

FINANCIAL STATEMENTS
As of October 31, 2014

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FINANCIAL STATEMENTS HIGHLIGHTS

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October 2014 Financial Statement Highlights

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

Statistics

Adjusted patient days were 4.9% ^(Pg1:ln1) greater than budget with approximately 67.8% of the volume representing outpatient care.

Clinic visits ^(Pg1:ln5) of 115,932 were 1.5% less than the budget of 117,756. Primary care clinic visits ^(Pg1:ln3) were 2.0% less than the month's budget and total specialty clinic visits were 0.3% less than the October budget ^(Pg1:ln4).

October Emergency Center visits ^(Pg1:ln10) are reported as 15,898 and were 4.1% greater than budget.

System wide, surgery cases were 8.6% less than budget expectations ^(Pg1:ln13). As noted on page 2, line 16, Harris Health continues to outsource surgery cases as needed.

Deliveries of 591 were 8.0% greater than the budget of 547 ^(Pg1:ln21).

58.7% of total cases occupying patient beds entered through the emergency room ^(Pg1:ln19). Inpatient utilization System wide was 4.8% greater than budget ^(Pg2:ln3). Inpatient length of stay ^(Pg2:ln8) was 2.0% less than budget and the inpatient case mix index ^(Pg2:ln9) was 1.6% less than budget.

Charity and Self Pay payor mix of 63.0% was 2.6% less than the budget of 64.7% ^(Pg2:ln10). Medicaid represented 21.7% of total patients, 0.5% greater than the budget of 21.6%. Medicare represented 8.9% of all patients, in line with the budget of 8.9%. Commercial Insurance and Other represented 6.4% of all patients and compared favorably to the budget of 4.8%.

The Unduplicated Patient count, calculated on a rolling twelve months basis, of 320,734 is 3.5% greater than the prior year count of 309,904 ^(Pg2:ln17).

New Patients seen during the past twelve month period total 111,115 ^(Pg2:ln18) and are 5.3% greater than the prior year count of 105,498.

Revenue

Total Net Revenue of \$101.3 million ^(Pg3:ln23) was \$3.8 million or 3.6% less than budget. Patient volumes, measured as adjusted patient days ^(Pg8:ln14), were 4.9% greater than budget. October patient net revenue receipts ^(Pg9:ln12), \$37.3 million, represent the highest monthly collections this fiscal year. October's estimated reimbursement per adjusted patient day ^(Pg8:ln1) was 0.8% less than budget. The resulting Net Patient Service Revenue for October of \$34.1 million ^(Pg3:ln10) was \$1.3 million or 4.0% 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 \$113.0 million were \$0.6 million less than the budget of \$113.6 million. Salaries and wages were \$0.4 million less than the budget. Total FTE's ^(Pg8:ln17) were 0.1% greater than budget and when adjusted for volume were 4.2% less than the budgeted staffing level. Employee benefit expenses, primarily health benefits, were \$3.1 million less than budget for the month. Supplies expenses were \$2.5 million or 13.8% greater than budget and when adjusted for volume ^(Pg8:ln7) were 8.3% greater than the budget plan. The negative variance is primarily pharmaceuticals. Total Services ^(Pg4:ln12) of \$32.6 million were \$0.5 million or 1.5% greater than budget. Total expenses adjusted for volume ^(Pg8:ln12) were \$1,980 per day compared to the budget of \$2,088 per day, a favorable variance of \$108 per day or 5.2%.

Operating Income

Operating Income ^(Pg4:ln14) for October is a loss of \$11.7 million compared to a budgeted loss of \$8.5 million, an unfavorable variance of \$3.2 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

