (84)	-	\$ (45)	\$ 24	-287.5%	\$ 20	-325.0%
14. Adjusted Patient Days	50,028	48,631	2.9%	46,190	8.3%	350,861	342,685	2.4%	325,087	7.9%
15. Average Daily Census	563.3	556.2	1.3%	538.7	4.6%	548.0	548.6	-0.1%	537.9	1.9%
16. FTE's(Employee/Contract) per AOB	4.9	5.0	2.0%	5.0	2.0%	4.9	4.9	0.0%	5.0	2.0%
17. FTE's(Employee/Contract) - Total	8,150	8,031	-1.5%	7,653	-6.5%	8,050	7,884	-2.1%	7,635	-5.4%
18. FTE's(Employee/Contract) - Productive	7,272	7,104	-2.4%	6,795	-7.0%	7,137	6,963	-2.5%	6,742	-5.9%

Analysis of Cash Receipts As of September 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	\$4,676	\$3,682	\$4,087	\$29,930	\$29,551	\$379	1.3	\$29,626	\$304	1.0
2. Medicaid	9,272	7,081	8,142	62,101	64,395	(2,294)	(3.6)	63,097	(996)	(1.6)
3. Texas vendor drug/Medicare Part D	2,508	2,393	2,416	18,748	17,258	1,490	8.6	17,681	1,067	6.0
4. Managed Care - Medicaid	4,859	3,770	5,121	38,995	36,073	2,922	8.1	37,218	1,777	4.8
5. Commercial insurance	1,310	1,589	1,241	9,395	9,002	393	4.4	8,990	405	4.5
6. Liens	68	80	185	1,801	1,732	69	4.0	1,345	456	33.9
7. Patient pay	2,001	1,711	2,120	14,651	15,944	(1,293)	(8.1)	15,478	(827)	(5.3)
8. Business office	354	340	374	2,422	2,744	(322)	(11.7)	2,732	(310)	(11.3)
9. Other governmental projects/grants	1,758	1,116	1,079	7,015	7,619	(604)	(7.9)	7,760	(745)	(9.6)
10. SUBTOTAL	26,806	21,762	24,764	185,058	184,318	740	0.4	183,928	1,130	0.6
11a. Cost Reimbursements	2,813	337	314	9,948	5,276	4,672	88.6	2,356	7,592	322.2
11b Recoupments	0	0	0	0	0	0	0.0	0	0	0.0
12. Net Patient Revenue Receipts	29,619	22,099	25,079	195,006	189,594	5,412	2.9	186,284	8,722	4.7
13. DSH/UPL/1115 Waiver	0	18,688	35,177	192,082	121,495	70,587	58.1	288,877	(96,795)	(33.5)
14. Tobacco Settlement	0	0	0	9,774	10,126	(352)	(3.5)	12,210	(2,436)	(20.0)
14a Trauma Fund	146	0	0	1,811	105	1,706	1,624.8	0	1,811	0.0
15. Total Patient Revenue Receipts	29,765	40,787	60,256	398,673	321,320	77,353	24.1	487,371	(88,698)	(18.2)
NON-PATIENT OPERATING REVENUE:										
16. Parking	246	162	297	1,633	1,486	147	9.9	2,078	(445)	(21.4)
17. Grants	1,226	966	684	4,427	10,923	(6,496)	(59.5)	4,791	(364)	(7.6)
18. Miscellaneous	887	795	749	5,051	18,972	(13,921)	(73.4)	6,278	(1,227)	(19.5)
19. Total Non-Patient Operating	2,359	1,923	1,729	11,111	31,381	(20,270)	(64.6)	13,147	(2,036)	(15.5)
20. Interest income	87	1,235	468	1,536	2,928	(1,392)	(47.5)	4,147	(2,611)	(63.0)
21. Total Non-Tax Receipts	32,211	43,945	62,453	411,320	355,629	55,691	15.7	504,664	(93,344)	(18.5)
22. Ad valorem tax receipts/note	1,103	1,011	1,375	24,460	30,316	(5,856)	(19.3)	42,878	(18,418)	(43.0)
23. Commercial Paper Proceeds	0	0	0	0	0	0	0.0	0	0	0.0
24. Total Receipts	\$33,314	\$44,956	\$63,828	\$435,780	\$385,945	\$49,835	12.9	\$547,542	(\$111,762)	(20.4)

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

	<u>MONTH</u>	<u>YTD</u>
Total Operating Income (Loss) as Reported	\$ (11.5)	\$ (15.6)
Favorable Adjustments:		
Trauma Funds	\$ 0.2	\$ 1.8
Medicaid Cost Report Settlement	\$ -	\$ 2.1
Subtotal of Favorable Adjustments	\$ 0.2	\$ 3.9
Unfavorable Adjustments:		
Donations - CHCI	\$ (0.3)	\$ (2.1)
Pension Expense Based on Actuarial Review	\$ 0.2	\$ (0.3)
Tobacco Revenue	\$ -	\$ (2.4)
Subtotal of Unfavorable Adjustments	\$ (0.1)	\$ (4.8)
Harris Health System Operating Run Rate as of September	\$ (11.6)	\$ (14.7)
Harris Health System 2014 Budget	\$ (7.0)	\$ 8.1
Favorable (Unfavorable) Run Rate	\$ (4.6)	\$ (22.8)
Attributable Factors:		
Favorable (Unfavorable) Revenue Variance	\$ (4.0)	\$ (6.5)
Favorable (Unfavorable) Expense Variance	\$ (0.6)	\$ (16.3)
Net of Attributable Factors	\$ (4.6)	\$ (22.8)

