

FINANCIAL STATEMENTS
As of February 28, 2014

TABLE OF CONTENTS

FINANCIAL STATEMENTS HIGHLIGHTS

STATISTICAL HIGHLIGHTS	1 – 2
OPERATING STATEMENT	3 - 4
CASH FLOW SUMMARY	5
BALANCE SHEET.....	6 – 7
OPERATING PERFORMANCE PER ADJUSTED PATIENT DAY	8
ANALYSIS OF CASH RECEIPTS	9
OPERATING PERFORMANCE	10
SUPPLEMENTAL INFORMATION	11 – 12
FINANCIAL DASHBOARD INDICATORS	13 - 14

HARRISHEALTH SYSTEM

February 2014 Financial Statement Highlights

Presented for your review, discussion and acceptance are the financial statements for the month ended February 28, 2014.

Statistics

Adjusted patient days were 13.3% ^(Pg1:ln1) greater than budget with approximately 67.1% of the volume representing outpatient care.

Clinic visits ^(Pg1:ln5) of 96,789 were 4.9% greater than the budget of 92,239. Primary care clinic visits ^(Pg1:ln3) were 2.7% greater than the month's budget and total specialty clinic visits were 10.7% greater than the February budget ^(Pg1:ln4).

February Emergency Center visits ^(Pg1:ln10) are reported at 13,353 and were 2.3% greater than budget.

System wide, surgery cases were 20.5% less than budget expectations ^(Pg1:ln13).

Deliveries of 482 were 4.9% less than the budget of 507 ^(Pg1:ln21).

63.9% of total cases occupying patient beds entered through the emergency room ^(Pg1:ln19). Inpatient utilization System wide was 13.3% greater than budget ^(Pg2:ln3). Inpatient length of stay ^(Pg2:ln8) was 0.4% less than budget and the inpatient case mix index ^(Pg2:ln9) was 1.9% greater than budget.

Charity and Self Pay payor mix of 63.4% was 1.2% less than the budget of 64.2% ^(Pg2:ln10). Medicaid represented 21.9% of total patients and agreed with the budget of 21.9%. Medicare represented 9.5% of all patients and compared favorably with the budget of 8.6%. Commercial Insurance and Other represented 5.2% of all patients and compared unfavorably to the budget of 5.3%.

The Unduplicated Patient count, calculated on a rolling twelve months basis, of 311,734, is 3.3% greater than the prior year count of 301,726 ^(Pg2:ln17).

^(Pg2:ln18) New Patients seen during the past twelve month period total 105,218 and are 0.9% greater than the prior year count of 104,301.

Revenue

Total Net Revenue of \$101.2 million ^(Pg3:ln23) exceeded budget by \$5.2 million or 5.5%. Patient volumes, measured as adjusted patient days ^(Pg8:ln14), were 13.3% greater than budget. February's estimated reimbursement per adjusted patient day ^(Pg8:ln1) was 20.2% greater than budget. The resulting Net Patient Service Revenue for February of \$34.4 million ^(Pg3:ln10) was \$9.2 million or 36.2% greater than budget. Estimated DSH/Uncompensated Care Program Revenues ^(Pg3:ln11) for the 2013 and 2014 federal fiscal years are based on the most current data available. Ad valorem tax revenues, net of related expenses, have been reflected in accordance with the tax levy reported as of February 28, 2014 and include approximately \$2 million in PILOT payments (payments in lieu of taxes) related to foreign trade zones.

Expenses

Total expenses ^(Pg4:ln13) of \$108.8 million were \$0.8 million greater than the budget of \$108.0 million. Salaries and wages were \$0.5 million less than the budget. Total FTE's ^(Pg8:ln17) were 2.3% greater than budget and when adjusted for volume were 9.4% less than the budgeted staffing level. Employee benefit expenses were \$3.1 million less than budget for the month as a result of favorable variances in employee health care costs and workers compensation expense. Actuarial calculations of the System's liability for incurred but unreported claims for employee health care resulted in the reversal of approximately \$2.5 million of previously estimated expenses. Supplies expenses were 0.1% greater than budget and when adjusted for volume ^(Pg8:ln7) were 11.7% less than the budget plan. Total Services ^(Pg4:ln12) of \$38.1 million were \$4.4 million or 13.2% greater than budget. Unfavorable services expense variances were reported in legal fees and non-clinical purchased services. Total expenses adjusted for volume ^(Pg8:ln12) were \$2,183 per day compared to the budget of \$2,457 per day, a favorable variance of \$274 per day or 11.2%.

Operating Income

Operating Income ^(Pg4:ln14) for February is a loss of \$7.6 million compared to a budgeted loss of \$12.1 million. Page 10 of the report analyzes operating performance and reflects a favorable operating run rate as compared to budget due to favorable revenue variances.

