

FINANCIAL STATEMENTS
As of August 31, 2014

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FINANCIAL STATEMENTS HIGHLIGHTS

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August 2014 Financial Statement Highlights

Presented for your review, discussion and acceptance are the financial statements for the month ended August 31, 2014.

Statistics

Adjusted patient days were 6.0% ^(Pg1:ln1) greater than budget with approximately 66.5% of the volume representing outpatient care.

Clinic visits ^(Pg1:ln5) of 99,575 were 5.4% less than the budget of 105,276. Primary care clinic visits ^(Pg1:ln3) were 5.7% less than the month's budget and total specialty clinic visits were 4.7% less than the August budget ^(Pg1:ln4).

August Emergency Center visits ^(Pg1:ln10) are reported as 15,866 and were 7.1% greater than budget.

System wide, surgery cases were 19.5% less than budget expectations ^(Pg1:ln13).

Deliveries of 617 were 14.7% greater than the budget of 538 ^(Pg1:ln21).

60.1% of total cases occupying patient beds entered through the emergency room ^(Pg1:ln19). Inpatient utilization System wide was 12.4% greater than budget ^(Pg2:ln3). Inpatient length of stay ^(Pg2:ln8) was 1.5% less than budget and the inpatient case mix index ^(Pg2:ln9) was 3.8% less than budget.

Charity and Self Pay payor mix of 63.0% was 2.6% less than the budget of 64.7% ^(Pg2:ln10). Medicaid represented 21.4% of total patients, 0.9% less than the budget of 21.6%. Medicare represented 9.7% of all patients, 9.0% greater than the budget of 8.9%. Commercial Insurance and Other represented 5.9% of all patients and compared favorably to the budget of 4.8%.

The Unduplicated Patient count, calculated on a rolling twelve months basis, of 318,213 is 3.6% greater than the prior year count of 307,262 ^(Pg2:ln17).

New Patients seen during the past twelve month period total 110,550 ^(Pg2:ln18) and are 5.2% greater than the prior year count of 105,080.

Revenue

Total Net Revenue of \$100.9 million ^(Pg3:ln23) was \$2.6 million or 2.5% less than budget. Patient volumes, measured as adjusted patient days ^(Pg8:ln14), were 6.0% greater than budget. August's estimated reimbursement per adjusted patient day ^(Pg8:ln1) was 14.1% less than budget. The resulting Net Patient Service Revenue for August of \$28.4 million ^(Pg3:ln10) was \$2.8 million or 9.0% less than budget. Estimated DSH/Uncompensated Care Program Revenues ^(Pg3:ln11) for the 2014 federal fiscal year are based on the most current data available. Other Operating Revenue ^(Pg3:ln12) includes funding of \$1 million from Community Health Choice for diabetes population management. Ad valorem tax revenues, net of related expenses, have been reflected in accordance with budget.

Expenses

Total expenses ^(Pg4:ln13) of \$106.4 million were \$3.5 million less than the budget of \$109.9 million. Salaries and wages were \$0.1 million greater than the budget. Total FTE's ^(Pg8:ln17) were 0.4% greater than budget and when adjusted for volume were 6.1% less than the budgeted staffing level. Employee benefit expenses, primarily health benefits, were \$0.9 million less than budget for the month. Supplies expenses were \$1.2 million or 6.9% less than budget and when adjusted for volume ^(Pg8:ln7) were 12% less than the budget plan. Total Services ^(Pg4:ln12) of \$29.9 million were \$1.5 million or 4.9% less than budget. Total expenses adjusted for volume ^(Pg8:ln12) were \$1,900 per day compared to the budget of \$2,080 per day, a favorable variance of \$180 per day or 8.7%.

Operating Income

Operating Income ^(Pg4:ln14) for August is a loss of \$5.5 million compared to a budgeted loss of \$6.4 million, a favorable variance of \$0.9 million. Page 10 of the report analyzes operating performance and reflects a favorable operating run rate as compared to budget due to favorable expense variances.

Cash Receipts/Disbursements/Balance Sheet

August cash receipts ^(Pg9:ln24) totaled \$39.1 million compared to a budget of \$137.7 million. The unfavorable variance is due to timing differences in payments by the State under the 1115 Waiver programs. Including board designated funds, the System has \$246.4 million in unrestricted cash, cash equivalents and investments ^(Pg6:ln1,7,9,10,16,18,24), representing less than 75 days cash on hand compared to the prior year's cash of \$320.5 million and days cash on hand of 97. Harris Health System has ^(Pg6:ln2) \$81.2 million in net accounts receivable, representing 87 days of outstanding accounts receivable. At August 31, 2014 Harris Health System's balance sheet reflects estimated receivables of \$237.8 million under the Section 1115 Supplemental Medicaid Programs and a \$60.1 million liability related to the Harris regional collaborative program. The financial dashboard indicator report graphs related to these statistics are attached.