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

							MONTHLY AVERAGE			
	April	May	June	July	August	September	FY 2012 YTD Sept	FY 2013 YTD Sept	FY 2014 YTD Sept	% Change 14 vs 13
1. ADMISSIONS(A&P)	2,777	2,868	2,857	3,109	3,150	2,971	2,973	2,934	2,959	0.9%
2. PATIENT DAYS(A&P)	16,149	16,485	15,913	17,195	16,981	16,899	16,447	16,443	16,753	1.9%
3. AVERAGE LOS	5.82	5.75	5.57	5.53	5.39	5.69	5.53	5.60	5.66	1.0%
4. AVERAGE LOS, Overall CMI Adjusted	4.04	3.95	3.84	3.83	3.88	4.09	3.98	3.96	3.94	-0.6%
5. HCHD PERCENT OCCUPANCY	67.1%	66.3%	66.1%	69.9%	69.0%	70.7%	66.3%	66.1%	68.6%	3.8%
CASE MIX INDEX (CMI)										
6. CMI - Excluding Obstetrics Cases	1.565	1.599	1.586	1.594	1.524	1.529	1.549	1.574	1.578	0.3%
7. CMI - Overall	1.440	1.455	1.449	1.444	1.391	1.392	1.391	1.415	1.438	1.6%
8. BIRTHS	436	495	484	558	555	537	566	562	510	-9.3%
9. OPERATING ROOM CASES	1,835	1,777	1,714	1,891	1,773	1,742	1,827	1,808	1,782	-1.5%
10. Inpatient	958	894	918	1,049	954	968	992	944	945	0.2%
11. Outpatient	877	883	796	842	819	774	835	864	836	-3.3%
12. EMERGENCY VISITS	14,766	15,675	14,946	14,630	14,765	15,501	15,271	14,617	14,973	2.4%
13. Emergency Room Visits-Admitted	1,713	1,800	1,720	1,642	1,458	2,105	2,030	1,615	1,728	7.0%
14. Emergency Room Visits-Outpatient	12,208	12,828	12,331	12,249	12,407	12,378	13,241	12,143	12,319	1.4%
15. Emergency Room Visits-Observation	845	1,047	895	739	900	1,018	0	859	926	7.8%
16. CLINIC VISITS	101,868	98,993	88,252	94,026	96,727	94,201	88,959	90,008	95,196	5.8%
17. Primary Care Clinic Visits	72,725	70,252	61,597	64,777	67,549	67,351	62,581	64,423	67,137	4.2%
18. Specialty Clinic Visits	29,143	28,741	26,655	29,249	29,178	26,850	26,378	25,585	28,060	9.7%
PAYOR MIX										
19. Charity & Self Pay	64.9%	63.7%	63.6%	62.9%	66.5%	64.2%	62.1%	63.4%	64.3%	1.4%
19. Medicaid & Medicaid Managed	20.7%	22.5%	21.5%	23.2%	21.8%	22.1%	23.5%	22.6%	23.1%	2.2%
20. Medicare & Medicare Managed	9.1%	8.1%	9.4%	8.8%	9.4%	8.9%	8.2%	8.7%	8.7%	0.0%
21. Commercial & Other	5.3%	5.7%	5.5%	5.1%	2.3%	4.8%	6.2%	5.3%	3.9%	-26.4%