Cash Receipts/Disbursements/Balance Sheet

February cash receipts ^(Pg9:ln24) totaled \$250.3 million compared to a budget of \$237.7 million. Non Section 1115 Waiver funds received totaled \$250.3 million compared to a budget of \$232.7 million. Cost reimbursement settlements and ad valorem tax receipts exceeded budget for the month. Including board designated funds, the System has \$527.6 million in unrestricted cash, cash equivalents and investments ^(Pg6:ln1,7,9,10,16,18,24), representing 147 days cash on hand compared to the prior year's cash of \$635.8 million and days cash on hand of 191. February disbursements included \$9.9 million in principal and interest payments related to the Series 2007A and Series 2010 Revenue Bonds. Harris Health System has ^(Pg6:ln2) \$80.2 million in net accounts receivable, representing 75 days of outstanding accounts receivable. At February 28, 2014 Harris Health System's balance sheet reflects estimated receivables of \$254.0 million under the Section 1115 Supplemental Medicaid Programs and an \$84.2 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 February 28, 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. Adjusted Patient Days	49,814	43,951	13.3%	610,544	579,298	5.4%	562,198	8.6%
2. Outpatient % of Adjusted Volume	67.1%	67.8%	-1.0%	66.5%	66.2%	0.4%	65.0%	2.3%
3. Primary Care Clinic Visits	68,264	66,474	2.7%	806,615	825,597	-2.3%	786,034	2.6%
4. Specialty Clinic Visits	28,525	25,765	10.7%	335,570	317,818	5.6%	306,163	9.6%
5. Total Clinic Visits	96,789	92,239	4.9%	1,142,185	1,143,415	-0.1%	1,092,197	4.6%
6. % Primary Care Visits	70.5%	72.1%	-2.1%	70.6%	72.2%	-2.2%	72.0%	-1.9%
7. Emergency Room Visits - Outpatient	10,690	10,850	-1.5%	145,007	140,713	3.1%	144,816	0.1%
8. Emergency Room Visits - Observation	935	762	22.7%	11,192	10,626	5.3%	9,636	16.1%
9. Emergency Room Visits - Admitted	1,728	1,441	19.9%	20,888	18,855	10.8%	19,199	8.8%
10. Total Emergency Room Visits	13,353	13,053	2.3%	177,087	170,194	4.1%	173,651	2.0%
11. Surgery Cases - Outpatient	788	1,172	-32.8%	9,830	11,483	-14.4%	10,123	-2.9%
12. Surgery Cases - Inpatient	852	891	-4.4%	11,200	11,118	0.7%	11,246	-0.4%
13. Total Surgery Cases	1,640	2,063	-20.5%	21,030	22,601	-7.0%	21,369	-1.6%
14. % Outpatient Cases	48.0%	56.8%	-15.4%	46.7%	50.8%	-8.0%	47.4%	-1.3%
15. Total Outpatient Visits	151,751	145,373	4.4%	1,828,412	1,809,603	1.0%	1,742,429	4.9%
16. Inpatient Cases (Discharges)	2,866	2,465	16.3%	35,934	34,799	3.3%	34,538	4.0%
17. Outpatient Observation Cases	1,300	996	30.5%	15,337	13,893	10.4%	14,006	9.5%
18. Total Cases Occupying Patient Beds	4,166	3,461	20.4%	51,271	48,692	5.3%	48,544	5.6%
19. % of Total Cases from Emergency Room	63.9%	63.7%	0.4%	62.6%	60.5%	3.3%	59.4%	5.3%
20. % of Outpatient Cases	31.2%	28.8%	8.4%	29.9%	28.5%	4.8%	28.9%	3.7%
21. Births	482	507	-4.9%	6,288	6,597	-4.7%	6,676	-5.8%

Statistical Highlights As of February 28, 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	16,369	14,134	15.8%	204,832	195,722	4.7%	197,029	4.0%
2. Outpatient Observation Days	2,432	2,458	-1.1%	33,998	36,450	-6.7%	35,496	-4.2%
3. Total Patient Days	18,801	16,592	13.3%	238,830	232,172	2.9%	232,525	2.7%
4. % of Outpatient Days	12.9%	14.8%	-12.7%	14.2%	15.7%	-9.3%	15.3%	-6.7%
5. Average Daily Census	671.45	592.57	13.3%	654.33	636.09	2.9%	637.06	2.7%
6. Average Operating Beds	767	742	3.4%	789	783	0.8%	801	-1.5%
7. Bed Occupancy %	87.5%	79.9%	9.6%	82.9%	81.2%	2.1%	79.5%	4.3%
8. Inpatient Average Length of Stay	5.71	5.73	-0.4%	5.70	5.62	1.3%	5.70	-0.1%
9. Inpatient Case Mix Index (CMI)	1.459	1.432	1.9%	1.447	1.432	1.0%	1.419	2.0%
Payor Mix (% of Charges)								
10. Charity & Self Pay	63.4%	64.2%	-1.2%	64.1%	64.2%	-0.2%	63.7%	0.6%
11. Medicaid & Medicaid Managed	21.9%	21.9%	-0.1%	21.9%	21.9%	-0.1%	22.4%	-2.2%
12. Medicare & Medicare Managed	9.5%	8.6%	10.5%	9.1%	8.6%	5.8%	8.9%	2.2%
13. Commercial & Other	5.2%	5.3%	-1.3%	4.9%	5.3%	-7.0%	5.0%	-2.0%
<u>NETWORK REFERRAL SERVICES</u>								
14. Primary Care	1,184	3,448	-65.7%	10,451	25,000	-58.2%	4,380	138.6%
15. Specialty Care Visits	59	0	0.0%	308	0	0.0%	0	0.0%
16. Surgery Cases	175	207	-15.4%	1,712	1,500	14.1%	926	84.9%
17. GI Procedures	109	110	-1.2%	894	800	11.8%	1,428	-37.4%
18. Hemodialysis Treatments	504	0	0.0%	2,242	0	0.0%	0	0.0%
<u>HEALTH SYSTEM TOTALS</u>								
19. Primary Care	69,448	69,922	-0.7%	817,066	850,597	-3.9%	790,414	3.4%
20. Specialty Care Visits	28,584	25,765	10.9%	335,878	317,818	5.7%	306,163	9.7%
21. Surgery Cases	1,815	2,270	-20.0%	22,742	24,101	-5.6%	22,295	2.0%
17. Total Unduplicated Patients - Rolling 12				311,734			301,726	3.3%
18. Total New Patient - Rolling 12				105,218			104,301	0.9%

