

FINANCIAL STATEMENTS
As of December 31, 2014

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FINANCIAL STATEMENTS HIGHLIGHTS

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December 2014 Financial Statement Highlights

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

Statistics

Adjusted patient days were 2.8% ^(Pg1:ln1) greater than budget with approximately 65.4% of the volume representing outpatient care.

Clinic visits ^(Pg1:ln5) of 102,438 were 3.7% greater than the budget of 98,804. Primary care clinic visits ^(Pg1:ln3) were 3.9% greater than the month's budget and total specialty clinic visits were 3.1% greater than the December budget ^(Pg1:ln4).

December Emergency Center visits ^(Pg1:ln10) are reported as 15,474 and were 3.2% greater than budget.

System wide, surgery cases were 0.4% less than budget expectations ^(Pg1:ln13). As noted on page 2, line 16, Harris Health continues to outsource surgery cases as needed.

Deliveries of 586 were 14.7% greater than the budget of 511 ^(Pg1:ln21).

63.3% of total cases occupying patient beds entered through the emergency room ^(Pg1:ln19). Inpatient utilization System wide was 2.6% greater than budget ^(Pg2:ln3). Inpatient length of stay ^(Pg2:ln8) was 5.8% less than budget and the inpatient case mix index ^(Pg2:ln9) was 1.0% less than budget.

Charity and Self Pay payor mix of 65.9% was 1.9% greater than the budget of 64.7% ^(Pg2:ln10). Medicaid represented 18.4% of total patients, 14.8% less than the budget of 21.6%. Medicare represented 9.6% of all patients, 7.9% greater than the budget of 8.9%. Commercial Insurance and Other represented 6.1% of all patients and compared favorably to the budget of 4.8%.

The Unduplicated Patient count, calculated on a rolling twelve months basis, of 321,011 is 3.2% greater than the prior year count of 311,072 ^(Pg2:ln17).

New Patients seen during the past twelve month period total 111,424 ^(Pg2:ln18) and are 5.8% greater than the prior year count of 105,326.

Revenue

Total Net Revenue of \$99.6 million ^(Pg3:ln23) was \$2.7 million or 2.6% less than budget. Patient volumes, measured as adjusted patient days ^(Pg8:ln14), were 2.8% greater than budget. December patient net revenue receipts ^(Pg9:ln12) were \$31.6 million and exceeded budget by approximately \$2.0 million. December's estimated reimbursement per adjusted patient day ^(Pg8:ln1) was 0.8% less than budget. The resulting Net Patient Service Revenue for December of \$30.5 million ^(Pg3:ln10) was \$0.6 million or 1.9% greater than budget. DSH/Uncompensated Care Program Revenues ^(Pg3:ln11) for the 2014 and 2015 federal fiscal years have been estimated based on the most current data available. Ad valorem tax revenues, net of related expenses, have been reflected in accordance with budget.

Expenses

Total expenses ^(Pg4:ln13) of \$112.5 million were \$0.7 million greater than the budget of \$111.8 million. Salaries and wages were \$1.8 million less than the budget. Total FTE's ^(Pg8:ln17) were 1.6% less than budget and when adjusted for volume were 3.9% less than the budgeted staffing level. Employee benefit expenses, primarily health benefits, were \$1.3 million less than budget for the month. Supplies expenses were \$2.0 million or 12.0% greater than budget and when adjusted for volume ^(Pg8:ln7) were 8.9% greater than the budget plan. Total Services ^(Pg4:ln12) of \$33.8 million were \$1.8 million or 5.5% greater than budget. Total expenses adjusted for volume ^(Pg8:ln12) were \$2,167 per day compared to the budget of \$2,213 per day, a favorable variance of \$46 per day or 2.1%.

Operating Income

Operating Income ^(Pg4:ln14) for December is a loss of \$12.9 million compared to a budgeted loss of \$9.5 million, an unfavorable variance of \$3.4 million. Page 10 of the report analyzes operating performance and reflects an unfavorable operating run rate as compared to budget due to unfavorable variances in both revenue and expenses.