Supplemental Information – Operating Statement - Monthly Trend

As of September 30, 2013

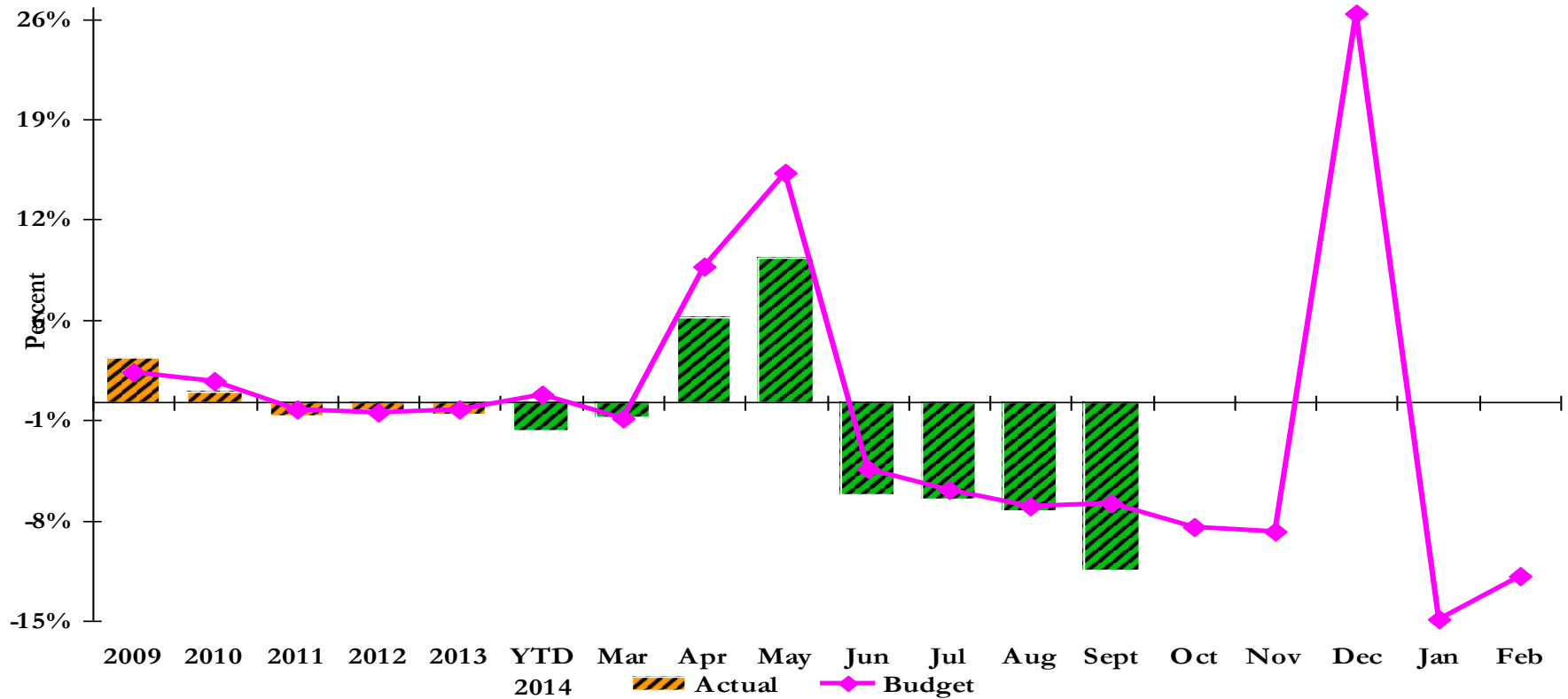
(In Thousands)



							MONTHLY AVERAGE			
	April	May	June	July	August	September	FY 2012 YTD Sept	FY 2013 YTD Sept	FY 2014 YTD Sept	% Change 14 vs 13
1. Gross Patient Charges	\$ 247,770	\$ 250,767	\$ 238,278	\$ 253,327	\$ 257,758	\$ 248,362	218,950	228,259	249,071	9.1%
2. Total Patient Revenue Deductions	(221,078)	(224,865)	(213,216)	(224,630)	(229,611)	(220,838)	(192,753)	(203,361)	(221,735)	9.0%
3. Net Patient Service Revenue	26,692	25,902	25,062	28,696	28,147	27,523	26,197	24,898	27,336	9.8%
4. Net Revenue % of Gross Charges	10.8%	10.3%	10.5%	11.3%	10.9%	11.1%	12.0%	10.9%	11.0%	0.6%
5. DSH/UPL Program Revenue	24,908	24,908	24,908	24,908	25,334	19,415	16,516	21,906	24,184	10.4%
6. Other Operating Revenue	3,374	1,459	2,396	1,943	1,989	2,501	2,637	2,698	2,180	-19.2%
7. Total Other Operating Revenue	28,282	26,367	27,304	26,851	27,323	21,916	19,153	24,604	26,365	7.2%
8. Net Ad Valorem Tax Revenue	42,935	42,967	43,090	43,009	42,723	42,590	41,620	41,808	42,889	2.6%
9. DSRIP	0	23,714	0	0	0	0	0	0	3,388	0.0%
10. Net Tobacco Settlement Revenue	9,774	0	0	0	0	0	1,536	1,388	1,396	0.6%
11. Interest Income and Other	236	201	134	181	(1,328)	58	1,227	2,104	(35)	-101.7%
12. Total Nonoperating Revenue	52,945	66,881	43,224	43,189	41,395	42,648	44,384	45,300	47,638	5.2%
13. Capital Contributions	0	0	0	0	0	0	0	0	0	0.0%
14. Total District Net Revenue	107,919	119,151	95,590	98,737	96,865	92,087	89,734	94,803	101,339	6.9%
15. Salaries and Wages	41,914	45,716	41,804	44,223	44,532	42,264	38,322	40,128	43,364	8.1%
16. FICA and Benefits	15,425	15,576	16,551	15,827	15,826	15,881	13,879	13,982	15,826	13.2%
17. Total Salaries, Wages, and Benefits	57,339	61,292	58,356	60,049	60,358	58,145	52,202	54,110	59,190	9.4%
18. Supplies	17,016	16,084	15,187	16,030	17,177	16,790	13,458	14,489	16,237	12.1%
19. Physician Services	13,146	15,146	15,146	15,141	15,146	15,146	10,609	12,095	14,574	20.5%
20. Other Purchased Services	8,239	9,001	8,806	9,944	8,920	8,848	8,457	8,643	8,741	1.1%
21. Depreciation and Amortization	4,589	4,345	4,309	4,294	3,986	4,144	3,953	4,002	4,327	8.1%
22. Interest	488	476	487	597	499	509	523	564	505	-10.6%
23. Total Expenses	100,817	106,344	102,290	106,057	106,086	103,582	89,202	93,903	103,573	10.3%
24. HCHD Total Income (Loss)	\$ 7,102	\$ 12,807	\$ (6,700)	\$ (7,320)	\$ (9,222)	\$ (11,495)	\$ 532	\$ 900	\$ (2,235)	-348.4%
25. Total Margin	6.6%	10.7%	-7.0%	-7.4%	-9.5%	-12.5%	0.6%	0.9%	-2.2%	-332.4%
26. Full-Time Equivalent Employees	7,993	8,084	7,963	8,139	8,076	8,150	7,392	7,635	8,050	5.4%
27. Average Salary per FTE	\$63,797	\$66,581	\$63,875	\$63,977	\$64,922	\$63,094	\$61,896	\$62,753	\$64,313	2.5%
28. Adjusted Patient Days	48,396	51,586	48,336	48,570	51,565	50,028	43,802	46,441	50,123	7.9%

