

FINANCIAL STATEMENTS
As of May 31, 2014

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FINANCIAL STATEMENTS HIGHLIGHTS

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HARRISHEALTH SYSTEM

May 2014 Financial Statement Highlights

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

Statistics

Adjusted patient days were 2.8% ^(Pg1:ln1) less than budget with approximately 68.3% of the volume representing outpatient care.

Clinic visits ^(Pg1:ln5) of 102,014 were 2.7% less than the budget of 104,868. Primary care clinic visits ^(Pg1:ln3) were 3.5% less than the month's budget and total specialty clinic visits were 0.8% less than the May budget ^(Pg1:ln4).

May Emergency Center visits ^(Pg1:ln10) are reported as 15,425 and were 1.0% less than budget.

System wide, surgery cases were 18.5% 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.

Deliveries of 490 were 0.8% greater than the budget of 486 ^(Pg1:ln21).

60.6% of total cases occupying patient beds entered through the emergency room ^(Pg1:ln19). Inpatient utilization System wide was 2.2% less than budget ^(Pg2:ln3). Inpatient length of stay ^(Pg2:ln8) was 7.4% less than budget and the inpatient case mix index ^(Pg2:ln9) was 2.8% less than budget.

Charity and Self Pay payor mix of 63.8% was 1.4% less than the budget of 64.7% ^(Pg2:ln10). Medicaid represented 20.7% of total patients, 4.2% 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 5.9% of all patients and compared favorably to the budget of 4.8%.

The Unduplicated Patient count, calculated on a rolling twelve months basis, of 314,591 is 3.3% greater than the prior year count of 304,473 ^(Pg2:ln17).

New Patients seen during the past twelve month period total 109,227 ^(Pg2:ln18) and are 4.0% greater than the prior year count of 105,017.

Revenue

Total Net Revenue of \$104.2 million ^(Pg3:ln23) was \$0.4 million or 0.4% greater than budget. Patient volumes, measured as adjusted patient days ^(Pg8:ln14), were 2.8% less than budget. May's estimated reimbursement per adjusted patient day ^(Pg8:ln1) was 3.7% greater than budget. The resulting Net Patient Service Revenue for May of \$31.7 million ^(Pg3:ln10) was \$0.3 million or 0.9% greater than budget. Estimated DSH/Uncompensated Care Program Revenues ^(Pg3:ln11) for the 2014 federal fiscal year are based on the most current data available. Other Operating Revenues ^(Pg3:ln12) were \$1.6 million greater than budget due to receipt of trauma funds budgeted for April's activity. Ad valorem tax revenues, net of related expenses, have been reflected in accordance with budget.

Expenses

Total expenses ^(Pg4:ln13) of \$109.1 million were \$0.4 million less than the budget of \$109.5 million. Salaries and wages were \$0.1 million less than the budget. Total FTE's ^(Pg8:ln17) were 0.4% less than budget and when adjusted for volume were 4.3% greater than the budgeted staffing level. Employee benefit expenses were \$0.4 million less than budget for the month. Supplies expenses were \$0.1 million or 0.4% greater than budget and when adjusted for volume ^(Pg8:ln7) were 3.3% greater than the budget plan. Total Services ^(Pg4:ln12) of \$30.9 million were 0.1% greater than budget. Total expenses adjusted for volume ^(Pg8:ln12) were \$2,048 per day compared to the budget of \$1,998 per day, an unfavorable variance of \$50 per day or 2.5%.

Operating Income

Operating Income ^(Pg4:ln14) for May is a loss of \$4.9 million compared to a budgeted loss of \$5.7 million, a favorable variance of \$0.8 million. Page 10 of the report analyzes operating performance and reflects an unfavorable

operating run rate as compared to budget due to unfavorable revenue variances.