October cash receipts ^(Pg9:ln24) totaled \$40.2 million compared to a budget of \$36.2 million. The favorable variance is due to strong patient account collections. Including board designated funds, the System has \$145.8 million in unrestricted cash, cash equivalents and investments ^(Pg6:ln1,7,9,10,16,18,24), representing 42 days cash on hand compared to the prior year's cash of \$205.3 million and days cash on hand of 59. Harris Health System has ^(Pg6:ln2) \$80.9 million in net accounts receivable, representing 76 days of outstanding accounts receivable. At October 31, 2014 Harris Health System's balance sheet reflects estimated receivables of \$269.6 million under the Section 1115 Supplemental Medicaid Programs and a \$91.7 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 October 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	57,064	54,408	4.9%	433,869	426,523	1.7%	406,426	6.8%
2. Outpatient % of Adjusted Volume	67.8%	69.1%	-1.9%	67.4%	68.8%	-2.1%	66.7%	1.0%
3. Primary Care Clinic Visits	84,436	86,166	-2.0%	594,583	591,419	0.5%	546,867	8.7%
4. Specialty Clinic Visits	31,496	31,590	-0.3%	237,228	231,835	2.3%	227,424	4.3%
5. Total Clinic Visits	115,932	117,756	-1.5%	831,811	823,254	1.0%	774,291	7.4%
6. % Primary Care Visits	72.8%	73.2%	-0.5%	71.5%	71.8%	-0.5%	70.6%	1.2%
7. Emergency Room Visits - Outpatient	13,219	12,560	5.2%	100,949	98,918	2.1%	98,658	2.3%
8. Emergency Room Visits - Observation	881	956	-7.8%	8,261	7,514	9.9%	7,472	10.6%
9. Emergency Room Visits - Admitted	1,798	1,753	2.6%	14,664	13,603	7.8%	13,987	4.8%
10. Total Emergency Room Visits	15,898	15,269	4.1%	123,874	120,035	3.2%	120,117	3.1%
11. Surgery Cases - Outpatient	957	1,225	-21.9%	7,101	9,317	-23.8%	6,755	5.1%
12. Surgery Cases - Inpatient	1,105	1,032	7.1%	7,605	7,614	-0.1%	7,625	-0.3%
13. Total Surgery Cases	2,062	2,257	-8.6%	14,706	16,931	-13.1%	14,380	2.3%
14. % Outpatient Cases	46.4%	54.3%	-14.5%	48.3%	55.0%	-12.3%	47.0%	2.8%
15. Total Outpatient Visits	182,356	182,622	-0.1%	1,314,992	1,294,339	1.6%	1,240,271	6.0%
16. Inpatient Cases (Discharges)	3,322	2,976	11.6%	25,732	23,554	9.2%	23,855	7.9%
17. Outpatient Observation Cases	1,244	1,268	-1.9%	11,198	9,967	12.4%	10,193	9.9%
18. Total Cases Occupying Patient Beds	4,566	4,244	7.6%	36,930	33,521	10.2%	34,048	8.5%
19. % of Total Cases from Emergency Room	58.7%	63.8%	-8.1%	62.1%	63.0%	-1.5%	63.0%	-1.5%
20. % of Outpatient Cases	27.2%	29.9%	-8.8%	30.3%	29.7%	2.0%	29.9%	1.3%
21. Births	591	547	8.0%	4,394	4,013	9.5%	4,137	6.2%

