

FINANCIAL STATEMENTS
As of January 31, 2014

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FINANCIAL STATEMENTS HIGHLIGHTS

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January 2014 Financial Statement Highlights

Presented for your review, discussion and acceptance are the financial statements for the month ended January 31, 2014. It should be noted that Harris Health System Ambulatory Care Services were suspended 1.5 days in January due to adverse winter weather conditions. In a separate incident Ben Taub cancelled for a day all elective operating room cases, clinics and procedures due to a broken pipe carrying drain-off from the lab.

Statistics

Adjusted patient days were 6.9% ^(Pg1:ln1) greater than budget with approximately 65.5% of the volume representing outpatient care.

Clinic visits ^(Pg1:ln5) of 91,433 were 5.6% less than the budget of 96,872. Primary care clinic visits ^{((Pg1:ln3)} were 8.4% less than the month's budget and total specialty clinic visits were 1.7% greater than the January budget ^(Pg1:ln4).

January Emergency Center visits ^(Pg1:ln10) are reported at 14,574 and were 0.8% greater than budget.

System wide, surgery cases were 22.9% less than budget expectations ^(Pg1:ln13).

Deliveries of 583 were 4.5% greater than the budget of 558 ^(Pg1:ln21).

60.3% of total cases occupying patient beds entered through the emergency room ^(Pg1:ln19). Inpatient utilization System wide was 9.5% greater than budget ^(Pg2:ln3). Inpatient length of stay ^(Pg2:ln8) was 2.4% greater than budget and the inpatient case mix index ^(Pg2:ln9) was 1.3% greater than budget.

Charity and Self Pay payor mix of 62.2% was 3.1% 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 6.4% of all patients and compared favorably to the budget of 5.3%.

The Unduplicated Patient count, calculated on a rolling twelve months basis, of 311,189, is 3.1% greater than the prior year count of 301,857 ^(Pg2:ln17).

New Patients seen during the past twelve month period total 105,060 ^(Pg2:ln18) and are 0.8% greater than the prior year count of 104,210.

Revenue

Total Net Revenue of \$96.9 million ^(Pg3:ln23) was in line with budget. Patient volumes, measured as adjusted patient days ^(Pg8:ln14), were 6.9% greater than budget. January's estimated reimbursement per adjusted patient day ^(Pg8:ln1) was 16.4% greater than budget. The resulting Net Patient Service Revenue for January of \$32.9 million ^(Pg3:ln10) was \$6.5 million or 24.5% 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 budget.

Expenses

Total expenses ^(Pg4:ln13) of \$109.9 million were \$2.9 million less than the budget of \$112.8 million. Salaries and wages were \$2.7 million less than the budget. Total FTE's ^(Pg8:ln17) were 2.2% less than budget and when adjusted for volume were 9.6% less than the budgeted staffing level. Supplies expenses were \$1.5 million or 9.0% greater than budget and when adjusted for volume ^(Pg8:ln7) were 1.8% greater than the budget plan, largely due to unfavorable variances in pharmaceutical expenses. Total Services ^(Pg4:ln12) of \$32.2 million were \$1.4 million or 4.3% less than budget. Total expenses adjusted for volume ^(Pg8:ln12) were \$2,088 per day compared to the budget of \$2,292 per day, a favorable variance of \$204 per day or 8.9%.

Operating Income

Operating Income ^(Pg4:ln14) for January is a loss of \$13.0 million compared to a budgeted loss of \$15.9 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

January cash receipts ^(Pg9:ln24) totaled \$293.6 million compared to a budget of \$294.0 million. Non Section 1115 Waiver funds received totaled \$236.0 million compared to a budget of \$227.5 million. Including board designated funds, the System has \$380.2 million in unrestricted cash, cash equivalents and investments ^(Pg6:ln1,7,9,10,16,18,24), representing 112 days cash on hand compared to the prior year's cash of \$506.8 million and days cash on hand of 161. Harris Health System has ^(Pg6:ln2) \$74.5 million in net accounts receivable, representing 74 days of outstanding accounts receivable. At January 31, 2014 Harris Health System's balance sheet reflects estimated receivables of \$234.6 million under the Section 1115 Supplemental Medicaid Programs and a \$69.1 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 January 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. Adjusted Patient Days	52,609	49,236	6.9%	560,730	535,347	4.7%	515,876	8.7%
2. Outpatient % of Adjusted Volume	65.5%	67.1%	-2.5%	66.4%	66.1%	0.5%	64.8%	2.4%
3. Primary Care Clinic Visits	64,166	70,054	-8.4%	738,351	759,123	-2.7%	720,653	2.5%
4. Specialty Clinic Visits	27,267	26,818	1.7%	307,045	292,053	5.1%	280,868	9.3%
5. Total Clinic Visits	91,433	96,872	-5.6%	1,045,396	1,051,176	-0.5%	1,001,521	4.4%
6. % Primary Care Visits	70.2%	72.3%	-3.0%	70.6%	72.2%	-2.2%	72.0%	-1.8%
7. Emergency Room Visits - Outpatient	11,895	11,976	-0.7%	134,317	129,863	3.4%	133,907	0.3%
8. Emergency Room Visits - Observation	981	877	11.9%	10,257	9,864	4.0%	8,780	16.8%
9. Emergency Room Visits - Admitted	1,698	1,602	6.0%	19,160	17,414	10.0%	17,634	8.7%
10. Total Emergency Room Visits	14,574	14,455	0.8%	163,734	157,141	4.2%	160,321	2.1%
11. Surgery Cases - Outpatient	752	1,219	-38.3%	9,042	10,311	-12.3%	9,318	-3.0%
12. Surgery Cases - Inpatient	904	930	-2.8%	10,348	10,227	1.2%	10,396	-0.5%
13. Total Surgery Cases	1,656	2,149	-22.9%	19,390	20,538	-5.6%	19,714	-1.6%
14. % Outpatient Cases	45.4%	56.7%	-19.9%	46.6%	50.2%	-7.1%	47.3%	-1.3%
15. Total Outpatient Visits	146,040	153,513	-4.9%	1,676,661	1,664,230	0.7%	1,600,626	4.8%
16. Inpatient Cases (Discharges)	3,120	2,843	9.7%	33,068	32,334	2.3%	31,863	3.8%
17. Outpatient Observation Cases	1,326	1,147	15.6%	14,037	12,897	8.8%	12,897	8.8%
18. Total Cases Occupying Patient Beds	4,446	3,990	11.4%	47,105	45,231	4.1%	44,760	5.2%
19. % of Total Cases from Emergency Room	60.3%	62.1%	-3.0%	62.4%	60.3%	3.6%	59.0%	5.8%
20. % of Outpatient Cases	29.8%	28.7%	3.7%	29.8%	28.5%	4.5%	28.8%	3.4%
21. Births	583	558	4.5%	5,806	6,090	-4.7%	6,187	-6.2%