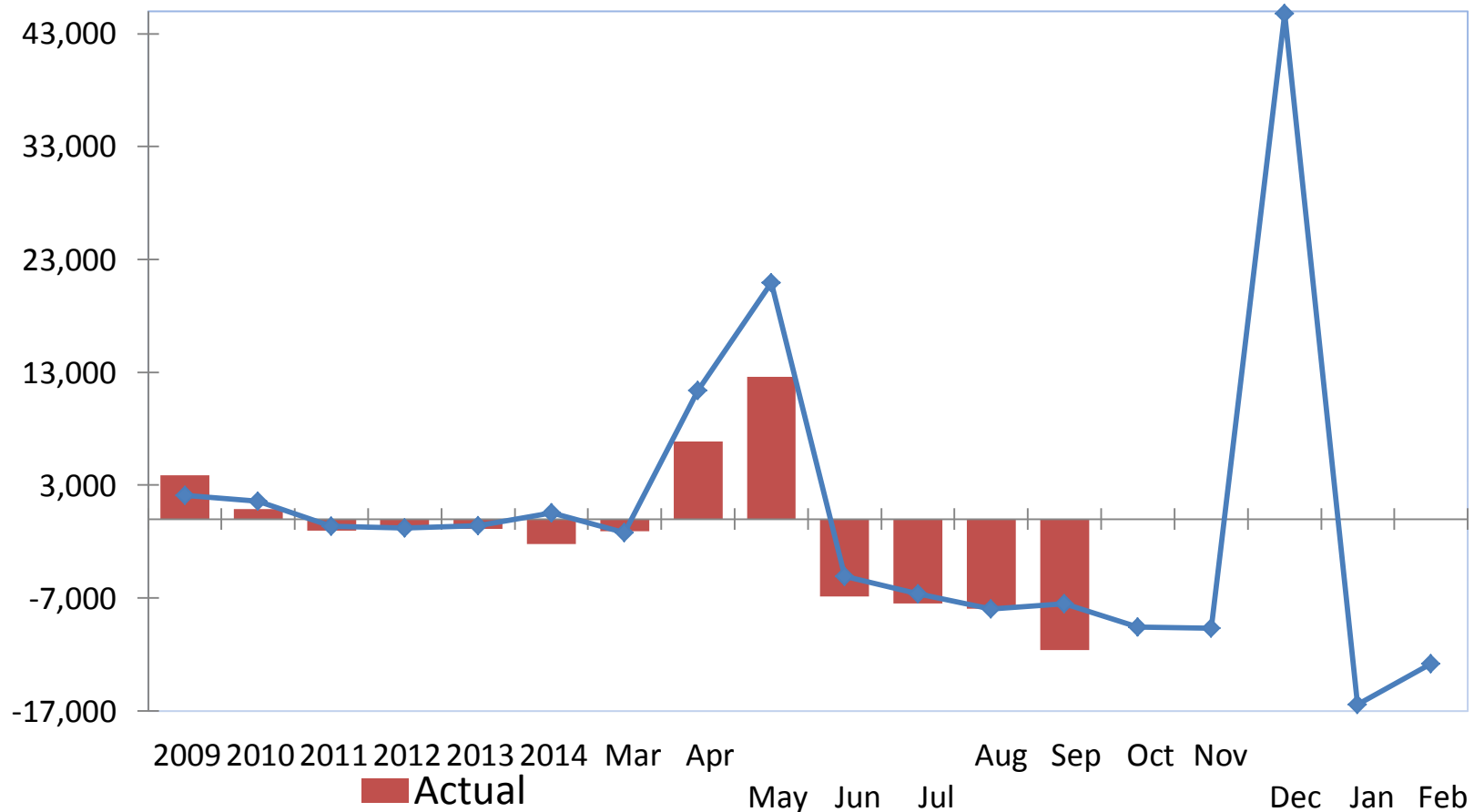
Operating Margin

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



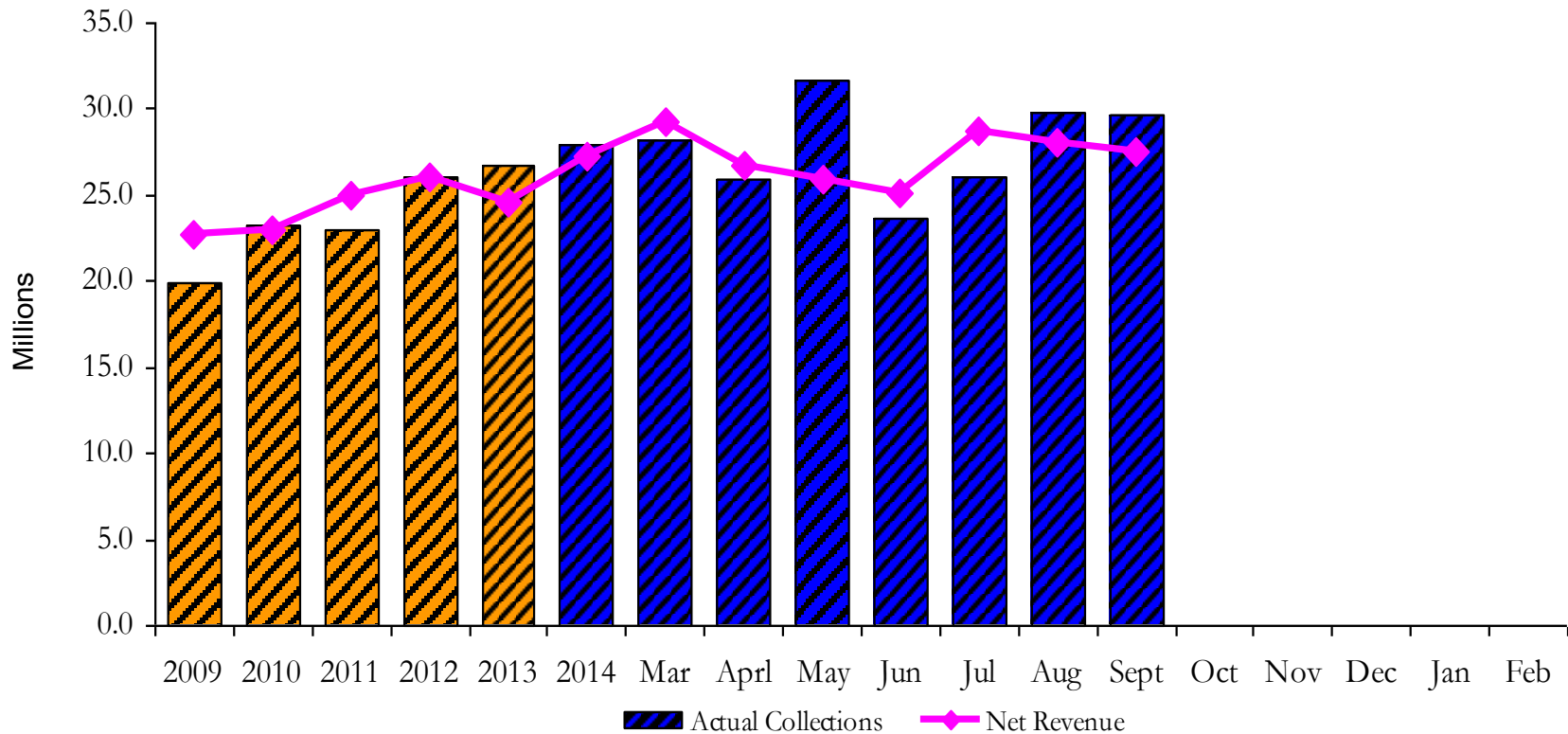