Cash Receipts/Disbursements/Balance Sheet

May cash receipts ^(Pg9:ln24) totaled \$37.3 million compared to a budget of \$191.1 million. The unfavorable variance is due to a delay in payments by the State under the 1115 Waiver programs. Including board designated funds, the System has \$375.9 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 \$361.3 million and days cash on hand of 110. Harris Health System has ^(Pg6:ln2) \$86.2 million in net accounts receivable, representing 87 days of outstanding accounts receivable. In May the State notified providers of final payment calculations and IGT's required for final settlement of Federal Fiscal Year 2013 under the State's 1115 Waiver Programs. The IGT's were made the first week of June and distribution payments are expected before the end of June. The final payment calculation for FFY 2013 was lower than anticipated and as a result an unfavorable adjustment has been made to the System's February 2014 financial statements in the amount of \$10.5 million. At May 31, 2014 Harris Health System's balance sheet reflects estimated receivables of \$308.0 million under the Section 1115 Supplemental Medicaid Programs and a \$129.4 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 May 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	53,248	54,787	-2.8%	159,469	162,660	-2.0%	152,362	4.7%
2. Outpatient % of Adjusted Volume	68.3%	69.1%	-1.1%	68.0%	68.7%	-1.0%	67.0%	1.6%
3. Primary Care Clinic Visits	72,816	75,448	-3.5%	218,206	218,949	-0.3%	208,682	4.6%
4. Specialty Clinic Visits	29,198	29,420	-0.8%	89,352	86,239	3.6%	84,487	5.8%
5. Total Clinic Visits	102,014	104,868	-2.7%	307,558	305,188	0.8%	293,169	4.9%
6. % Primary Care Visits	71.4%	71.9%	-0.8%	70.9%	71.7%	-1.1%	71.2%	-0.3%
7. Emergency Room Visits - Outpatient	12,623	12,850	-1.8%	36,953	37,279	-0.9%	36,865	0.2%
8. Emergency Room Visits - Observation	1,018	975	4.4%	3,109	2,830	9.9%	2,932	6.0%
9. Emergency Room Visits - Admitted	1,784	1,756	1.6%	5,286	5,113	3.4%	5,174	2.2%
10. Total Emergency Room Visits	15,425	15,581	-1.0%	45,348	45,222	0.3%	44,971	0.8%
11. Surgery Cases - Outpatient	877	1,194	-26.5%	2,647	3,556	-25.6%	2,622	1.0%
12. Surgery Cases - Inpatient	886	970	-8.7%	2,705	2,769	-2.3%	2,729	-0.9%
13. Total Surgery Cases	1,763	2,164	-18.5%	5,352	6,325	-15.4%	5,351	0.0%
14. % Outpatient Cases	49.7%	55.2%	-9.8%	49.5%	56.2%	-12.0%	49.0%	0.9%
15. Total Outpatient Visits	159,500	165,254	-3.5%	482,906	480,893	0.4%	461,783	4.6%
16. Inpatient Cases (Discharges)	3,233	3,009	7.4%	9,442	8,998	4.9%	8,629	9.4%
17. Outpatient Observation Cases	1,389	1,294	7.3%	4,317	3,755	15.0%	3,682	17.2%
18. Total Cases Occupying Patient Beds	4,622	4,303	7.4%	13,759	12,753	7.9%	12,311	11.8%
19. % of Total Cases from Emergency Room	60.6%	63.5%	-4.5%	61.0%	62.3%	-2.0%	65.8%	-7.3%
20. % of Outpatient Cases	30.1%	30.1%	-0.1%	31.4%	29.4%	6.6%	29.9%	4.9%
21. Births	490	486	0.8%	1,491	1,394	7.0%	1,436	3.8%

STATISTICAL HIGHLIGHTS
As Of May 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	16,855	16,936	-0.5%	50,973	50,874	0.2%	50,286	1.4%
2. Outpatient Observation Days	2,635	3,002	-12.2%	8,185	9,055	-9.6%	8,743	-6.4%
3. Total Patient Days	19,490	19,938	-2.2%	59,158	59,929	-1.3%	59,029	0.2%
4. % of Outpatient Days	13.5%	15.1%	-10.2%	13.8%	15.1%	-8.4%	14.8%	-6.6%
5. Average Daily Census	628.72	643.16	-2.2%	643.03	651.40	-1.3%	641.62	0.2%
6. Average Operating Beds	790	792	-0.3%	784	792	-1.0%	801	-2.1%
7. Bed Occupancy %	79.6%	81.2%	-2.0%	82.0%	82.2%	-0.3%	80.1%	2.4%
8. Inpatient Average Length of Stay	5.21	5.63	-7.4%	5.40	5.65	-4.5%	5.83	-7.4%
9. Inpatient Case Mix Index (CMI)	1.424	1.465	-2.8%	1.446	1.465	-1.3%	1.465	-1.3%
Payor Mix (% of Charges)								
10. Charity & Self Pay	63.8%	64.7%	-1.4%	64.4%	64.7%	-0.5%	64.0%	0.6%
11. Medicaid & Medicaid Managed	20.7%	21.6%	-4.2%	20.6%	21.6%	-4.6%	21.9%	-5.9%
12. Medicare & Medicare Managed	9.6%	8.9%	7.9%	9.3%	8.9%	4.5%	8.8%	5.7%
13. Commercial & Other	5.9%	4.8%	22.9%	5.7%	4.8%	18.8%	5.5%	3.6%
<u>NETWORK REFERRAL SERVICES</u>								
14. Primary Care	965	1,536	-37.2%	2,877	4,569	-37.0%	0	0.0%
15. Specialty Care Visits	139	250	-44.4%	374	750	-50.1%	0	0.0%
16. Surgery Cases	171	58	194.8%	447	177	152.5%	188	137.8%
17. GI Procedures	211	82	157.3%	422	175	141.1%	260	62.3%
18. Hemodialysis Treatments	504	975	-48.3%	1,596	2,925	-45.4%	0	0.0%
<u>HEALTH SYSTEM TOTALS</u>								
19. Primary Care	73,781	76,984	-4.2%	221,083	223,518	-1.1%	208,682	5.9%
20. Specialty Care Visits	29,337	29,670	-1.1%	89,726	86,989	3.1%	84,487	6.2%
21. Surgery Cases	1,934	2,222	-13.0%	5,799	6,502	-10.8%	5,539	4.7%
22. Total Unduplicated Patients - Rolling 12				314,591			304,473	3.3%
23. Total New Patient - Rolling 12				109,227			105,017	4.0%