Cash Receipts/Disbursements/Balance Sheet

December cash receipts ^(Pg9:ln24) totaled \$171.7 million compared to a budget of \$102.8 million. The \$68.9 million favorable variance is due to timing differences in anticipated payments under the Section 1115 Waiver programs, in the amount of \$9.3 million, and in tax receipts in the amount of \$57.0 million. Including board designated funds, the System has \$228.1 million in unrestricted cash, cash equivalents and investments ^(Pg6:ln1,7,9,10,16,18,24), representing 66 days cash on hand compared to the prior year's cash of \$195.1 million and days cash on hand of 58. Harris Health System has ^(Pg6:ln2) \$79.5 million in net accounts receivable, representing 78 days of outstanding accounts receivable. At December 31, 2014 Harris Health System's balance sheet reflects estimated receivables of \$265.3 million under the Section 1115 Supplemental Medicaid Programs and a \$124.7 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 December 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	51,921	50,523	2.8%	535,871	529,102	1.3%	508,121	5.5%
2. Outpatient % of Adjusted Volume	65.4%	66.3%	-1.4%	67.1%	68.6%	-2.1%	66.5%	0.9%
3. Primary Care Clinic Visits	74,815	72,000	3.9%	736,848	736,217	0.1%	674,185	9.3%
4. Specialty Clinic Visits	27,623	26,804	3.1%	289,977	285,359	1.6%	279,778	3.6%
5. Total Clinic Visits	102,438	98,804	3.7%	1,026,825	1,021,576	0.5%	953,963	7.6%
6. % Primary Care Visits	73.0%	72.9%	0.2%	71.8%	72.1%	-0.4%	70.7%	1.5%
7. Emergency Room Visits - Outpatient	12,535	12,338	1.6%	124,904	123,035	1.5%	122,422	2.0%
8. Emergency Room Visits - Observation	936	938	-0.2%	10,000	9,346	7.0%	9,276	7.8%
9. Emergency Room Visits - Admitted	2,003	1,713	16.9%	18,230	16,922	7.7%	17,462	4.4%
10. Total Emergency Room Visits	15,474	14,989	3.2%	153,134	149,303	2.6%	149,160	2.7%
11. Surgery Cases - Outpatient	962	1,093	-12.0%	8,845	11,495	-23.1%	8,290	6.7%
12. Surgery Cases - Inpatient	1,082	959	12.8%	9,568	9,439	1.4%	9,444	1.3%
13. Total Surgery Cases	2,044	2,052	-0.4%	18,413	20,934	-12.0%	17,734	3.8%
14. % Outpatient Cases	47.1%	53.3%	-11.6%	48.0%	54.9%	-12.5%	46.7%	2.8%
15. Total Outpatient Visits	157,513	155,972	1.0%	1,621,366	1,606,453	0.9%	1,530,621	5.9%
16. Inpatient Cases (Discharges)	3,324	2,963	12.2%	32,197	29,412	9.5%	29,948	7.5%
17. Outpatient Observation Cases	1,316	1,244	5.8%	13,707	12,397	10.6%	12,711	7.8%
18. Total Cases Occupying Patient Beds	4,640	4,207	10.3%	45,904	41,809	9.8%	42,659	7.6%
19. % of Total Cases from Emergency Room	63.3%	63.0%	0.5%	61.5%	62.8%	-2.1%	62.7%	-1.9%
20. % of Outpatient Cases	28.4%	29.6%	-4.1%	29.9%	29.7%	0.7%	29.8%	0.2%
21. Births	586	511	14.7%	5,534	5,064	9.3%	5,223	6.0%

STATISTICAL HIGHLIGHTS
As Of December 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	17,966	17,003	5.7%	176,265	166,368	5.9%	170,288	3.5%
2. Outpatient Observation Days	2,442	2,885	-15.4%	25,279	28,555	-11.5%	28,832	-12.3%
3. Total Patient Days	20,408	19,888	2.6%	201,544	194,923	3.4%	199,120	1.2%
4. % of Outpatient Days	12.0%	14.5%	-17.5%	12.5%	14.6%	-14.4%	14.5%	-13.4%
5. Average Daily Census	658.32	641.55	2.6%	658.64	637.00	3.4%	650.72	1.2%
6. Average Operating Beds	795	767	3.7%	797	777	2.6%	793	0.5%
7. Bed Occupancy %	82.8%	83.6%	-1.0%	82.6%	82.0%	0.8%	82.1%	0.7%
8. Inpatient Average Length of Stay	5.40	5.74	-5.8%	5.47	5.66	-3.2%	5.69	-3.7%
9. Inpatient Case Mix Index (CMI)	1.451	1.465	-1.0%	1.430	1.465	-2.4%	1.445	-1.0%
Payor Mix (% of Charges)								
10. Charity & Self Pay	65.9%	64.7%	1.9%	63.6%	64.7%	-1.7%	64.3%	-1.1%
11. Medicaid & Medicaid Managed	18.4%	21.6%	-14.8%	20.8%	21.6%	-3.7%	21.9%	-5.0%
12. Medicare & Medicare Managed	9.6%	8.9%	7.9%	9.4%	8.9%	5.6%	9.0%	4.4%
13. Commercial & Other	6.1%	4.8%	27.1%	6.2%	4.8%	29.2%	4.8%	29.2%
<u>NETWORK REFERRAL SERVICES</u>								
14. Primary Care	209	1,442	-85.5%	5,905	14,978	-60.6%	7,409	-20.3%
15. Specialty Care Visits	29	250	-88.4%	1,010	2,500	-59.6%	235	329.8%
16. Surgery Cases	94	61	54.1%	1,513	587	157.8%	1,329	13.8%
17. GI Procedures	184	49	275.5%	1,866	485	284.7%	721	158.8%
18. Hemodialysis Treatments	633	975	-35.1%	5,732	9,750	-41.2%	1,150	398.4%
<u>HEALTH SYSTEM TOTALS</u>								
19. Primary Care	75,024	73,442	2.2%	742,753	751,195	-1.1%	681,594	9.0%
20. Specialty Care Visits	27,652	27,054	2.2%	290,987	287,859	1.1%	280,013	3.9%
21. Surgery Cases	2,138	2,113	1.2%	19,926	21,521	-7.4%	19,063	4.5%
22. Total Unduplicated Patients - Rolling 12				321,011			311,072	3.2%
23. Total New Patient - Rolling 12				111,424			105,326	5.8%

