

FINANCIAL STATEMENTS
As of July 31, 2014

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FINANCIAL STATEMENTS HIGHLIGHTS

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July 2014 Financial Statement Highlights

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

Statistics

Adjusted patient days were 8.1% ^(Pg1:ln1) greater than budget with approximately 67.1% of the volume representing outpatient care.

Clinic visits ^(Pg1:ln5) of 104,091 were 5.2% greater than the budget of 98,973. Primary care clinic visits ^(Pg1:ln3) were 7.0% greater than the month's budget and total specialty clinic visits were 0.9% greater than the July budget ^(Pg1:ln4).

July Emergency Center visits ^(Pg1:ln10) are reported as 15,331 and were 3.8% greater than budget.

System wide, surgery cases were 14.1% less than budget expectations ^(Pg1:ln13). The negative variance is partially attributed to a delay in the planned opening of additional operating room suites at the LBJ campus until the last week of July, 2014.

Deliveries of 596 were 9.8% greater than the budget of 543 ^(Pg1:ln21).

63.4% of total cases occupying patient beds entered through the emergency room ^(Pg1:ln19). Inpatient utilization System wide was 9.3% greater than budget ^(Pg2:ln3). Inpatient length of stay ^(Pg2:ln8) was 0.3% less than budget and the inpatient case mix index ^(Pg2:ln9) was 3.3% less than budget.

Charity and Self Pay payor mix of 63.3% was 2.2% less than the budget of 64.7% ^(Pg2:ln10). Medicaid represented 20.2% of total patients, 6.5% less than the budget of 21.6%. Medicare represented 9.5% of all patients, 6.7% greater than the budget of 8.9%. Commercial Insurance and Other represented 7.0% of all patients and compared favorably to the budget of 4.8%.

The Unduplicated Patient count, calculated on a rolling twelve months basis, of 317,146 is 3.5% greater than the prior year count of 306,364 ^(Pg2:ln17).

New Patients seen during the past twelve month period total 110,437 ^(Pg2:ln18) and are 4.9% greater than the prior year count of 105,258.

Revenue

Total Net Revenue of \$122.6 million ^(Pg3:ln23) was \$10.7 million or 9.6% greater than budget. Patient volumes, measured as adjusted patient days ^(Pg8:ln14), were 8.1% greater than budget. July's estimated reimbursement per adjusted patient day ^(Pg8:ln1) was 8.1% less than budget. The resulting Net Patient Service Revenue for July of \$30.1 million ^(Pg3:ln10) was \$0.2 million or 0.5% 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. Ad valorem tax revenues, net of related expenses, have been reflected in accordance with budget. In July, DSRIP IGT's and distributions related to demonstration year 3 and finalization of demonstration year 2 netted \$21.2 million in revenues.

Expenses

Total expenses ^(Pg4:ln13) of \$108.9 million were \$0.8 million greater than the budget of \$108.1 million. Salaries and wages were \$0.8 million less than the budget. Total FTE's ^(Pg8:ln17) were 0.4% less than budget and when adjusted for volume were 8.0% less than the budgeted staffing level. Employee benefit expenses, primarily health benefits, were \$1.1 million less than budget for the month. Supplies expenses were \$2.2 million or 13.3% greater than budget and when adjusted for volume ^(Pg8:ln7) were 4.7% greater than the budget plan. Negative variances were reflected in both clinical and nonclinical supplies. Total Services ^(Pg4:ln12) of \$30.8 million were \$0.6 million or 2.1% greater than budget. Total expenses adjusted for volume ^(Pg8:ln12) were \$1,938 per day compared to the budget of \$2,079 per day, a favorable variance of \$141 per day or 6.8%.

Operating Income

Operating Income ^(Pg4:ln14) for July is a gain of \$13.6 million compared to a budgeted gain of \$3.8 million, a favorable variance of \$9.8 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