STATISTICAL HIGHLIGHTS
As Of October 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	18,363	16,790	9.4%	141,540	133,054	6.4%	135,180	4.7%
2. Outpatient Observation Days	2,167	2,806	-22.8%	20,735	22,953	-9.7%	23,469	-11.7%
3. Total Patient Days	20,530	19,596	4.8%	162,275	156,007	4.0%	158,649	2.3%
4. % of Outpatient Days	10.6%	14.3%	-26.3%	12.8%	14.7%	-13.2%	14.8%	-13.6%
5. Average Daily Census	662.25	632.13	4.8%	662.35	636.76	4.0%	647.55	2.3%
6. Average Operating Beds	822	767	7.2%	796	780	2.1%	798	-0.3%
7. Bed Occupancy %	80.6%	82.4%	-2.2%	83.2%	81.6%	1.9%	81.1%	2.5%
8. Inpatient Average Length of Stay	5.53	5.64	-2.0%	5.50	5.65	-2.6%	5.67	-2.9%
9. Inpatient Case Mix Index (CMI)	1.441	1.465	-1.6%	1.434	1.465	-2.1%	1.447	-0.9%
Payor Mix (% of Charges)								
10. Charity & Self Pay	63.0%	64.7%	-2.6%	63.6%	64.7%	-1.7%	64.4%	-1.2%
11. Medicaid & Medicaid Managed	21.7%	21.6%	0.5%	20.8%	21.6%	-3.7%	22.0%	-5.5%
12. Medicare & Medicare Managed	8.9%	8.9%	0.0%	9.4%	8.9%	5.6%	8.9%	5.6%
13. Commercial & Other	6.4%	4.8%	33.3%	6.2%	4.8%	29.2%	4.7%	31.9%
<u>NETWORK REFERRAL SERVICES</u>								
14. Primary Care	271	1,633	-83.4%	5,482	12,082	-54.6%	3,839	42.8%
15. Specialty Care Visits	88	250	-64.8%	951	2,000	-52.5%	122	679.5%
16. Surgery Cases	108	64	68.8%	1,340	476	181.5%	932	43.8%
17. GI Procedures	240	19	1163.2%	1,447	409	253.8%	608	138.0%
18. Hemodialysis Treatments	776	975	-20.4%	4,532	7,800	-41.9%	191	2272.8%
<u>HEALTH SYSTEM TOTALS</u>								
19. Primary Care	84,707	87,799	-3.5%	600,065	603,501	-0.6%	550,706	9.0%
20. Specialty Care Visits	31,584	31,840	-0.8%	238,179	233,835	1.9%	227,546	4.7%
21. Surgery Cases	2,170	2,321	-6.5%	16,046	17,407	-7.8%	15,312	4.8%
22. Total Unduplicated Patients - Rolling 12				320,734			309,904	3.5%
23. Total New Patient - Rolling 12				111,115			105,498	5.3%

OPERATING STATEMENT
As Of October 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	20,212	18,367	10.0%	19,480	3.8%	154,371	146,271	5.5%	148,560	3.9%
2. Inpatient Ancillary	70,931	69,863	1.5%	69,347	2.3%	545,810	522,814	4.4%	523,305	4.3%
3. Outpatient Ancillary	189,450	193,755	-2.2%	184,338	2.8%	1,426,573	1,447,452	-1.4%	1,328,050	7.4%
4. Physician Services	2,637	3,925	-32.8%	2,476	6.5%	18,572	28,558	-35.0%	19,219	-3.4%
5. Gross Patient Charges	283,229	285,910	-0.9%	275,640	2.8%	2,145,326	2,145,095	0.0%	2,019,134	6.2%
REVENUE DEDUCTIONS:										
6. Charity Care	(122,985)	(151,733)	18.9%	(152,428)	19.3%	(1,043,899)	(1,138,406)	8.3%	(1,028,950)	-1.5%
7. Contractual Allowance/Other Discounts	(106,044)	(90,781)	-16.8%	(84,899)	-24.9%	(753,602)	(681,101)	-10.6%	(687,930)	-9.5%
8. Provision for Bad Debt Expense	(20,125)	(10,644)	-89.1%	(6,587)	-205.5%	(100,506)	(79,859)	-25.9%	(79,175)	-26.9%
9. Total Patient Revenue Deductions	(249,155)	(253,158)	1.6%	(243,913)	-2.1%	(1,898,006)	(1,899,366)	0.1%	(1,796,056)	-5.7%
10. Net Patient Service Revenue	34,074	32,752	4.0%	31,727	7.4%	247,319	245,728	0.6%	223,078	10.9%
OTHER OPERATING REVENUE:										
11. DSH/UPL/1115 Waiver	18,159	23,210	-21.8%	19,415	-6.5%	163,120	185,682	-12.2%	188,704	-13.6%
12. Other Operating Revenue	2,050	1,927	6.4%	1,327	54.5%	18,509	16,915	9.4%	16,590	11.6%
13. Total Other Operating Revenue	20,210	25,137	-19.6%	20,742	-2.6%	181,630	202,597	-10.3%	205,295	-11.5%
14. Total Operating Revenue	54,284	57,889	-6.2%	52,469	3.5%	428,949	448,325	-4.3%	428,373	0.1%
NONOPERATING REVENUE:										
15. Net Ad Valorem Tax Revenue	46,936	47,005	-0.1%	42,340	10.9%	377,010	376,043	0.3%	342,563	10.1%
16. DSRIP	0	0	0.0%	8,871	-100.0%	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	108	198	-45.3%	93	16.1%	2,520	1,581	59.3%	(64)	-4012.5%
19. Other	(25)	0	0.0%	695	-103.6%	461	0	0.0%	609	24.2%
20. Total Nonoperating Revenue	47,019	47,203	-0.4%	51,999	-9.6%	410,693	396,604	3.6%	385,466	6.5%
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	101,303	105,092	-3.6%	104,469	-3.0%	839,642	844,930	-0.6%	813,839	3.2%