Statistical Highlights

As of January 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	18,175	16,178	12.3%	188,463	181,588	3.8%	181,433	3.9%	
2. Outpatient Observation Days	2,734	2,922	-6.4%	31,567	33,992	-7.1%	32,835	-3.9%	
3. Total Patient Days	20,909	19,100	9.5%	220,030	215,580	2.1%	214,268	2.7%	
4. % of Outpatient Days	13.1%	15.3%	-14.5%	14.3%	15.8%	-9.0%	15.3%	-6.4%	
5. Average Daily Census	674.50	616.13	9.5%	652.91	639.70	2.1%	635.81	2.7%	
6. Average Operating Beds	767	770	-0.4%	791	787	0.5%	806	-1.9%	
7. Bed Occupancy %	87.9%	80.0%	9.9%	82.5%	81.3%	1.5%	78.9%	4.6%	
8. Inpatient Average Length of Stay	5.83	5.69	2.4%	5.70	5.62	1.5%	5.69	0.1%	
9. Inpatient Case Mix Index (CMI)	1.451	1.432	1.3%	1.446	1.432	1.0%	1.417	2.0%	
Payor Mix (% of Charges)									
10. Charity & Self Pay	62.2%	64.2%	-3.1%	64.2%	64.2%	0.0%	63.8%	0.6%	
11. Medicaid & Medicaid Managed	21.9%	21.9%	-0.1%	21.9%	21.9%	-0.1%	22.3%	-1.8%	
12. Medicare & Medicare Managed	9.5%	8.6%	10.5%	9.0%	8.6%	4.7%	8.9%	1.1%	
13. Commercial & Other	6.4%	5.3%	21.4%	4.9%	5.3%	-7.0%	5.0%	-2.0%	
<u>NETWORK REFERRAL SERVICES</u>									
14. Primary Care	1,858	3,621	-48.7%	9,267	21,552	-57.0%	4,380	111.6%	
15. Specialty Care Visits	14	0	0.0%	249	0	0.0%	0	0.0%	
16. Surgery Cases	208	217	-4.3%	1,537	1,293	18.9%	908	69.3%	
17. GI Procedures	64	116	-44.8%	785	690	13.8%	1,341	-41.5%	
18. Hemodialysis Treatments	588	0	0.0%	1,738	0	0.0%	0	0.0%	
<u>HEALTH SYSTEM TOTALS</u>									
19. Primary Care	66,024	73,675	-10.4%	747,618	780,675	-4.2%	725,033	3.1%	
20. Specialty Care Visits	27,281	26,818	1.7%	307,294	292,053	5.2%	280,868	9.4%	
21. Surgery Cases	1,864	2,366	-21.2%	20,927	21,831	-4.1%	20,622	1.5%	
17. Total Unduplicated Patients - Rolling 12				311,189			301,857	3.1%	
18. Total New Patient - Rolling 12				105,060			104,210	0.8%	