July cash receipts ^(Pg9:ln24) totaled \$55.0 million compared to a budget of \$45.7 million. The favorable variance is due to differences in payments by the State under the 1115 Waiver DSRIP program. Including board designated funds, the System has \$315.5 million in unrestricted cash, cash equivalents and investments ^(Pg6:ln1,7,9,10,16,18,24), representing 94 days cash on hand compared to the prior year's cash of \$219.1 million and days cash on hand of 67. Harris Health System has ^(Pg6:ln2) \$83.4 million in net accounts receivable, representing 86 days of outstanding accounts receivable. At July 31, 2014 Harris Health System's balance sheet reflects estimated receivables of \$220.3 million under the Section 1115 Supplemental Medicaid Programs and a \$45.1 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 July 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	56,210	51,996	8.1%	268,695	267,641	0.4%	249,268	7.8%
2. Outpatient % of Adjusted Volume	67.1%	68.3%	-1.7%	67.9%	68.7%	-1.1%	66.5%	2.0%
3. Primary Care Clinic Visits	74,358	69,505	7.0%	363,105	355,389	2.2%	335,056	8.4%
4. Specialty Clinic Visits	29,733	29,468	0.9%	147,998	143,083	3.4%	140,391	5.4%
5. Total Clinic Visits	104,091	98,973	5.2%	511,103	498,472	2.5%	475,447	7.5%
6. % Primary Care Visits	71.4%	70.2%	1.7%	71.0%	71.3%	-0.4%	70.5%	0.8%
7. Emergency Room Visits - Outpatient	12,317	12,172	1.2%	61,726	61,625	0.2%	61,445	0.5%
8. Emergency Room Visits - Observation	1,105	925	19.5%	5,298	4,679	13.2%	4,566	16.0%
9. Emergency Room Visits - Admitted	1,909	1,678	13.8%	9,091	8,440	7.7%	8,536	6.5%
10. Total Emergency Room Visits	15,331	14,775	3.8%	76,115	74,744	1.8%	74,547	2.1%
11. Surgery Cases - Outpatient	919	1,161	-20.8%	4,365	5,840	-25.3%	4,260	2.5%
12. Surgery Cases - Inpatient	950	1,015	-6.4%	4,392	4,702	-6.6%	4,696	-6.5%
13. Total Surgery Cases	1,869	2,176	-14.1%	8,757	10,542	-16.9%	8,956	-2.2%
14. % Outpatient Cases	49.2%	53.4%	-7.8%	49.8%	55.4%	-10.0%	47.6%	4.8%
15. Total Outpatient Visits	164,956	156,077	5.7%	808,696	786,579	2.8%	757,544	6.8%
16. Inpatient Cases (Discharges)	3,281	2,915	12.6%	15,801	14,884	6.2%	14,595	8.3%
17. Outpatient Observation Cases	1,474	1,227	20.1%	7,172	6,206	15.6%	6,018	19.2%
18. Total Cases Occupying Patient Beds	4,755	4,142	14.8%	22,973	21,090	8.9%	20,613	11.4%
19. % of Total Cases from Emergency Room	63.4%	62.8%	0.9%	62.6%	62.2%	0.7%	63.6%	-1.5%
20. % of Outpatient Cases	31.0%	29.6%	4.6%	31.2%	29.4%	6.1%	29.2%	6.9%
21. Births	596	543	9.8%	2,580	2,406	7.2%	2,478	4.1%

STATISTICAL HIGHLIGHTS
As Of July 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	18,507	16,499	12.2%	86,233	83,884	2.8%	83,394	3.4%
2. Outpatient Observation Days	2,654	2,860	-7.2%	13,490	14,799	-8.8%	14,452	-6.7%
3. Total Patient Days	21,161	19,359	9.3%	99,723	98,683	1.1%	97,846	1.9%
4. % of Outpatient Days	12.5%	14.8%	-15.1%	13.5%	15.0%	-9.8%	14.8%	-8.4%
5. Average Daily Census	682.63	624.48	9.3%	651.79	644.99	1.1%	639.52	1.9%
6. Average Operating Beds	788	767	2.7%	787	787	0.0%	800	-1.6%
7. Bed Occupancy %	86.6%	81.4%	6.4%	82.8%	82.0%	1.1%	79.9%	3.6%
8. Inpatient Average Length of Stay	5.64	5.66	-0.3%	5.46	5.64	-3.2%	5.71	-4.5%
9. Inpatient Case Mix Index (CMI)	1.416	1.465	-3.3%	1.436	1.465	-2.0%	1.457	-1.4%
Payor Mix (% of Charges)								
10. Charity & Self Pay	63.3%	64.7%	-2.2%	64.2%	64.7%	-0.8%	63.8%	0.6%
11. Medicaid & Medicaid Managed	20.2%	21.6%	-6.5%	20.2%	21.6%	-6.5%	22.0%	-8.2%
12. Medicare & Medicare Managed	9.5%	8.9%	6.7%	9.4%	8.9%	5.6%	8.8%	6.8%
13. Commercial & Other	7.0%	4.8%	45.8%	6.2%	4.8%	29.2%	5.4%	14.8%
<u>NETWORK REFERRAL SERVICES</u>								
14. Primary Care	522	1,456	-64.1%	4,236	7,447	-43.1%	0	0.0%
15. Specialty Care Visits	118	250	-52.8%	605	1,250	-51.6%	0	0.0%
16. Surgery Cases	240	61	293.4%	813	296	174.7%	444	83.1%
17. GI Procedures	167	72	131.9%	768	309	148.5%	460	67.0%
18. Hemodialysis Treatments	546	975	-44.0%	2,688	4,875	-44.9%	0	0.0%
<u>HEALTH SYSTEM TOTALS</u>								
19. Primary Care	74,880	70,961	5.5%	367,341	362,836	1.2%	335,056	9.6%
20. Specialty Care Visits	29,851	29,718	0.4%	148,603	144,333	3.0%	140,391	5.8%
21. Surgery Cases	2,109	2,237	-5.7%	9,570	10,838	-11.7%	9,400	1.8%
22. Total Unduplicated Patients - Rolling 12				317,146			306,364	3.5%
23. Total New Patient - Rolling 12				110,437			105,258	4.9%

