

FINANCIAL STATEMENTS
As of November 30, 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 - 16



November 2014 Financial Statement Highlights

Presented for your review, discussion and acceptance are the financial statements for the month ended November 30, 2014.

Statistics

Adjusted patient days were 3.8% ^(Pg1:ln1) less than budget with approximately 66.5% of the volume representing outpatient care.

Clinic visits ^(Pg1:ln5) of 92,576 were 7.0% less than the budget of 99,518. Primary care clinic visits ^(Pg1:ln3) were 7.3% less than the month's budget and total specialty clinic visits were 6.0% less than the November budget ^(Pg1:ln4).

November Emergency Center visits ^(Pg1:ln10) are reported as 13,786 and were 3.5% less than budget.

System wide, surgery cases were 14.8% less than budget expectations ^(Pg1:ln13). As noted on page 2, line 16, Harris Health continues to outsource surgery cases as needed.

Deliveries of 554 were 2.6% greater than the budget of 540 ^(Pg1:ln21).

54.6% of total cases occupying patient beds entered through the emergency room ^(Pg1:ln19). Inpatient utilization System wide was 0.9% less than budget ^(Pg2:ln3). Inpatient length of stay ^(Pg2:ln8) was 5.3% less than budget and the inpatient case mix index ^(Pg2:ln9) was 6.1% less than budget.

Charity and Self Pay payor mix of 61.8% was 4.5% less than the budget of 64.7% ^(Pg2:ln10). Medicaid represented 23.1% of total patients, 6.9% greater than the budget of 21.6%. Medicare represented 9.1% of all patients, 2.2% greater than the budget of 8.9%. Commercial Insurance and Other represented 6.0% of all patients and compared favorably to the budget of 4.8%.

The Unduplicated Patient count, calculated on a rolling twelve months basis, of 320,797 is 3.4% greater than the prior year count of 310,298 ^(Pg2:ln17).

New Patients seen during the past twelve month period total 111,213 ^(Pg2:ln18) and are 5.6% greater than the prior year count of 105,288.

Revenue

Total Net Revenue of \$96.4 million ^(Pg3:ln23) was \$4.9 million or 4.8% less than budget. Patient volumes, measured as adjusted patient days ^(Pg8:ln14), were 3.8% less than budget. November patient net revenue receipts ^(Pg9:ln12) were \$31.9 million and exceeded budget by approximately \$3.0 million. November's estimated reimbursement per adjusted patient day ^(Pg8:ln1) was 5.9% greater than budget. The resulting Net Patient Service Revenue for November of \$29.5 million ^(Pg3:ln10) was \$0.5 million or 1.9% greater than budget. DSH/Uncompensated Care Program Revenues ^(Pg3:ln11) for the 2014 and 2015 federal fiscal years have been estimated based on the most current data available. Ad valorem tax revenues, net of related expenses, have been reflected in accordance with budget.

Expenses

Total expenses ^(Pg4:ln13) of \$106.9 million were \$2.3 million less than the budget of \$109.1 million. Salaries and wages were \$1.3 million less than the budget. Total FTE's ^(Pg8:ln17) were 1.0% less than budget and when adjusted for volume were 2.1% greater than the budgeted staffing level. Employee benefit expenses, primarily health benefits, were \$2.1 million less than budget for the month. Supplies expenses were \$0.5 million or 3.1% greater than budget and when adjusted for volume ^(Pg8:ln7) were 7.0% greater than the budget plan. Total Services ^(Pg4:ln12) of \$32.9 million were \$0.6 million or 1.9% greater than budget. Total expenses adjusted for volume ^(Pg8:ln12) were \$2,134 per day compared to the budget of \$2,097 per day, an unfavorable variance of \$37 per day or 1.8%.

Operating Income

Operating Income ^(Pg4:ln14) for November is a loss of \$10.5 million compared to a budgeted loss of \$7.8 million, an unfavorable variance of \$2.7 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

November cash receipts ^(Pg9:ln24) totaled \$73.6 million compared to a budget of \$112.1 million. The unfavorable variance is due to timing differences in anticipated payments under the Section 1115 Waiver programs. Including board designated funds, the System has \$136.9 million in unrestricted cash, cash equivalents and investments ^(Pg6:ln1,7,9,10,16,18,24), representing 40 days cash on hand compared to the prior year's cash of \$182.9 million and days cash on hand of 56. Harris Health System has ^(Pg6:ln2) \$78.7 million in net accounts receivable, representing 72 days of outstanding accounts receivable. At November 30, 2014 Harris Health System's balance sheet reflects estimated receivables of \$256.5 million under the Section 1115 Supplemental Medicaid Programs and a \$108.2 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 November 30, 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	50,081	52,056	-3.8%	483,950	478,579	1.1%	457,893	5.7%
2. Outpatient % of Adjusted Volume	66.5%	68.7%	-3.1%	67.3%	68.8%	-2.2%	66.8%	0.8%
3. Primary Care Clinic Visits	67,450	72,798	-7.3%	662,033	664,217	-0.3%	610,321	8.5%
4. Specialty Clinic Visits	25,126	26,720	-6.0%	262,354	258,555	1.5%	253,441	3.5%
5. Total Clinic Visits	92,576	99,518	-7.0%	924,387	922,772	0.2%	863,762	7.0%
6. % Primary Care Visits	72.9%	73.2%	-0.4%	71.6%	72.0%	-0.5%	70.7%	1.4%
7. Emergency Room Visits - Outpatient	11,420	11,779	-3.0%	112,369	110,697	1.5%	110,219	2.0%
8. Emergency Room Visits - Observation	803	894	-10.2%	9,064	8,408	7.8%	8,355	8.5%
9. Emergency Room Visits - Admitted	1,563	1,606	-2.7%	16,227	15,209	6.7%	15,599	4.0%
10. Total Emergency Room Visits	13,786	14,279	-3.5%	137,660	134,314	2.5%	134,173	2.6%
11. Surgery Cases - Outpatient	782	1,085	-27.9%	7,883	10,402	-24.2%	7,490	5.2%
12. Surgery Cases - Inpatient	881	866	1.7%	8,486	8,480	0.1%	8,465	0.2%
13. Total Surgery Cases	1,663	1,951	-14.8%	16,369	18,882	-13.3%	15,955	2.6%
14. % Outpatient Cases	47.0%	55.6%	-15.4%	48.2%	55.1%	-12.6%	46.9%	2.6%
15. Total Outpatient Visits	148,861	156,142	-4.7%	1,463,853	1,450,481	0.9%	1,385,490	5.7%
16. Inpatient Cases (Discharges)	3,141	2,895	8.5%	28,873	26,449	9.2%	26,752	7.9%
17. Outpatient Observation Cases	1,193	1,186	0.6%	12,391	11,153	11.1%	11,456	8.2%
18. Total Cases Occupying Patient Beds	4,334	4,081	6.2%	41,264	37,602	9.7%	38,208	8.0%
19. % of Total Cases from Emergency Room	54.6%	61.3%	-10.9%	61.3%	62.8%	-2.4%	62.7%	-2.2%
20. % of Outpatient Cases	27.5%	29.1%	-5.3%	30.0%	29.7%	1.2%	30.0%	0.2%
21. Births	554	540	2.6%	4,948	4,553	8.7%	4,694	5.4%