Operating Statement

As of January 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	20,087	18,093	11.0%	19,374	3.7%	207,254	204,040	1.6%	202,095	2.6%
2. Inpatient Ancillary	65,911	63,308	4.1%	64,546	2.1%	720,804	700,138	3.0%	686,958	4.9%
3. Outpatient Ancillary	160,967	163,450	-1.5%	157,133	2.4%	1,806,943	1,730,336	4.4%	1,610,591	12.2%
4. Physician Services	1,965	2,886	-31.9%	2,645	-25.7%	25,143	31,745	-20.8%	28,241	-11.0%
5. Gross Patient Charges	248,930	247,736	0.5%	243,699	2.1%	2,760,144	2,666,259	3.5%	2,527,885	9.2%
REVENUE DEDUCTIONS:										
6. Charity Care	(134,507)	(117,150)	-14.8%	(123,695)	-8.7%	(1,449,583)	(1,255,617)	-15.4%	(1,214,629)	-19.3%
7. Contractual Allowance/Other Discounts	(73,258)	(90,391)	19.0%	(94,767)	22.7%	(892,182)	(971,073)	8.1%	(880,091)	-1.4%
8. Provision for Bad Debt Expense	(8,224)	(13,729)	40.1%	(6,885)	-19.5%	(102,781)	(147,358)	30.3%	(163,726)	37.2%
9. Total Patient Revenue Deductions	(215,989)	(221,270)	2.4%	(225,347)	4.2%	(2,444,546)	(2,374,048)	-3.0%	(2,258,446)	-8.2%
10. Net Patient Service Revenue	32,941	26,466	24.5%	18,352	79.5%	315,598	292,211	8.0%	269,439	17.1%
OTHER OPERATING REVENUE:										
11. DSH/UPL/1115 Waiver	19,415	24,799	-21.7%	29,858	-35.0%	246,950	272,784	-9.5%	264,863	-6.8%
12. Other Operating Revenue	1,936	2,221	-12.8%	1,245	55.5%	21,819	24,974	-12.6%	24,224	-9.9%
13. Total Other Operating Revenue	21,351	27,019	-21.0%	31,103	-31.4%	268,769	297,758	-9.7%	289,087	-7.0%
14. Total Operating Revenue	54,292	53,485	1.5%	49,455	9.8%	584,367	589,970	-0.9%	558,527	4.6%
NONOPERATING REVENUE:										
15. Net Ad Valorem Tax Revenue	42,648	42,917	-0.6%	43,416	-1.8%	470,840	472,082	-0.3%	457,747	2.9%
16. DSRIP	0	0	0.0%	0	0.0%	90,123	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	99	565	-82.4%	237	-58.1%	(29)	5,989	-100.5%	4,895	-100.6%
19. Other	(123)	0	0.0%	12	-1117.4%	435	0	0.0%	11,325	96.2%
20. Total Nonoperating Revenue	42,624	43,481	-2.0%	43,666	-2.4%	571,143	572,976	-0.3%	483,687	18.1%
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	96,917	96,967	-0.1%	93,120	4.1%	1,155,510	1,162,946	-0.6%	1,042,214	10.9%

Operating Statement
As of January 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	34,837	38,870	10.4%	33,622	-3.6%	386,333	400,567	3.6%	361,120	-7.0%
2. PTO & Secondary Sick Leave	5,204	4,910	-6.0%	4,817	-8.0%	54,643	51,463	-6.2%	50,960	-7.2%
3. Contract Salaries	1,168	641	-82.4%	989	-18.2%	12,677	7,082	-79.0%	9,412	-34.7%
4. Registry Salaries	2,510	1,975	-27.1%	2,290	-9.6%	27,133	21,401	-26.8%	24,023	-12.9%
5. FICA and Benefits	16,002	16,248	1.5%	16,023	0.1%	171,597	168,227	-2.0%	157,298	-9.1%
6. Total Salaries, Wages, and Benefits	59,720	62,644	4.7%	57,741	-3.4%	652,383	648,740	-0.6%	602,813	-8.2%
7. Supplies	18,003	16,524	-8.9%	16,114	-11.7%	182,092	170,552	-6.8%	164,285	-10.8%
SERVICES:										
8. Physician Services	15,492	16,101	3.8%	14,671	-5.6%	164,123	157,506	-4.2%	139,465	-17.7%
9. Other Purchased Services	10,582	11,061	4.3%	8,586	-23.3%	102,489	107,640	4.8%	96,749	-5.9%
10. Depreciation and Amortization	4,386	5,992	26.8%	4,870	9.9%	47,666	54,049	11.8%	46,880	-1.7%
11. Interest	1,757	504	-248.8%	567	-209.8%	9,846	5,474	-79.9%	6,256	-57.4%
12. Total Services	32,216	33,657	4.3%	28,694	-12.3%	324,124	324,670	0.2%	289,349	-12.0%
13. Total Operating Expenses	109,939	112,826	2.6%	102,548	-7.2%	1,158,599	1,143,962	-1.3%	1,056,448	-9.7%
14. Operating Income (Loss)	(13,023)	(15,859)	-	(9,428)	-	(3,089)	18,984	-116.3%	(14,234)	-

Cash Flow Summary
As of January 31, 2014
(In thousands)

	CURRENT MONTH	PRIOR YEAR MONTH	FISCAL YTD	PRIOR FISCAL YTD
<u>CASH RECEIPTS:</u>				
1. Ad Valorem Taxes	\$ 199,352	215,412	\$ 300,560	\$ 329,191
2. Collections on Patient Accounts	31,827	28,238	297,777	289,239
3. Disproportionate Share III/1115 Waiver UC & DSRIP	57,538	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)	4,865	2,266	36,405	49,703
7. Total Cash Receipts	\$ 293,582	\$ 245,916	\$ 941,813	\$ 854,202
<u>CASH DISBURSEMENTS:</u>				
8. Salaries and Wages	\$ 42,793	\$ 26,202	\$ 355,895	\$ 321,589
9. Benefits and Employee Deductions	33,219	23,368	339,453	285,667
10. Drugs and Supplies	19,426	12,967	187,913	168,013
11. Physician Services	531	78	160,832	89,058
12. Purchased Services	9,840	9,041	113,905	118,468
13. Capital Expenditures	7,626	8,736	73,094	106,860
14. Debt and Interest Payments	351	776	10,379	10,710
15. Other Uses	(5,341)	(4,642)	(44,094)	(71,338)
16. Total Cash Disbursements	\$ 108,445	\$ 76,526	\$ 1,197,377	\$ 1,029,027
17. Net Change	\$ 185,137	\$ 169,390	\$ (255,564)	\$ (174,825)