As Of August 31, 2014

	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	55,987	52,803	6.0%	324,682	320,444	1.3%	300,833	7.9%
2. Outpatient % of Adjusted Volume	66.5%	69.1%	-3.7%	67.7%	68.7%	-1.5%	66.6%	1.6%
3. Primary Care Clinic Visits	71,082	75,393	-5.7%	434,187	430,782	0.8%	402,605	7.8%
4. Specialty Clinic Visits	28,493	29,883	-4.7%	176,491	172,966	2.0%	169,569	4.1%
5. Total Clinic Visits	99,575	105,276	-5.4%	610,678	603,748	1.1%	572,174	6.7%
6. % Primary Care Visits	71.4%	71.6%	-0.3%	71.1%	71.4%	-0.4%	70.4%	1.0%
7. Emergency Room Visits - Outpatient	12,995	12,298	5.7%	74,721	73,923	1.1%	73,852	1.2%
8. Emergency Room Visits - Observation	1,041	927	12.3%	6,339	5,606	13.1%	5,466	16.0%
9. Emergency Room Visits - Admitted	1,830	1,590	15.1%	10,921	10,030	8.9%	9,994	9.3%
10. Total Emergency Room Visits	15,866	14,815	7.1%	91,981	89,559	2.7%	89,312	3.0%
11. Surgery Cases - Outpatient	896	1,200	-25.3%	5,261	7,040	-25.3%	5,079	3.6%
12. Surgery Cases - Inpatient	869	993	-12.5%	5,261	5,695	-7.6%	5,650	-6.9%
13. Total Surgery Cases	1,765	2,193	-19.5%	10,522	12,735	-17.4%	10,729	-1.9%
14. % Outpatient Cases	50.8%	54.7%	-7.2%	50.0%	55.3%	-9.6%	47.3%	5.6%
15. Total Outpatient Visits	159,165	164,993	-3.5%	967,861	951,572	1.7%	915,126	5.8%
16. Inpatient Cases (Discharges)	3,359	2,880	16.6%	19,160	17,764	7.9%	17,745	8.0%
17. Outpatient Observation Cases	1,419	1,230	15.4%	8,591	7,436	15.5%	7,416	15.8%
18. Total Cases Occupying Patient Beds	4,778	4,110	16.3%	27,751	25,200	10.1%	25,161	10.3%
19. % of Total Cases from Emergency Room	60.1%	61.2%	-1.9%	62.2%	62.0%	0.2%	61.4%	1.2%
20. % of Outpatient Cases	29.7%	29.9%	-0.8%	31.0%	29.5%	4.9%	29.5%	5.0%
21. Births	617	538	14.7%	3,197	2,944	8.6%	3,033	5.4%

As Of August 31, 2014

	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	18,734	16,311	14.9%	104,967	100,195	4.8%	100,375	4.6%
2. Outpatient Observation Days	2,635	2,696	-2.3%	16,125	17,495	-7.8%	17,436	-7.5%
3. Total Patient Days	21,369	19,007	12.4%	121,092	117,690	2.9%	117,811	2.8%
4. % of Outpatient Days	12.3%	14.2%	-13.1%	13.3%	14.9%	-10.4%	14.8%	-10.0%
5. Average Daily Census	689.31	613.13	12.4%	658.11	639.62	2.9%	640.28	2.8%
6. Average Operating Beds	807	767	5.2%	790	784	0.8%	799	-1.1%
7. Bed Occupancy %	85.4%	79.9%	6.9%	83.3%	81.6%	2.1%	80.1%	4.0%
8. Inpatient Average Length of Stay	5.58	5.66	-1.5%	5.48	5.64	-2.9%	5.66	-3.1%
9. Inpatient Case Mix Index (CMI)	1.410	1.465	-3.8%	1.431	1.465	-2.3%	1.446	-1.0%
Payor Mix (% of Charges)								
10. Charity & Self Pay	63.0%	64.7%	-2.6%	64.1%	64.7%	-0.9%	64.2%	-0.2%
11. Medicaid & Medicaid Managed	21.4%	21.6%	-0.9%	20.4%	21.6%	-5.6%	22.0%	-7.3%
12. Medicare & Medicare Managed	9.7%	8.9%	9.0%	9.4%	8.9%	5.6%	8.9%	5.6%
13. Commercial & Other	5.9%	4.8%	22.9%	6.1%	4.8%	27.1%	4.9%	24.5%
<u>NETWORK REFERRAL SERVICES</u>								
14. Primary Care	440	1,511	-70.9%	4,676	8,958	-47.8%	1,176	297.6%
15. Specialty Care Visits	125	250	-50.0%	730	1,500	-51.3%	42	1638.1%
16. Surgery Cases	192	58	231.0%	1,005	354	183.9%	598	68.1%
17. GI Procedures	157	35	348.6%	925	344	168.9%	512	80.7%
18. Hemodialysis Treatments	527	975	-45.9%	3,215	5,850	-45.0%	0	0.0%
<u>HEALTH SYSTEM TOTALS</u>								
19. Primary Care	71,522	76,904	-7.0%	438,863	439,740	-0.2%	403,781	8.7%
20. Specialty Care Visits	28,618	30,133	-5.0%	177,221	174,466	1.6%	169,611	4.5%
21. Surgery Cases	1,957	2,251	-13.1%	11,527	13,089	-11.9%	11,327	1.8%
22. Total Unduplicated Patients - Rolling 12				318,213			307,262	3.6%
23. Total New Patient - Rolling 12				110,550			105,080	5.2%