OPERATING STATEMENT

As Of October 31, 2014

(In Thousands)

MONTH-TO-MONTH

	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
SALARIES, WAGES, AND BENEFITS:					
1. Regular Salaries	38,186	38,244	0.2%	37,411	-2.1%
2. PTO & Secondday Sick Leave	4,872	5,186	6.1%	4,822	-1.0%
3. Contract Salaries	747	837	10.8%	1,354	44.8%
4. Registry Salaries	2,150	2,099	-2.4%	2,595	17.2%
5. FICA and Benefits	13,693	16,826	18.6%	15,562	12.0%
6. Total Salaries, Wages, and Benefits	59,648	63,192	5.6%	61,744	3.4%
7. Supplies	20,837	18,309	-13.8%	19,076	-9.2%
SERVICES:					
8. Physician Services	17,832	16,686	-6.9%	15,139	-17.8%
9. Other Purchased Services	8,812	9,257	4.8%	11,307	22.1%
10. Depreciation and Amortization	4,672	4,875	4.2%	4,298	-8.7%
11. Interest	1,237	1,259	1.7%	1,257	1.6%
12. Total Services	32,553	32,077	-1.5%	32,000	-1.7%
13. Total Operating Expenses	113,037	113,577	0.5%	112,820	-0.2%
14. Operating Income (Loss)	(11,735)	(8,485)	-	(8,351)	-

YEAR-TO-DATE

	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
1. Regular Salaries	291,225	293,724	0.9%	282,754	-3.0%
2. PTO & Secondday Sick Leave	39,879	39,822	-0.1%	38,319	-4.1%
3. Contract Salaries	7,188	7,028	-2.3%	8,956	19.7%
4. Registry Salaries	18,862	16,286	-15.8%	19,700	4.3%
5. FICA and Benefits	122,957	131,701	6.6%	126,345	2.7%
6. Total Salaries, Wages, and Benefits	480,111	488,561	1.7%	476,074	-0.8%
7. Supplies	141,900	133,563	-6.2%	132,734	-6.9%
8. Physician Services	120,962	127,092	4.8%	117,157	-3.2%
9. Other Purchased Services	72,395	72,897	0.7%	72,491	0.1%
10. Depreciation and Amortization	37,768	38,529	2.0%	34,587	-9.2%
11. Interest	9,838	9,948	1.1%	4,791	-105.4%
12. Total Services	240,963	248,467	3.0%	229,025	-5.2%
13. Total Operating Expenses	862,974	870,591	0.9%	837,833	-3.0%
14. Operating Income (Loss)	(23,332)	(25,661)	-	(23,994)	-

CASH FLOW SUMMARY

As of October 31 2014

(In Thousands)