Operating Income

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



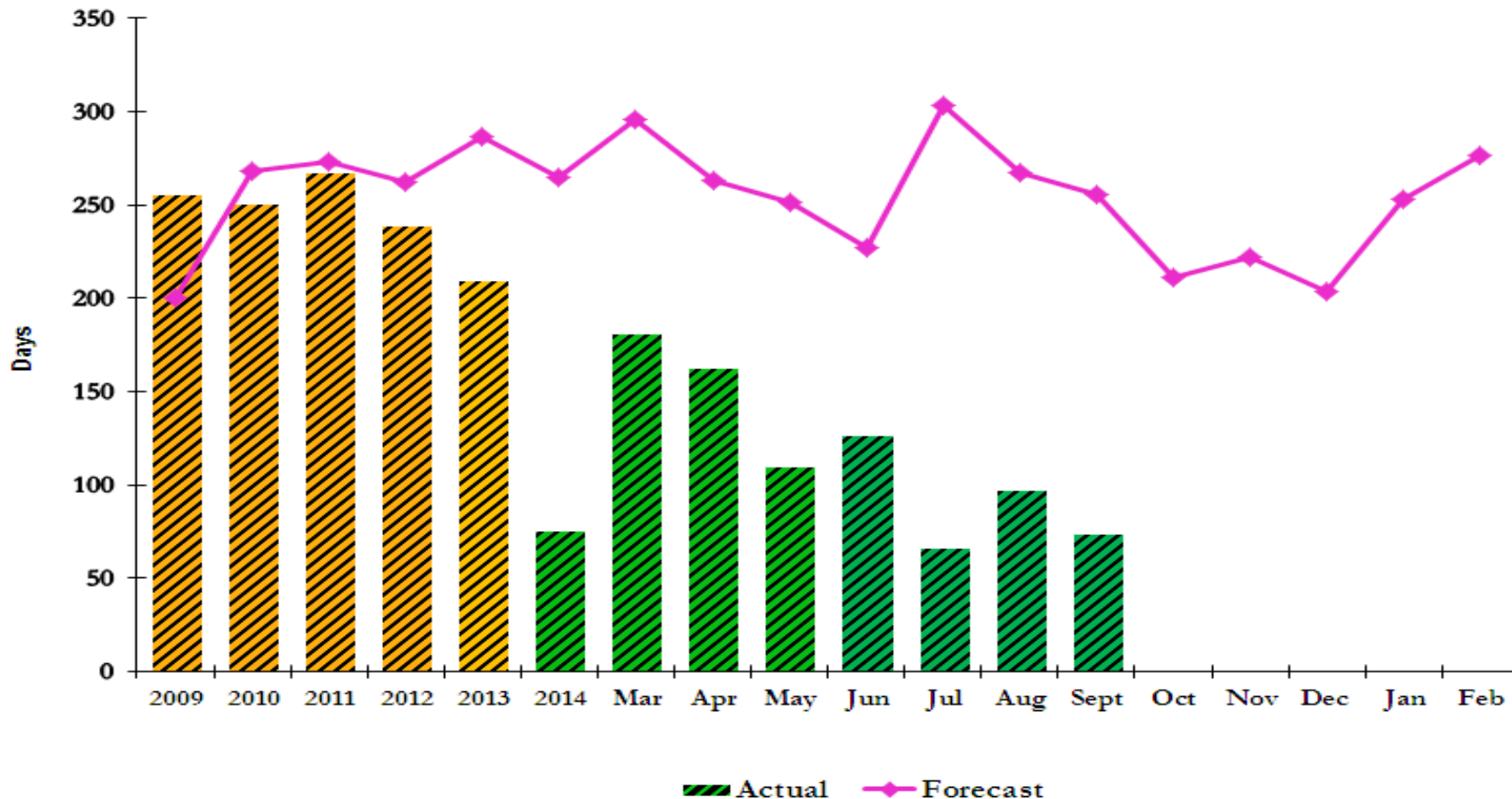
Cash Collections