As Of August 31, 2014
(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	20,710	17,925	15.5%	18,881	9.7%	113,965	110,221	3.4%	110,499	3.1%
2. Inpatient Ancillary	69,656	66,087	5.4%	66,001	5.5%	399,773	390,957	2.3%	388,644	2.9%
3. Outpatient Ancillary	177,523	184,385	-3.7%	170,666	4.0%	1,061,962	1,080,607	-1.7%	981,330	8.2%
4. Physician Services	2,172	3,569	-39.1%	2,209	-1.7%	13,616	21,193	-35.8%	14,659	-7.1%
5. Gross Patient Charges	270,061	271,965	-0.7%	257,758	4.8%	1,589,316	1,602,979	-0.9%	1,495,132	6.3%
REVENUE DEDUCTIONS:										
6. Charity Care	(131,215)	(144,333)	9.1%	(130,427)	-0.6%	(793,910)	(850,704)	6.7%	(743,712)	-6.7%
7. Contractual Allowance/Other Discounts	(96,962)	(86,353)	-12.3%	(90,826)	-6.8%	(548,477)	(508,971)	-7.8%	(523,578)	-4.8%
8. Provision for Bad Debt Expense	(13,525)	(10,125)	-33.6%	(8,359)	-61.8%	(69,269)	(59,677)	-16.1%	(64,014)	-8.2%
9. Total Patient Revenue Deductions	(241,702)	(240,811)	-0.4%	(229,611)	-5.3%	(1,411,656)	(1,419,352)	0.5%	(1,331,304)	-6.0%
10. Net Patient Service Revenue	28,359	31,155	-9.0%	28,147	0.8%	177,661	183,627	-3.2%	163,828	8.4%
OTHER OPERATING REVENUE:										
11. DSH/UPL/1115 Waiver	21,040	23,210	-9.4%	25,334	-17.0%	127,565	139,262	-8.4%	149,874	-14.9%
12. Other Operating Revenue	3,302	1,927	71.3%	1,989	66.0%	14,328	13,061	9.7%	12,763	12.3%
13. Total Other Operating Revenue	24,341	25,137	-3.2%	27,323	-10.9%	141,893	152,323	-6.8%	162,637	-12.8%
14. Total Operating Revenue	52,700	56,292	-6.4%	55,470	-5.0%	319,554	335,950	-4.9%	326,465	-2.1%
NONOPERATING REVENUE:										
15. Net Ad Valorem Tax Revenue	47,886	47,005	1.9%	42,723	12.1%	282,904	282,032	0.3%	257,633	9.8%
16. DSRIP	0	0	0.0%	0	0.0%	21,190	9,205	130.2%	23,714	-10.6%
17. Net Tobacco Settlement Revenue	0	0	0.0%	0	0.0%	9,512	9,775	-2.7%	9,774	-2.7%
18. Interest Income	288	198	45.9%	(1,271)	-122.7%	2,304	1,186	94.2%	(267)	-961.9%
19. Other	(2)	0	0.0%	(57)	-95.7%	447	0	0.0%	(35)	1379.7%
20. Total Nonoperating Revenue	48,172	47,203	2.1%	41,395	16.4%	316,357	302,198	4.7%	290,818	8.8%
21. Capital Contributions	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
22. Total Capital Contributions	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
23. Total Net Revenue	100,872	103,495	-2.5%	96,865	4.1%	635,911	638,148	-0.4%	617,283	3.0%

As Of August 31, 2014
(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	36,848	36,845	0.0%	35,668	-3.3%	217,213	219,291	0.9%	211,041	-2.9%
2. PTO & Secondday Sick Leave	4,967	4,999	0.6%	4,919	-1.0%	29,904	29,720	-0.6%	29,127	-2.7%
3. Contract Salaries	579	822	29.6%	1,232	53.0%	5,855	5,397	-8.5%	6,543	10.5%
4. Registry Salaries	2,424	2,067	-17.3%	2,713	10.7%	14,518	12,187	-19.1%	14,571	0.4%
5. FICA and Benefits	15,699	16,554	5.2%	15,826	0.8%	94,668	98,605	4.0%	94,903	0.2%
6. Total Salaries, Wages, and Benefits	60,516	61,286	1.3%	60,358	-0.3%	362,158	365,200	0.8%	356,186	-1.7%
7. Supplies	15,936	17,112	6.9%	17,177	7.2%	103,171	99,173	-4.0%	96,868	-6.5%
SERVICES:										
8. Physician Services	15,908	16,280	2.3%	15,146	-5.0%	85,725	94,025	8.8%	86,872	1.3%
9. Other Purchased Services	7,903	9,042	12.6%	8,920	11.4%	54,080	54,280	0.4%	52,336	-3.3%
10. Depreciation and Amortization	4,866	4,875	0.2%	3,986	-22.1%	28,398	28,936	1.9%	26,145	-8.6%
11. Interest	1,237	1,259	1.7%	499	-147.7%	7,378	7,471	1.2%	3,024	-144.0%
12. Total Services	29,914	31,456	4.9%	28,551	-4.8%	175,581	184,713	4.9%	168,377	-4.3%
13. Total Operating Expenses	106,366	109,853	3.2%	106,086	-0.3%	640,910	649,085	1.3%	621,430	-3.1%
14. Operating Income (Loss)	(5,494)	(6,358)	-	(9,222)	-	(4,999)	(10,937)	-	(4,147)	-

HARRISHEALTH SYSTEM

As Of August 31, 2014
(In Thousands)

	<u>ACTUAL</u>	<u>PRIOR YEAR</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
1. Cash, Cash Equivalents and Short Term Investments	(69,001)	(1,699)
2. Net Patient Accounts Receivable	81,234	61,808
3. Net Ad Valorem Taxes, Current Portion	280,594	255,817
4. Prepaid Expenses, Inventories, and Other Current Assets	263,847	203,959
5. Total Current Assets	556,674	519,886
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
6. Debt Service and Bond Covenants - Restricted	5,836	5,632
7. Board Designated for Future Expansion	1,530	1,003
8. Phase 1 Project Fund	0	0
9. Board Designated for Legal Reserves	2,031	2,324
10. Board Designated for Self-Insured Programs	26,216	24,963
11. Total Assets Limited as to Use or Restricted, Current Portion	35,614	33,922
PLANT, PROPERTY AND EQUIPMENT:		
12. Plant, Property, & Equipment, Net of Accumulated Depreciation	431,524	348,616
13. Construction in Progress	27,920	84,661
14. Total Plant, Property and Equipment	459,444	433,277
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
15. Debt Service and Bond Covenants - Restricted	20,527	16,768
16. Board Designated for Future Expansion	96,852	125,893
17. Phase 1 Project Fund	0	0
18. Board Designated for Self-Insured Programs	188,777	168,004
19. Other - Restricted	860	862
20. Total Assets Limited as to Use or Restricted, Net of Current Portion	307,017	311,527
OTHER ASSETS:		
21. Net Ad Valorem Taxes, Delinquent	1,719	3,656
22. Net Deferred Bond Issue Costs	1,506	3,707
23. Net Pension Asset	7,852	7,258
24. Long-Term Investments	0	0
25. Security Deposit	70	24
26. Derivative Asset	0	0
27. Deferred Outflow - Derivative Financial Instrument	271	10,057
28. Total Other Assets	11,417	24,702
29. Due to/from CHCI	3,555	2,157
30. TOTAL ASSETS	1,373,720	1,325,471