Unrestricted Cash, Cash Equivalents and Investments - February 28, 2013	\$ 635,769
Net Change	(255,564)
Unrestricted Cash, Cash Equivalents and Investments - January 31, 2014	\$ 380,205

Balance Sheet

As of January 31, 2014

(In thousands)

	<u>ACTUAL</u>	<u>PRIOR YEAR</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
1. Cash, Cash Equivalents and Short Term Investments	66,805	78,833
2. Net Patient Accounts Receivable	74,486	58,494
3. Net Ad Valorem Taxes, Current Portion	195,276	161,963
4. Prepaid Expenses, Inventories, and Other Current Assets	262,627	203,115
5. Total Current Assets	<u>599,194</u>	<u>502,404</u>
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
6. Debt Service and Bond Covenants - Restricted	9,758	9,596
7. Board Designated for Future Expansion	2,476	344
8. Phase 1 Project Fund	0	0
9. Board Designated for Legal Reserves	2,324	2,192
10. Board Designated for Self-Insured Programs	24,278	18,779
11. Total Assets Limited as to Use or Restricted, Current Portion	<u>38,836</u>	<u>30,912</u>
PLANT, PROPERTY AND EQUIPMENT:		
12. Plant, Property, & Equipment, Net of Accumulated Depreciation	385,348	357,944
13. Construction in Progress	57,481	55,521
14. Total Plant, Property and Equipment	<u>442,829</u>	<u>413,464</u>
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
15. Debt Service and Bond Covenants - Restricted	17,615	21,824
16. Board Designated for Future Expansion	107,309	154,065
17. Phase 1 Project Fund	0	0
18. Board Designated for Self-Insured Programs	177,013	156,349
19. Other - Restricted	860	864
20. Total Assets Limited as to Use or Restricted, Net of Current Portion	<u>302,797</u>	<u>333,102</u>
OTHER ASSETS:		
21. Net Ad Valorem Taxes, Delinquent	1,878	474
22. Net Deferred Bond Issue Costs	3,619	3,829
23. Net Pension Asset	5,066	4,579
24. Long-Term Investments	0	96,203
25. Security Deposit	70	24
26. Derivative Asset	0	0
27. Deferred Outflow - Derivative Financial Instrument	10,057	10,904
28. Total Other Assets	<u>20,690</u>	<u>116,012</u>
29. Due to/from CHCI	3,679	3,587
30. TOTAL ASSETS	<u>1,408,024</u>	<u>1,399,482</u>

Balance Sheet

As of January 31, 2014

(In thousands)

	<u>ACTUAL</u>	<u>PRIOR YEAR</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
1. Accounts Payable and Accrued Liabilities	105,794	93,517
2. Interest Payable	4,772	4,843
3. Employee Compensation & Related Benefit Liabilities	35,679	39,716
4. Compensated Absences	40,188	39,597
5. Estimated Third-Party Payor Settlements	4,173	(2,369)
6. Current Portion Long-Term Debt and Capital Leases	5,069	6,173
7. Total Current Liabilities	<u>195,675</u>	<u>181,477</u>
OTHER LONG-TERM LIABILITIES:		
8. Pension Payable	0	0
9. Post Employment Health Benefit Liability	175,603	156,349
10. Borrowing Payable	14,483	15,347
11. Derivative Liability	10,057	10,904
12. Arbitrage Rebate Liability	141	141
13. Total Other Long-Term Liabilities	<u>200,285</u>	<u>182,741</u>
LONG-TERM DEBT:		
14. Series 2007 Revenue Bonds, Including Premium & Deferred Loss	187,830	190,855
15. Series 2010 Revenue Bonds, Including Deferred Loss	82,666	82,805
16. Other Long-Term Obligation	129	161
17. Total Long-Term Debt	<u>270,626</u>	<u>273,821</u>
TOTAL LIABILITIES	666,585	638,039
NET ASSETS:		
18. Invested in Capital Assets, Net of Related Debt	152,651	118,232
19. Restricted Net Assets	29,093	32,284
20. Unrestricted Net Assets	559,695	610,926
21. Total Net Assets	<u>741,439</u>	<u>761,443</u>
22. TOTAL LIABILITIES & NET ASSETS	<u>1,408,024</u>	<u>1,399,482</u>