OPERATING STATEMENT

As Of July 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	20,270	18,107	11.9%	18,928	7.1%	93,256	92,296	1.0%	91,618	1.8%
2. Inpatient Ancillary	69,936	65,812	6.3%	70,757	-1.2%	330,117	324,871	1.6%	322,643	2.3%
3. Outpatient Ancillary	181,368	177,084	2.4%	161,414	12.4%	884,439	896,223	-1.3%	810,664	9.1%
4. Physician Services	2,400	3,462	-30.7%	2,228	7.7%	11,443	17,624	-35.1%	12,449	-8.1%
5. Gross Patient Charges	273,974	264,466	3.6%	253,327	8.2%	1,319,255	1,331,014	-0.9%	1,237,374	6.6%
REVENUE DEDUCTIONS:										
6. Charity Care	(130,387)	(140,352)	7.1%	(126,360)	-3.2%	(662,695)	(706,372)	6.2%	(613,285)	-8.1%
7. Contractual Allowance/Other Discounts	(97,740)	(83,972)	-16.4%	(84,334)	-15.9%	(451,515)	(422,618)	-6.8%	(432,753)	-4.3%
8. Provision for Bad Debt Expense	(15,703)	(9,846)	-59.5%	(13,936)	-12.7%	(55,744)	(49,552)	-12.5%	(55,655)	-0.2%
9. Total Patient Revenue Deductions	(243,830)	(234,170)	-4.1%	(224,630)	-8.5%	(1,169,954)	(1,178,541)	0.7%	(1,101,693)	-6.2%
10. Net Patient Service Revenue	30,144	30,295	-0.5%	28,696	5.0%	149,301	152,472	-2.1%	135,682	10.0%
OTHER OPERATING REVENUE:										
11. DSH/UPL/1115 Waiver	21,040	23,210	-9.4%	24,908	-15.5%	106,526	116,051	-8.2%	124,540	-14.5%
12. Other Operating Revenue	2,436	1,927	26.4%	1,943	25.4%	11,026	11,135	-1.0%	10,774	2.3%
13. Total Other Operating Revenue	23,476	25,137	-6.6%	26,851	-12.6%	117,552	127,186	-7.6%	135,314	-13.1%
14. Total Operating Revenue	53,620	55,433	-3.3%	55,547	-3.5%	266,853	279,658	-4.6%	270,995	-1.5%
NONOPERATING REVENUE:										
15. Net Ad Valorem Tax Revenue	47,161	47,005	0.3%	43,009	9.7%	235,018	235,027	0.0%	214,910	9.4%
16. DSRIP	21,190	9,205	130.2%	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	154	198	-22.2%	166	-7.2%	2,015	988	103.9%	1,004	100.7%
19. Other	426	0	0.0%	15	2766.2%	450	0	0.0%	22	-1980.3%
20. Total Nonoperating Revenue	68,931	56,408	22.2%	43,189	59.6%	268,185	254,995	5.2%	249,423	7.5%
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	122,551	111,841	9.6%	98,737	24.1%	535,038	534,653	0.1%	520,419	2.8%

OPERATING STATEMENT

As Of July 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	35,402	36,881	4.0%	34,641	-2.2%	180,365	182,446	1.1%	175,373	-2.8%
2. PTO & Secondday Sick Leave	5,284	5,006	-5.6%	5,735	7.9%	24,937	24,721	-0.9%	24,208	-3.0%
3. Contract Salaries	888	852	-4.2%	1,282	30.8%	5,277	4,575	-15.3%	5,311	0.6%
4. Registry Salaries	2,389	2,062	-15.8%	2,564	6.9%	12,094	10,120	-19.5%	11,858	-2.0%
5. FICA and Benefits	15,498	16,637	6.8%	15,827	2.1%	78,969	82,052	3.8%	79,077	0.1%
6. Total Salaries, Wages, and Benefits	59,461	61,438	3.2%	60,049	1.0%	301,642	303,914	0.7%	295,828	-2.0%
7. Supplies	18,605	16,428	-13.2%	16,030	-16.1%	87,235	82,062	-6.3%	79,691	-9.5%
SERVICES:										
8. Physician Services	15,626	15,560	-0.4%	15,141	-3.2%	69,817	77,746	10.2%	71,726	2.7%
9. Other Purchased Services	9,280	8,508	-9.1%	9,944	6.7%	46,177	45,238	-2.1%	43,416	-6.4%
10. Depreciation and Amortization	4,699	4,875	3.6%	4,294	-9.4%	23,532	24,061	2.2%	22,160	-6.2%
11. Interest	1,237	1,259	1.7%	597	-107.2%	6,141	6,212	1.1%	2,525	-143.2%
12. Total Services	30,842	30,202	-2.1%	29,977	-2.9%	145,667	153,257	5.0%	139,826	-4.2%
13. Total Operating Expenses	108,908	108,069	-0.8%	106,057	-2.7%	534,544	539,232	0.9%	515,344	-3.7%
14. Operating Income (Loss)	13,643	3,772	261.7%	(7,320)	-	494	(4,579)	-	5,075	-90.3%

CASH FLOW SUMMARY

As of July 31, 2014

(In Thousands)

	CURRENT MONTH	PRIOR YEAR MONTH	FISCAL YTD	PRIOR FISCAL YTD
<u>CASH RECEIPTS:</u>				
1. Ad Valorem Taxes	\$ 2,729	2,226	\$ 27,032	\$ 22,265
2. Collections on Patient Accounts	31,017	25,216	146,451	129,962
3. DSH & UC - 1115 Waiver	0	(69,289)	133,278	(1,874)
3a DSRIP - 1115 Waiver	17,692	0	17,692	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)	3,532	3,000	22,383	13,947
7. Total Cash Receipts	\$ 54,970	\$ (38,847)	\$ 359,468	\$ 199,453
<u>CASH DISBURSEMENTS:</u>				
8. Salaries and Wages	\$ 29,187	\$ 28,211	\$ 144,666	\$ 150,803
9. Benefits and Employee Deductions	26,670	27,269	158,462	155,683
10. Drugs and Supplies	15,942	13,834	86,779	81,781
11. Physician Services	812	77,567	118,461	158,776
12. Purchased Services	9,840	8,802	57,192	52,660
13. Capital Expenditures	4,753	3,582	31,358	31,223
14. Debt and Interest Payments	444	573	2,562	2,496
15. Other Uses	(5,819)	(3,970)	(22,420)	(17,257)
16. Total Cash Disbursements	\$ 81,829	\$ 155,868	\$ 577,060	\$ 616,165
17. Net Change	\$ (26,859)	\$ (194,715)	\$ (217,592)	\$ (416,712)
Unrestricted Cash, Cash Equivalents and Investments - February 28, 2014		\$ 533,090		
Net Change		(217,592)		
Unrestricted Cash, Cash Equivalents and Investments - July 31, 2014		\$ 315,498		