HARRISHEALTH SYSTEM

As Of August 31, 2014
(In Thousands)

	<u>ACTUAL</u>	<u>PRIOR YEAR</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
1. Accounts Payable and Accrued Liabilities	95,488	33,233
2. Interest Payable	642	647
3. Employee Compensation & Related Benefit Liabilities	39,621	39,370
4. Compensated Absences	41,253	42,211
5. Estimated Third-Party Payor Settlements	6,311	1,290
6. Current Portion Long-Term Debt and Capital Leases	5,399	5,335
7. Total Current Liabilities	188,714	122,086
OTHER LONG-TERM LIABILITIES:		
8. Pension Payable	0	0
9. Post Employment Health Benefit Liability	188,777	168,004
10. Borrowing Payable	13,990	14,845
11. Derivative Liability	271	10,057
12. Arbitrage Rebate Liability	151	141
13. Total Other Long-Term Liabilities	203,189	193,047
LONG-TERM DEBT:		
14. Series 2007 Revenue Bonds, Including Premium & Deferred Loss	184,655	187,830
15. Series 2010 Revenue Bonds, Including Deferred Loss	81,660	81,929
16. Other Long-Term Obligation	346	197
17. Total Long-Term Debt	266,662	269,956
TOTAL LIABILITIES	658,565	585,089
NET ASSETS:		
18. Invested in Capital Assets, Net of Related Debt	177,437	143,141
19. Restricted Net Assets	27,223	24,124
20. Unrestricted Net Assets	510,495	573,117
21. Total Net Assets	715,155	740,382
22. TOTAL LIABILITIES & NET ASSETS	1,373,720	1,325,471

CASH FLOW SUMMARY
As of August 31, 2014
(In Thousands)

	CURRENT MONTH	PRIOR YEAR MONTH	FISCAL YTD	PRIOR FISCAL YTD
<u>CASH RECEIPTS:</u>				
1. Ad Valorem Taxes	\$ 877	1,092	\$ 27,909	\$ 23,357
2. Collections on Patient Accounts	31,101	28,290	177,549	158,252
3. DSH & UC - 1115 Waiver	0	170,242	133,278	168,368
3a DSRIP - 1115 Waiver	3,497	0	21,189	23,714
4. Tobacco Settlement	0	0	10,984	9,774
5. Trauma Fund	0	0	1,648	1,665
6. Other Sources (Includes Cost Reimbursement)	3,581	3,389	25,964	17,336
7. Total Cash Receipts	\$ 39,056	\$ 203,013	\$ 398,521	\$ 402,466
<u>CASH DISBURSEMENTS:</u>				
8. Salaries and Wages	\$ 43,029	\$ 42,654	\$ 187,695	\$ 193,457
9. Benefits and Employee Deductions	32,025	26,978	190,487	182,661
10. Drugs and Supplies	20,797	18,847	107,576	100,628
11. Physician Services	909	139	119,370	158,915
12. Purchased Services	12,775	9,757	69,967	62,417
13. Capital Expenditures	3,779	9,809	35,137	41,032
14. Debt and Interest Payments	5,400	5,615	7,962	8,111
15. Other Uses	(10,569)	(12,217)	(32,989)	(29,474)
16. Total Cash Disbursements	\$ 108,145	\$ 101,582	\$ 685,205	\$ 717,747
17. Net Change	\$ (69,089)	\$ 101,431	\$ (286,684)	\$ (315,281)
Unrestricted Cash, Cash Equivalents and Investments - February 28, 2014		\$ 533,090		
Net Change		(286,684)		
Unrestricted Cash, Cash Equivalents and Investments - August 31, 2014		\$ 246,406		

OPERATING PERFORMANCE PER ADJUSTED PATIENT DAY

As of August 31, 2014

	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	\$ 507	\$ 590	-14.1%	\$ 546	-7.1%	\$ 547	\$ 573	-4.5%	\$ 545	0.4%
2. Other Operating Revenue	435	476	-8.6%	530	-17.9%	437	475	-8.0%	541	-19.2%
3. Nonoperating Revenue	860	894	-3.8%	803	7.1%	974	943	3.3%	967	0.7%
4. Capital Contribution	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
5. Total District Net Revenue	1,802	1,960	-8.1%	1,879	-4.1%	1,958	1,991	-1.7%	2,053	-4.6%
6. Salaries, Wages, and Benefits	1,081	1,161	6.9%	1,171	7.7%	1,115	1,140	2.2%	1,184	5.8%
7. Supplies	285	324	12.0%	333	14.4%	318	309	-2.9%	322	1.2%
8. Physician Services	284	308	7.8%	294	3.4%	264	293	9.9%	289	8.7%
9. Other Purchased Services	141	171	17.5%	173	18.5%	167	169	1.2%	174	4.0%
10. Depreciation and Amortization	87	92	5.4%	77	-13.0%	87	90	3.3%	87	0.0%
11. Interest	22	24	8.3%	10	-120.0%	23	23	0.0%	10	-130.0%
12. Total Operating Expenses	1,900	2,080	8.7%	2,058	7.7%	1,974	2,024	2.5%	2,066	4.5%
13. Operating Income(Loss)	\$ (98)	\$ (120)	-	\$ (179)	-	\$ (16)	\$ (33)	-	\$ (13)	-
14. Adjusted Patient Days	55,987	52,803	6.0%	51,565	8.6%	324,682	320,444	1.3%	300,833	7.9%
15. Average Daily Census	604.3	526.2	14.9%	547.8	10.3%	570.5	544.5	4.8%	545.5	4.6%
16. FTE's(Employee/Contract) per AOB	4.6	4.9	6.1%	4.9	6.1%	4.8	4.8	0.0%	4.9	2.0%
17. FTE's(Employee/Contract) - Total	8,351	8,316	-0.4%	8,076	-3.4%	8,394	8,270	-1.5%	8,034	-4.5%
18. FTE's(Employee/Contract) - Productive	7,371	7,377	0.1%	7,143	-3.2%	7,418	7,337	-1.1%	7,115	-4.3%