	CURRENT MONTH	PRIOR YEAR MONTH	FISCAL YTD	PRIOR FISCAL YTD
<u>CASH RECEIPTS:</u>				
1. Ad Valorem Taxes	\$ 401	432	\$ 29,656	\$ 24,892
2. Collections on Patient Accounts	36,595	27,770	248,432	212,828
3. DSH & UC - 1115 Waiver	(5)	36,996	137,075	205,365
3a DSRIP - 1115 Waiver	0	(27,153)	21,189	(3,440)
4. Tobacco Settlement	0	0	10,984	9,774
5. Trauma Fund	0	0	1,767	1,811
6. Other Sources (Includes Cost Reimbursement)	3,165	2,904	32,143	25,499
7. Total Cash Receipts	\$ 40,156	\$ 40,949	\$ 481,246	\$ 476,729
<u>CASH DISBURSEMENTS:</u>				
8. Salaries and Wages	\$ 28,485	\$ 31,929	\$ 244,770	\$ 254,101
9. Benefits and Employee Deductions	25,990	45,380	251,258	255,292
10. Drugs and Supplies	21,523	16,613	145,633	132,750
11. Physician Services	1,214	44	121,586	159,072
12. Purchased Services	12,057	9,476	92,022	80,047
13. Capital Expenditures	2,442	5,869	40,753	53,829
14. Debt and Interest Payments	473	442	8,775	9,033
15. Other Uses	(5,670)	(2,517)	(36,286)	(36,947)
16. Total Cash Disbursements	\$ 86,514	\$ 107,236	\$ 868,511	\$ 907,177
17. Net Change	\$ (46,358)	\$ (66,287)	\$ (387,265)	\$ (430,448)
Unrestricted Cash, Cash Equivalents and Investments - February 28, 2014		\$ 533,090		
Net Change		(387,265)		
Unrestricted Cash, Cash Equivalents and Investments - October 31, 2014		\$ 145,825		

HARRISHEALTH SYSTEM

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

<u>ASSETS</u>	<u>ACTUAL</u>	<u>PRIOR YEAR</u>
CURRENT ASSETS:		
1. Cash, Cash Equivalents and Short Term Investments	(171,801)	(109,234)
2. Net Patient Accounts Receivable	80,877	66,344
3. Net Ad Valorem Taxes, Current Portion	374,133	341,337
4. Prepaid Expenses, Inventories, and Other Current Assets	295,247	239,666
5. Total Current Assets	578,455	538,112
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
6. Debt Service and Bond Covenants - Restricted	7,329	7,281
7. Board Designated for Future Expansion	2,176	1,612
8. Phase 1 Project Fund	0	0
9. Board Designated for Legal Reserves	2,031	2,324
10. Board Designated for Self-Insured Programs	25,450	24,051
11. Total Assets Limited as to Use or Restricted, Current Portion	36,986	35,267
PLANT, PROPERTY AND EQUIPMENT:		
12. Plant, Property, & Equipment, Net of Accumulated Depreciation	426,873	381,006
13. Construction in Progress	29,115	58,972
14. Total Plant, Property and Equipment	455,988	439,979
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
15. Debt Service and Bond Covenants - Restricted	24,159	15,235
16. Board Designated for Future Expansion	95,610	115,474
17. Phase 1 Project Fund	0	0
18. Board Designated for Self-Insured Programs	192,359	171,094
19. Other - Restricted	864	853
20. Total Assets Limited as to Use or Restricted, Net of Current Portion	312,991	302,657
OTHER ASSETS:		
21. Net Ad Valorem Taxes, Delinquent	1,179	2,194
22. Net Deferred Bond Issue Costs	1,492	3,672
23. Net Pension Asset	12,628	13,569
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	15,639	29,516
29. Due to/from CHCI	3,925	3,846
30. TOTAL ASSETS	1,403,984	1,349,377

HARRISHEALTH SYSTEM

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

	ACTUAL	PRIOR YEAR
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
1. Accounts Payable and Accrued Liabilities	129,027	66,325
2. Interest Payable	2,136	2,296
3. Employee Compensation & Related Benefit Liabilities	46,675	43,209
4. Compensated Absences	42,441	43,150
5. Estimated Third-Party Payor Settlements	7,896	2,490
6. Current Portion Long-Term Debt and Capital Leases	5,425	5,168
7. Total Current Liabilities	233,600	162,637
OTHER LONG-TERM LIABILITIES:		
8. Pension Payable	0	0
9. Post Employment Health Benefit Liability	192,359	171,094
10. Borrowing Payable	13,849	14,701
11. Derivative Liability	271	10,057
12. Arbitrage Rebate Liability	151	141
13. Total Other Long-Term Liabilities	206,629	195,993
LONG-TERM DEBT:		
14. Series 2007 Revenue Bonds, Including Premium & Deferred Loss	184,655	187,830
15. Series 2010 Revenue Bonds, Including Deferred Loss	81,952	82,223
16. Other Long-Term Obligation	321	167
17. Total Long-Term Debt	266,927	270,220
TOTAL LIABILITIES	707,157	628,850
NET ASSETS:		
18. Invested in Capital Assets, Net of Related Debt	173,739	149,890
19. Restricted Net Assets	32,352	24,223
20. Unrestricted Net Assets	490,736	546,414
21. Total Net Assets	696,827	720,527
22. TOTAL LIABILITIES & NET ASSETS	1,403,984	1,349,377