Operating Performance Per Adjusted Patient Days

As of January 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	\$ 626	\$ 538	16.4%	\$ 360	73.9%	\$ 563	\$ 546	3.1%	\$ 522	7.9%
2. Other Operating Revenue	406	549	-26.0%	609	-33.3%	479	556	-13.8%	560	-14.5%
3. Nonoperating Revenue	810	883	-8.3%	856	-5.4%	1,019	1,070	-4.8%	938	8.6%
4. Capital Contribution	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
5. Total District Net Revenue	1,842	1,970	-6.5%	1,825	0.9%	2,061	2,172	-5.1%	2,020	2.0%
6. Salaries, Wages, and Benefits	1,135	1,272	10.8%	1,131	-0.4%	1,163	1,212	4.0%	1,169	0.5%
7. Supplies	342	336	-1.8%	316	-8.2%	325	319	-1.9%	318	-2.2%
8. Physician Services	294	327	10.1%	287	-2.4%	293	294	0.3%	270	-8.5%
9. Other Purchased Services	201	225	10.7%	168	-19.6%	183	201	9.0%	188	2.7%
10. Depreciation and Amortization	83	122	32.0%	95	12.6%	85	101	15.8%	91	6.6%
11. Interest	33	10	-230.0%	11	-200.0%	18	10	-80.0%	12	-50.0%
12. Total Operating Expenses	2,088	2,292	8.9%	2,008	-4.0%	2,067	2,137	3.3%	2,048	-0.9%
13. Operating Income(Loss)	\$ (246)	\$ (322)	-	\$ (183)	-	\$ (6)	\$ 35	-117.1%	\$ (28)	-
14. Adjusted Patient Days	52,609	49,236	6.9%	51,039	3.1%	560,730	535,347	4.7%	515,876	8.7%
15. Average Daily Census	586.3	521.9	12.3%	567.3	3.3%	559.2	538.8	3.8%	538.4	3.9%
16. FTE's(Employee/Contract) per AOB	4.7	5.2	9.6%	4.7	0.0%	4.9	5.0	2.0%	5.0	2.0%
17. FTE's(Employee/Contract) - Total	8,021	8,200	2.2%	7,713	-4.0%	8,100	7,961	-1.7%	7,664	-5.7%
18. FTE's(Employee/Contract) - Productive	7,008	7,282	3.8%	6,766	-3.6%	7,152	7,042	-1.6%	6,751	-6.0%

Analysis of Cash Receipts

As of January 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	\$6,534	\$4,099	\$4,188	\$53,808	\$46,137	\$7,671	16.6	\$46,269	\$7,539	16.3
2. Medicaid	10,790	9,804	10,177	96,320	99,465	(3,145)	(3.2)	99,734	(3,414)	(3.4)
3. Texas vendor drug/Medicare Part I	2,930	2,868	2,532	29,981	27,758	2,223	8.0	27,744	2,237	8.1
4. Managed Care - Medicaid	5,900	5,878	5,280	62,492	58,324	4,168	7.1	58,203	4,289	7.4
5. Commercial insurance	1,522	1,039	1,270	14,724	14,073	651	4.6	14,036	688	4.9
6. Liens	265	402	191	2,982	2,912	70	2.4	2,106	876	41.6
7. Patient pay	2,131	2,038	2,215	23,259	24,009	(750)	(3.1)	24,279	(1,020)	(4.2)
8. Business office	295	363	391	3,731	4,226	(495)	(11.7)	4,285	(554)	(12.9)
9. Other governmental projects/grants	1,460	1,747	1,110	10,480	12,335	(1,855)	(15.0)	12,167	(1,687)	(13.9)
10. SUBTOTAL	31,827	28,238	27,354	297,777	289,239	8,538	3.0	288,824	8,953	3.1
11a. Cost Reimbursements	3,103	504	314	15,123	7,620	7,503	98.5	3,770	11,353	301.2
11b. Recoupments	0	0	0	0	0	0	0.0	0	0	0.0
12. Net Patient Revenue Receipts	34,930	28,742	27,668	312,900	296,859	16,041	5.4	292,593	20,307	6.9
13. DSH/UPL/1115 Waiver	57,538	0	66,498	295,486	175,838	119,648	68.0	350,772	(55,286)	(15.8)
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	92,468	28,742	94,166	619,971	482,928	137,043	28.4	655,575	(35,604)	(5.4)
NON-PATIENT OPERATING REVENUE:										
16. Parking	287	252	297	2,701	2,409	292	12.1	3,265	(564)	(17.3)
17. Grants	868	798	685	7,929	13,365	(5,436)	(40.7)	7,529	400	5.3
18. Miscellaneous	606	711	749	9,034	22,432	(13,398)	(59.7)	14,672	(5,638)	(38.4)
19. Total Non-Patient Operating	1,761	1,761	1,730	19,664	38,206	(18,542)	(48.5)	25,465	(5,801)	(22.8)
20. Interest income	1	1	565	1,618	3,877	(2,259)	(58.3)	5,989	(4,371)	(73.0)
21. Total Non-Tax Receipts	94,230	30,504	96,461	641,253	525,011	116,242	22.1	687,029	(45,776)	(6.7)
22. Ad valorem tax receipts/note	199,352	215,412	197,501	300,560	329,191	(28,631)	(8.7)	309,679	(9,119)	(2.9)
23. Commercial Paper Proceeds	0	0	0	0	0	0	0.0	0	0	0.0
24. Total Receipts	\$293,582	\$245,916	\$293,962	\$941,813	\$854,202	\$87,611	10.3	\$996,708	(\$54,895)	(5.5)