OPERATING STATEMENT
As Of December 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	19,760	18,790	5.2%	19,988	-1.1%	192,439	182,906	5.2%	187,168	2.8%
2. Inpatient Ancillary	71,148	69,248	2.7%	71,406	-0.4%	679,290	653,402	4.0%	654,893	3.7%
3. Outpatient Ancillary	169,594	170,339	-0.4%	160,256	5.8%	1,754,439	1,787,989	-1.9%	1,645,975	6.6%
4. Physician Services	2,218	3,219	-31.1%	1,958	13.3%	22,857	35,113	-34.9%	23,178	-1.4%
5. Gross Patient Charges	262,720	261,596	0.4%	253,608	3.6%	2,649,026	2,659,410	-0.4%	2,511,214	5.5%
REVENUE DEDUCTIONS:										
6. Charity Care	(125,687)	(138,830)	9.5%	(138,924)	9.5%	(1,278,047)	(1,411,354)	9.4%	(1,315,076)	2.8%
7. Contractual Allowance/Other Discounts	(99,422)	(83,061)	-19.7%	(75,432)	-31.8%	(950,479)	(844,404)	-12.6%	(818,924)	-16.1%
8. Provision for Bad Debt Expense	(7,074)	(9,739)	27.4%	(8,969)	21.1%	(113,146)	(99,007)	-14.3%	(94,557)	-19.7%
9. Total Patient Revenue Deductions	(232,183)	(231,630)	-0.2%	(223,326)	-4.0%	(2,341,672)	(2,354,765)	0.6%	(2,228,557)	-5.1%
10. Net Patient Service Revenue	30,536	29,967	1.9%	30,283	0.8%	307,353	304,645	0.9%	282,657	8.7%
OTHER OPERATING REVENUE:										
11. DSH/UPL/1115 Waiver	18,159	23,210	-21.8%	19,415	-6.5%	199,439	232,103	-14.1%	227,535	-12.3%
12. Other Operating Revenue	3,587	1,927	86.1%	1,625	120.7%	24,060	20,769	15.8%	19,883	21.0%
13. Total Other Operating Revenue	21,746	25,137	-13.5%	21,040	3.4%	223,499	252,872	-11.6%	247,417	-9.7%
14. Total Operating Revenue	52,282	55,104	-5.1%	51,322	1.9%	530,853	557,516	-4.8%	530,075	0.1%
NONOPERATING REVENUE:										
15. Net Ad Valorem Tax Revenue	47,219	47,005	0.5%	43,066	9.6%	470,941	470,054	0.2%	428,192	10.0%
16. DSRIP	0	0	0.0%	57,538	-100.0%	21,190	9,205	130.2%	90,123	-76.5%
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	117	198	-40.9%	141	-17.1%	2,647	1,977	33.9%	(129)	-2155.3%
19. Other	2	0	0.0%	(24)	-108.3%	497	0	0.0%	559	11.1%
20. Total Nonoperating Revenue	47,338	47,203	0.3%	100,722	-53.0%	504,787	491,010	2.8%	528,519	-4.5%
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	99,620	102,307	-2.6%	152,044	-34.5%	1,035,640	1,048,527	-1.2%	1,058,594	-2.2%

OPERATING STATEMENT
As Of December 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	35,639	37,819	5.8%	34,511	-3.3%	361,596	368,035	1.7%	351,497	-2.9%
2. PTO & Secondday Sick Leave	5,666	5,136	-10.3%	5,747	1.4%	51,130	49,910	-2.4%	49,439	-3.4%
3. Contract Salaries	571	809	29.5%	1,159	50.8%	8,391	8,612	2.6%	11,508	27.1%
4. Registry Salaries	2,127	2,073	-2.6%	2,519	15.6%	22,953	20,356	-12.8%	24,623	6.8%
5. FICA and Benefits	15,600	16,878	7.6%	15,621	0.1%	152,677	164,772	7.3%	155,595	1.9%
6. Total Salaries, Wages, and Benefits	59,602	62,715	5.0%	59,557	-0.1%	596,747	611,685	2.4%	592,663	-0.7%
7. Supplies	19,079	17,037	-12.0%	17,686	-7.9%	177,910	167,028	-6.5%	164,089	-8.4%
SERVICES:										
8. Physician Services	17,609	16,699	-5.4%	16,336	-7.8%	156,238	160,477	2.6%	148,631	-5.1%
9. Other Purchased Services	10,230	9,244	-10.7%	9,535	-7.3%	91,983	91,817	-0.2%	91,907	-0.1%
10. Depreciation and Amortization	4,755	4,875	2.5%	4,251	-11.9%	47,198	48,122	1.9%	43,279	-9.1%
11. Interest	1,237	1,259	1.7%	1,757	29.6%	12,298	12,425	1.0%	8,090	-52.0%
12. Total Services	33,831	32,077	-5.5%	31,879	-6.1%	307,717	312,840	1.6%	291,908	-5.4%
13. Total Operating Expenses	112,512	111,829	-0.6%	109,122	-3.1%	1,082,374	1,091,553	0.8%	1,048,659	-3.2%
14. Operating Income (Loss)	(12,892)	(9,522)	-	42,922	-130.0%	(46,734)	(43,026)	-	9,934	-570.4%

CASH FLOW SUMMARY

As of December 31 2014

(In Thousands)