OPERATING PERFORMANCE PER ADJUSTED PATIENT DAY

As of October 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	\$ 597	\$ 602	-0.8%	\$ 571	4.6%	\$ 570	\$ 576	-1.0%	\$ 549	3.8%
2. Other Operating Revenue	354	462	-23.4%	373	-5.1%	419	475	-11.8%	505	-17.0%
3. Nonoperating Revenue	824	868	-5.1%	936	-12.0%	947	930	1.8%	948	-0.1%
4. Capital Contribution	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
5. Total District Net Revenue	1,775	1,932	-8.1%	1,880	-5.6%	1,936	1,981	-2.3%	2,002	-3.3%
6. Salaries, Wages, and Benefits	1,045	1,161	10.0%	1,111	5.9%	1,107	1,145	3.3%	1,171	5.5%
7. Supplies	365	337	-8.3%	343	-6.4%	327	313	-4.5%	327	0.0%
8. Physician Services	312	307	-1.6%	272	-14.7%	279	298	6.4%	288	3.1%
9. Other Purchased Services	154	170	9.4%	203	24.1%	167	171	2.3%	178	6.2%
10. Depreciation and Amortization	82	90	8.9%	77	-6.5%	87	90	3.3%	85	-2.4%
11. Interest	22	23	4.3%	23	4.3%	23	23	0.0%	12	-91.7%
12. Total Operating Expenses	1,980	2,088	5.2%	2,029	2.4%	1,990	2,040	2.5%	2,061	3.4%
13. Operating Income(Loss)	\$ (205)	\$ (156)	-	\$ (149)	-	\$ (54)	\$ (59)	-	\$ (59)	-
14. Adjusted Patient Days	57,064	54,408	4.9%	55,565	2.7%	433,869	426,523	1.7%	406,426	6.8%
15. Average Daily Census	592.4	541.6	9.4%	577.6	2.6%	577.7	543.1	6.4%	551.8	4.7%
16. FTE's(Employee/Contract) per AOB	4.6	4.8	4.2%	4.7	2.1%	4.7	4.8	2.1%	4.9	4.1%
17. FTE's(Employee/Contract) - Total	8,435	8,443	0.1%	8,436	0.0%	8,377	8,330	-0.6%	8,099	-3.4%
18. FTE's(Employee/Contract) - Productive	7,494	7,489	-0.1%	7,538	0.6%	7,416	7,389	-0.4%	7,188	-3.2%