ANALYSIS OF CASH RECEIPTS
August 31, 2014

	MONTH TO MONTH			YEAR TO DATE						
	ACTUAL		BUDGET	ACTUAL				BUDGET		
	CURRENT	PRIOR	CURRENT	CURRENT	PRIOR	VAR	VAR %	YTD	VAR	VAR %
PATIENT REVENUE:										
1. Medicare	\$6,762	\$4,653	\$5,875	\$40,038	\$25,254	\$14,784	58.5	\$34,630	\$5,408	15.6
2. Medicaid	7,735	10,413	8,785	48,423	52,829	(4,406)	(8.3)	57,101	(8,678)	(15.2)
3. Texas vendor drug/Medicare Part D	2,494	2,605	3,018	16,280	16,240	40	0.2	17,790	(1,510)	(8.5)
4. Managed Care - Medicaid	7,948	6,443	6,187	40,467	34,136	6,331	18.5	36,465	4,002	11.0
5. Commercial insurance	2,533	933	1,490	11,811	8,085	3,726	46.1	8,782	3,029	34.5
6. Liens	73	398	298	1,618	1,733	(115)	(6.6)	1,755	(137)	(7.8)
7. Patient pay	2,047	2,061	2,328	11,269	12,650	(1,381)	(10.9)	13,724	(2,455)	(17.9)
8. Business office	305	252	369	1,971	2,068	(97)	(4.7)	2,177	(206)	(9.5)
9. Other governmental projects/grants	1,204	532	1,339	5,672	5,257	415	7.9	7,890	(2,218)	(28.1)
10. SUBTOTAL	31,101	28,290	29,689	177,549	158,252	19,297	12.2	180,314	(2,765)	(1.5)
11a. Cost Reimbursements	516	1,557	667	4,019	7,135	(3,116)	(43.7)	4,000	19	0.5
11b. Recoupments	0	0	0	0	0	0	0.0	0	0	0.0
12. Net Patient Revenue Receipts	31,617	29,847	30,356	181,568	165,387	16,181	9.8	184,314	(2,746)	(1.5)
13. DSH & UC - 1115 Waiver	0	170,242	104,066	133,278	168,368	(35,090)	(20.8)	282,160	(148,882)	(52.8)
13a. DSRIP - 1115 Waiver	3,497	0	0	21,189	23,714	(2,525)	(10.6)	9,205	11,984	130.2
14. Tobacco Settlement	0	0	0	10,984	9,774	1,210	12.4	9,775	1,209	12.4
14a. Trauma Fund	0	0	0	1,648	1,665	(17)	(1.0)	1,500	148	9.9
15. Total Patient Revenue Receipts	35,114	200,089	134,422	348,667	368,908	(20,241)	(5.5)	486,954	(138,287)	(28.4)
NON-PATIENT OPERATING REVENUE:										
16. Parking	212	232	345	1,357	1,387	(30)	(2.2)	2,069	(712)	(34.4)
17. Cafeteria	287	0	0	1,441	0	1,441	0.0	0	1,441	0.0
18. Grants	1,629	873	681	4,338	3,201	1,137	35.5	4,086	252	6.2
19. Miscellaneous	937	650	901	14,194	4,164	10,030	240.9	5,408	8,786	162.5
20. Total Non-Patient Operating	3,065	1,755	1,927	21,330	8,752	12,578	143.7	11,563	9,767	84.5
21. Interest income	0	77	198	615	1,449	(834)	(57.6)	1,186	(571)	(48.2)
22. Total Non-Tax Receipts	38,179	201,921	136,546	370,612	379,109	(8,497)	(2.2)	499,703	(129,091)	(25.8)
23. Ad valorem tax receipts/note	877	1,092	1,189	27,909	23,357	4,552	19.5	25,434	2,475	9.7
24. Commercial Paper Proceeds	0	0	0	0	0	0	0.0	0	0	0.0
25. Total Receipts	\$39,056	\$203,013	\$137,736	\$398,521	\$402,466	(\$3,945)	(1.0)	\$525,137	(\$126,616)	(24.1)

**OPERATING PERFORMANCE
AS OF AUGUST 31, 2014
(IN MILLIONS)**

	<u>MONTH</u>	<u>YTD</u>
Total Operating Income (Loss) as Reported	\$ (5.5)	\$ (5.0)
Favorable Adjustments:		
Trauma Funds	\$ -	\$ 0.1
Post Employee Health Benefits	\$ 0.4	\$ 1.7
FICA Baylor Residents	\$ -	\$ 8.4
Subtotal of Favorable Adjustments	\$ 0.4	\$ 10.2
Unfavorable Adjustments:		
Tobacco Revenue	\$ -	\$ (0.2)
Medicare Cost Report Settlement	\$ (0.9)	\$ (3.3)
Subtotal of Unfavorable Adjustments	\$ (0.9)	\$ (3.5)
Harris Health System Operating Run Rate as of August	\$ (5.0)	\$ (11.7)
Harris Health System 2015 Budget	\$ (6.4)	\$ (11.0)
Favorable (Unfavorable) Run Rate	\$ 1.4	\$ (0.7)
Attributable Factors:		
Favorable (Unfavorable) Revenue Variance	\$ (1.7)	\$ 1.2
Favorable (Unfavorable) Expense Variance	\$ 3.1	\$ (1.9)
Net of Attributable Factors	\$ 1.4	\$ (0.7)