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

	<u>ACTUAL</u>	<u>PRIOR YEAR</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
1. Cash, Cash Equivalents and Short Term Investments	662	(101,139)
2. Net Patient Accounts Receivable	83,391	62,026
3. Net Ad Valorem Taxes, Current Portion	233,308	213,092
4. Prepaid Expenses, Inventories, and Other Current Assets	245,263	350,322
5. Total Current Assets	562,624	524,301
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
6. Debt Service and Bond Covenants - Restricted	9,529	9,732
7. Board Designated for Future Expansion	3,702	285
8. Phase 1 Project Fund	0	0
9. Board Designated for Legal Reserves	4,031	2,324
10. Board Designated for Self-Insured Programs	25,822	24,554
11. Total Assets Limited as to Use or Restricted, Current Portion	43,084	36,894
PLANT, PROPERTY AND EQUIPMENT:		
12. Plant, Property, & Equipment, Net of Accumulated Depreciation	432,644	350,777
13. Construction in Progress	29,893	77,018
14. Total Plant, Property and Equipment	462,536	427,795
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
15. Debt Service and Bond Covenants - Restricted	21,699	21,054
16. Board Designated for Future Expansion	94,934	127,388
17. Phase 1 Project Fund	0	0
18. Board Designated for Self-Insured Programs	186,347	166,217
19. Other - Restricted	863	860
20. Total Assets Limited as to Use or Restricted, Net of Current Portion	303,843	315,518
OTHER ASSETS:		
21. Net Ad Valorem Taxes, Delinquent	1,676	4,486
22. Net Deferred Bond Issue Costs	1,514	3,725
23. Net Pension Asset	10,464	10,092
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	13,994	28,384
29. Due to/from CHCI	5,352	3,708
30. TOTAL ASSETS	1,391,434	1,336,601

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

	ACTUAL	PRIOR YEAR
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
1. Accounts Payable and Accrued Liabilities	98,631	24,384
2. Interest Payable	4,679	4,746
3. Employee Compensation & Related Benefit Liabilities	48,016	47,653
4. Compensated Absences	41,306	42,382
5. Estimated Third-Party Payor Settlements	5,374	1,290
6. Current Portion Long-Term Debt and Capital Leases	5,417	5,411
7. Total Current Liabilities	203,424	125,865
OTHER LONG-TERM LIABILITIES:		
8. Pension Payable	0	0
9. Post Employment Health Benefit Liability	186,347	166,217
10. Borrowing Payable	14,062	14,918
11. Derivative Liability	271	10,057
12. Arbitrage Rebate Liability	151	141
13. Total Other Long-Term Liabilities	200,831	191,333
LONG-TERM DEBT:		
14. Series 2007 Revenue Bonds, Including Premium & Deferred Loss	184,655	187,830
15. Series 2010 Revenue Bonds, Including Deferred Loss	81,512	81,779
16. Other Long-Term Obligation	359	191
17. Total Long-Term Debt	266,527	269,800
TOTAL LIABILITIES	670,781	586,999
NET ASSETS:		
18. Invested in Capital Assets, Net of Related Debt	180,484	137,666
19. Restricted Net Assets	32,090	32,505
20. Unrestricted Net Assets	508,078	579,431
21. Total Net Assets	720,652	749,602
22. TOTAL LIABILITIES & NET ASSETS	1,391,434	1,336,601

OPERATING PERFORMANCE PER ADJUSTED PATIENT DAY

As of July 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	\$ 536	\$ 583	-8.1%	\$ 591	-9.3%	\$ 556	\$ 570	-2.5%	\$ 544	2.2%
2. Other Operating Revenue	418	483	-13.5%	553	-24.4%	437	475	-8.0%	543	-19.5%
3. Nonoperating Revenue	1,226	1,085	13.0%	889	37.9%	998	953	4.7%	1,001	-0.3%
4. Capital Contribution	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
5. Total District Net Revenue	2,180	2,151	1.3%	2,033	7.2%	1,991	1,998	-0.4%	2,088	-4.6%
6. Salaries, Wages, and Benefits	1,058	1,182	10.5%	1,236	14.4%	1,123	1,136	1.1%	1,187	5.4%
7. Supplies	331	316	-4.7%	330	-0.3%	325	307	-5.9%	320	-1.6%
8. Physician Services	278	299	7.0%	312	10.9%	260	290	10.3%	288	9.7%
9. Other Purchased Services	165	164	-0.6%	205	19.5%	172	169	-1.8%	174	1.1%
10. Depreciation and Amortization	84	94	10.6%	88	4.5%	88	90	2.2%	89	1.1%
11. Interest	22	24	8.3%	12	-83.3%	23	23	0.0%	10	-130.0%
12. Total Operating Expenses	1,938	2,079	6.8%	2,183	11.2%	1,991	2,015	1.2%	2,068	3.7%
13. Operating Income(Loss)	\$ 242	\$ 72	236.1%	\$ (150)	-	\$ -	\$ (17)	-	\$ 20	-100.0%
14. Adjusted Patient Days	56,210	51,996	8.1%	48,570	15.7%	268,695	267,641	0.4%	249,268	7.8%
15. Average Daily Census	597.0	532.2	12.2%	554.7	7.6%	563.6	548.3	2.8%	545.1	3.4%
16. FTE's(Employee/Contract) per AOB	4.6	5.0	8.0%	5.2	11.5%	4.8	4.8	0.0%	4.9	2.0%
17. FTE's(Employee/Contract) - Total	8,290	8,319	0.4%	8,139	-1.9%	8,402	8,317	-1.0%	8,025	-4.7%
18. FTE's(Employee/Contract) - Productive	7,275	7,379	1.4%	7,164	-1.5%	7,428	7,379	-0.7%	7,110	-4.5%