STATISTICAL HIGHLIGHTS
 As Of November 30, 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	16,759	16,311	2.7%	158,299	149,365	6.0%	152,187	4.0%
2. Outpatient Observation Days	2,102	2,717	-22.6%	22,838	25,670	-11.0%	26,193	-12.8%
3. Total Patient Days	18,861	19,028	-0.9%	181,137	175,035	3.5%	178,380	1.5%
4. % of Outpatient Days	11.1%	14.3%	-21.9%	12.6%	14.7%	-14.0%	14.7%	-14.1%
5. Average Daily Census	628.71	634.27	-0.9%	658.68	636.49	3.5%	648.66	1.5%
6. Average Operating Beds	801	767	4.4%	797	778	2.4%	796	0.1%
7. Bed Occupancy %	78.5%	82.7%	-5.1%	82.6%	81.8%	1.0%	81.5%	1.4%
8. Inpatient Average Length of Stay	5.34	5.63	-5.3%	5.48	5.65	-2.9%	5.69	-3.6%
9. Inpatient Case Mix Index (CMI)	1.375	1.465	-6.1%	1.428	1.465	-2.5%	1.451	-1.6%
Payor Mix (% of Charges)								
10. Charity & Self Pay	61.8%	64.7%	-4.5%	63.4%	64.7%	-2.0%	64.3%	-1.4%
11. Medicaid & Medicaid Managed	23.1%	21.6%	6.9%	21.1%	21.6%	-2.3%	21.9%	-3.7%
12. Medicare & Medicare Managed	9.1%	8.9%	2.2%	9.3%	8.9%	4.5%	9.0%	3.3%
13. Commercial & Other	6.0%	4.8%	25.0%	6.2%	4.8%	29.2%	4.8%	29.2%
<u>NETWORK REFERRAL SERVICES</u>								
14. Primary Care	214	1,454	-85.3%	5,696	13,536	-57.9%	5,521	3.2%
15. Specialty Care Visits	30	250	-88.0%	981	2,250	-56.4%	163	501.8%
16. Surgery Cases	79	50	58.0%	1,419	526	169.8%	1,094	29.7%
17. GI Procedures	235	27	770.4%	1,682	436	285.8%	648	159.6%
18. Hemodialysis Treatments	567	975	-41.8%	5,099	8,775	-41.9%	399	1177.9%
<u>HEALTH SYSTEM TOTALS</u>								
19. Primary Care	67,664	74,252	-8.9%	667,729	677,753	-1.5%	615,842	8.4%
20. Specialty Care Visits	25,156	26,970	-6.7%	263,335	260,805	1.0%	253,604	3.8%
21. Surgery Cases	1,742	2,001	-12.9%	17,788	19,408	-8.3%	17,049	4.3%
22. Total Unduplicated Patients - Rolling 12				320,797			310,298	3.4%
23. Total New Patient - Rolling 12				111,213			105,288	5.6%