SUPPLEMENTAL INFORMATION - STATISTICAL HIGHLIGHTS - MONTHLY TREND
As Of August 31, 2014



							MONTHLY AVERAGE			
	March	April	May	June	July	August	FY 2013 YTD Aug	FY 2014 YTD Aug	FY 2015 YTD Aug	% Change 15 vs 14
1. ADMISSIONS(A&P)	3,114	3,095	3,233	3,078	3,281	3,359	2,932	2,958	3,193	8.0%
2. PATIENT DAYS(A&P)	17,328	16,790	16,855	16,753	18,507	18,734	16,491	16,729	17,495	4.6%
3. AVERAGE LOS	5.56	5.42	5.21	5.44	5.64	5.58	5.62	5.66	5.48	-3.1%
4. AVERAGE LOS, Overall CMI Adjusted	3.92	3.63	3.66	3.82	3.98	3.96	3.94	3.91	3.83	-2.1%
5. PERCENT OCCUPANCY	72.3%	70.8%	68.8%	70.5%	75.8%	74.9%	66.1%	68.3%	72.2%	5.7%
CASE MIX INDEX (CMI)										
6. CMI - Excluding Obstetrics Cases	1.563	1.630	1.549	1.560	1.563	1.561	1.586	1.586	1.571	-0.9%
7. CMI - Overall	1.421	1.494	1.424	1.426	1.416	1.410	1.427	1.446	1.431	-1.0%
8. BIRTHS	527	474	490	493	596	617	555	506	533	5.4%
9. OPERATING ROOM CASES	1,745	1,844	1,763	1,536	1,869	1,765	1,839	1,788	1,754	-1.9%
10. Inpatient	867	952	886	737	950	869	956	942	877	-6.9%
11. Outpatient	878	892	877	799	919	896	883	847	877	3.6%
12. EMERGENCY VISITS	15,154	14,769	15,425	15,436	15,331	15,866	14,689	14,885	15,330	3.0%
13. Emergency Room Visits-Admitted	1,790	1,712	1,784	1,896	1,909	1,830	1,616	1,666	1,820	9.3%
14. Emergency Room Visits-Outpatient	12,347	11,983	12,623	12,456	12,317	12,995	12,209	12,309	12,454	1.2%
15. Emergency Room Visits-Observation	1,017	1,074	1,018	1,084	1,105	1,041	863	911	1,057	16.0%
16. CLINIC VISITS	98,933	106,611	102,014	99,454	104,091	99,575	90,548	95,362	101,780	6.7%
17. Primary Care Clinic Visits	68,853	76,537	72,816	70,541	74,358	71,082	64,673	67,101	72,365	7.8%
18. Specialty Clinic Visits	30,080	30,074	29,198	28,913	29,733	28,493	25,875	28,262	29,415	4.1%
PAYOR MIX										
19. Charity & Self Pay	65.2%	64.2%	63.8%	65.1%	63.3%	63.0%	63.7%	64.2%	64.1%	-0.2%
19. Medicaid & Medicaid Managed	20.8%	20.3%	20.7%	18.8%	20.2%	21.4%	22.5%	22.0%	20.4%	-7.3%
20. Medicare & Medicare Managed	8.9%	9.4%	9.6%	9.4%	9.5%	9.7%	8.7%	8.9%	9.4%	5.6%
21. Commercial & Other	5.1%	6.1%	5.9%	6.7%	7.0%	5.9%	5.1%	4.9%	6.1%	24.5%

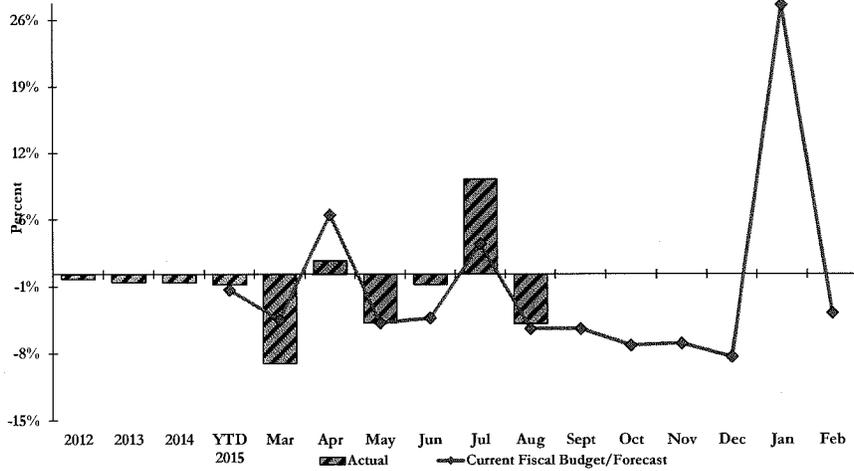
SUPPLEMENTAL INFORMATION - OPERATING STATEMENT - MONTHLY TREND
As Of August 31, 2014
(In Thousands)