Operating Performance
As of January 31, 2014
(In Millions)

	<u>MONTH</u>	<u>YTD</u>
Total Operating Income (Loss) as Reported	\$ (13.0)	\$ (3.0)
Favorable Adjustments:		
Trauma Funds	\$ -	\$ 1.8
Medicaid Cost Report Settlement	\$ -	\$ 2.1
Pension Expense Based on Actuarial Review	\$ 0.2	\$ 0.8
Subtotal of Favorable Adjustments	\$ 0.2	\$ 4.7
Unfavorable Adjustments:		
Donations - CHCI	\$ (0.3)	\$ (3.3)
Tobacco Revenue	\$ -	\$ (2.4)
Medicare Cost Report Settlement	\$ 0.5	\$ (0.3)
Subtotal of Unfavorable Adjustments	\$ 0.2	\$ (6.0)
Harris Health System Operating Run Rate as of January	\$ (13.4)	\$ (1.7)
Harris Health System 2014 Budget	\$ (15.9)	\$ 18.9
Favorable (Unfavorable) Run Rate	\$ 2.5	\$ (20.6)
Attributable Factors:		
Favorable (Unfavorable) Revenue Variance	\$ (0.2)	\$ (5.3)
Favorable (Unfavorable) Expense Variance	\$ 2.7	\$ (15.3)
Net of Attributable Factors	\$ 2.5	\$ (20.6)

Supplemental Information – Statistical Highlights - Monthly Trend
As of January 31, 2014

							MONTHLY AVERAGE			
	August	September	October	November	December	January	FY 2012 YTD Jan	FY 2013 YTD Jan	FY 2014 YTD Jan	% Change 14 vs 13
1. ADMISSIONS(A&P)	3,150	2,971	3,139	2,897	3,196	3,120	2,966	2,897	3,006	3.8%
2. PATIENT DAYS(A&P)	16,981	16,899	17,906	17,007	18,101	18,175	16,730	16,494	17,133	3.9%
3. AVERAGE LOS	5.39	5.69	5.70	5.87	5.66	5.83	5.64	5.69	5.70	0.1%
4. AVERAGE LOS, Overall CMI Adjusted	3.88	4.09	3.78	3.97	3.88	4.01	4.01	4.02	3.94	-1.9%
5. PERCENT OCCUPANCY	69.0%	70.7%	72.4%	73.2%	76.1%	76.4%	67.2%	67.1%	70.7%	5.4%
CASE MIX INDEX (CMI)										
6. CMI - Excluding Obstetrics Cases	1.524	1.529	1.663	1.647	1.609	1.637	1.567	1.576	1.593	1.1%
7. CMI - Overall	1.391	1.392	1.509	1.480	1.461	1.451	1.408	1.417	1.446	2.0%
8. BIRTHS	555	537	567	557	529	583	562	562	528	-6.2%
9. OPERATING ROOM CASES	1,773	1,742	1,909	1,575	1,779	1,656	1,809	1,792	1,763	-1.6%
10. Inpatient	954	968	1,007	840	979	904	973	945	941	-0.5%
11. Outpatient	819	774	902	735	800	752	836	847	822	-3.0%
12. EMERGENCY VISITS	14,765	15,501	15,304	14,056	14,987	14,574	14,657	14,575	14,885	2.1%
13. Emergency Room Visits-Admitted	1,458	2,105	1,888	1,612	1,863	1,698	1,761	1,603	1,742	8.7%
14. Emergency Room Visits-Outpatient	12,407	12,378	12,428	11,561	12,203	11,895	12,896	12,173	12,211	0.3%
15. Emergency Room Visits-Observation	900	1,018	988	883	921	981	0	798	932	16.8%
16. CLINIC VISITS	96,727	94,201	107,916	89,471	90,201	91,433	87,724	91,047	95,036	4.4%
17. Primary Care Clinic Visits	67,549	67,351	76,911	63,454	63,864	64,166	62,252	65,514	67,123	2.5%
18. Specialty Clinic Visits	29,178	26,850	31,005	26,017	26,337	27,267	25,472	25,533	27,913	9.3%
PAYOR MIX										
19. Charity & Self Pay	66.5%	64.2%	64.8%	64.6%	64.4%	62.2%	62.5%	63.8%	64.2%	0.6%
19. Medicaid & Medicaid Managed	21.8%	22.1%	21.2%	21.2%	21.7%	21.9%	23.4%	22.3%	21.9%	-1.8%
20. Medicare & Medicare Managed	9.4%	8.9%	9.3%	9.2%	9.0%	9.5%	8.6%	8.9%	9.0%	1.1%
21. Commercial & Other	2.3%	4.8%	4.7%	5.0%	4.9%	6.4%	5.6%	5.0%	4.9%	-2.0%