OPERATING STATEMENT

As Of November 30, 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	18,309	17,846	2.6%	18,620	-1.7%	172,680	164,116	5.2%	167,180	3.3%
2. Inpatient Ancillary	62,333	61,340	1.6%	60,182	3.6%	608,142	584,154	4.1%	583,487	4.2%
3. Outpatient Ancillary	158,272	170,198	-7.0%	157,669	0.4%	1,584,845	1,617,649	-2.0%	1,485,719	6.7%
4. Physician Services	2,067	3,336	-38.0%	2,001	3.3%	20,639	31,894	-35.3%	21,220	-2.7%
5. Gross Patient Charges	240,980	252,719	-4.6%	238,472	1.1%	2,386,306	2,397,814	-0.5%	2,257,606	5.7%
REVENUE DEDUCTIONS:										
6. Charity Care	(108,461)	(134,119)	19.1%	(147,201)	26.3%	(1,152,360)	(1,272,525)	9.4%	(1,176,151)	2.0%
7. Contractual Allowance/Other Discounts	(97,456)	(80,242)	-21.5%	(55,562)	-75.4%	(851,058)	(761,343)	-11.8%	(743,492)	-14.5%
8. Provision for Bad Debt Expense	(5,566)	(9,408)	40.8%	(6,413)	13.2%	(106,071)	(89,268)	-18.8%	(85,588)	-23.9%
9. Total Patient Revenue Deductions	(211,483)	(223,769)	5.5%	(209,176)	-1.1%	(2,109,489)	(2,123,136)	0.6%	(2,005,231)	-5.2%
10. Net Patient Service Revenue	29,498	28,950	1.9%	29,296	0.7%	276,817	274,678	0.8%	252,375	9.7%
OTHER OPERATING REVENUE:										
11. DSH/UPL/1115 Waiver	18,159	23,210	-21.8%	19,415	-6.5%	181,280	208,892	-13.2%	208,119	-12.9%
12. Other Operating Revenue	1,964	1,927	1.9%	1,668	17.8%	20,474	18,842	8.7%	18,258	12.1%
13. Total Other Operating Revenue	20,124	25,137	-19.9%	21,083	-4.5%	201,753	227,734	-11.4%	226,378	-10.9%
14. Total Operating Revenue	49,621	54,087	-8.3%	50,379	-1.5%	478,570	502,413	-4.7%	478,752	0.0%
NONOPERATING REVENUE:										
15. Net Ad Valorem Tax Revenue	46,711	47,005	-0.6%	42,563	9.7%	423,722	423,048	0.2%	385,126	10.0%
16. DSRIP	0	0	0.0%	0	0.0%	21,190	9,205	130.2%	32,584	-35.0%
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	11	198	-94.5%	(205)	-105.3%	2,531	1,779	42.3%	(270)	-1038.6%
19. Other	34	0	0.0%	(26)	-232.7%	495	0	0.0%	583	15.1%
20. Total Nonoperating Revenue	46,756	47,203	-0.9%	42,332	10.5%	457,450	443,807	3.1%	427,797	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	96,378	101,290	-4.8%	92,710	4.0%	936,020	946,220	-1.1%	906,550	3.3%

OPERATING STATEMENT
As Of November 30, 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	34,733	36,492	4.8%	34,232	-1.5%	325,958	330,216	1.3%	316,985	-2.8%
2. PTO & Secondday Sick Leave	5,585	4,952	-12.8%	5,372	-4.0%	45,464	44,774	-1.5%	43,692	-4.1%
3. Contract Salaries	632	774	18.3%	1,393	54.6%	7,821	7,803	-0.2%	10,349	24.4%
4. Registry Salaries	1,964	1,997	1.6%	2,405	18.3%	20,826	18,283	-13.9%	22,105	5.8%
5. FICA and Benefits	14,121	16,194	12.8%	13,630	-3.6%	137,078	147,895	7.3%	139,975	2.1%
6. Total Salaries, Wages, and Benefits	57,035	60,409	5.6%	57,032	0.0%	537,147	548,970	2.2%	533,106	-0.8%
7. Supplies	16,931	16,428	-3.1%	13,669	-23.9%	158,831	149,991	-5.9%	146,403	-8.5%
SERVICES:										
8. Physician Services	17,668	16,685	-5.9%	15,139	-16.7%	138,629	143,778	3.6%	132,295	-4.8%
9. Other Purchased Services	9,357	9,676	3.3%	9,881	5.3%	81,753	82,573	1.0%	82,372	0.8%
10. Depreciation and Amortization	4,675	4,718	0.9%	4,442	-5.3%	42,443	43,247	1.9%	39,029	-8.7%
11. Interest	1,223	1,218	-0.4%	1,542	20.7%	11,061	11,166	0.9%	6,333	-74.7%
12. Total Services	32,923	32,297	-1.9%	31,004	-6.2%	273,886	280,764	2.4%	260,028	-5.3%
13. Total Operating Expenses	106,889	109,134	2.1%	101,704	-5.1%	969,864	979,724	1.0%	939,537	-3.2%
14. Operating Income (Loss)	(10,511)	(7,844)	-	(8,994)	-	(33,844)	(33,504)	-	(32,988)	-

CASH FLOW SUMMARY
As of November 30 2014
(In Thousands)

	<u>CURRENT</u> <u>MONTH</u>	<u>PRIOR YEAR</u> <u>MONTH</u>	<u>FISCAL</u> <u>YTD</u>	<u>PRIOR FISCAL</u> <u>YTD</u>
<u>CASH RECEIPTS:</u>				
1. Ad Valorem Taxes	\$ 8,454	11,022	\$ 38,110	\$ 35,914
2. Collections on Patient Accounts	31,063	25,971	279,495	238,799
3. DSH & UC - 1115 Waiver	31,269	0	168,344	205,364
3a DSRIP - 1115 Waiver	0	36,023	21,189	32,584
4. Tobacco Settlement	0	0	10,984	9,774
5. Trauma Fund	0	0	1,767	1,811
6. Other Sources (Includes Cost Reimbursement)	2,795	2,778	34,938	28,277
7. Total Cash Receipts	\$ 73,581	\$ 75,794	\$ 554,827	\$ 552,523
<u>CASH DISBURSEMENTS:</u>				
8. Salaries and Wages	\$ 29,106	\$ 29,757	\$ 273,876	\$ 283,858
9. Benefits and Employee Deductions	25,015	26,161	276,273	281,453
10. Drugs and Supplies	18,413	20,716	164,046	153,466
11. Physician Services	1,261	117	122,847	159,189
12. Purchased Services	9,862	13,883	101,884	93,930
13. Capital Expenditures	2,550	7,748	43,303	61,577
14. Debt and Interest Payments	491	422	9,266	9,455
15. Other Uses	(4,219)	(594)	(40,505)	(37,541)
16. Total Cash Disbursements	\$ 82,478	\$ 98,210	\$ 950,989	\$ 1,005,387
17. Net Change	\$ (8,897)	\$ (22,416)	\$ (396,162)	\$ (452,864)