Operating Statement

As of February 28, 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	17,663	16,163	9.3%	17,366	1.7%	224,918	220,203	2.1%	219,462	2.5%
2. Inpatient Ancillary	63,098	60,685	4.0%	59,819	5.5%	783,903	760,823	3.0%	746,777	5.0%
3. Outpatient Ancillary	162,804	157,772	3.2%	149,498	8.9%	1,969,747	1,888,108	4.3%	1,760,089	11.9%
4. Physician Services	2,209	2,761	-20.0%	2,474	-10.7%	27,352	34,507	-20.7%	30,715	-10.9%
5. Gross Patient Charges	245,775	237,381	3.5%	229,157	7.3%	3,005,919	2,903,640	3.5%	2,757,042	9.0%
REVENUE DEDUCTIONS:										
6. Charity Care	(128,287)	(112,557)	-14.0%	(131,462)	2.4%	(1,577,870)	(1,368,174)	-15.3%	(1,346,091)	-17.2%
7. Contractual Allowance/Other Discounts	(80,937)	(86,392)	6.3%	(95,326)	15.1%	(973,118)	(1,057,465)	8.0%	(975,417)	0.2%
8. Provision for Bad Debt Expense	(2,128)	(13,161)	83.8%	23,596	109.0%	(104,909)	(160,519)	34.6%	(140,130)	25.1%
9. Total Patient Revenue Deductions	(211,351)	(212,111)	0.4%	(203,192)	-4.0%	(2,655,897)	(2,586,159)	-2.7%	(2,461,638)	-7.9%
10. Net Patient Service Revenue	34,424	25,270	36.2%	25,965	32.6%	350,023	317,482	10.2%	295,405	18.5%
OTHER OPERATING REVENUE:										
11. DSH/UPL/1115 Waiver	19,415	24,793	-21.7%	7,582	156.1%	266,365	297,577	-10.5%	272,445	-2.2%
12. Other Operating Revenue	1,311	2,218	-40.9%	1,136	15.4%	23,130	27,192	-14.9%	25,360	-8.8%
13. Total Other Operating Revenue	20,726	27,011	-23.3%	8,718	137.7%	289,495	324,769	-10.9%	297,805	-2.8%
14. Total Operating Revenue	55,150	52,281	5.5%	34,683	59.0%	639,517	642,251	-0.4%	593,210	7.8%
NONOPERATING REVENUE:										
15. Net Ad Valorem Tax Revenue	45,149	42,916	5.2%	50,677	-10.9%	515,990	514,998	0.2%	508,424	1.5%
16. DSRIP	(0)	0	0.0%	0	0.0%	90,122	82,696	9.0%	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	905	774	17.0%	(165)	-647.6%	876	6,762	-87.0%	4,730	-81.5%
19. Other	6	0	0.0%	(8,177)	-100.1%	442	0	0.0%	3,148	86.0%
20. Total Nonoperating Revenue	46,060	43,690	5.4%	42,334	8.8%	617,204	616,666	0.1%	526,021	17.3%
21. Capital Contributions	0	0	0.0%	10,272	-100.0%	0	0	0.0%	10,272	-100.0%
22. Total Capital Contributions	0	0	0.0%	10,272	-100.0%	0	0	0.0%	10,272	-100.0%
23. Total Net Revenue	101,211	95,971	5.5%	87,289	15.9%	1,256,721	1,258,917	-0.2%	1,129,503	11.3%

Operating Statement

As of February 28, 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	34,567	35,854	3.6%	36,280	4.7%	420,901	436,421	3.6%	397,400	-5.9%
2. PTO & Secondary Sick Leave	3,889	4,488	13.3%	3,659	-6.3%	58,532	55,950	-4.6%	54,619	-7.2%
3. Contract Salaries	1,410	551	-155.8%	1,061	-32.9%	14,087	7,633	-84.6%	10,473	-34.5%
4. Registry Salaries	2,289	1,803	-27.0%	2,082	-9.9%	29,422	23,204	-26.8%	26,105	-12.7%
5. FICA and Benefits	12,796	15,939	19.7%	16,494	22.4%	184,393	184,166	-0.1%	173,793	-6.1%
6. Total Salaries, Wages, and Benefits	54,952	58,635	6.3%	59,576	7.8%	707,335	707,375	0.0%	662,389	-6.8%
7. Supplies	15,796	15,782	-0.1%	15,405	-2.5%	197,888	186,334	-6.2%	179,690	-10.1%
SERVICES:										
8. Physician Services	16,362	16,101	-1.6%	14,671	-11.5%	180,485	173,607	-4.0%	154,136	-17.1%
9. Other Purchased Services	15,102	11,079	-36.3%	9,060	-66.7%	117,591	118,719	1.0%	105,809	-11.1%
10. Depreciation and Amortization	4,507	5,992	24.8%	4,708	4.3%	52,173	60,041	13.1%	51,588	-1.1%
11. Interest	2,094	455	-360.3%	799	-162.1%	11,940	5,929	-101.4%	7,055	-69.3%
12. Total Services	38,064	33,626	-13.2%	29,238	-30.2%	362,189	358,296	-1.1%	318,588	-13.7%
13. Total Operating Expenses	108,813	108,043	-0.7%	104,219	-4.4%	1,267,412	1,252,005	-1.2%	1,160,666	-9.2%
14. Operating Income (Loss)	(7,602)	(12,072)	-	(16,930)	-	(10,691)	6,912	-254.7%	(31,164)	-