Supplemental Information – Operating Statement - Monthly Trend

As of January 31, 2014

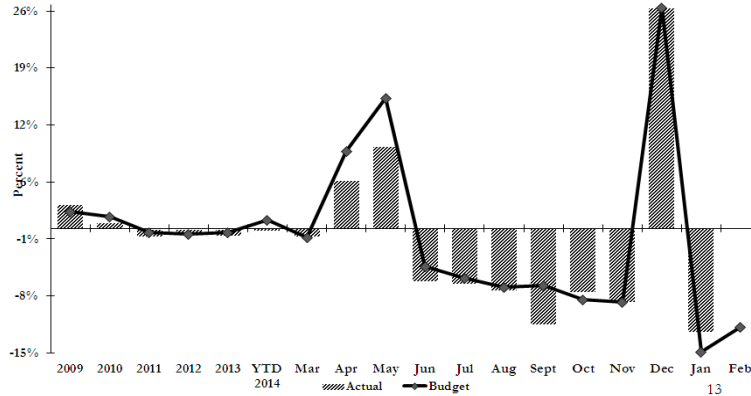
(In Thousands)

	MONTHLY AVERAGE						% Change 14 vs 13
	August	September	October	November	December	January	
1. Gross Patient Charges	\$ 257,758	\$ 248,362	\$ 275,640	\$ 238,472	\$ 253,608	\$ 248,930	9.2%
2. Total Patient Revenue Deductions	(229,611)	(220,838)	(243,913)	(209,176)	(223,326)	(215,989)	8.2%
3. Net Patient Service Revenue	28,147	27,523	31,727	29,296	30,283	32,941	17.1%
4. Net Revenue % of Gross Charges	10.9%	11.1%	11.5%	12.3%	11.9%	13.2%	7.3%
5. DSH/UPL Program Revenue	25,334	19,415	19,415	19,415	19,415	19,415	-6.8%
6. Other Operating Revenue	1,989	2,501	1,327	1,668	1,625	1,936	-9.9%
7. Total Other Operating Revenue	27,323	21,916	20,742	21,083	21,040	21,351	-7.0%
8. Net Ad Valorem Tax Revenue	42,723	42,590	42,340	42,563	43,066	42,648	2.9%
9. DSRIP	0	0	8,871	0	57,538	0	0.0%
10. Net Tobacco Settlement Revenue	0	0	0	0	0	0	0.6%
11. Interest Income and Other	(1,328)	58	788	(231)	117	(24)	-97.5%
12. Total Nonoperating Revenue	41,395	42,648	51,999	42,332	100,722	42,624	18.1%
13. Capital Contributions	0	0	0	0	0	0	0.0%
14. Total Net Revenue	96,865	92,087	104,469	92,710	152,044	96,917	10.9%
15. Salaries and Wages	44,532	42,264	46,182	43,402	43,936	43,719	7.9%
16. FICA and Benefits	15,826	15,881	15,562	13,630	15,621	16,002	9.1%
17. Total Salaries, Wages, and Benefits	60,358	58,145	61,744	57,032	59,557	59,720	8.2%
18. Supplies	17,177	16,790	19,076	13,669	17,686	18,003	10.8%
19. Physician Services	15,146	15,146	15,139	15,139	16,336	15,492	17.7%
20. Other Purchased Services	8,920	8,848	11,307	9,881	9,535	10,582	5.9%
21. Depreciation and Amortization	3,986	4,144	4,298	4,442	4,251	4,386	1.7%
22. Interest	499	509	1,257	1,542	1,757	1,757	57.4%
23. Total Expenses	106,086	103,582	112,820	101,704	109,122	109,939	9.7%
24. Total Income (Loss)	\$ (9,222)	\$ (11,495)	\$ (8,351)	\$ (8,994)	\$ 42,922	\$ (13,023)	-78.3%
25. Total Margin	-9.5%	-12.5%	-8.0%	-9.7%	28.2%	-13.4%	-80.4%
26. Full-Time Equivalent Employees	8,076	8,150	8,436	8,203	8,084	8,021	5.7%
27. Average Salary per FTE	\$64,922	\$63,094	\$64,454	\$64,372	\$63,993	\$64,174	2.1%
28. Adjusted Patient Days	51,565	50,028	55,565	51,467	50,228	52,609	8.7%

Financial Dashboard FY 2014 – January 2014

Operating Margin

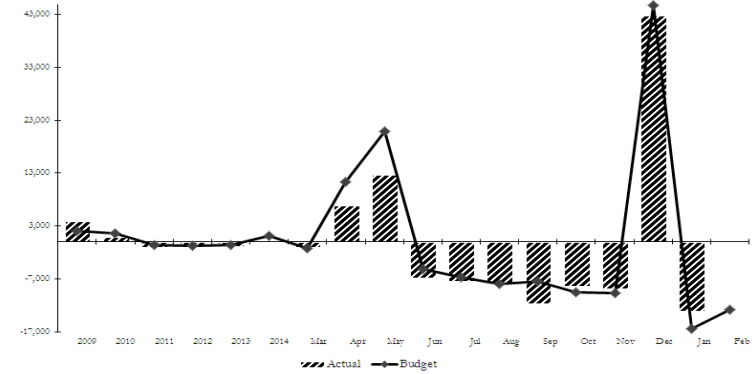
A measure of hospital profitability with respect to patient care services. Positive values are favorable.