Unrestricted Cash, Cash Equivalents and Investments - February 28, 2014	\$ 533,090
Net Change	(396,162)
Unrestricted Cash, Cash Equivalents and Investments - November 30, 2014	\$ 136,928

BALANCE SHEET
As Of November 30, 2014
(In Thousands)



<u>ASSETS</u>	<u>ACTUAL</u>	<u>PRIOR YEAR</u>
CURRENT ASSETS:		
1. Cash, Cash Equivalents and Short Term Investments	(181,401)	(130,556)
2. Net Patient Accounts Receivable	78,716	71,424
3. Net Ad Valorem Taxes, Current Portion	413,342	374,121
4. Prepaid Expenses, Inventories, and Other Current Assets	281,434	224,153
5. Total Current Assets	592,090	539,142
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
6. Debt Service and Bond Covenants - Restricted	8,134	8,099
7. Board Designated for Future Expansion	1,804	2,545
8. Phase 1 Project Fund	0	0
9. Board Designated for Legal Reserves	2,031	2,324
10. Board Designated for Self-Insured Programs	25,270	23,223
11. Total Assets Limited as to Use or Restricted, Current Portion	37,240	36,190
PLANT, PROPERTY AND EQUIPMENT:		
12. Plant, Property, & Equipment, Net of Accumulated Depreciation	425,104	379,369
13. Construction in Progress	28,927	61,944
14. Total Plant, Property and Equipment	454,030	441,313
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
15. Debt Service and Bond Covenants - Restricted	23,165	19,154
16. Board Designated for Future Expansion	95,334	111,971
17. Phase 1 Project Fund	0	0
18. Board Designated for Self-Insured Programs	193,890	173,398
19. Other - Restricted	863	864
20. Total Assets Limited as to Use or Restricted, Net of Current Portion	313,253	305,387
OTHER ASSETS:		
21. Net Ad Valorem Taxes, Delinquent	546	1,281
22. Net Deferred Bond Issue Costs	1,485	3,655
23. Net Pension Asset	10,016	10,734
24. Long-Term Investments	0	0
25. Security Deposit	70	45
26. Derivative Asset	0	0
27. Deferred Outflow - Derivative Financial Instrument	271	10,057
28. Total Other Assets	12,387	25,772
29. Due to/from CHCI	4,874	4,418
30. TOTAL ASSETS	1,413,875	1,352,223

BALANCE SHEET
As Of November 30, 2014
(In Thousands)



	<u>ACTUAL</u>	<u>PRIOR YEAR</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
1. Accounts Payable and Accrued Liabilities	145,269	73,713
2. Interest Payable	2,941	3,114
3. Employee Compensation & Related Benefit Liabilities	49,084	45,179
4. Compensated Absences	41,846	42,450
5. Estimated Third-Party Payor Settlements	7,860	2,470
6. Current Portion Long-Term Debt and Capital Leases	5,411	5,178
7. Total Current Liabilities	252,410	172,104
OTHER LONG-TERM LIABILITIES:		
8. Pension Payable	0	0
9. Post Employment Health Benefit Liability	193,890	173,398
10. Borrowing Payable	13,780	14,630
11. Derivative Liability	271	10,057
12. Arbitrage Rebate Liability	151	141
13. Total Other Long-Term Liabilities	208,091	198,226
LONG-TERM DEBT:		
14. Series 2007 Revenue Bonds, Including Premium & Deferred Loss	184,655	187,830
15. Series 2010 Revenue Bonds, Including Deferred Loss	82,095	82,368
16. Other Long-Term Obligation	308	152
17. Total Long-Term Debt	267,058	270,350
TOTAL LIABILITIES	727,559	640,680
NET ASSETS:		
18. Invested in Capital Assets, Net of Related Debt	167,781	151,455
19. Restricted Net Assets	32,163	28,981
20. Unrestricted Net Assets	486,371	531,108
21. Total Net Assets	686,316	711,543
22. TOTAL LIABILITIES & NET ASSETS	1,413,875	1,352,223

OPERATING PERFORMANCE PER ADJUSTED PATIENT DAY

As of November 30, 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	\$ 589	\$ 556	5.9%	\$ 569	3.5%	\$ 572	\$ 574	-0.3%	\$ 551	3.8%
2. Other Operating Revenue	402	483	-16.8%	410	-2.0%	417	476	-12.4%	494	-15.6%
3. Nonoperating Revenue	934	907	3.0%	823	13.5%	945	927	1.9%	934	1.2%
4. Capital Contribution	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
5. Total District Net Revenue	1,925	1,946	-1.1%	1,802	6.8%	1,934	1,977	-2.2%	1,979	-2.3%
6. Salaries, Wages, and Benefits	1,139	1,160	1.8%	1,108	-2.8%	1,110	1,147	3.2%	1,164	4.6%
7. Supplies	338	316	-7.0%	266	-27.1%	328	313	-4.8%	320	-2.5%
8. Physician Services	353	321	-10.0%	294	-20.1%	286	300	4.7%	289	1.0%
9. Other Purchased Services	187	186	-0.5%	192	2.6%	169	173	2.3%	180	6.1%
10. Depreciation and Amortization	93	91	-2.2%	86	-8.1%	88	90	2.2%	85	-3.5%
11. Interest	24	23	-4.3%	30	20.0%	23	23	0.0%	14	-64.3%
12. Total Operating Expenses	2,134	2,097	-1.8%	1,976	-8.0%	2,004	2,046	2.1%	2,052	2.3%
13. Operating Income(Loss)	\$ (209)	\$ (151)	-	\$ (174)	-	\$ (70)	\$ (69)	-	\$ (73)	-
14. Adjusted Patient Days	50,081	52,056	-3.8%	51,467	-2.7%	483,950	478,579	1.1%	457,893	5.7%
15. Average Daily Census	558.6	543.7	2.7%	566.9	-1.5%	575.6	543.2	6.0%	553.4	4.0%
16. FTE's(Employee/Contract) per AOB	4.9	4.8	-2.1%	4.8	-2.1%	4.8	4.8	0.0%	4.9	2.0%
17. FTE's(Employee/Contract) - Total	8,238	8,322	1.0%	8,203	-0.4%	8,362	8,329	-0.4%	8,110	-3.1%
18. FTE's(Employee/Contract) - Productive	7,159	7,382	3.0%	7,159	0.0%	7,388	7,389	0.0%	7,185	-2.8%