ANALYSIS OF CASH RECEIPTS
July 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	\$6,861	\$3,999	\$5,713	\$33,276	\$20,601	\$12,675	61.5	\$28,754	\$4,522	15.7
2. Medicaid	8,296	7,547	10,981	40,688	42,416	(1,728)	(4.1)	48,317	(7,629)	(15.8)
3. Texas vendor drug/Medicare Part D	3,229	3,066	2,935	13,786	13,635	151	1.1	14,772	(986)	(6.7)
4. Managed Care - Medicaid	7,305	5,458	6,016	32,519	27,693	4,826	17.4	30,278	2,241	7.4
5. Commercial insurance	1,686	1,487	1,449	9,278	7,152	2,126	29.7	7,292	1,986	27.2
6. Liens	584	72	290	1,545	1,335	210	15.7	1,457	88	6.0
7. Patient pay	1,598	2,058	2,264	9,222	10,589	(1,367)	(12.9)	11,395	(2,173)	(19.1)
8. Business office	346	330	359	1,666	1,816	(150)	(8.3)	1,808	(142)	(7.8)
9. Other governmental projects/grants	1,112	1,199	1,302	4,468	4,725	(257)	(5.4)	6,551	(2,083)	(31.8)
10. SUBTOTAL	31,017	25,216	31,309	146,448	129,962	16,486	12.7	150,625	(4,177)	(2.8)
11a. Cost Reimbursements	1,156	773	667	3,503	5,578	(2,075)	(37.2)	3,333	170	5.1
11b. Recoupments	0	0	0	0	0	0	0.0	0	0	0.0
12. Net Patient Revenue Receipts	32,173	25,989	31,976	149,951	135,540	14,411	10.6	153,958	(4,007)	(2.6)
13. DSH & UC - 1115 Waiver	0	(69,289)	0	133,278	(1,874)	135,152	7,212.0	178,094	(44,816)	(25.2)
13a. DSRIP - 1115 Waiver	17,692	0	9,205	17,692	23,714	(6,022)	(25.4)	9,205	8,487	92.2
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	49,865	(43,300)	41,181	313,553	168,819	144,734	85.7	352,532	(38,979)	(11.1)
NON-PATIENT OPERATING REVENUE:										
16. Parking	229	254	345	1,145	1,155	(10)	(0.9)	1,724	(579)	(33.6)
17. Cafeteria	288	0	0	1,154	0	1,154	0.0	0	1,154	0.0
18. Grants	628	957	681	2,709	2,328	381	16.4	3,405	(696)	(20.4)
19. Miscellaneous	1,229	537	901	13,257	3,514	9,743	277.3	4,507	8,750	194.2
20. Total Non-Patient Operating	2,374	1,748	1,927	18,265	6,997	11,268	161.0	9,636	8,629	89.6
21. Interest income	1	479	198	615	1,372	(757)	(55.2)	988	(373)	(37.8)
22. Total Non-Tax Receipts	52,240	(41,073)	43,306	332,433	177,188	155,245	87.6	363,156	(30,723)	(8.5)
23. Ad valorem tax receipts/note	2,729	2,226	2,424	27,032	22,265	4,767	21.4	24,245	2,787	11.5
24. Commercial Paper Proceeds	0	0	0	0	0	0	0.0	0	0	0.0
25. Total Receipts	\$54,969	(\$38,847)	\$45,730	\$359,465	\$199,453	\$160,012	80.2	\$387,401	(\$27,936)	(7.2)

**OPERATING PERFORMANCE
AS OF JULY, 2014
(IN MILLIONS)**

	<u>MONTH</u>	<u>YTD</u>
Total Operating Income (Loss) as Reported	\$ 13.6	\$ 0.5
Favorable Adjustments:		
Trauma Funds	\$ -	\$ 0.1
Post Employee Health Benefits	\$ 0.4	\$ 1.3
FICA Baylor Residents	\$ -	\$ 8.4
Subtotal of Favorable Adjustments	\$ 0.4	\$ 9.8
Unfavorable Adjustments:		
Tobacco Revenue	\$ -	\$ (0.2)
Medicare Cost Report Settlement	\$ (0.8)	\$ (2.4)
Subtotal of Unfavorable Adjustments	\$ (0.8)	\$ (2.6)
Harris Health System Operating Run Rate as of July	\$ 14.0	\$ (6.7)
Harris Health System 2015 Budget	\$ 3.8	\$ (4.6)
Favorable (Unfavorable) Run Rate	\$ 10.2	\$ (2.1)
Attributable Factors:		
Favorable (Unfavorable) Revenue Variance	\$ 11.5	\$ 2.9
Favorable (Unfavorable) Expense Variance	\$ (1.3)	\$ (5.0)
Net of Attributable Factors	\$ 10.2	\$ (2.1)