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



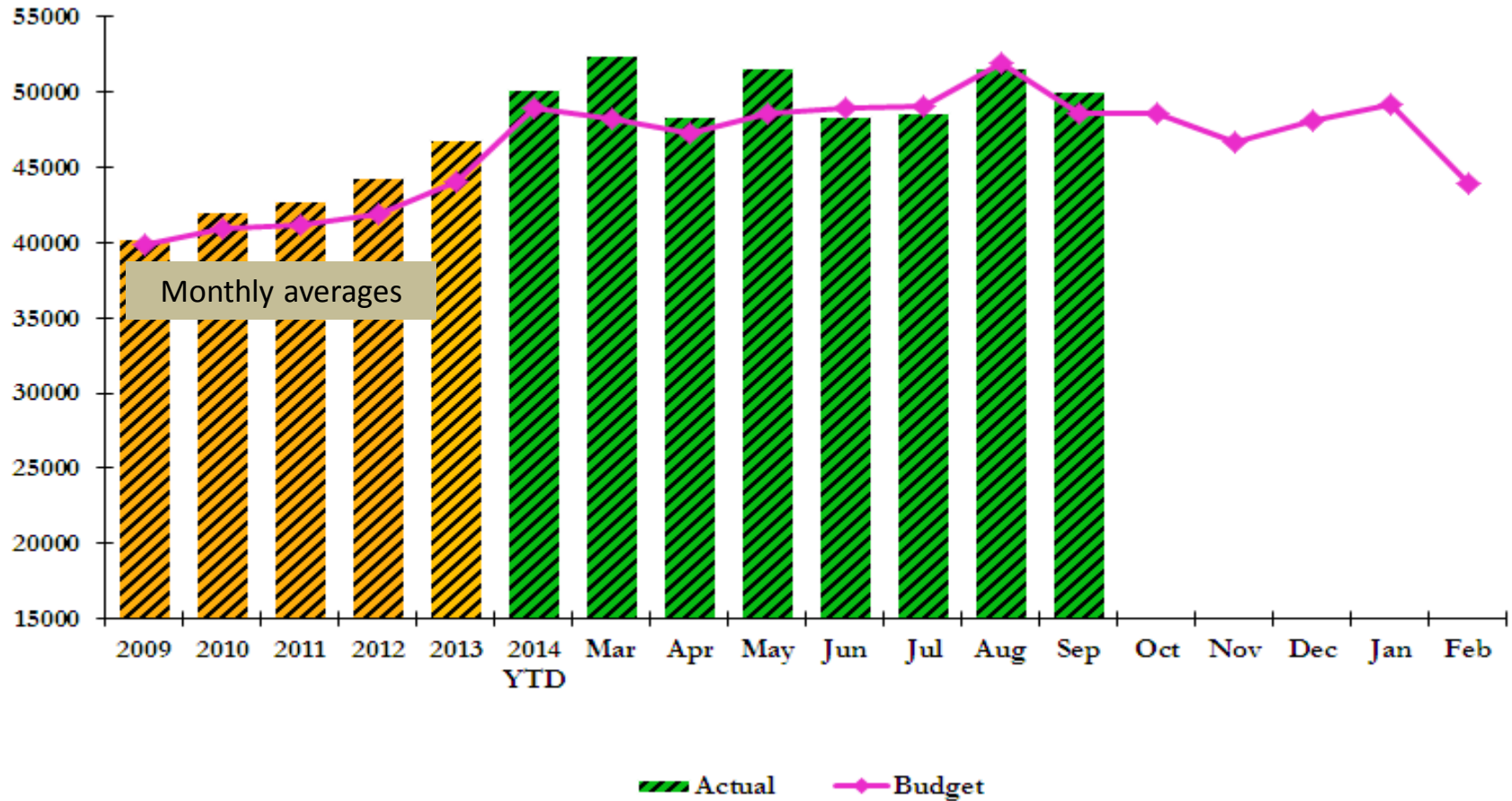
Unrestricted Days Cash on Hand