ANALYSIS OF CASH RECEIPTS
November 30, 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	\$5,905	\$5,546	\$5,460	\$61,117	\$40,277	\$20,840	51.7	\$51,801	\$9,316	18.0
2. Medicaid	8,840	7,332	8,785	74,876	78,469	(3,593)	(4.6)	85,652	(10,776)	(12.6)
3. Texas vendor drug/Medicare Part D	3,598	2,470	2,805	25,922	24,186	1,736	7.2	26,612	(690)	(2.6)
4. Managed Care - Medicaid	6,208	6,009	5,749	62,855	51,053	11,802	23.1	54,545	8,310	15.2
5. Commercial insurance	1,984	889	1,385	18,819	11,787	7,032	59.7	13,137	5,682	43.3
6. Liens	1,036	482	277	2,823	2,426	397	16.4	2,625	198	7.5
7. Patient pay	1,826	1,997	2,164	17,541	19,025	(1,484)	(7.8)	20,528	(2,987)	(14.6)
8. Business office	365	276	343	2,928	3,084	(156)	(5.1)	3,256	(328)	(10.1)
9. Other governmental projects/grants	1,301	970	1,244	12,614	8,492	4,122	48.5	11,802	812	6.9
10. SUBTOTAL	31,063	25,971	28,210	279,495	238,799	40,696	17.0	269,959	9,536	3.5
11a. Cost Reimbursements	854	516	667	6,105	10,980	(4,875)	(44.4)	6,000	105	1.7
11b. Recoupments	0	0	0	0	0	0	0.0	0	0	0.0
12. Net Patient Revenue Receipts	31,917	26,487	28,877	285,600	249,779	35,821	14.3	275,959	9,641	3.5
13. DSH & UC - 1115 Waiver	31,269	0	69,059	168,344	205,364	(37,020)	(18.0)	351,220	(182,876)	(52.1)
13a. DSRIP - 1115 Waiver	0	36,023	0	21,189	32,584	(11,395)	(35.0)	0	21,189	0.0
14. Tobacco Settlement	0	0	0	10,984	9,774	1,210	12.4	9,775	1,209	12.4
14a. Trauma Fund	0	0	0	1,767	1,811	(44)	(2.4)	1,500	267	17.8
15. Total Patient Revenue Receipts	63,186	62,510	97,936	487,884	499,312	(11,428)	(2.3)	638,454	(150,570)	(23.6)
NON-PATIENT OPERATING REVENUE:										
16. Parking	192	263	345	2,015	2,149	(134)	(6.2)	3,103	(1,088)	(35.1)
17. Cafeteria	253	0	0	2,296	0	2,296	0.0	0	2,296	0.0
18. Grants	987	1,428	681	7,194	6,040	1,154	19.1	6,129	1,065	17.4
19. Miscellaneous	418	539	901	16,518	7,495	9,023	120.4	8,112	8,406	103.6
20. Total Non-Patient Operating	1,850	2,230	1,927	28,023	15,684	12,339	78.7	17,344	10,679	61.6
21. Interest income	91	32	198	810	1,613	(803)	(49.8)	1,779	(969)	(54.5)
22. Total Non-Tax Receipts	65,127	64,772	100,061	516,717	516,609	108	0.0	657,577	(140,860)	(21.4)
23. Ad valorem tax receipts/note	8,454	11,022	12,002	38,110	35,914	2,196	6.1	39,108	(998)	(2.6)
24. Commercial Paper Proceeds	0	0	0	0	0	0	0.0	0	0	0.0
25. Total Receipts	\$73,581	\$75,794	\$112,063	\$554,827	\$552,523	\$2,304	0.4	\$696,685	(\$141,858)	(20.4)

**OPERATING PERFORMANCE
AS OF NOVEMBER 30, 2014
(IN MILLIONS)**

	<u>MONTH</u>	<u>YTD</u>
Total Operating Income (Loss) as Reported	\$ (10.5)	\$ (33.8)
Favorable Adjustments:		
Trauma Funds	\$ -	\$ 0.2
Post Employee Health Benefits	\$ 0.4	\$ 2.9
FICA Baylor Residents	\$ -	\$ 8.4
Subtotal of Favorable Adjustments	\$ 0.4	\$ 11.5
Unfavorable Adjustments:		
Tobacco Revenue	\$ -	\$ (0.2)
Medicare Cost Report Settlement	\$ -	\$ (5.0)
Subtotal of Unfavorable Adjustments	\$ -	\$ (5.2)
Harris Health System Operating Run Rate as of November	\$ (10.9)	\$ (40.1)
Harris Health System 2015 Budget	\$ (7.8)	\$ (33.5)
Favorable (Unfavorable) Run Rate	\$ (3.1)	\$ (6.6)
Attributable Factors:		
Favorable (Unfavorable) Revenue Variance	\$ (4.9)	\$ (5.2)
Favorable (Unfavorable) Expense Variance	\$ 1.8	\$ (1.4)
Net of Attributable Factors	\$ (3.1)	\$ (6.6)