Cash Flow Summary
As of February 28, 2014
(In thousands)



	CURRENT MONTH	PRIOR YEAR MONTH	FISCAL YTD	PRIOR FISCAL YTD
<u>CASH RECEIPTS:</u>				
1. Ad Valorem Taxes	\$ 217,421	190,336	\$ 517,981	\$ 519,527
2. Collections on Patient Accounts	24,230	23,604	322,007	312,843
3. Disproportionate Share III/1115 Waiver UC & DSRIP	0	0	295,486	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)	8,607	3,101	45,012	52,804
7. Total Cash Receipts	\$ 250,258	\$ 217,041	\$ 1,192,071	\$ 1,071,243
<u>CASH DISBURSEMENTS:</u>				
8. Salaries and Wages	\$ 28,597	\$ 26,700	\$ 384,492	\$ 348,289
9. Benefits and Employee Deductions	25,489	23,411	364,942	309,078
10. Drugs and Supplies	15,581	15,329	203,494	183,342
11. Physician Services	83	78	160,915	89,136
12. Purchased Services	10,419	11,385	124,324	129,853
13. Capital Expenditures	14,817	4,730	87,911	111,590
14. Debt and Interest Payments	9,919	10,427	20,298	21,137
15. Other Uses	(2,008)	(4,023)	(46,102)	(75,361)
16. Total Cash Disbursements	\$ 102,898	\$ 88,037	\$ 1,300,275	\$ 1,117,064
17. Net Change	\$ 147,360	\$ 129,004	\$ (108,204)	\$ (45,821)

Unrestricted Cash, Cash Equivalents and Investments - February 28, 2013
Net Change
Unrestricted Cash, Cash Equivalents and Investments - February 28, 2014

\$ 635,769
(108,204)
\$ 527,565

Balance Sheet
As of February 28, 2014
(In thousands)



	ACTUAL	PRIOR YEAR
<u>ASSETS</u>		
CURRENT ASSETS:		
1. Cash, Cash Equivalents and Short Term Investments	214,940	305,621
2. Net Patient Accounts Receivable	80,204	59,167
3. Net Ad Valorem Taxes, Current Portion	24,682	22,511
4. Prepaid Expenses, Inventories, and Other Current Assets	278,497	214,371
5. Total Current Assets	598,323	601,670
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
6. Debt Service and Bond Covenants - Restricted	5,830	5,608
7. Board Designated for Future Expansion	7,288	9,504
8. Phase 1 Project Fund	0	0
9. Board Designated for Legal Reserves	4,031	2,324
10. Board Designated for Self-Insured Programs	23,997	22,175
11. Total Assets Limited as to Use or Restricted, Current Portion	41,147	39,611
PLANT, PROPERTY AND EQUIPMENT:		
12. Plant, Property, & Equipment, Net of Accumulated Depreciation	435,051	360,454
13. Construction in Progress	31,652	64,930
14. Total Plant, Property and Equipment	466,704	425,384
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
15. Debt Service and Bond Covenants - Restricted	24,521	25,159
16. Board Designated for Future Expansion	100,082	139,556
17. Phase 1 Project Fund	0	0
18. Board Designated for Self-Insured Programs	177,227	156,589
19. Other - Restricted	864	869
20. Total Assets Limited as to Use or Restricted, Net of Current Portion	302,693	322,173
OTHER ASSETS:		
21. Net Ad Valorem Taxes, Delinquent	552	623
22. Net Deferred Bond Issue Costs	1,551	3,812
23. Net Pension Asset	2,231	2,284
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	4,674	16,801
29. Due to/from CHCI	4,525	3,620
30. TOTAL ASSETS	1,418,065	1,409,260

Balance Sheet
As of February 28, 2014
(In thousands)



	ACTUAL	PRIOR YEAR
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
1. Accounts Payable and Accrued Liabilities	143,229	124,201
2. Interest Payable	636	629
3. Employee Compensation & Related Benefit Liabilities	34,707	46,921
4. Compensated Absences	41,047	40,738
5. Estimated Third-Party Payor Settlements	3,386	(4,731)
6. Current Portion Long-Term Debt and Capital Leases	5,445	5,877
7. Total Current Liabilities	228,451	213,635
OTHER LONG-TERM LIABILITIES:		
8. Pension Payable	0	0
9. Post Employment Health Benefit Liability	177,227	156,589
10. Borrowing Payable	14,417	15,280
11. Derivative Liability	271	10,057
12. Arbitrage Rebate Liability	151	141
13. Total Other Long-Term Liabilities	192,065	182,067
LONG-TERM DEBT:		
14. Series 2007 Revenue Bonds, Including Premium & Deferred Loss	184,655	187,830
15. Series 2010 Revenue Bonds, Including Deferred Loss	80,781	81,042
16. Other Long-Term Obligation	444	149
17. Total Long-Term Debt	265,881	269,021
TOTAL LIABILITIES	686,397	664,723
NET ASSETS:		
18. Invested in Capital Assets, Net of Related Debt	180,962	135,206
19. Restricted Net Assets	32,079	31,637
20. Unrestricted Net Assets	518,628	577,693
21. Total Net Assets	731,668	744,537
22. TOTAL LIABILITIES & NET ASSETS	1,418,065	1,409,260