OPERATING STATEMENT
As Of May 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	18,051	18,656	-3.2%	18,003	0.3%	54,963	55,980	-1.8%	55,133	-0.3%
2. Inpatient Ancillary	66,217	66,152	0.1%	62,133	6.6%	197,879	197,246	0.3%	190,998	3.6%
3. Outpatient Ancillary	179,669	185,878	-3.3%	167,930	7.0%	531,507	545,680	-2.6%	491,573	8.1%
4. Physician Services	2,283	3,663	-37.7%	2,700	-15.4%	6,739	10,845	-37.9%	8,066	-16.5%
5. Gross Patient Charges	266,220	274,348	-3.0%	250,767	6.2%	791,088	809,751	-2.3%	745,770	6.1%
REVENUE DEDUCTIONS:										
6. Charity Care	(131,151)	(145,597)	9.9%	(122,500)	-7.1%	(405,642)	(429,736)	5.6%	(370,351)	-9.5%
7. Contractual Allowance/Other Discounts	(92,848)	(87,110)	-6.6%	(93,429)	0.6%	(267,496)	(257,109)	-4.0%	(263,701)	-1.4%
8. Provision for Bad Debt Expense	(10,518)	(10,214)	-3.0%	(8,936)	-17.7%	(26,283)	(30,146)	12.8%	(29,794)	11.8%
9. Total Patient Revenue Deductions	(234,517)	(242,921)	3.5%	(224,865)	-4.3%	(699,421)	(716,991)	2.5%	(663,846)	-5.4%
10. Net Patient Service Revenue	31,702	31,428	0.9%	25,902	22.4%	91,667	92,760	-1.2%	81,924	11.9%
OTHER OPERATING REVENUE:										
11. DSH/UPL/1115 Waiver	21,040	23,210	-9.4%	24,908	-15.5%	64,447	69,631	-7.4%	74,724	-13.8%
12. Other Operating Revenue	3,518	1,927	82.6%	1,459	141.1%	6,592	7,281	-9.5%	6,435	2.4%
13. Total Other Operating Revenue	24,557	25,137	-2.3%	26,367	-6.9%	71,039	76,911	-7.6%	81,159	-12.5%
14. Total Operating Revenue	56,259	56,565	-0.5%	52,269	7.6%	162,706	169,671	-4.1%	163,082	-0.2%
NONOPERATING REVENUE:										
15. Net Ad Valorem Tax Revenue	47,067	47,005	0.1%	42,967	9.5%	141,033	141,016	0.0%	128,812	9.5%
16. DSRIP	0	0	0.0%	23,714	-100.0%	0	0	0.0%	23,714	-100.0%
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	837	198	323.2%	182	359.7%	1,251	593	110.9%	689	81.4%
19. Other	6	0	0.0%	19	-67.1%	(1)	0	0.0%	21	104.7%
20. Total Nonoperating Revenue	47,910	47,203	1.5%	66,881	-28.4%	151,795	151,384	0.3%	163,010	-6.9%
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	104,169	103,768	0.4%	119,151	-12.6%	314,501	321,055	-2.0%	326,092	-3.6%

OPERATING STATEMENT
As Of May 31, 2014
(In Thousands)

	MONTH-TO-MONTH					YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
SALARIES, WAGES, AND BENEFITS:										
1. Regular Salaries	36,473	37,113	1.7%	37,616	3.0%	110,021	109,809	-0.2%	107,706	-2.1%
2. PTO & Secondday Sick Leave	5,255	5,033	-4.4%	4,578	-14.8%	14,879	14,865	-0.1%	13,350	-11.5%
3. Contract Salaries	1,004	995	-0.9%	1,170	14.2%	3,352	2,766	-21.2%	2,799	-19.8%
4. Registry Salaries	2,370	2,048	-15.7%	2,352	-0.8%	7,327	6,090	-20.3%	6,869	-6.7%
5. FICA and Benefits	16,155	16,569	2.5%	15,576	-3.7%	47,851	49,246	2.8%	46,698	-2.5%
6. Total Salaries, Wages, and Benefits	61,258	61,759	0.8%	61,292	0.1%	183,430	182,775	-0.4%	177,423	-3.4%
7. Supplies	16,901	16,836	-0.4%	16,084	-5.1%	51,016	49,771	-2.5%	48,474	-5.2%
SERVICES:										
8. Physician Services	15,633	15,560	-0.5%	15,146	-3.2%	46,868	46,626	-0.5%	41,438	-13.1%
9. Other Purchased Services	9,427	9,190	-2.6%	9,001	-4.7%	27,964	27,037	-3.4%	24,666	-13.4%
10. Depreciation and Amortization	4,619	4,875	5.3%	4,345	-6.3%	14,152	14,468	2.2%	13,557	-4.4%
11. Interest	1,237	1,259	1.7%	476	-159.9%	3,680	3,736	1.5%	1,441	-155.4%
12. Total Services	30,917	30,884	-0.1%	28,968	-6.7%	92,664	91,867	-0.9%	81,101	-14.3%
13. Total Operating Expenses	109,076	109,479	0.4%	106,344	-2.6%	327,110	324,413	-0.8%	306,998	-6.6%
14. Operating Income (Loss)	(4,906)	(5,711)	-	12,807	-138.3%	(12,609)	(3,358)	-	19,095	-166.0%

CASH FLOW SUMMARY

As of May 31, 2014

(In Thousands)

	CURRENT MONTH	PRIOR YEAR MONTH	FISCAL YTD	PRIOR FISCAL YTD
<u>CASH RECEIPTS:</u>				
1. Ad Valorem Taxes	\$ 3,994	3,302	\$ 21,900	\$ 17,267
2. Collections on Patient Accounts	29,769	29,568	85,711	81,569
3. Disproportionate Share III/1115 Waiver UC & DSRIP	0	(24,665)	-	(24,665)
4. Tobacco Settlement	0	0	10,984	9,774
5. Trauma Fund	1,648	0	1,648	1,665
6. Other Sources (Includes Cost Reimbursement)	1,901	3,622	6,186	8,324
7. Total Cash Receipts	\$ 37,312	\$ 11,827	\$ 126,429	\$ 93,934
<u>CASH DISBURSEMENTS:</u>				
8. Salaries and Wages	\$ 29,195	\$ 27,570	\$ 86,751	\$ 94,495
9. Benefits and Employee Deductions	25,569	24,636	95,601	92,125
10. Drugs and Supplies	19,908	19,069	53,996	53,130
11. Physician Services	647	80,840	2,452	81,084
12. Purchased Services	16,647	14,209	35,468	33,901
13. Capital Expenditures	7,083	8,612	22,454	22,088
14. Debt and Interest Payments	785	880	1,674	1,450
15. Other Uses	(6,037)	(3,873)	(14,736)	(9,878)
16. Total Cash Disbursements	\$ 93,797	\$ 171,943	\$ 283,660	\$ 368,395
17. Net Change	\$ (56,485)	\$ (160,116)	\$ (157,231)	\$ (274,461)