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



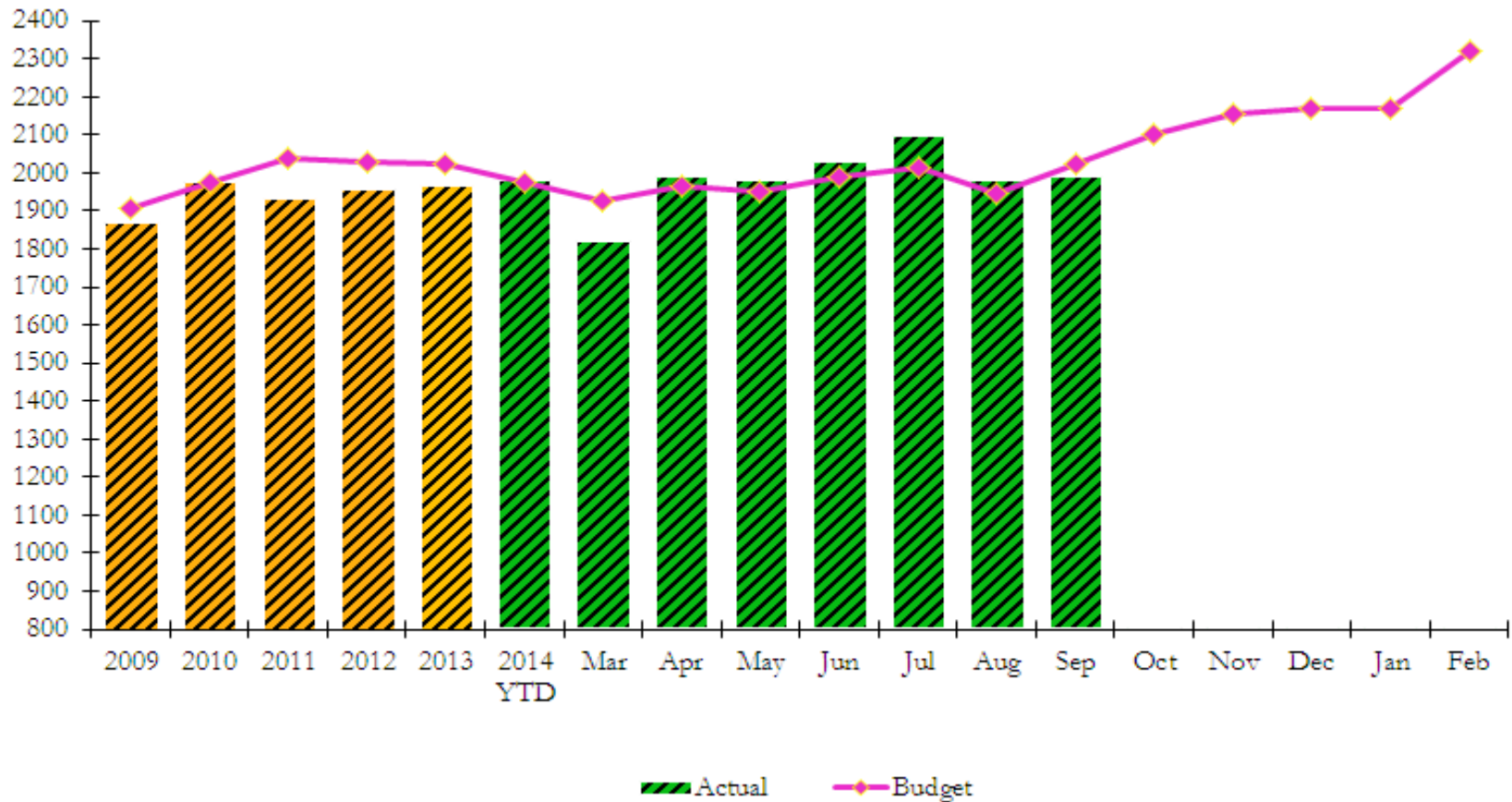
Adjusted Patient Days

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