SUPPLEMENTAL INFORMATION - STATISTICAL HIGHLIGHTS - MONTHLY TREND
As Of November 30, 2014

							MONTHLY AVERAGE			
	June	July	August	September	October	November	FY 2013 YTD Nov	FY 2014 YTD Nov	FY 2015 YTD Nov	% Change 15 vs 14
1. ADMISSIONS(A&P)	3,078	3,281	3,359	3,250	3,322	3,141	2,917	2,972	3,208	7.9%
2. PATIENT DAYS(A&P)	16,753	18,507	18,734	18,210	18,363	16,759	16,409	16,910	17,589	4.0%
3. AVERAGE LOS	5.44	5.64	5.58	5.60	5.53	5.34	5.63	5.69	5.48	-3.6%
4. AVERAGE LOS, Overall CMI Adjusted	3.82	3.98	3.96	3.88	3.84	3.88	3.98	3.92	3.84	-2.1%
5. PERCENT OCCUPANCY	70.5%	75.8%	74.9%	75.0%	72.1%	69.7%	66.1%	69.5%	72.2%	3.9%
CASE MIX INDEX (CMI)										
6. CMI - Excluding Obstetrics Cases	1.560	1.563	1.561	1.605	1.588	1.488	1.570	1.595	1.568	-1.7%
7. CMI - Overall	1.426	1.416	1.410	1.444	1.441	1.375	1.412	1.451	1.428	-1.6%
8. BIRTHS	493	596	617	606	591	554	559	522	550	5.4%
9. OPERATING ROOM CASES	1,536	1,869	1,765	2,122	2,062	1,663	1,806	1,773	1,819	2.6%
10. Inpatient	737	950	869	1,239	1,105	881	945	941	943	0.2%
11. Outpatient	799	919	896	883	957	782	861	832	876	5.2%
12. EMERGENCY VISITS	15,436	15,331	15,866	15,995	15,898	13,786	14,570	14,908	15,296	2.6%
13. Emergency Room Visits-Admitted	1,896	1,909	1,830	1,945	1,798	1,563	1,613	1,733	1,803	4.0%
14. Emergency Room Visits-Outpatient	12,456	12,317	12,995	13,009	13,219	11,420	12,090	12,247	12,485	2.0%
15. Emergency Room Visits-Observation	1,084	1,105	1,041	1,041	881	803	867	928	1,007	8.5%
16. CLINIC VISITS	99,454	104,091	99,575	105,201	115,932	92,576	91,508	95,974	102,710	7.0%
17. Primary Care Clinic Visits	70,541	74,358	71,082	75,960	84,436	67,450	65,723	67,813	73,559	8.5%
18. Specialty Clinic Visits	28,913	29,733	28,493	29,241	31,496	25,126	25,785	28,160	29,150	3.5%
PAYOR MIX										
19. Charity & Self Pay	65.1%	63.3%	63.0%	61.6%	63.0%	61.8%	63.3%	64.3%	63.4%	-1.4%
19. Medicaid & Medicaid Managed	18.8%	20.2%	21.4%	22.5%	21.7%	23.1%	22.6%	21.9%	21.1%	-3.7%
20. Medicare & Medicare Managed	9.4%	9.5%	9.7%	9.6%	8.9%	9.1%	8.8%	9.0%	9.3%	3.3%
21. Commercial & Other	6.7%	7.0%	5.9%	6.3%	6.4%	6.0%	5.3%	4.8%	6.2%	29.2%

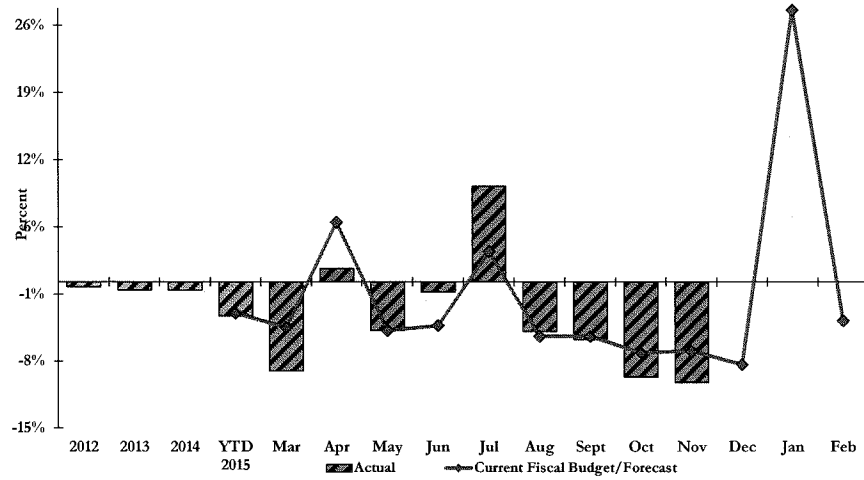
SUPPLEMENTAL INFORMATION - OPERATING STATEMENT - MONTHLY TREND
As Of November 30, 2014
(In Thousands)