Operating Performance Per Adjusted Patient Days
As of February 28, 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	\$ 691	\$ 575	20.2%	\$ 561	23.2%	\$ 573	\$ 548	4.6%	\$ 525	9.1%
2. Other Operating Revenue	416	615	-32.4%	188	121.3%	474	561	-15.5%	530	-10.6%
3. Nonoperating Revenue	925	994	-6.9%	914	1.2%	1,011	1,065	-5.1%	936	8.0%
4. Capital Contribution	0	0	0.0%	222	-100.0%	0	0	0.0%	18	-100.0%
5. Total District Net Revenue	2,032	2,184	-7.0%	1,885	7.8%	2,058	2,174	-5.3%	2,009	2.4%
6. Salaries, Wages, and Benefits	1,103	1,334	17.3%	1,286	14.2%	1,159	1,221	5.1%	1,178	1.6%
7. Supplies	317	359	11.7%	333	4.8%	324	322	-0.6%	320	-1.3%
8. Physician Services	328	366	10.4%	317	-3.5%	296	300	1.3%	274	-8.0%
9. Other Purchased Services	303	252	-20.2%	196	-54.6%	193	205	5.9%	188	-2.7%
10. Depreciation and Amortization	90	136	33.8%	102	11.8%	85	104	18.3%	92	7.6%
11. Interest	42	10	-320.0%	17	-147.1%	20	10	-100.0%	13	-53.8%
12. Total Operating Expenses	2,183	2,457	11.2%	2,251	3.0%	2,077	2,162	3.9%	2,065	-0.6%
13. Operating Income(Loss)	\$ (151)	\$ (273)	-	\$ (366)	0.0%	\$ (19)	\$ 12	-258.3%	\$ (56)	0.0%
14. Adjusted Patient Days	49,814	43,951	13.3%	46,322	7.5%	610,544	579,298	5.4%	562,198	8.6%
15. Average Daily Census	584.6	504.8	15.8%	557.0	5.0%	561.2	536.2	4.7%	539.8	4.0%
16. FTE's(Employee/Contract) per AOB	4.8	5.3	9.4%	4.9	2.0%	4.9	5.0	2.0%	5.0	2.0%
17. FTE's(Employee/Contract) - Total	8,462	8,269	-2.3%	8,103	-4.4%	8,128	7,985	-1.8%	7,698	-5.6%
18. FTE's(Employee/Contract) - Productive	7,625	7,344	-3.8%	7,301	-4.4%	7,189	7,065	-1.7%	6,793	-5.8%

Analysis of Cash Receipts
As of February 28, 1014



	MONTH TO MONTH			YEAR TO DATE						
	ACTUAL		BUDGET	ACTUAL				BUDGET		
	CURRENT	PRIOR	CURRENT	CURRENT	PRIOR	VAR	VAR %	YTD	VAR	VAR %
PATIENT REVENUE:										
1. Medicare	\$5,271	\$3,224	\$3,992	\$59,079	\$49,361	\$9,718	19.7	\$50,261	\$8,818	17.5
2. Medicaid	6,613	7,673	8,142	102,933	107,138	(4,205)	(3.9)	107,875	(4,942)	(4.6)
3. Texas vendor drug/Medicare Part D	2,314	2,330	2,451	32,295	30,088	2,207	7.3	30,195	2,100	7.0
4. Managed Care - Medicaid	5,569	5,634	5,055	68,061	63,958	4,103	6.4	63,258	4,803	7.6
5. Commercial insurance	1,348	1,383	1,209	16,072	15,456	616	4.0	15,245	827	5.4
6. Liens	96	109	184	3,078	3,021	57	1.9	2,290	788	34.4
7. Patient pay	1,990	1,976	2,134	25,249	25,985	(736)	(2.8)	26,413	(1,164)	(4.4)
8. Business office	321	499	377	4,052	4,725	(673)	(14.2)	4,662	(610)	(13.1)
9. Other governmental projects/grants	708	776	1,032	11,188	13,111	(1,923)	(14.7)	13,199	(2,011)	(15.2)
10. SUBTOTAL	24,230	23,604	24,574	322,007	312,843	9,164	2.9	313,398	8,609	2.7
11a. Cost Reimbursements	6,900	337	314	22,023	7,957	14,066	176.8	4,084	17,939	439.3
11b. Recoupments	0	0	0	0	0	0	0.0	0	0	0.0
12. Net Patient Revenue Receipts	31,130	23,941	24,888	344,030	320,800	23,230	7.2	317,482	26,548	8.4
13. DSH/UPL/1115 Waiver	0	0	4,988	295,486	175,838	119,648	68.0	355,760	(60,274)	(16.9)
14. Tobacco Settlement	0	0	0	9,774	10,126	(352)	(3.5)	12,210	(2,436)	(20.0)
14a. Trauma Fund	0	0	0	1,811	105	1,706	1,624.8	0	1,811	0.0
15. Total Patient Revenue Receipts	31,130	23,941	29,876	651,101	506,869	144,232	28.5	685,451	(34,350)	(5.0)
NON-PATIENT OPERATING REVENUE:										
16. Parking	251	217	297	2,952	2,626	326	12.4	3,561	(609)	(17.1)
17. Grants	878	1,371	682	8,807	14,736	(5,929)	(40.2)	8,211	596	7.3
18. Miscellaneous	512	1,175	748	9,546	23,607	(14,061)	(59.6)	15,420	(5,874)	(38.1)
19. Total Non-Patient Operating	1,641	2,763	1,727	21,305	40,969	(19,664)	(48.0)	27,192	(5,887)	(21.7)
20. Interest income	66	1	774	1,684	3,878	(2,194)	(56.6)	6,763	(5,079)	(75.1)
21. Total Non-Tax Receipts	32,837	26,705	32,377	674,090	551,716	122,374	22.2	719,407	(45,316)	(6.3)
22. Ad valorem tax receipts/note	217,421	190,336	205,320	517,981	519,527	(1,546)	(0.3)	514,998	2,983	0.6
23. Commercial Paper Proceeds	0	0	0	0	0	0	0.0	0	0	0.0
24. Total Receipts	\$250,258	\$217,041	\$237,697	\$1,192,071	\$1,071,243	\$120,828	11.3	\$1,234,405	(\$42,334)	(3.4)