	CURRENT MONTH	PRIOR YEAR MONTH	FISCAL YTD	PRIOR FISCAL YTD
<u>CASH RECEIPTS:</u>				
1. Ad Valorem Taxes	\$ 128,131	65,294	\$ 166,241	\$ 101,208
2. Collections on Patient Accounts	30,230	27,151	309,725	265,950
3. DSH & UC - 1115 Waiver	9,315	0	177,659	205,364
3a DSRIP - 1115 Waiver	0	0	21,189	32,584
4. Tobacco Settlement	0	0	10,984	9,774
5. Trauma Fund	0	0	1,767	1,811
6. Other Sources (Includes Cost Reimbursement)	4,029	3,263	38,967	31,540
7. Total Cash Receipts	\$ 171,705	\$ 95,708	\$ 726,532	\$ 648,231
<u>CASH DISBURSEMENTS:</u>				
8. Salaries and Wages	\$ 28,481	\$ 29,244	\$ 302,357	\$ 313,102
9. Benefits and Employee Deductions	25,230	24,781	301,503	306,234
10. Drugs and Supplies	15,629	15,021	179,675	168,487
11. Physician Services	1,158	1,112	124,005	160,301
12. Purchased Services	10,650	10,135	112,534	104,065
13. Capital Expenditures	2,333	3,891	45,636	65,468
14. Debt and Interest Payments	721	573	9,987	10,028
15. Other Uses	(3,718)	(1,212)	(44,224)	(38,753)
16. Total Cash Disbursements	\$ 80,484	\$ 83,545	\$ 1,031,473	\$ 1,088,932
17. Net Change	\$ 91,221	\$ 12,163	\$ (304,941)	\$ (440,701)
Unrestricted Cash, Cash Equivalents and Investments - February 28, 2014		\$ 533,090		
Net Change		(304,941)		
Unrestricted Cash, Cash Equivalents and Investments - December 31, 2014		\$ 228,149		

BALANCE SHEET
As Of December 31, 2014
(In Thousands)



<u>ASSETS</u>	<u>ACTUAL</u>	<u>PRIOR YEAR</u>
CURRENT ASSETS:		
1. Cash, Cash Equivalents and Short Term Investments	(90,701)	(117,223)
2. Net Patient Accounts Receivable	79,518	74,461
3. Net Ad Valorem Taxes, Current Portion	332,593	352,114
4. Prepaid Expenses, Inventories, and Other Current Assets	290,748	300,794
5. Total Current Assets	612,158	610,146
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
6. Debt Service and Bond Covenants - Restricted	8,141	8,928
7. Board Designated for Future Expansion	1,725	773
8. Phase 1 Project Fund	0	0
9. Board Designated for Legal Reserves	2,031	2,324
10. Board Designated for Self-Insured Programs	25,235	23,849
11. Total Assets Limited as to Use or Restricted, Current Portion	37,132	35,873
PLANT, PROPERTY AND EQUIPMENT:		
12. Plant, Property, & Equipment, Net of Accumulated Depreciation	422,463	378,379
13. Construction in Progress	29,278	66,468
14. Total Plant, Property and Equipment	451,741	444,848
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
15. Debt Service and Bond Covenants - Restricted	23,221	18,385
16. Board Designated for Future Expansion	94,174	110,207
17. Phase 1 Project Fund	0	0
18. Board Designated for Self-Insured Programs	195,685	175,138
19. Other - Restricted	852	869
20. Total Assets Limited as to Use or Restricted, Net of Current Portion	313,932	304,600
OTHER ASSETS:		
21. Net Ad Valorem Taxes, Delinquent	669	1,391
22. Net Deferred Bond Issue Costs	1,477	3,637
23. Net Pension Asset	7,404	7,900
24. Long-Term Investments	0	0
25. Security Deposit	70	70
26. Derivative Asset	0	0
27. Deferred Outflow - Derivative Financial Instrument	271	10,057
28. Total Other Assets	9,890	23,055
29. Due to/from CHCI	5,851	5,059
30. TOTAL ASSETS	1,430,705	1,423,581

BALANCE SHEET
As Of December 31, 2014
(In Thousands)



	ACTUAL	PRIOR YEAR
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
1. Accounts Payable and Accrued Liabilities	168,111	102,815
2. Interest Payable	3,758	3,943
3. Employee Compensation & Related Benefit Liabilities	53,505	42,659
4. Compensated Absences	40,830	41,296
5. Estimated Third-Party Payor Settlements	8,699	3,027
6. Current Portion Long-Term Debt and Capital Leases	5,384	4,990
7. Total Current Liabilities	280,285	198,730
OTHER LONG-TERM LIABILITIES:		
8. Pension Payable	0	0
9. Post Employment Health Benefit Liability	195,685	175,138
10. Borrowing Payable	13,708	14,556
11. Derivative Liability	271	10,057
12. Arbitrage Rebate Liability	151	141
13. Total Other Long-Term Liabilities	209,815	199,893
LONG-TERM DEBT:		
14. Series 2007 Revenue Bonds, Including Premium & Deferred Loss	184,655	187,830
15. Series 2010 Revenue Bonds, Including Deferred Loss	82,243	82,517
16. Other Long-Term Obligation	295	141
17. Total Long-Term Debt	267,193	270,488
TOTAL LIABILITIES	757,293	669,110
NET ASSETS:		
18. Invested in Capital Assets, Net of Related Debt	165,456	154,814
19. Restricted Net Assets	32,213	29,051
20. Unrestricted Net Assets	475,743	570,605
21. Total Net Assets	673,412	754,471
22. TOTAL LIABILITIES & NET ASSETS	1,430,705	1,423,581