Unrestricted Cash, Cash Equivalents and Investments - February 28, 2014

\$ 533,090

Net Change

(157,231)

Unrestricted Cash, Cash Equivalents and Investments - May 31, 2014

\$ 375,859

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

	ACTUAL	PRIOR YEAR
<u>ASSETS</u>		
CURRENT ASSETS:		
1. Cash, Cash Equivalents and Short Term Investments	63,294	37,818
2. Net Patient Accounts Receivable	86,240	59,200
3. Net Ad Valorem Taxes, Current Portion	145,118	135,722
4. Prepaid Expenses, Inventories, and Other Current Assets	334,495	341,139
5. Total Current Assets	629,146	573,880
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
6. Debt Service and Bond Covenants - Restricted	8,253	8,089
7. Board Designated for Future Expansion	4,345	697
8. Phase 1 Project Fund	0	0
9. Board Designated for Legal Reserves	4,031	2,324
10. Board Designated for Self-Insured Programs	25,307	23,835
11. Total Assets Limited as to Use or Restricted, Current Portion	41,936	34,945
PLANT, PROPERTY AND EQUIPMENT:		
12. Plant, Property, & Equipment, Net of Accumulated Depreciation	430,786	353,778
13. Construction in Progress	33,222	71,550
14. Total Plant, Property and Equipment	464,008	425,328
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
15. Debt Service and Bond Covenants - Restricted	22,852	22,594
16. Board Designated for Future Expansion	95,680	134,743
17. Phase 1 Project Fund	0	0
18. Board Designated for Self-Insured Programs	183,202	161,891
19. Other - Restricted	858	877
20. Total Assets Limited as to Use or Restricted, Net of Current Portion	302,592	320,106
OTHER ASSETS:		
21. Net Ad Valorem Taxes, Delinquent	241	93
22. Net Deferred Bond Issue Costs	1,529	3,760
23. Net Pension Asset	5,395	3,781
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	7,506	17,715
29. Due to/from CHCI	3,822	4,555
30. TOTAL ASSETS	1,449,011	1,376,528

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

**HARRISHEALTH
SYSTEM**

	ACTUAL	PRIOR YEAR
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
1. Accounts Payable and Accrued Liabilities	175,044	59,704
2. Interest Payable	3,058	3,104
3. Employee Compensation & Related Benefit Liabilities	47,334	47,067
4. Compensated Absences	42,293	43,004
5. Estimated Third-Party Payor Settlements	4,224	(2,182)
6. Current Portion Long-Term Debt and Capital Leases	5,404	5,684
7. Total Current Liabilities	277,357	156,380
OTHER LONG-TERM LIABILITIES:		
8. Pension Payable	0	0
9. Post Employment Health Benefit Liability	183,202	161,891
10. Borrowing Payable	14,204	15,062
11. Derivative Liability	271	10,057
12. Arbitrage Rebate Liability	151	141
13. Total Other Long-Term Liabilities	197,827	187,152
LONG-TERM DEBT:		
14. Series 2007 Revenue Bonds, Including Premium & Deferred Loss	184,655	187,830
15. Series 2010 Revenue Bonds, Including Deferred Loss	81,221	81,413
16. Other Long-Term Obligation	406	114
17. Total Long-Term Debt	266,282	269,357
TOTAL LIABILITIES	741,466	612,889
NET ASSETS:		
18. Invested in Capital Assets, Net of Related Debt	182,071	135,225
19. Restricted Net Assets	31,393	32,443
20. Unrestricted Net Assets	494,081	595,971
21. Total Net Assets	707,545	763,640
22. TOTAL LIABILITIES & NET ASSETS	1,449,011	1,376,528

OPERATING PERFORMANCE PER ADJUSTED PATIENT DAY

As of May 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	\$ 595	\$ 574	3.7%	\$ 502	18.5%	\$ 575	\$ 570	0.9%	\$ 538	6.9%
2. Other Operating Revenue	461	459	0.4%	511	-9.8%	445	473	-5.9%	533	-16.5%
3. Nonoperating Revenue	900	862	4.4%	1,297	-30.6%	952	931	2.3%	1,070	-11.0%
4. Capital Contribution	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
5. Total District Net Revenue	1,956	1,895	3.2%	2,310	-15.3%	1,972	1,974	-0.1%	2,141	-7.9%
6. Salaries, Wages, and Benefits	1,150	1,127	-2.0%	1,188	3.2%	1,150	1,124	-2.3%	1,164	1.2%
7. Supplies	317	307	-3.3%	312	-1.6%	320	306	-4.6%	318	-0.6%
8. Physician Services	294	284	-3.5%	294	0.0%	294	287	-2.4%	272	-8.1%
9. Other Purchased Services	177	168	-5.4%	174	-1.7%	175	166	-5.4%	162	-8.0%
10. Depreciation and Amortization	87	89	2.2%	84	-3.6%	89	89	0.0%	89	0.0%
11. Interest	23	23	0.0%	9	-155.6%	23	23	0.0%	9	-155.6%
12. Total Operating Expenses	2,048	1,998	-2.5%	2,061	0.6%	2,051	1,995	-2.8%	2,014	-1.8%
13. Operating Income(Loss)	\$ (92)	\$ (103)	0.0%	\$ 249	-136.9%	\$ (79)	\$ (21)	0.0%	\$ 127	-162.2%
14. Adjusted Patient Days	53,248	54,787	-2.8%	51,586	3.2%	159,469	162,660	-2.0%	152,362	4.7%
15. Average Daily Census	543.7	546.3	-0.5%	531.8	2.2%	554.1	553.0	0.2%	546.6	1.4%
16. FTE's(Employee/Contract) per AOB	4.9	4.7	-4.3%	4.9	0.0%	4.9	4.7	-4.3%	4.8	-2.1%
17. FTE's(Employee/Contract) - Total	8,334	8,365	0.4%	8,084	-3.1%	8,450	8,312	-1.7%	8,008	-5.5%
18. FTE's(Employee/Contract) - Productive	7,313	7,422	1.5%	7,224	-1.2%	7,482	7,375	-1.5%	7,142	-4.8%