Operating Performance
As of February 28, 2014
(In Millions)



	MONTH	YTD
	\$ (7.6)	\$ (10.6)
Total Operating Income (Loss) as Reported		
Favorable Adjustments:		
Trauma Funds	\$ -	\$ 1.8
Medicaid Cost Report Settlement	\$ 2.0	\$ 4.1
Pension Expense Based on Actuarial Review	\$ 0.2	\$ 1.0
Medicare Cost Report Settlement	\$ 1.8	\$ 1.5
Subtotal of Favorable Adjustments	\$ 4.0	\$ 8.4
Unfavorable Adjustments:		
Donations - CHCI	\$ (0.2)	\$ (3.5)
Tobacco Revenue	\$ -	\$ (2.4)
Subtotal of Unfavorable Adjustments	\$ (0.2)	\$ (5.9)
Harris Health System Operating Run Rate as of February	\$ (11.4)	\$ (13.1)
Harris Health System 2014 Budget	\$ (12.0)	\$ 6.9
Favorable (Unfavorable) Run Rate	\$ 0.6	\$ (20.0)
Attributable Factors:		
Favorable (Unfavorable) Revenue Variance	\$ 1.6	\$ (3.7)
Favorable (Unfavorable) Expense Variance	\$ (1.0)	\$ (16.3)
Net of Attributable Factors	\$ 0.6	\$ (20.0)

Operating Performance
As of February 28, 2014
(In Millions)



							MONTHLY AVERAGE			
	September	October	November	December	January	February	FY 2012 YTD Feb	FY 2013 YTD Feb	FY 2014 YTD Feb	% Change 14 vs 13
1. ADMISSIONS(A&P)	2,971	3,139	2,897	3,196	3,120	2,866	2,945	2,878	2,995	4.0%
2. PATIENT DAYS(A&P)	16,899	17,906	17,007	18,101	18,175	16,369	16,714	16,419	17,069	4.0%
3. AVERAGE LOS	5.69	5.70	5.87	5.66	5.83	5.71	5.67	5.70	5.70	-0.1%
4. AVERAGE LOS, Overall CMI Adjusted	4.09	3.78	3.97	3.88	4.01	3.91	4.03	4.02	3.94	-2.0%
5. PERCENT OCCUPANCY	70.7%	72.4%	73.2%	76.1%	76.4%	76.2%	67.4%	67.4%	71.1%	5.5%
CASE MIX INDEX (CMI)										
6. CMI - Excluding Obstetrics Cases	1.529	1.663	1.647	1.609	1.637	1.596	1.566	1.578	1.593	1.0%
7. CMI - Overall	1.392	1.509	1.480	1.461	1.451	1.459	1.408	1.419	1.447	2.0%
8. BIRTHS	537	567	557	529	583	482	554	556	524	-5.8%
9. OPERATING ROOM CASES	1,742	1,909	1,575	1,779	1,656	1,640	1,804	1,781	1,753	-1.6%
10. Inpatient	968	1,007	840	979	904	852	968	937	933	-0.4%
11. Outpatient	774	902	735	800	752	788	836	844	819	-2.9%
12. EMERGENCY VISITS	15,501	15,304	14,056	14,987	14,574	13,353	14,439	14,471	14,757	2.0%
13. Emergency Room Visits-Admitted	2,105	1,888	1,612	1,863	1,698	1,728	1,619	1,600	1,741	8.8%
14. Emergency Room Visits-Outpatient	12,378	12,428	11,561	12,203	11,895	10,690	12,820	12,068	12,084	0.1%
15. Emergency Room Visits-Observation	1,018	988	883	921	981	935	0	803	933	16.1%
16. CLINIC VISITS	94,201	107,916	89,471	90,201	91,433	96,789	87,898	91,016	95,182	4.6%
17. Primary Care Clinic Visits	67,351	76,911	63,454	63,864	64,166	68,264	62,409	65,503	67,218	2.6%
18. Specialty Clinic Visits	26,850	31,005	26,017	26,337	27,267	28,525	25,489	25,514	27,964	9.6%
PAYOR MIX										
19. Charity & Self Pay	64.2%	64.8%	64.6%	64.4%	62.2%	63.4%	62.6%	63.7%	64.1%	0.6%
19. Medicaid & Medicaid Managed	22.1%	21.2%	21.2%	21.7%	21.9%	21.9%	23.4%	22.4%	21.9%	-2.2%
20. Medicare & Medicare Managed	8.9%	9.3%	9.2%	9.0%	9.5%	9.5%	8.6%	8.9%	9.1%	2.2%
21. Commercial & Other	4.8%	4.7%	5.0%	4.9%	6.4%	5.2%	5.4%	5.0%	4.9%	-2.0%