OPERATING PERFORMANCE PER ADJUSTED PATIENT DAY

As of December 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	\$ 588	\$ 593	-0.8%	\$ 603	-2.5%	\$ 574	\$ 576	-0.3%	\$ 556	3.2%
2. Other Operating Revenue	419	498	-15.9%	419	0.0%	417	478	-12.8%	487	-14.4%
3. Nonoperating Revenue	912	934	-2.4%	2,005	-54.5%	942	928	1.5%	1,040	-9.4%
4. Capital Contribution	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
5. Total District Net Revenue	1,919	2,025	-5.2%	3,027	-36.6%	1,933	1,982	-2.5%	2,083	-7.2%
6. Salaries, Wages, and Benefits	1,148	1,241	7.5%	1,186	3.2%	1,114	1,156	3.6%	1,166	4.5%
7. Supplies	367	337	-8.9%	352	-4.3%	332	316	-5.1%	323	-2.8%
8. Physician Services	339	331	-2.4%	325	-4.3%	292	303	3.6%	293	0.3%
9. Other Purchased Services	197	183	-7.7%	190	-3.7%	172	174	1.1%	181	5.0%
10. Depreciation and Amortization	92	96	4.2%	85	-8.2%	88	91	3.3%	85	-3.5%
11. Interest	24	25	4.0%	35	31.4%	23	23	0.0%	16	-43.8%
12. Total Operating Expenses	2,167	2,213	2.1%	2,173	0.3%	2,021	2,063	2.0%	2,064	2.1%
13. Operating Income(Loss)	\$ (248)	\$ (188)	-	\$ 854	-129.0%	\$ (88)	\$ (81)	-	\$ 19	-563.2%
14. Adjusted Patient Days	51,921	50,523	2.8%	50,228	3.4%	535,871	529,102	1.3%	508,121	5.5%
15. Average Daily Census	579.6	548.5	5.7%	583.9	-0.7%	576.0	543.7	5.9%	556.5	3.5%
16. FTE's(Employee/Contract) per AOB	4.9	5.1	3.9%	5.0	2.0%	4.8	4.8	0.0%	4.9	2.0%
17. FTE's(Employee/Contract) - Total	8,208	8,342	1.6%	8,084	-1.5%	8,346	8,330	-0.2%	8,108	-2.9%
18. FTE's(Employee/Contract) - Productive	7,128	7,399	3.7%	7,006	-1.7%	7,362	7,390	0.4%	7,167	-2.7%

**ANALYSIS OF CASH RECEIPTS
December 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	\$6,127	\$6,997	\$5,651	\$67,244	\$47,274	\$19,970	42.2	\$57,452	\$9,792	17.0
2. Medicaid	6,616	7,061	8,785	81,492	85,530	(4,038)	(4.7)	94,437	(12,945)	(13.7)
3. Texas vendor drug/Medicare Part D	2,976	2,865	2,903	28,898	27,051	1,847	6.8	29,515	(617)	(2.1)
4. Managed Care - Medicaid	7,203	5,539	5,951	70,058	56,592	13,466	23.8	60,496	9,562	15.8
5. Commercial insurance	2,331	1,415	1,433	21,150	13,202	7,948	60.2	14,570	6,580	45.2
6. Liens	403	291	286	3,226	2,717	509	18.7	2,912	314	10.8
7. Patient pay	2,298	2,103	2,240	19,839	21,128	(1,289)	(6.1)	22,768	(2,929)	(12.9)
8. Business office	297	352	355	3,225	3,436	(211)	(6.1)	3,612	(387)	(10.7)
9. Other governmental projects/grants	1,979	528	1,288	14,593	9,020	5,573	61.8	13,090	1,503	11.5
10. SUBTOTAL	30,230	27,151	28,892	309,725	265,950	43,775	16.5	298,852	10,873	3.6
11a. Cost Reimbursements	1,360	1,040	667	7,465	12,020	(4,555)	(37.9)	6,667	798	12.0
11b. Recoupments	0	0	0	0	0	0	0.0	0	0	0.0
12. Net Patient Revenue Receipts	31,590	28,191	29,559	317,190	277,970	39,220	14.1	305,518	11,672	3.8
13. DSH & UC - 1115 Waiver	9,315	0	0	177,659	205,364	(27,705)	(13.5)	351,220	(173,561)	(49.4)
13a. DSRIP - 1115 Waiver	0	0	0	21,189	32,584	(11,395)	(35.0)	0	21,189	0.0
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	1,767	1,811	(44)	(2.4)	1,500	267	17.8
15. Total Patient Revenue Receipts	40,905	28,191	29,559	528,789	527,503	1,286	0.2	668,013	(139,224)	(20.8)
NON-PATIENT OPERATING REVENUE:										
16. Parking	230	265	345	2,245	2,414	(169)	(7.0)	3,448	(1,203)	(34.9)
17. Cafeteria	274	0	0	2,570	0	2,570	0.0	0	2,570	0.0
18. Grants	806	1,021	680	8,000	7,061	939	13.3	6,809	1,191	17.5
19. Miscellaneous	1,355	933	901	17,873	8,428	9,445	112.1	9,013	8,860	98.3
20. Total Non-Patient Operating	2,665	2,219	1,926	30,688	17,903	12,785	71.4	19,270	11,418	59.2
21. Interest income	4	4	198	814	1,617	(803)	(49.7)	1,977	(1,163)	(58.8)
22. Total Non-Tax Receipts	43,574	30,414	31,683	560,291	547,023	13,268	2.4	689,260	(128,969)	(18.7)
23. Ad valorem tax receipts/note	128,131	65,294	71,103	166,241	101,208	65,033	64.3	110,211	56,030	50.8
24. Commercial Paper Proceeds	0	0	0	0	0	0	0.0	0	0	0.0
25. Total Receipts	\$171,705	\$95,708	\$102,786	\$726,532	\$648,231	\$78,301	12.1	\$799,471	(\$72,939)	(9.1)

OPERATING PERFORMANCE
AS OF DECEMBER 31, 2014
(IN MILLIONS)