**ANALYSIS OF CASH RECEIPTS
May 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	\$6,768	\$4,730	\$5,927	\$18,648	\$13,591	\$5,057	37.2	\$17,493	\$1,155	6.6
2. Medicaid	9,097	10,299	10,981	24,007	26,877	(2,870)	(10.7)	28,551	(4,544)	(15.9)
3. Texas vendor drug/Medicare Part D	2,479	3,161	3,045	8,130	8,136	(6)	(0.1)	8,987	(857)	(9.5)
4. Managed Care - Medicaid	6,028	5,554	6,241	18,159	17,242	917	5.3	18,420	(261)	(1.4)
5. Commercial insurance	2,088	1,928	1,503	6,064	4,466	1,598	35.8	4,436	1,628	36.7
6. Liens	346	415	300	955	949	6	0.6	887	68	7.7
7. Patient pay	1,657	2,116	2,349	5,883	6,604	(721)	(10.9)	6,933	(1,050)	(15.1)
8. Business office	351	415	373	1,008	1,229	(221)	(18.0)	1,100	(92)	(8.3)
9. Other governmental projects/grants	955	950	1,350	2,857	2,475	382	15.4	3,986	(1,129)	(28.3)
10. SUBTOTAL	29,769	29,568	32,069	85,711	81,569	4,142	5.1	90,792	(5,081)	(5.6)
11a. Cost Reimbursements	542	2,119	667	1,574	4,289	(2,715)	(63.3)	2,000	(426)	(21.3)
11b. Recoupments	0	0	0	0	0	0	0.0	0	0	0.0
12. Net Patient Revenue Receipts	30,311	31,687	32,735	87,285	85,858	1,427	1.7	92,792	(5,507)	(5.9)
13. DSH/UPL/1115 Waiver	0	(24,665)	152,652	0	(24,665)	24,665	100.0	152,652	(152,652)	(100.0)
14. Tobacco Settlement	0	0	0	10,984	9,774	1,210	12.4	9,775	1,209	12.4
14a Trauma Fund	1,648	0	0	1,648	1,665	(17)	(1.0)	1,500	148	9.9
15. Total Patient Revenue Receipts	31,959	7,022	185,387	99,917	72,632	27,285	37.6	256,719	(156,802)	(61.1)
NON-PATIENT OPERATING REVENUE:										
16. Parking	241	182	345	695	668	27	4.0	1,034	(339)	(32.8)
17. Grants	237	254	681	1,331	681	650	95.4	2,043	(712)	(34.8)
18. Miscellaneous	423	703	901	2,067	1,796	271	15.1	2,704	(637)	(23.6)
19. Total Non-Patient Operating	901	1,139	1,927	4,093	3,145	948	30.1	5,781	(1,688)	(29.2)
20. Interest income	458	364	198	519	890	(371)	(41.7)	593	(74)	(12.5)
21. Total Non-Tax Receipts	33,318	8,525	187,512	104,529	76,667	27,862	36.3	263,093	(158,564)	(60.3)
22. Ad valorem tax receipts/note	3,994	3,302	3,595	21,900	17,267	4,633	26.8	18,802	3,098	16.5
23. Commercial Paper Proceeds	0	0	0	0	0	0	0.0	0	0	0.0
24. Total Receipts	\$37,312	\$11,827	\$191,108	\$126,429	\$93,934	\$32,495	34.6	\$281,895	(\$155,466)	(55.2)

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



	<u>MONTH</u>	<u>YTD</u>
Total Operating Income (Loss) as Reported	\$ (4.9)	\$ (12.6)
Favorable Adjustments:		
Trauma Funds	\$ 1.6	\$ 0.1
Post Employee Health Benefits	\$ 0.4	\$ 0.4
Subtotal of Favorable Adjustments	\$ 2.0	\$ 0.5
Unfavorable Adjustments:		
Tobacco Revenue	\$ -	\$ (0.2)
Medicare Cost Report Settlement	\$ (0.6)	\$ (0.9)
Subtotal of Unfavorable Adjustments	\$ (0.6)	\$ (1.1)
Harris Health System Operating Run Rate as of May	\$ (6.3)	\$ (12.0)
Harris Health System 2015 Budget	\$ (5.7)	\$ (3.4)
Favorable (Unfavorable) Run Rate	\$ (0.6)	\$ (8.6)
Attributable Factors:		
Favorable (Unfavorable) Revenue Variance	\$ (0.6)	\$ (5.5)
Favorable (Unfavorable) Expense Variance	\$ -	\$ (3.1)
Net of Attributable Factors	\$ (0.6)	\$ (8.6)