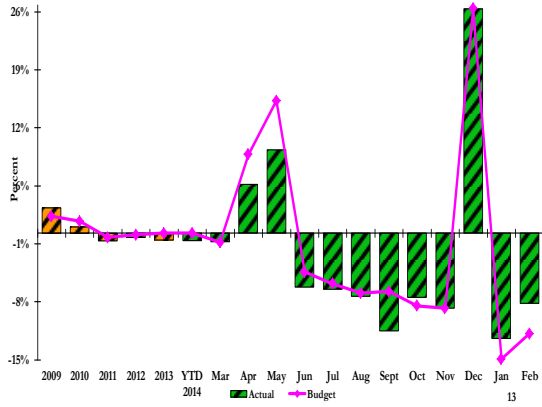
Operating Performance
As of February 28, 2014
(In Millions)



							MONTHLY AVERAGE			
	September	October	November	December	January	February	FY 2012 YTD Feb	FY 2013 YTD Feb	FY 2014 YTD Feb	% Change 14 vs 13
1. Gross Patient Charges	\$ 248,362	\$ 275,640	\$ 238,472	\$ 253,608	\$ 248,930	\$ 245,775	217,621	229,754	250,493	9.0%
2. Total Patient Revenue Deductions	(220,838)	(243,913)	(209,176)	(223,326)	(215,989)	(211,351)	(191,830)	(205,136)	(221,325)	7.9%
3. Net Patient Service Revenue	27,523	31,727	29,296	30,283	32,941	34,424	25,791	24,617	29,169	18.5%
4. Net Revenue % of Gross Charges	11.1%	11.5%	12.3%	11.9%	13.2%	14.0%	11.9%	10.7%	11.6%	8.7%
5. DSH/UPL Program Revenue	19,415	19,415	19,415	19,415	19,415	19,415	18,693	22,704	22,197	-2.2%
6. Other Operating Revenue	2,501	1,327	1,668	1,625	1,936	1,311	2,283	2,113	1,928	-8.8%
7. Total Other Operating Revenue	21,916	20,742	21,083	21,040	21,351	20,726	20,977	24,817	24,125	-2.8%
8. Net Ad Valorem Tax Revenue	42,590	42,340	42,563	43,066	42,648	45,149	42,633	42,369	42,999	1.5%
9. DSRIP	0	8,871	0	57,538	0	(0)	0	0	7,510	0.0%
10. Net Tobacco Settlement Revenue	0	0	0	0	0	0	896	810	815	0.6%
11. Interest Income and Other	58	788	(231)	117	(24)	911	883	656	110	-83.3%
12. Total Nonoperating Revenue	42,648	51,999	42,332	100,722	42,624	46,060	44,412	43,835	51,434	17.3%
13. Capital Contributions	0	0	0	0	0	0	0	856	0	-100.0%
14. Total Net Revenue	92,087	104,469	92,710	152,044	96,917	101,211	91,180	93,269	104,727	12.3%
15. Salaries and Wages	42,264	46,182	43,402	43,936	43,719	42,156	38,649	40,716	43,579	7.0%
16. FICA and Benefits	15,881	15,562	13,630	15,621	16,002	12,796	13,838	14,483	15,366	6.1%
17. Total Salaries, Wages, and Benefits	58,145	61,744	57,032	59,557	59,720	54,952	52,486	55,199	58,945	6.8%
18. Supplies	16,790	19,076	13,669	17,686	18,003	15,796	13,886	14,974	16,491	10.1%
19. Physician Services	15,146	15,139	15,139	16,336	15,492	16,362	11,364	12,845	15,040	17.1%
20. Other Purchased Services	8,848	11,307	9,881	9,535	10,582	15,102	8,292	8,817	9,799	11.1%
21. Depreciation and Amortization	4,144	4,298	4,442	4,251	4,386	4,507	3,922	4,299	4,348	1.1%
22. Interest	509	1,257	1,542	1,757	1,757	2,094	651	588	995	69.3%
23. Total Expenses	103,582	112,820	101,704	109,122	109,939	108,813	90,601	96,722	105,618	9.2%
24. Total Income (Loss)	\$ (11,495)	\$ (8,351)	\$ (8,994)	\$ 42,922	\$ (13,023)	\$ (7,602)	\$ 578	\$ (3,453)	\$ (891)	-74.2%
25. Total Margin	-12.5%	-8.0%	-9.7%	28.2%	-13.4%	-7.5%	0.6%	-3.7%	-0.9%	-77.0%
26. Full-Time Equivalent Employees	8,150	8,436	8,203	8,084	8,021	8,462	7,445	7,698	8,128	5.6%
27. Average Salary per FTE	\$63,094	\$64,454	\$64,372	\$63,993	\$64,174	\$64,943	\$62,121	\$63,472	\$64,342	1.4%
28. Adjusted Patient Days	50,028	55,565	51,467	50,228	52,609	49,814	44,327	46,850	50,879	8.6%