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

							MONTHLY AVERAGE			
	February	March	April	May	June	July	FY 2013 YTD July	FY 2014 YTD July	FY 2015 YTD July	% Change 15 vs 14
1. ADMISSIONS(A&P)	2,866	3,114	3,095	3,233	3,078	3,281	2,902	2,919	3,160	8.3%
2. PATIENT DAYS(A&P)	16,369	17,328	16,790	16,855	16,753	18,507	16,347	16,679	17,247	3.4%
3. AVERAGE LOS	5.71	5.56	5.42	5.21	5.44	5.64	5.63	5.71	5.46	-4.5%
4. AVERAGE LOS, Overall CMI Adjusted	3.91	3.92	3.63	3.66	3.82	3.98	3.95	3.92	3.80	-3.1%
5. PERCENT OCCUPANCY	76.2%	72.3%	70.8%	68.8%	70.5%	75.8%	65.6%	68.2%	71.6%	5.0%
CASE MIX INDEX (CMI)										
6. CMI - Excluding Obstetrics Cases	1.596	1.563	1.630	1.549	1.560	1.563	1.581	1.599	1.573	-1.6%
7. CMI - Overall	1.459	1.421	1.494	1.424	1.426	1.416	1.427	1.457	1.436	-1.4%
8. BIRTHS	482	527	474	490	493	596	537	496	516	4.1%
9. OPERATING ROOM CASES	1,640	1,745	1,844	1,763	1,536	1,869	1,827	1,791	1,751	-2.2%
10. Inpatient	852	867	952	886	737	950	945	939	878	-6.5%
11. Outpatient	788	878	892	877	799	919	882	852	873	2.5%
12. EMERGENCY VISITS	13,353	15,154	14,769	15,425	15,436	15,331	14,705	14,909	15,223	2.1%
13. Emergency Room Visits-Admitted	1,728	1,790	1,712	1,784	1,896	1,909	1,614	1,707	1,818	6.5%
14. Emergency Room Visits-Outpatient	10,690	12,347	11,983	12,623	12,456	12,317	12,228	12,289	12,345	0.5%
15. Emergency Room Visits-Observation	935	1,017	1,074	1,018	1,084	1,105	863	913	1,060	16.0%
16. CLINIC VISITS	96,789	98,933	106,611	102,014	99,454	104,091	89,453	95,089	102,221	7.5%
17. Primary Care Clinic Visits	68,264	68,853	76,537	72,816	70,541	74,358	63,967	67,011	72,621	8.4%
18. Specialty Clinic Visits	28,525	30,080	30,074	29,198	28,913	29,733	25,486	28,078	29,600	5.4%
PAYOR MIX										
19. Charity & Self Pay	63.4%	65.2%	64.2%	63.8%	65.1%	63.3%	64.2%	63.8%	64.2%	0.6%
19. Medicaid & Medicaid Managed	21.9%	20.8%	20.3%	20.7%	18.8%	20.2%	22.0%	22.0%	20.2%	-8.2%
20. Medicare & Medicare Managed	9.5%	8.9%	9.4%	9.6%	9.4%	9.5%	8.5%	8.8%	9.4%	6.8%
21. Commercial & Other	5.2%	5.1%	6.1%	5.9%	6.7%	7.0%	5.2%	5.4%	6.2%	14.8%

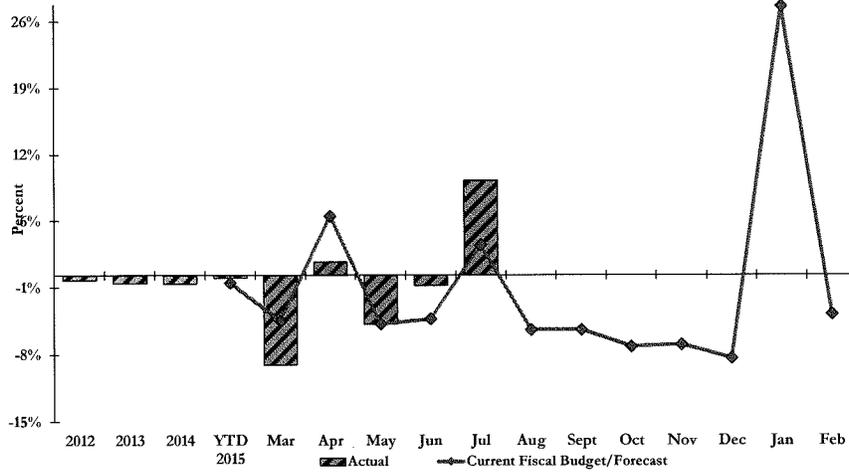
SUPPLEMENTAL INFORMATION - OPERATING STATEMENT - MONTHLY TREND
As Of July 31, 2014
(In Thousands)