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



	December	January	February	March	April	May	MONTHLY AVERAGE			
							FY 2013 YTD May	FY 2014 YTD May	FY 2015 YTD May	% Change 15 vs 14
1. ADMISSIONS(A&P)	3,196	3,120	2,866	3,114	3,095	3,233	2,891	2,876	3,147	9.4%
2. PATIENT DAYS(A&P)	18,101	18,175	16,369	17,328	16,790	16,855	16,406	16,762	16,991	1.4%
3. AVERAGE LOS	5.66	5.83	5.71	5.56	5.42	5.21	5.68	5.83	5.40	-7.4%
4. AVERAGE LOS, Overall CMI Adjusted	3.88	4.01	3.91	3.92	3.63	3.66	3.95	3.98	3.73	-6.1%
5. PERCENT OCCUPANCY	76.1%	76.4%	76.2%	72.3%	70.8%	68.8%	65.7%	68.2%	70.7%	3.7%
CASE MIX INDEX (CMI)										
6. CMI - Excluding Obstetrics Cases	1.609	1.637	1.596	1.563	1.630	1.549	1.586	1.605	1.581	-1.5%
7. CMI - Overall	1.461	1.451	1.459	1.421	1.494	1.424	1.436	1.465	1.446	-1.3%
8. BIRTHS	529	583	482	527	474	490	517	479	497	3.8%
9. OPERATING ROOM CASES	1,779	1,656	1,640	1,745	1,844	1,763	1,837	1,784	1,784	0.0%
10. Inpatient	979	904	852	867	952	886	933	910	902	-0.9%
11. Outpatient	800	752	788	878	892	877	904	874	882	1.0%
12. EMERGENCY VISITS	14,987	14,574	13,353	15,154	14,769	15,425	14,815	14,990	15,116	0.8%
13. Emergency Room Visits-Admitted	1,863	1,698	1,728	1,790	1,712	1,784	1,636	1,725	1,762	2.2%
14. Emergency Room Visits-Outpatient	12,203	11,895	10,690	12,347	11,983	12,623	12,295	12,288	12,318	0.2%
15. Emergency Room Visits-Observation	921	981	935	1,017	1,074	1,018	884	977	1,036	6.0%
16. CLINIC VISITS	90,201	91,433	96,789	98,933	106,611	102,014	91,480	97,723	102,519	4.9%
17. Primary Care Clinic Visits	63,864	64,166	68,264	68,853	76,537	72,816	65,823	69,561	72,735	4.6%
18. Specialty Clinic Visits	26,337	27,267	28,525	30,080	30,074	29,198	25,657	28,162	29,784	5.8%
PAYOR MIX										
19. Charity & Self Pay	64.4%	62.2%	63.4%	65.2%	64.2%	63.8%	63.3%	64.0%	64.4%	0.6%
19. Medicaid & Medicaid Managed	21.7%	21.9%	21.9%	20.8%	20.3%	20.7%	23.4%	21.9%	20.6%	-5.9%
20. Medicare & Medicare Managed	9.0%	9.5%	9.5%	8.9%	9.4%	9.6%	8.3%	8.8%	9.3%	5.7%
21. Commercial & Other	4.9%	6.4%	5.2%	5.1%	6.1%	5.9%	5.0%	5.5%	5.7%	3.6%

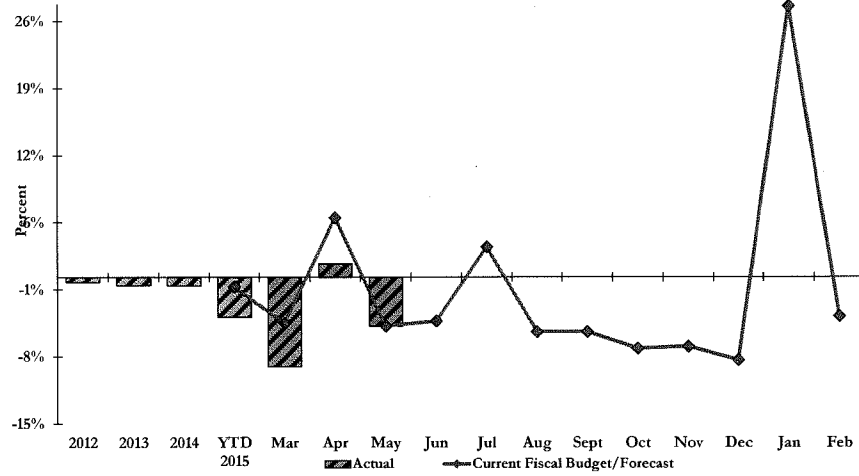
SUPPLEMENTAL INFORMATION - OPERATING STATEMENT - MONTHLY TREND
As Of May 31, 2014
(In Thousands)