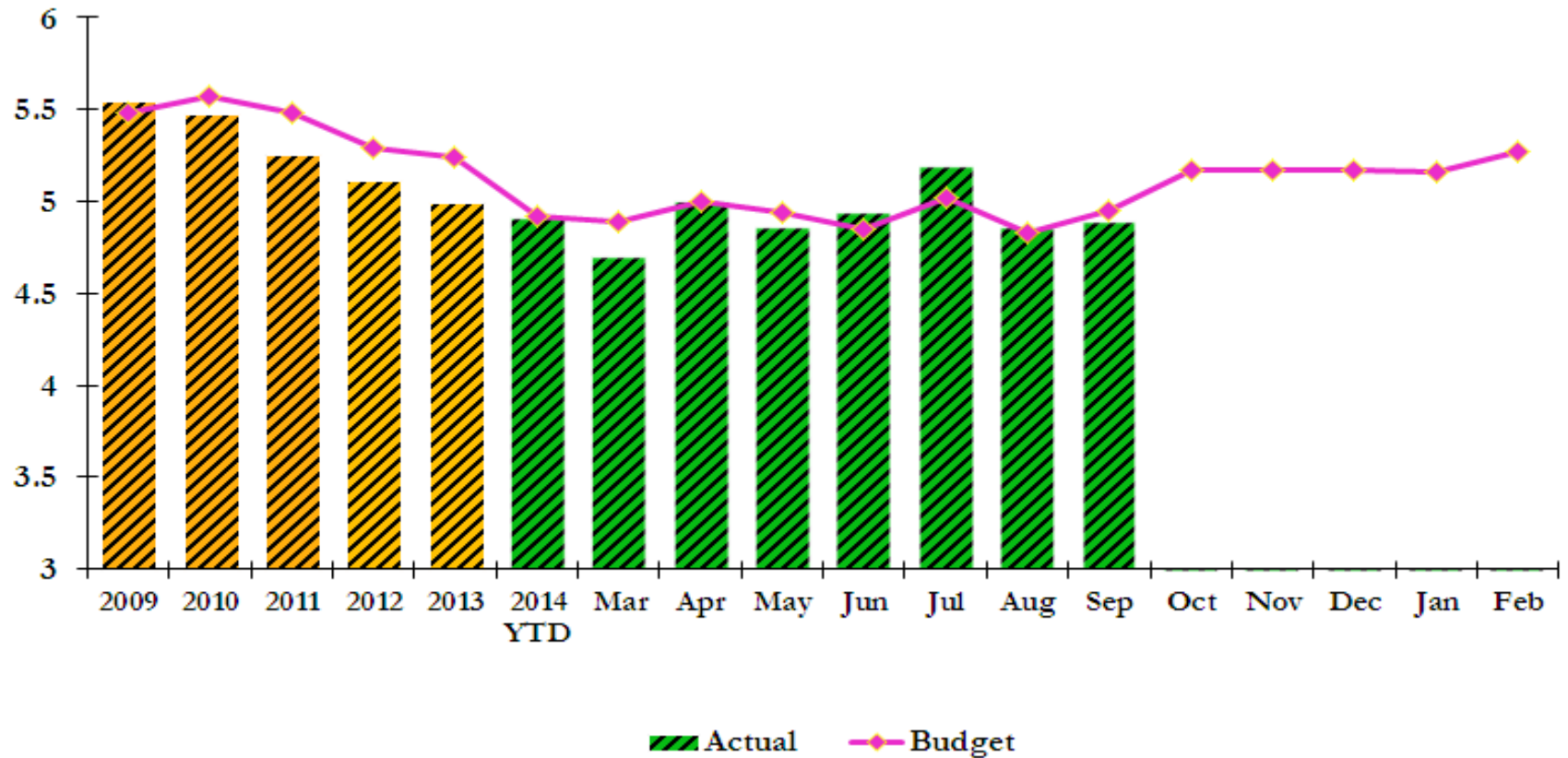
Operating Cost Per Adj. Patient Day

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.