							MONTHLY AVERAGE			
	June	July	August	September	October	November	FY 2013 YTD Nov	FY 2014 YTD Nov	FY 2015 YTD Nov	% Change 15 vs 14
1. Gross Patient Charges	\$ 254,193	\$ 273,974	\$ 270,061	\$ 272,780	\$ 283,229	\$ 240,980	229,630	250,845	265,145	5.7%
2. Total Patient Revenue Deductions	(226,703)	(243,830)	(241,702)	(237,195)	(249,155)	(211,483)	(204,393)	(222,803)	(234,388)	5.2%
3. Net Patient Service Revenue	27,490	30,144	28,359	35,585	34,074	29,498	25,238	28,042	30,757	9.7%
4. Net Revenue % of Gross Charges	10.8%	11.0%	10.5%	13.0%	12.0%	12.2%	11.0%	11.2%	11.6%	3.8%
5. DSH/UPL Program Revenue	21,040	21,040	21,040	17,396	18,159	18,159	22,794	23,124	20,142	-12.9%
6. Other Operating Revenue	1,998	2,436	3,302	2,131	2,050	1,964	2,393	2,029	2,275	12.1%
7. Total Other Operating Revenue	23,037	23,476	24,341	19,527	20,210	20,124	25,187	25,153	22,417	-10.9%
8. Net Ad Valorem Tax Revenue	46,823	47,161	47,886	47,171	46,936	46,711	41,530	42,792	47,080	10.0%
9. DSRIP	0	21,190	0	0	0	0	0	3,620	2,354	-35.0%
10. Net Tobacco Settlement Revenue	0	0	0	0	0	0	1,080	1,086	1,057	-2.7%
11. Interest Income and Other	636	580	286	147	83	45	1,757	35	336	866.0%
12. Total Nonoperating Revenue	47,459	68,931	48,172	47,318	47,019	46,756	44,367	47,533	50,828	6.9%
13. Capital Contributions	0	0	0	0	0	0	0	0	0	0.0%
14. Total Net Revenue	97,986	122,551	100,872	102,430	101,303	96,378	94,791	100,728	104,002	3.3%
15. Salaries and Wages	43,132	43,963	44,818	43,710	45,954	42,914	40,473	43,681	44,452	1.8%
16. FICA and Benefits	15,620	15,498	15,699	14,595	13,693	14,121	13,982	15,553	15,231	-2.1%
17. Total Salaries, Wages, and Benefits	58,752	59,461	60,516	58,305	59,648	57,035	54,455	59,234	59,683	0.8%
18. Supplies	17,615	18,605	15,936	17,893	20,837	16,931	14,917	16,267	17,648	8.5%
19. Physician Services	7,323	15,626	15,908	17,405	17,832	17,668	12,236	14,699	15,403	4.8%
20. Other Purchased Services	8,933	9,280	7,903	9,503	8,812	9,357	8,817	9,152	9,084	-0.8%
21. Depreciation and Amortization	4,681	4,699	4,866	4,698	4,672	4,675	4,142	4,337	4,716	8.7%
22. Interest	1,223	1,237	1,237	1,223	1,237	1,223	569	704	1,229	74.7%
23. Total Expenses	98,527	108,908	106,366	109,026	113,037	106,889	95,136	104,393	107,762	3.2%
24. Total Income (Loss)	\$ (541)	\$ 13,643	\$ (5,494)	\$ (6,597)	\$ (11,735)	\$ (10,511)	\$ (345)	\$ (3,665)	\$ (3,760)	2.6%
25. Total Margin	-0.6%	11.1%	-5.4%	-6.4%	-11.6%	-10.9%	-0.4%	-3.6%	-3.6%	-0.6%
26. Full-Time Equivalent Employees	8,371	8,290	8,351	8,216	8,435	8,238	7,693	8,110	8,362	3.1%
27. Average Salary per FTE	\$62,688	\$62,441	\$63,190	\$64,727	\$64,150	\$63,381	\$62,846	\$64,336	\$63,503	-1.3%
28. Adjusted Patient Days	53,016	56,210	55,987	52,123	57,064	50,081	46,606	50,877	53,772	5.7%

HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

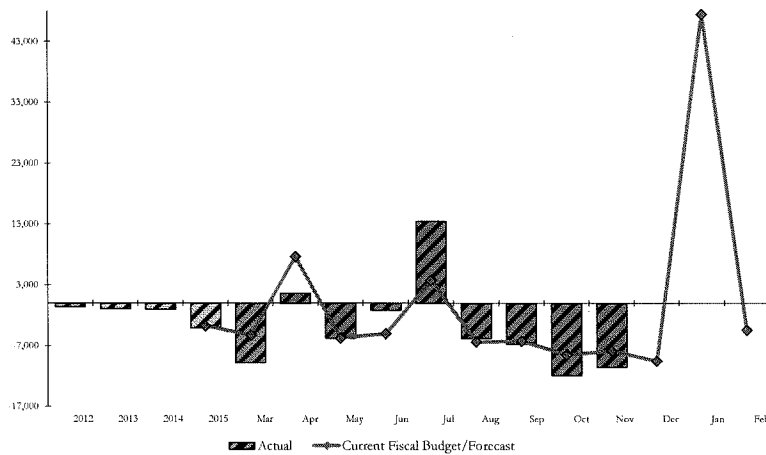
Operating Margin

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



Operating Income

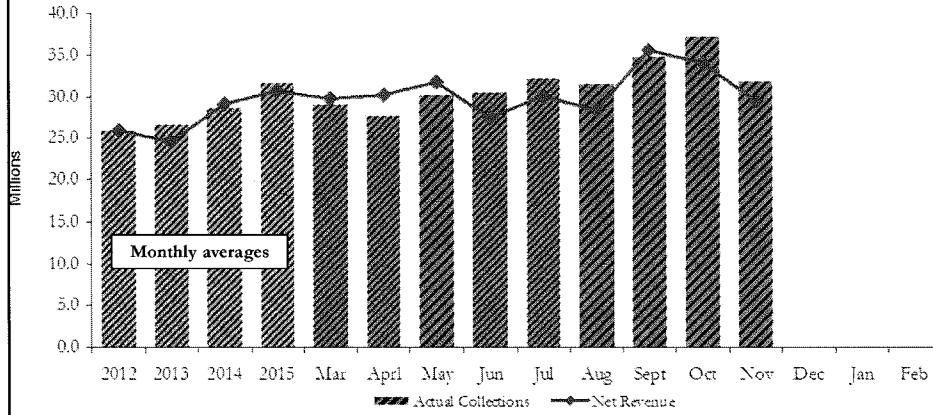
A measure of hospital profitability with respect to patient care services. Positive values are favorable. Values are monthly averages.



HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

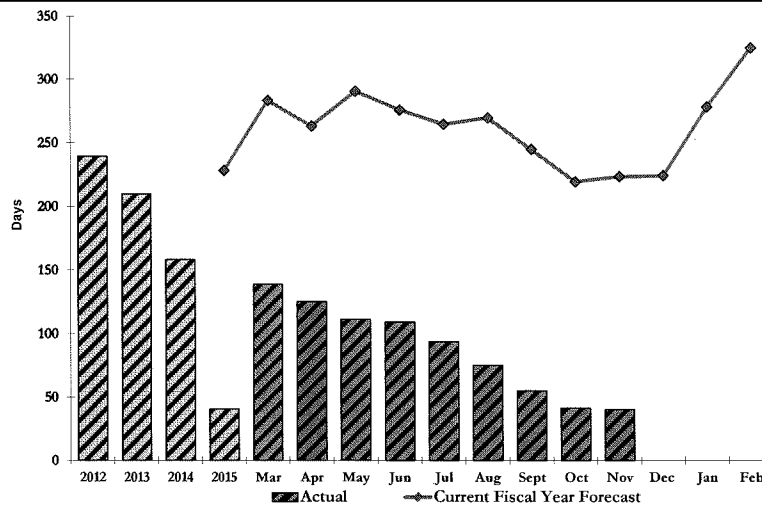
Cash Collections

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

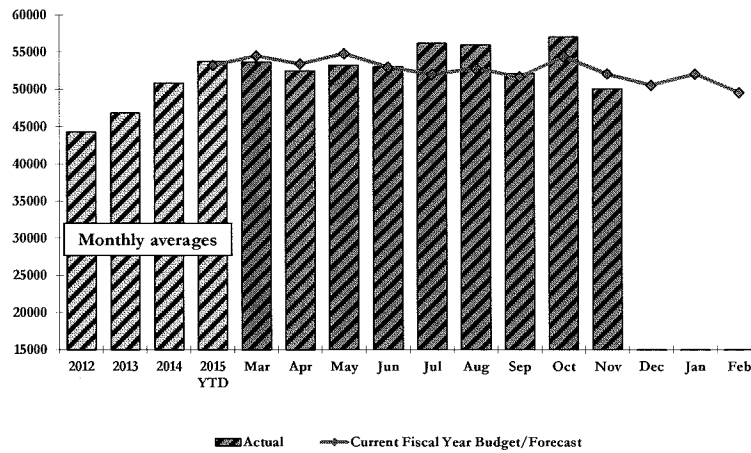
The number of days the Harris Health System could operate if no further patient revenues were received. Harris Health System's goal is to reach a year-end figure of 180 to 210 days.



HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

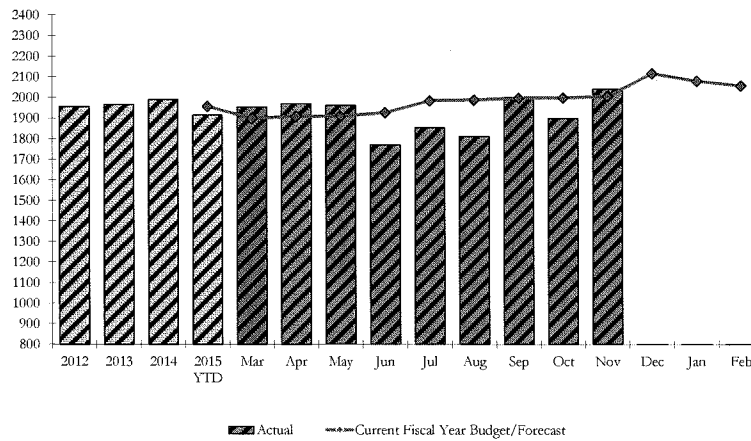
Adjusted Patient Days

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



Operating Cost Per Adj. Patient Day

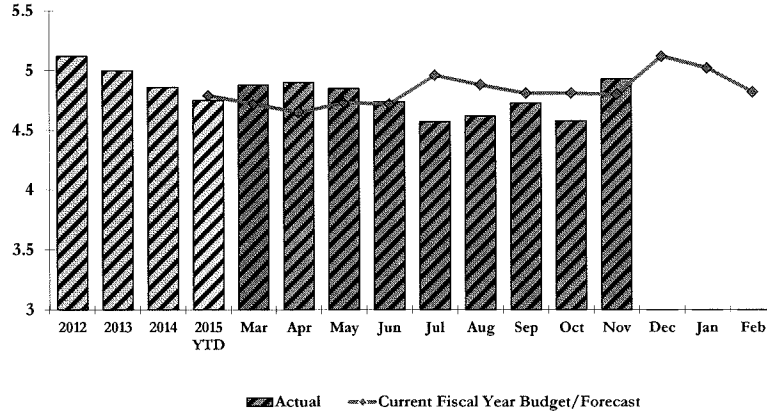
Measures the average cost of delivering care per equivalent inpatient day. Favorable values are below the budget.



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.