							MONTHLY AVERAGE			
	December	January	February	March	April	May	FY 2013 YTD May	FY 2014 YTD May	FY 2015 YTD May	% Change 15 vs 14
1. Gross Patient Charges	\$ 253,608	\$ 248,930	\$ 245,775	\$ 260,616	\$ 264,252	\$ 266,220	231,683	248,590	263,696	6.1%
2. Total Patient Revenue Deductions	(223,326)	(215,989)	(212,390)	(230,849)	(234,055)	(234,517)	(204,850)	(221,282)	(233,140)	5.4%
3. Net Patient Service Revenue	30,283	32,941	33,385	29,767	30,198	31,702	26,833	27,308	30,556	11.9%
4. Net Revenue % of Gross Charges	11.9%	13.2%	13.6%	11.4%	11.4%	11.9%	11.6%	11.0%	11.6%	5.5%
5. DSH/UPL Program Revenue	19,415	19,415	19,415	21,704	21,704	21,040	21,237	24,908	21,482	-13.8%
6. Other Operating Revenue	1,625	1,936	1,311	1,455	1,620	3,518	3,284	2,145	2,197	2.4%
7. Total Other Operating Revenue	21,040	21,351	20,726	23,158	23,323	24,557	24,521	27,053	23,680	-12.5%
8. Net Ad Valorem Tax Revenue	43,066	42,648	45,149	47,061	46,906	47,067	42,099	42,937	47,011	9.5%
9. DSRIP	57,538	0	(0)	0	0	0	0	7,905	0	-100.0%
10. Net Tobacco Settlement Revenue	0	0	0	0	9,512	0	3,375	3,258	3,171	-2.7%
11. Interest Income and Other	117	(24)	906	170	237	843	932	237	417	75.8%
12. Total Nonoperating Revenue	100,722	42,624	46,055	47,231	56,655	47,910	46,406	54,337	50,598	-6.9%
13. Capital Contributions	0	0	0	0	0	0	0	0	0	0.0%
14. Total Net Revenue	152,044	96,917	100,166	100,156	110,176	104,169	97,760	108,697	104,834	-3.6%
15. Salaries and Wages	43,936	43,719	42,156	45,723	44,752	45,103	40,321	43,575	45,193	3.7%
16. FICA and Benefits	15,621	16,002	12,796	16,043	15,653	16,155	15,045	15,566	15,950	2.5%
17. Total Salaries, Wages, and Benefits	59,557	59,720	54,952	61,767	60,405	61,258	55,366	59,141	61,143	3.4%
18. Supplies	17,686	18,003	15,796	16,868	17,247	16,901	14,473	16,158	17,005	5.2%
19. Physician Services	16,336	15,492	16,362	16,145	15,089	15,633	11,974	13,813	15,623	13.1%
20. Other Purchased Services	9,535	10,582	15,102	9,031	9,505	9,427	8,405	8,222	9,321	13.4%
21. Depreciation and Amortization	4,251	4,386	4,507	4,700	4,834	4,619	3,973	4,519	4,717	4.4%
22. Interest	1,757	1,757	2,094	1,220	1,223	1,237	497	480	1,227	155.4%
23. Total Expenses	109,122	109,939	108,813	109,730	108,303	109,076	94,688	102,333	109,036	6.6%
24. Total Income (Loss)	\$ 42,922	\$ (13,023)	\$ (8,646)	\$ (9,574)	\$ 1,873	\$ (4,906)	\$ 3,072	\$ 6,365	\$ (4,202)	-166.0%
25. Total Margin	28.2%	-13.4%	-8.6%	-9.6%	1.7%	-4.7%	3.1%	5.9%	-4.0%	-168.5%
26. Full-Time Equivalent Employees	8,084	8,021	8,462	8,448	8,573	8,334	7,672	8,008	8,450	5.5%
27. Average Salary per FTE	\$63,993	\$64,174	\$64,943	\$63,723	\$63,513	\$63,724	\$62,554	\$64,769	\$63,653	-1.7%
28. Adjusted Patient Days	50,228	52,609	49,814	53,715	52,506	53,248	46,830	50,787	53,156	4.7%

HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

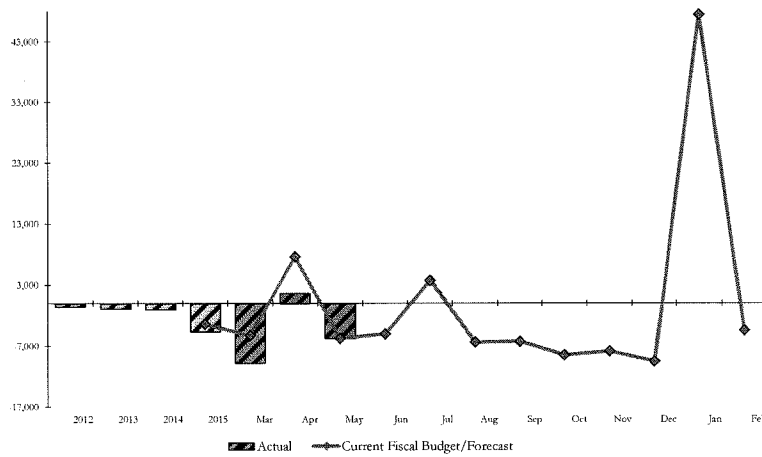
Operating Margin

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



Operating Income

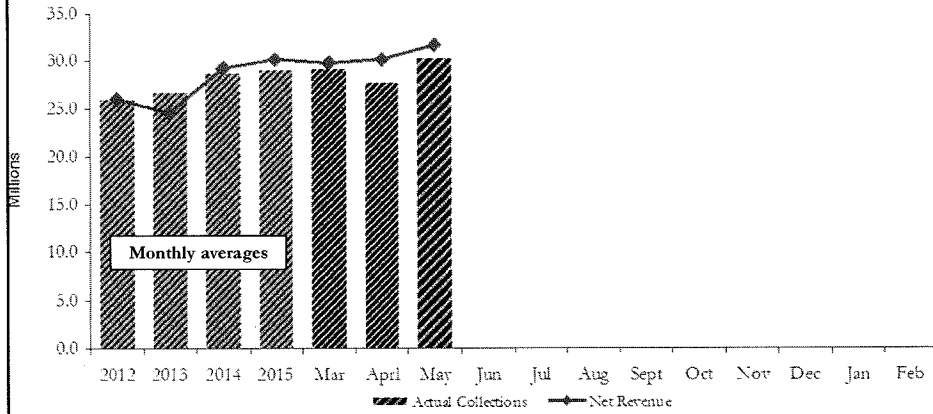
A measure of hospital profitability with respect to patient care services. Positive values are favorable. Values are monthly averages.



HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

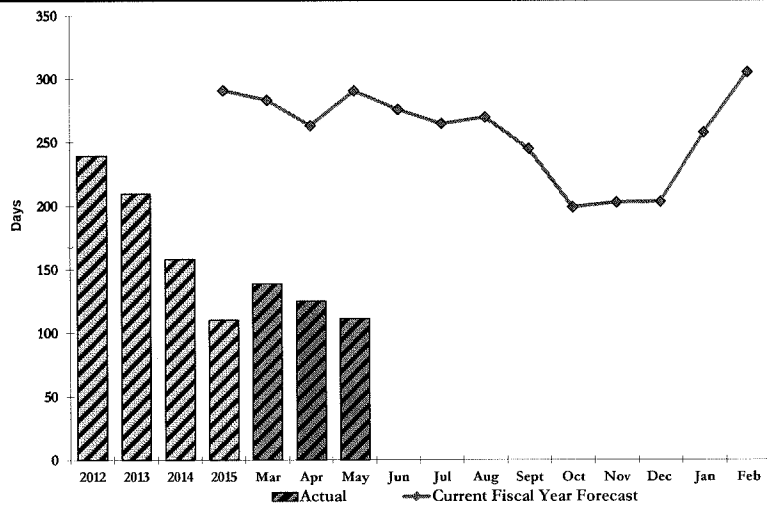
Cash Collections

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

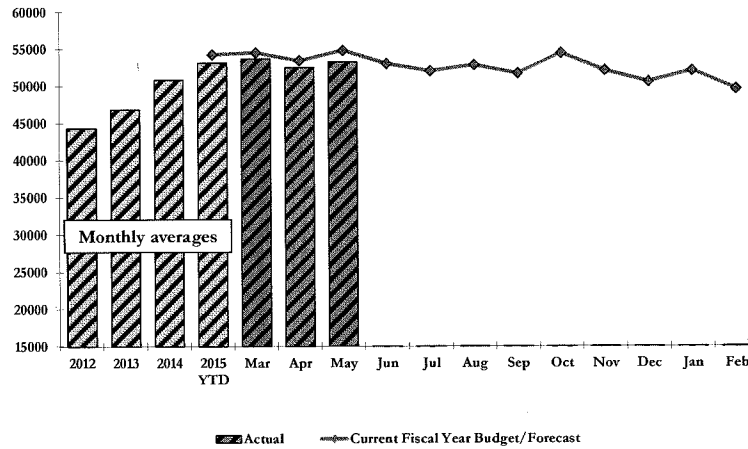
The number of days the Harris Health System could operate if no further patient revenues were received. Harris Health System's goal is to reach a year-end figure of 180 to 210 days.



HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

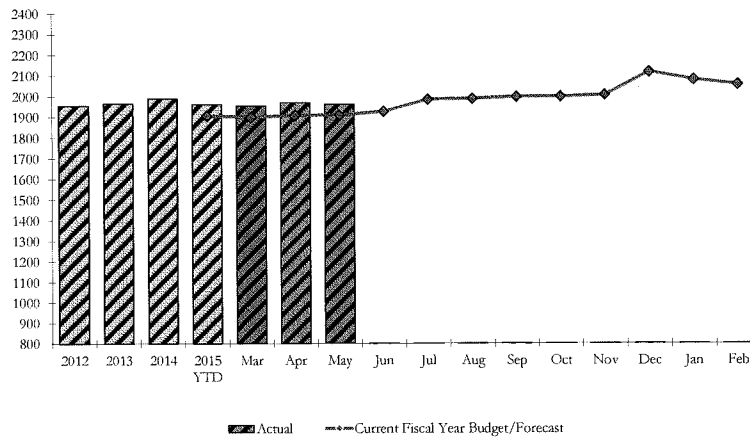
Adjusted Patient Days

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



Operating Cost Per Adj. Patient Day

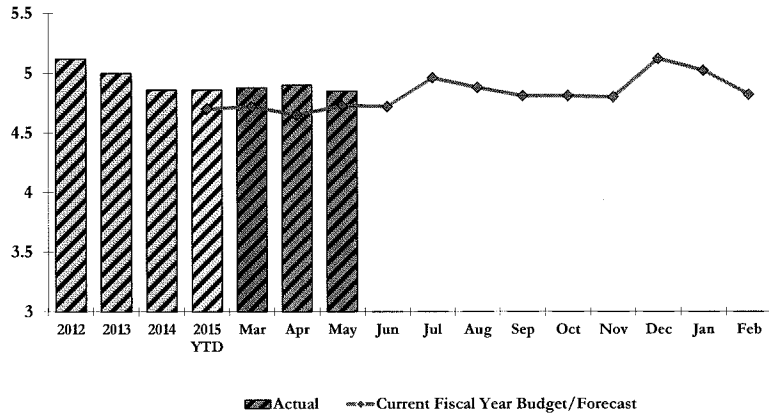
Measures the average cost of delivering care per equivalent inpatient day. Favorable values are below the budget.



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.