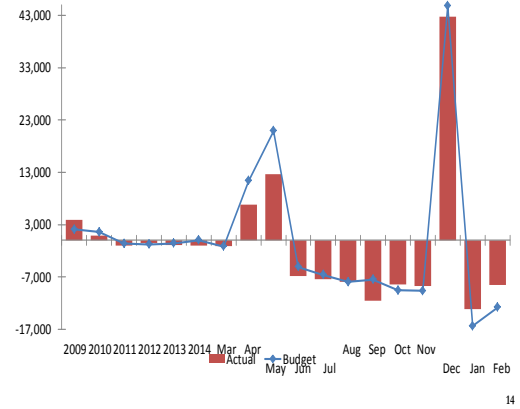
Operating Margin

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



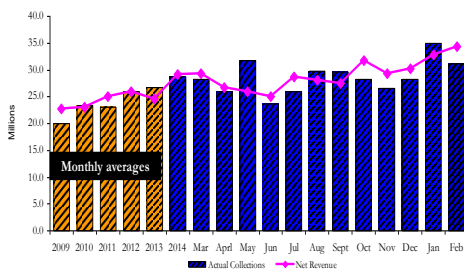
Operating Income

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



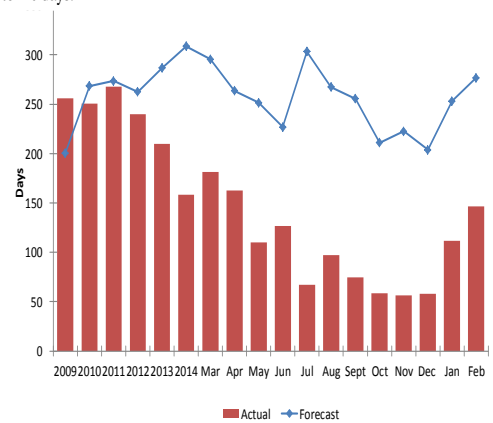
Cash Collections

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.



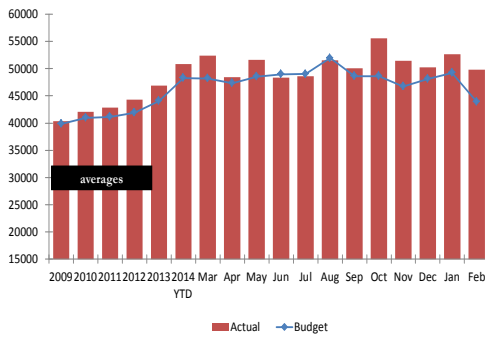
Unrestricted Days Cash on Hand

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

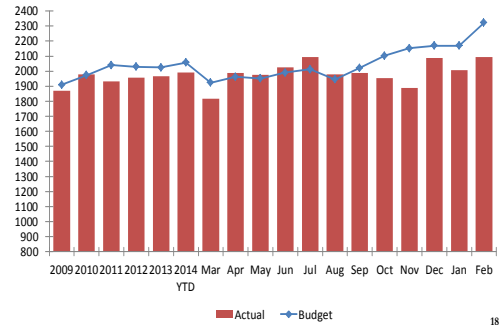
A measure of overall volume in the Harris Health System. A denominator of hospital activity.



17

Operating Cost Per Adj. Patient Day

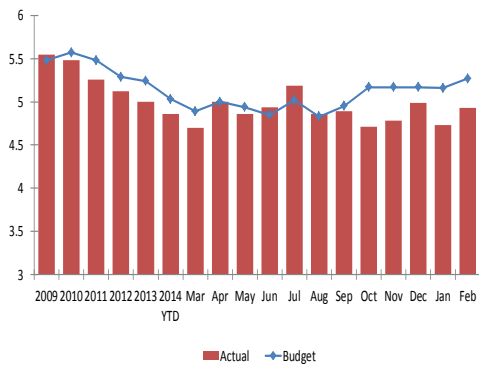
Measures the average cost of delivering care per equivalent inpatient day. Favorable values are below the budget.



18

FTEs Per Adj. Occupied Bed

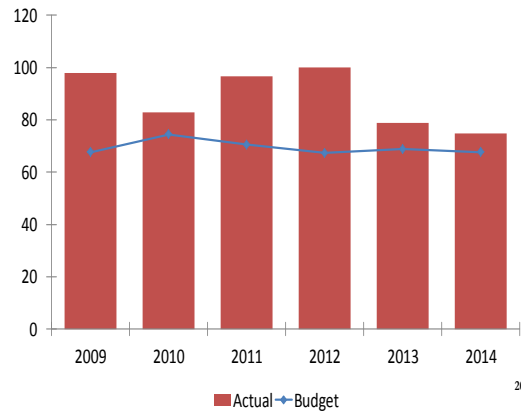
Number of average full-time equivalent personnel divided by the adjusted average daily census. Favorable values are below budget. Goal is 5.0.



19

Days in Accounts Receivable

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



20