13

Operating Income

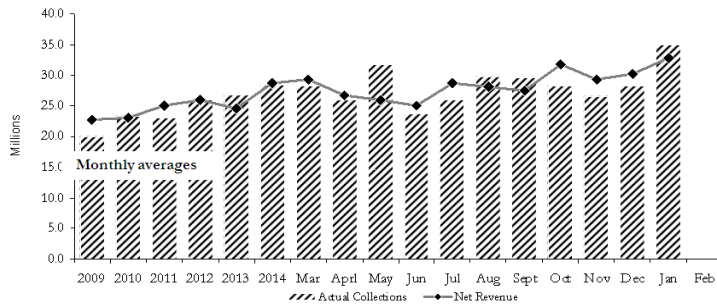
A measure of hospital profitability with respect to patient care services. Positive values are favorable. Values are monthly averages.



14

Cash Collections

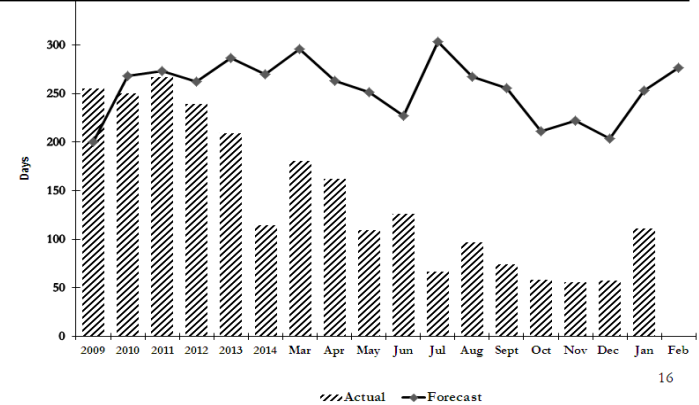
An absolute value of cash collections. When measured against net revenue, indicates projected strength or weakness in collections. Goal is to equal or exceed net revenue.



15

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.

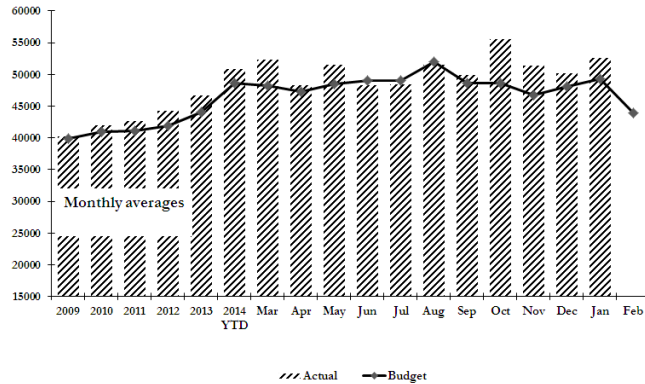


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Financial Dashboard FY 2014 – January 2014

Adjusted Patient Days

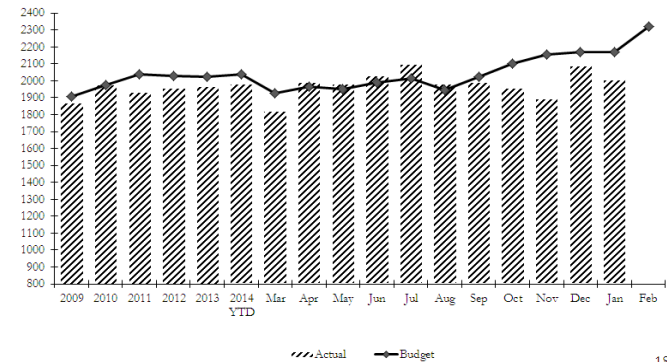
A measure of overall volume in the Harris Health System. A denominator of hospital activity.



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Operating Cost Per Adj. Patient Day

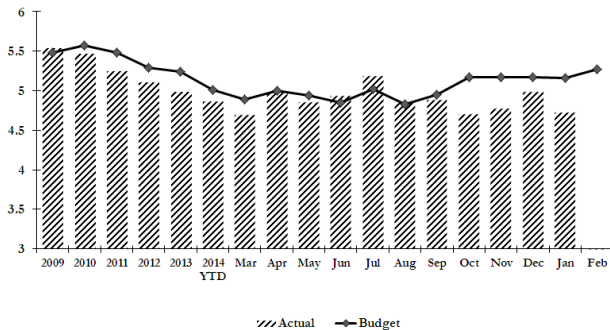
Measures the average cost of delivering care per equivalent inpatient day. Favorable values are below the budget.



18

FTEs Per Adj. Occupied Bed

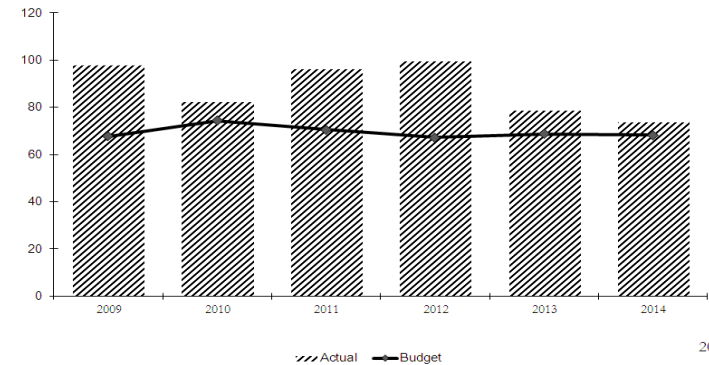
Number of average full-time equivalent personnel divided by the adjusted average daily census. Favorable values are below budget. Goal is 5.0.



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