	<u>MONTH</u>	<u>YTD</u>
Total Operating Income (Loss) as Reported	\$ (12.9)	\$ (46.7)
Favorable Adjustments:		
Trauma Funds	\$ -	\$ 0.2
Post Employee Health Benefits	\$ 0.4	\$ 3.3
FICA Baylor Residents	\$ -	\$ 8.4
Subtotal of Favorable Adjustments	\$ 0.4	\$ 11.9
Unfavorable Adjustments:		
Tobacco Revenue	\$ -	\$ (0.2)
Medicare Cost Report Settlement	\$ (0.8)	\$ (5.8)
Subtotal of Unfavorable Adjustments	\$ (0.8)	\$ (6.0)
Harris Health System Operating Run Rate as of December	\$ (12.5)	\$ (52.6)
Harris Health System 2015 Budget	\$ (9.5)	\$ (43.0)
Favorable (Unfavorable) Run Rate	\$ (3.0)	\$ (9.6)
Attributable Factors:		
Favorable (Unfavorable) Revenue Variance	\$ (1.9)	\$ (7.1)
Favorable (Unfavorable) Expense Variance	\$ (1.1)	\$ (2.5)
Net of Attributable Factors	\$ (3.0)	\$ (9.6)

SUPPLEMENTAL INFORMATION - STATISTICAL HIGHLIGHTS - MONTHLY TREND

As Of December 31, 2014

							MONTHLY AVERAGE			
	July	August	September	October	November	December	FY 2013 YTD Dec	FY 2014 YTD Dec	FY 2015 YTD Dec	% Change 15 vs 14
1. ADMISSIONS(A&P)	3,281	3,359	3,250	3,322	3,141	3,324	2,908	2,995	3,220	7.5%
2. PATIENT DAYS(A&P)	18,507	18,734	18,210	18,363	16,759	17,966	16,385	17,029	17,627	3.5%
3. AVERAGE LOS	5.64	5.58	5.60	5.53	5.34	5.40	5.63	5.69	5.47	-3.7%
4. AVERAGE LOS, Overall CMI Adjusted	3.98	3.96	3.88	3.84	3.88	3.72	3.99	3.94	3.83	-2.7%
5. PERCENT OCCUPANCY	75.8%	74.9%	75.0%	72.1%	69.7%	72.9%	65.9%	70.2%	72.3%	3.0%
CASE MIX INDEX (CMI)										
6. CMI - Excluding Obstetrics Cases	1.563	1.561	1.605	1.588	1.488	1.601	1.571	1.588	1.571	-1.1%
7. CMI - Overall	1.416	1.410	1.444	1.441	1.375	1.451	1.412	1.445	1.430	-1.0%
8. BIRTHS	596	617	606	591	554	586	562	522	553	6.0%
9. OPERATING ROOM CASES	1,869	1,765	2,122	2,062	1,663	2,044	1,792	1,773	1,841	3.8%
10. Inpatient	950	869	1,239	1,105	881	1,082	944	944	957	1.3%
11. Outpatient	919	896	883	957	782	962	848	829	885	6.7%
12. EMERGENCY VISITS	15,331	15,866	15,995	15,898	13,786	15,474	14,545	14,916	15,313	2.7%
13. Emergency Room Visits-Admitted	1,909	1,830	1,945	1,798	1,563	2,003	1,604	1,746	1,823	4.4%
14. Emergency Room Visits-Outpatient	12,317	12,995	13,009	13,219	11,420	12,535	12,070	12,242	12,490	2.0%
15. Emergency Room Visits-Observation	1,105	1,041	1,041	881	803	936	871	928	1,000	7.8%
16. CLINIC VISITS	104,091	99,575	105,201	115,932	92,576	102,438	90,564	95,396	102,683	7.6%
17. Primary Care Clinic Visits	74,358	71,082	75,960	84,436	67,450	74,815	65,119	67,419	73,685	9.3%
18. Specialty Clinic Visits	29,733	28,493	29,241	31,496	25,126	27,623	25,444	27,978	28,998	3.6%
PAYOR MIX										
19. Charity & Self Pay	63.3%	63.0%	61.6%	63.0%	61.8%	65.9%	63.7%	64.3%	63.6%	-1.1%
19. Medicaid & Medicaid Managed	20.2%	21.4%	22.5%	21.7%	23.1%	18.4%	22.5%	21.9%	20.8%	-5.0%
20. Medicare & Medicare Managed	9.5%	9.7%	9.6%	8.9%	9.1%	9.6%	8.9%	9.0%	9.4%	4.4%
21. Commercial & Other	7.0%	5.9%	6.3%	6.4%	6.0%	6.1%	4.9%	4.8%	6.2%	29.2%

SUPPLEMENTAL INFORMATION - OPERATING STATEMENT - MONTHLY TREND

As Of December 31, 2014

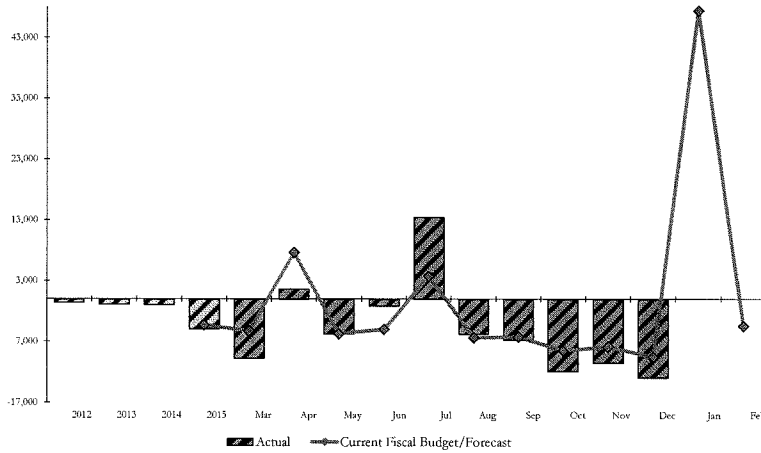
(In Thousands)