							MONTHLY AVERAGE			
	March	April	May	June	July	August	FY 2013 YTD Aug	FY 2014 YTD Aug	FY 2015 YTD Aug	% Change 15 vs 14
1. Gross Patient Charges	\$ 260,616	\$ 264,252	\$ 266,220	\$ 254,193	\$ 273,974	\$ 270,061	229,704	249,189	264,886	6.3%
2. Total Patient Revenue Deductions	(230,849)	(234,055)	(234,517)	(226,703)	(243,830)	(241,702)	(204,187)	(221,884)	(235,276)	6.0%
3. Net Patient Service Revenue	29,767	30,198	31,702	27,490	30,144	28,359	25,517	27,305	29,610	8.4%
4. Net Revenue % of Gross Charges	11.4%	11.4%	11.9%	10.8%	11.0%	10.5%	11.1%	11.0%	11.2%	2.0%
5. DSH/UPL Program Revenue	21,704	21,704	21,040	21,040	21,040	21,040	21,240	24,979	21,261	-14.9%
6. Other Operating Revenue	1,455	1,620	3,518	1,998	2,436	3,302	2,804	2,127	2,388	12.3%
7. Total Other Operating Revenue	23,158	23,323	24,557	23,037	23,476	24,341	24,043	27,106	23,649	-12.8%
8. Net Ad Valorem Tax Revenue	47,061	46,906	47,067	46,823	47,161	47,886	42,016	42,939	47,151	9.8%
9. DSRIP	0	0	0	0	21,190	0	0	3,952	3,532	-10.6%
10. Net Tobacco Settlement Revenue	0	9,512	0	0	0	0	1,688	1,629	1,585	-2.7%
11. Interest Income and Other	170	237	843	636	580	286	2,390	(50)	458	-1010.1%
12. Total Nonoperating Revenue	47,231	56,655	47,910	47,459	68,931	48,172	46,093	48,470	52,726	8.8%
13. Capital Contributions	0	0	0	0	0	0	0	0	0	0.0%
14. Total Net Revenue	100,156	110,176	104,169	97,986	122,551	100,872	95,654	102,881	105,985	3.0%
15. Salaries and Wages	45,723	44,752	45,103	43,132	43,963	44,818	40,219	43,547	44,582	2.4%
16. FICA and Benefits	16,043	15,653	16,155	15,620	15,498	15,699	14,091	15,817	15,778	-0.2%
17. Total Salaries, Wages, and Benefits	61,767	60,405	61,258	58,752	59,461	60,516	54,309	59,364	60,360	1.7%
18. Supplies	16,868	17,247	16,901	17,615	18,605	15,936	14,506	16,145	17,195	6.5%
19. Physician Services	16,145	15,089	15,633	7,323	15,626	15,908	11,989	14,479	14,287	-1.3%
20. Other Purchased Services	9,031	9,505	9,427	8,933	9,280	7,903	8,596	8,723	9,013	3.3%
21. Depreciation and Amortization	4,700	4,834	4,619	4,681	4,699	4,866	3,995	4,358	4,733	8.6%
22. Interest	1,220	1,223	1,237	1,223	1,237	1,237	561	504	1,230	144.0%
23. Total Expenses	109,730	108,303	109,076	98,527	108,908	106,366	93,956	103,572	106,818	3.1%
24. Total Income (Loss)	\$ (9,574)	\$ 1,873	\$ (4,906)	\$ (541)	\$ 13,643	\$ (5,494)	\$ 1,698	\$ (691)	\$ (833)	20.5%
25. Total Margin	-9.6%	1.7%	-4.7%	-0.6%	11.1%	-5.4%	1.8%	-0.7%	-0.8%	17.0%
26. Full-Time Equivalent Employees	8,448	8,573	8,334	8,371	8,290	8,351	7,632	8,034	8,394	4.5%
27. Average Salary per FTE	\$63,723	\$63,513	\$63,724	\$62,688	\$62,441	\$63,190	\$62,725	\$64,515	\$63,217	-2.0%
28. Adjusted Patient Days	53,715	52,506	53,248	53,016	56,210	55,987	46,483	50,139	54,114	7.9%

HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

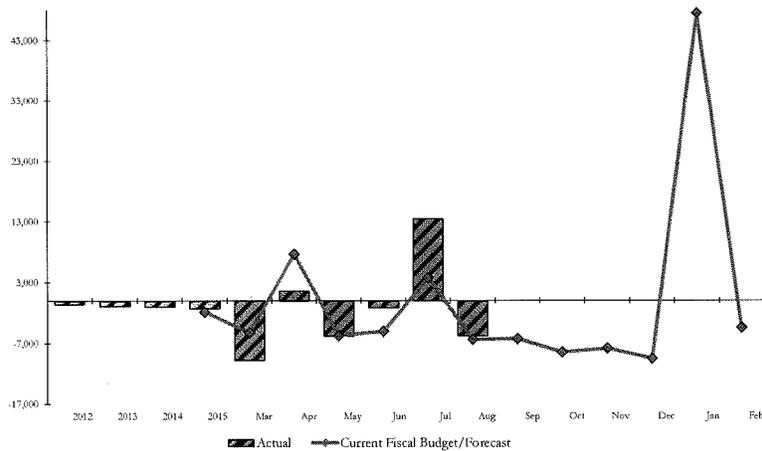
Operating Margin

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



Operating Income

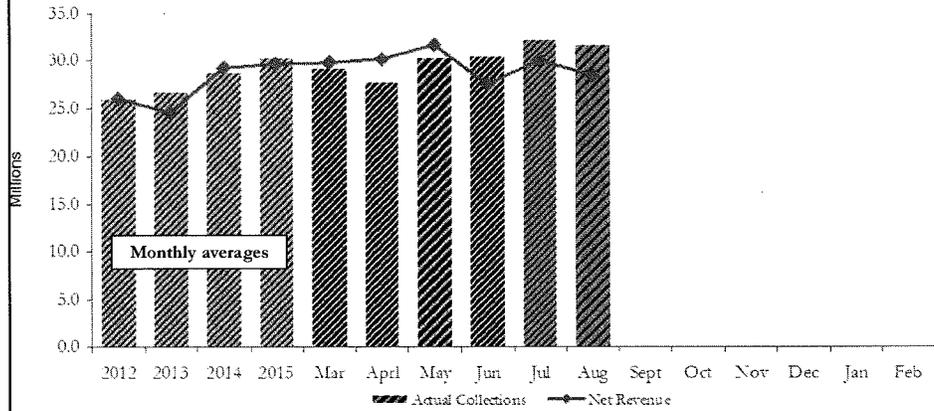
A measure of hospital profitability with respect to patient care services. Positive values are favorable. Values are monthly averages.



HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

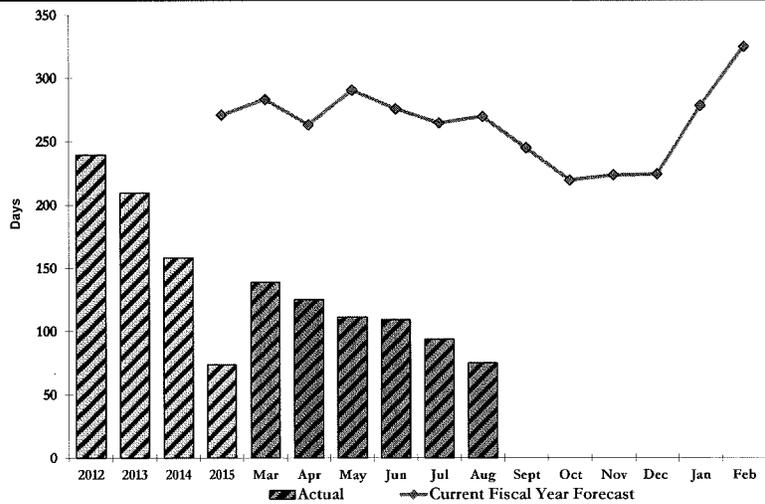
Cash Collections

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

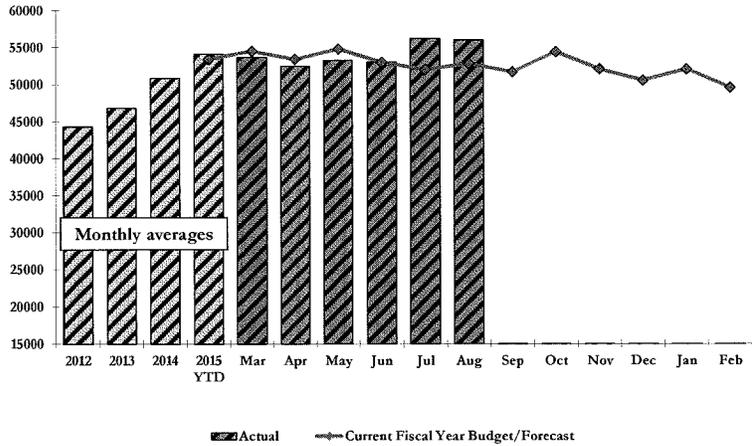
The number of days the Harris Health System could operate if no further patient revenues were received. Harris Health System's goal is to reach a year-end figure of 180 to 210 days.



HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

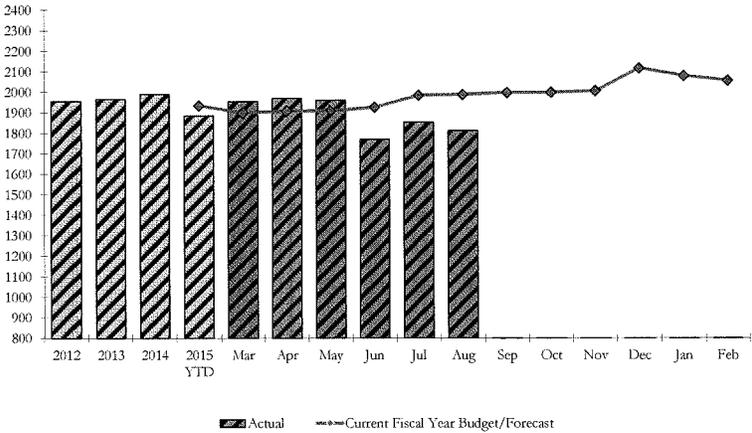
Adjusted Patient Days

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



Operating Cost Per Adj. Patient Day

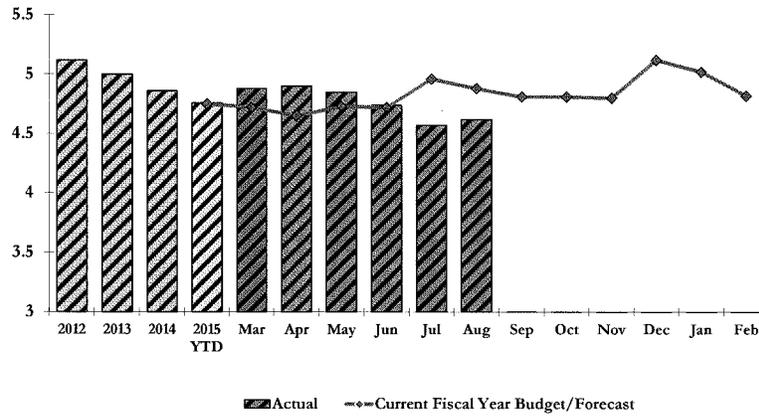
Measures the average cost of delivering care per equivalent inpatient day. Favorable values are below the budget.



HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

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 4.8.



Days in Accounts Receivable

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