							MONTHLY AVERAGE			
	February	March	April	May	June	July	FY 2013 YTD July	FY 2014 YTD July	FY 2015 YTD July	% Change 15 vs 14
1. Gross Patient Charges	\$ 245,775	\$ 260,616	\$ 264,252	\$ 266,220	\$ 254,193	\$ 273,974	228,760	247,475	263,851	6.6%
2. Total Patient Revenue Deductions	(212,390)	(230,849)	(234,055)	(234,517)	(226,703)	(243,830)	(203,492)	(220,339)	(233,991)	6.2%
3. Net Patient Service Revenue	33,385	29,767	30,198	31,702	27,490	30,144	25,268	27,136	29,860	10.0%
4. Net Revenue % of Gross Charges	13.6%	11.4%	11.4%	11.9%	10.8%	11.0%	11.0%	11.0%	11.3%	3.2%
5. DSH/UPL Program Revenue	8,944	21,704	21,704	21,040	21,040	21,040	21,240	24,908	21,305	-14.5%
6. Other Operating Revenue	1,311	1,455	1,620	3,518	1,998	2,436	2,564	2,155	2,205	2.3%
7. Total Other Operating Revenue	10,255	23,158	23,323	24,557	23,037	23,476	23,804	27,063	23,510	-13.1%
8. Net Ad Valorem Tax Revenue	45,149	47,061	46,906	47,067	46,823	47,161	42,031	42,982	47,004	9.4%
9. DSRIP	(0)	0	0	0	0	21,190	0	4,743	4,238	-10.6%
10. Net Tobacco Settlement Revenue	0	0	9,512	0	0	0	2,025	1,955	1,902	-2.7%
11. Interest Income and Other	906	170	237	843	636	580	2,811	205	493	140.3%
12. Total Nonoperating Revenue	46,055	47,231	56,655	47,910	47,459	68,931	46,867	49,885	53,637	7.5%
13. Capital Contributions	0	0	0	0	0	0	0	0	0	0.0%
14. Total Net Revenue	89,695	100,156	110,176	104,169	97,986	122,551	95,938	104,084	107,008	2.8%
15. Salaries and Wages	42,156	45,723	44,752	45,103	43,132	43,963	39,910	43,350	44,535	2.7%
16. FICA and Benefits	12,796	16,043	15,653	16,155	15,620	15,498	14,229	15,815	15,794	-0.1%
17. Total Salaries, Wages, and Benefits	54,952	61,767	60,405	61,258	58,752	59,461	54,139	59,166	60,328	2.0%
18. Supplies	15,796	16,868	17,247	16,901	17,615	18,605	14,294	15,938	17,447	9.5%
19. Physician Services	16,362	16,145	15,089	15,633	7,323	15,626	11,991	14,345	13,963	-2.7%
20. Other Purchased Services	15,102	9,031	9,505	9,427	8,933	9,280	8,529	8,683	9,235	6.4%
21. Depreciation and Amortization	4,507	4,700	4,834	4,619	4,681	4,699	3,996	4,432	4,706	6.2%
22. Interest	2,094	1,220	1,223	1,237	1,223	1,237	553	505	1,228	143.2%
23. Total Expenses	108,813	109,730	108,303	109,076	98,527	108,908	93,503	103,069	106,909	3.7%
24. Total Income (Loss)	\$ (19,118)	\$ (9,574)	\$ 1,873	\$ (4,906)	\$ (541)	\$ 13,643	\$ 2,436	\$ 1,015	\$ 99	-90.3%
25. Total Margin	-21.3%	-9.6%	1.7%	-4.7%	-0.6%	11.1%	2.5%	1.0%	0.1%	-90.5%
26. Full-Time Equivalent Employees	8,462	8,448	8,573	8,334	8,371	8,290	7,595	8,025	8,402	4.7%
27. Average Salary per FTE	\$64,943	\$63,723	\$63,513	\$63,724	\$62,688	\$62,441	\$62,676	\$64,432	\$63,222	-1.9%
28. Adjusted Patient Days	49,814	53,715	52,506	53,248	53,016	56,210	46,275	49,854	53,739	7.8%

HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

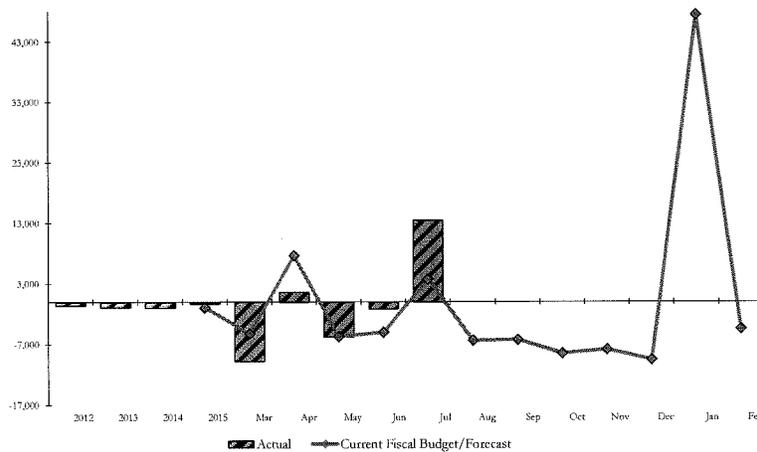
Operating Margin

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



Operating Income

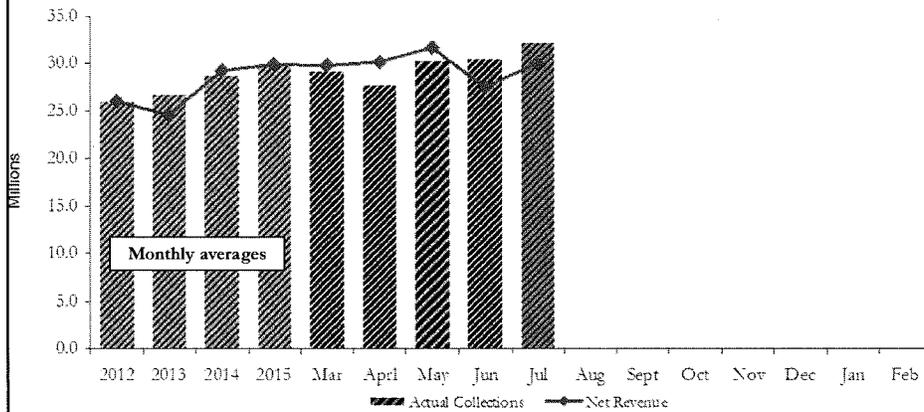
A measure of hospital profitability with respect to patient care services. Positive values are favorable. Values are monthly averages.



HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

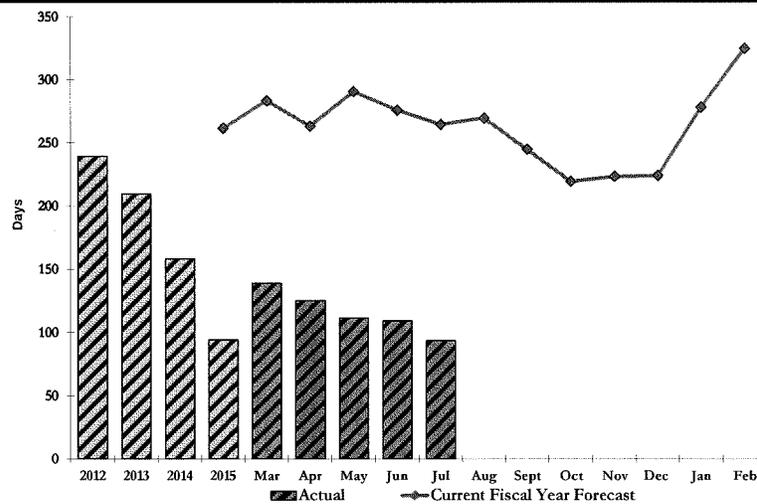
Cash Collections

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

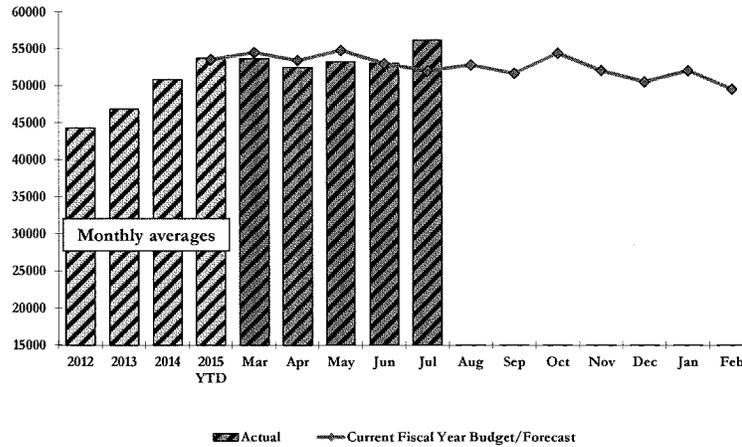
The number of days the Harris Health System could operate if no further patient revenues were received. Harris Health System's goal is to reach a year-end figure of 180 to 210 days.



HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

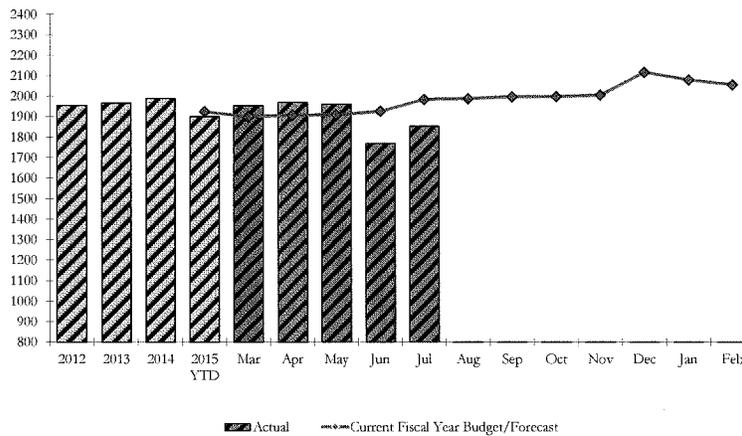
Adjusted Patient Days

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



Operating Cost Per Adj. Patient Day

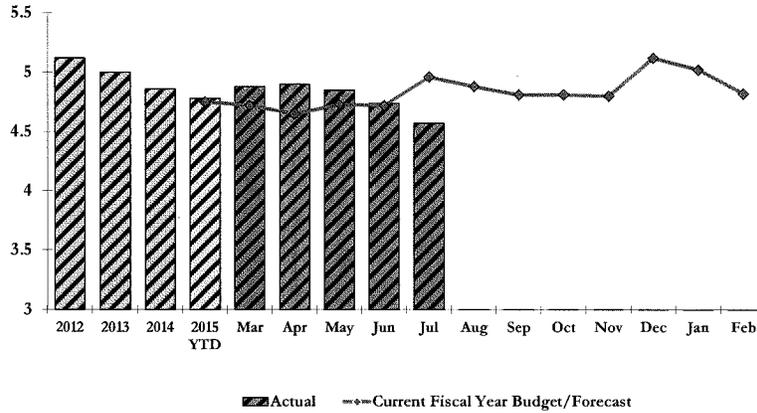
Measures the average cost of delivering care per equivalent inpatient day. Favorable values are below the budget.



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.