							MONTHLY AVERAGE			
	July	August	September	October	November	December	FY 2013 YTD Dec	FY 2014 YTD Dec	FY 2015 YTD Dec	% Change 15 vs 14
1. Gross Patient Charges	\$ 273,974	\$ 270,061	\$ 272,780	\$ 283,229	\$ 240,980	\$ 262,720	228,419	251,121	264,903	5.5%
2. Total Patient Revenue Deductions	(243,830)	(241,702)	(237,195)	(249,155)	(211,483)	(232,183)	(203,310)	(222,856)	(234,167)	5.1%
3. Net Patient Service Revenue	30,144	28,359	35,585	34,074	29,498	30,536	25,109	28,266	30,735	8.7%
4. Net Revenue % of Gross Charges	11.0%	10.5%	13.0%	12.0%	12.2%	11.6%	11.0%	11.3%	11.6%	3.1%
5. DSH/UPL Program Revenue	21,040	21,040	17,396	18,159	18,159	18,159	23,501	22,753	19,944	-12.3%
6. Other Operating Revenue	2,436	3,302	2,131	2,050	1,964	3,587	2,298	1,988	2,406	21.0%
7. Total Other Operating Revenue	23,476	24,341	19,527	20,210	20,124	21,746	25,798	24,742	22,350	-9.7%
8. Net Ad Valorem Tax Revenue	47,161	47,886	47,171	46,936	46,711	47,219	41,433	42,819	47,094	10.0%
9. DSRIP	21,190	0	0	0	0	0	0	9,012	2,119	-76.5%
10. Net Tobacco Settlement Revenue	0	0	0	0	0	0	972	977	951	-2.7%
11. Interest Income and Other	580	286	147	83	45	119	1,597	43	314	631.3%
12. Total Nonoperating Revenue	68,931	48,172	47,318	47,019	46,756	47,338	44,002	52,852	50,479	-4.5%
13. Capital Contributions	0	0	0	0	0	0	0	0	0	0.0%
14. Total Net Revenue	122,551	100,872	102,430	101,303	96,378	99,620	94,909	105,859	103,564	-2.2%
15. Salaries and Wages	43,963	44,818	43,710	45,954	42,914	44,002	40,380	43,707	44,407	1.6%
16. FICA and Benefits	15,498	15,699	14,595	13,693	14,121	15,600	14,128	15,560	15,268	-1.9%
17. Total Salaries, Wages, and Benefits	59,461	60,516	58,305	59,648	57,035	59,602	54,507	59,266	59,675	0.7%
18. Supplies	18,605	15,936	17,893	20,837	16,931	19,079	14,817	16,409	17,791	8.4%
19. Physician Services	15,626	15,908	17,405	17,832	17,668	17,609	12,479	14,863	15,624	5.1%
20. Other Purchased Services	9,280	7,903	9,503	8,812	9,357	10,230	8,816	9,191	9,198	0.1%
21. Depreciation and Amortization	4,699	4,866	4,698	4,672	4,675	4,755	4,201	4,328	4,720	9.1%
22. Interest	1,237	1,237	1,223	1,237	1,223	1,237	569	809	1,230	52.0%
23. Total Expenses	108,908	106,366	109,026	113,037	106,889	112,512	95,390	104,866	108,237	3.2%
24. Total Income (Loss)	\$ 13,643	\$ (5,494)	\$ (6,597)	\$ (11,735)	\$ (10,511)	\$ (12,892)	\$ (481)	\$ 993	\$ (4,673)	-570.4%
25. Total Margin	11.1%	-5.4%	-6.4%	-11.6%	-10.9%	-12.9%	-0.5%	0.9%	-4.5%	-580.9%
26. Full-Time Equivalent Employees	8,290	8,351	8,216	8,435	8,238	8,208	7,659	8,108	8,346	2.9%
27. Average Salary per FTE	\$62,441	\$63,190	\$64,727	\$64,150	\$63,381	\$63,123	\$62,885	\$64,302	\$63,465	-1.3%
28. Adjusted Patient Days	56,210	55,987	52,123	57,064	50,081	51,921	46,484	50,812	53,587	5.5%

HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

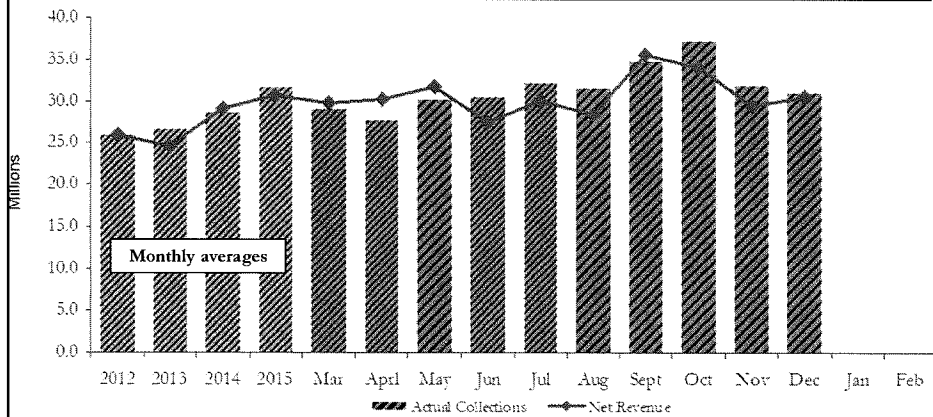
Operating Income

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



Cash Collections

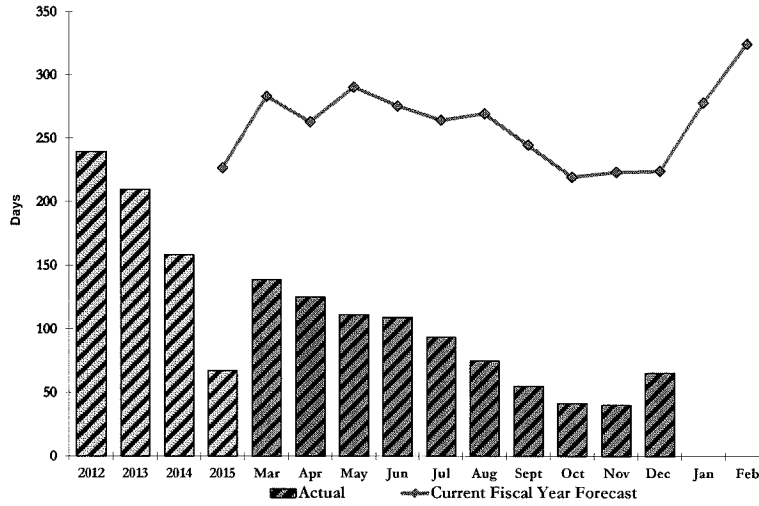
An absolute value of cash collections. When measured against net revenue, indicates projected strength or weakness in collections. Goal is to equal or exceed net revenue.



HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

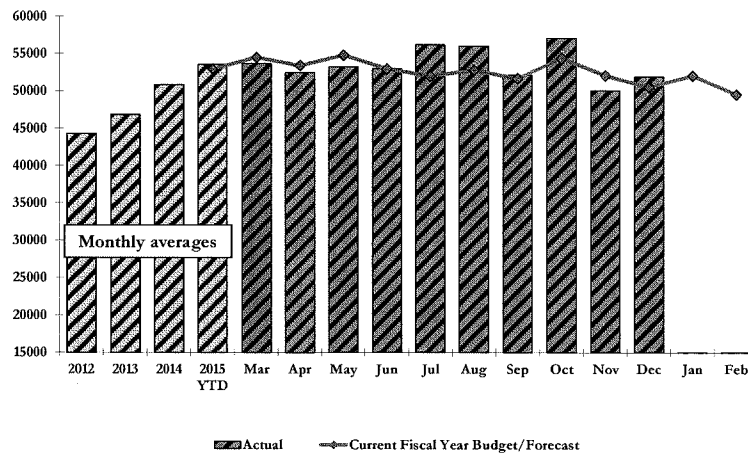
Unrestricted Days Cash on Hand

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

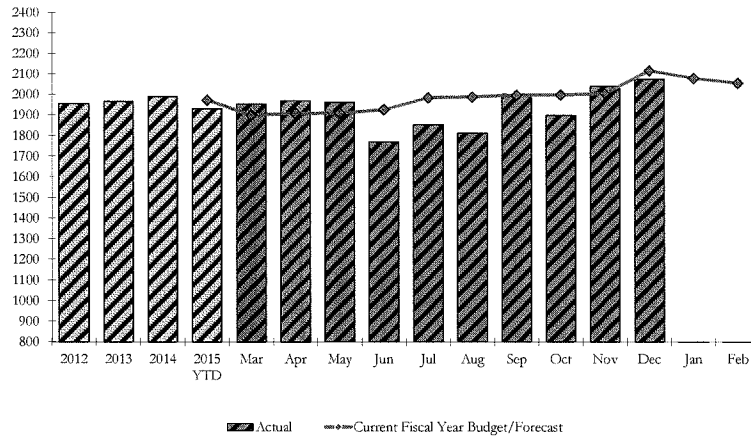
A measure of overall volume in the Harris Health System. A denominator of hospital activity.



HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

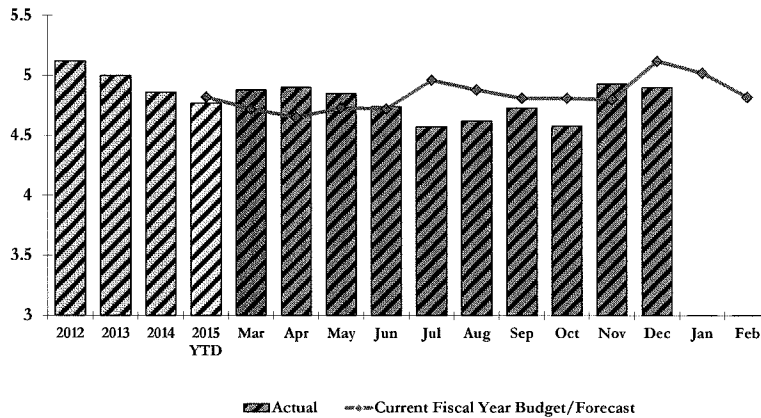
Operating Cost Per Adj. Patient Day

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 4.8.



HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

Days in Accounts Receivable

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