ANALYSIS OF CASH RECEIPTS
October 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	\$7,007	\$4,801	\$6,177	\$55,212	\$34,731	\$20,481	59.0	\$46,341	\$8,871	19.1
2. Medicaid	10,332	9,036	10,981	66,036	71,137	(5,101)	(7.2)	76,867	(10,831)	(14.1)
3. Texas vendor drug/Medicare Part D	3,335	2,968	3,173	22,324	21,716	608	2.8	23,807	(1,483)	(6.2)
4. Managed Care - Medicaid	8,842	6,049	6,504	56,647	45,044	11,603	25.8	48,797	7,850	16.1
5. Commercial insurance	2,895	1,503	1,566	16,835	10,898	5,937	54.5	11,752	5,083	43.2
6. Liens	29	143	313	1,787	1,944	(157)	(8.1)	2,349	(562)	(23.9)
7. Patient pay	2,383	2,377	2,448	15,715	17,028	(1,313)	(7.7)	18,365	(2,650)	(14.4)
8. Business office	318	386	388	2,563	2,808	(245)	(8.7)	2,913	(350)	(12.0)
9. Other governmental projects/grants	1,454	507	1,407	11,313	7,522	3,791	50.4	10,558	755	7.1
10. SUBTOTAL	36,595	27,770	32,957	248,432	212,828	35,604	16.7	241,749	6,683	2.8
11a. Cost Reimbursements	708	516	667	5,251	10,464	(5,213)	(49.8)	5,333	(82)	(1.5)
11b. Recoupments	0	0	0	0	0	0	0.0	0	0	0.0
12. Net Patient Revenue Receipts	37,303	28,286	33,624	253,683	223,292	30,391	13.6	247,083	6,600	2.7
13. DSH & UC - 1115 Waiver	(5)	36,996	0	137,075	205,364	(68,289)	(33.3)	282,160	(145,085)	(51.4)
13a. DSRIP - 1115 Waiver	0	(27,153)	0	21,189	(3,439)	24,628	716.1	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	37,298	38,129	33,624	424,698	436,802	(12,104)	(2.8)	540,518	(115,820)	(21.4)
NON-PATIENT OPERATING REVENUE:										
16. Parking	268	253	345	1,823	1,886	(63)	(3.3)	2,759	(936)	(33.9)
17. Cafeteria	301	0	0	2,043	0	2,043	0.0	0	2,043	0.0
18. Grants	943	185	681	6,207	4,612	1,595	34.6	5,448	759	13.9
19. Miscellaneous	905	1,905	901	16,100	6,956	9,144	131.5	7,211	8,889	123.3
20. Total Non-Patient Operating	2,417	2,343	1,927	26,173	13,454	12,719	94.5	15,417	10,756	69.8
21. Interest income	40	45	198	719	1,581	(862)	(54.5)	1,582	(863)	(54.5)
22. Total Non-Tax Receipts	39,755	40,517	35,749	451,590	451,837	(247)	(0.1)	557,516	(105,926)	(19.0)
23. Ad valorem tax receipts/note	401	432	471	29,656	24,892	4,764	19.1	27,106	2,550	9.4
24. Commercial Paper Proceeds	0	0	0	0	0	0	0.0	0	0	0.0
25. Total Receipts	\$40,156	\$40,949	\$36,219	\$481,246	\$476,729	\$4,517	0.9	\$584,622	(\$103,376)	(17.7)

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

	<u>MONTH</u>	<u>YTD</u>
Total Operating Income (Loss) as Reported	\$ (11.7)	\$ (23.3)
Favorable Adjustments:		
Trauma Funds	\$ -	\$ 0.2
Post Employee Health Benefits	\$ 0.4	\$ 2.5
FICA Baylor Residents	\$ -	\$ 8.4
Subtotal of Favorable Adjustments	\$ 0.4	\$ 11.1
Unfavorable Adjustments:		
Tobacco Revenue	\$ -	\$ (0.2)
Medicare Cost Report Settlement	\$ (1.2)	\$ (5.0)
Subtotal of Unfavorable Adjustments	\$ (1.2)	\$ (5.2)
Harris Health System Operating Run Rate as of October	\$ (10.9)	\$ (29.2)
Harris Health System 2015 Budget	\$ (8.5)	\$ (25.7)
Favorable (Unfavorable) Run Rate	\$ (2.4)	\$ (3.5)
Attributable Factors:		
Favorable (Unfavorable) Revenue Variance	\$ (2.6)	\$ (0.3)
Favorable (Unfavorable) Expense Variance	\$ 0.2	\$ (3.2)
Net of Attributable Factors	\$ (2.4)	\$ (3.5)

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

							MONTHLY AVERAGE			
	May	June	July	August	September	October	FY 2013 YTD Oct	FY 2014 YTD Oct	FY 2015 YTD Oct	% Change 15 vs 14
1. ADMISSIONS(A&P)	3,233	3,078	3,281	3,359	3,250	3,322	2,934	2,982	3,217	7.9%
2. PATIENT DAYS(A&P)	16,855	16,753	18,507	18,734	18,210	18,363	16,445	16,898	17,693	4.7%
3. AVERAGE LOS	5.21	5.44	5.64	5.58	5.60	5.53	5.61	5.67	5.50	-2.9%
4. AVERAGE LOS, Overall CMI Adjusted	3.66	3.82	3.98	3.96	3.88	3.84	3.97	3.92	3.84	-2.1%
5. PERCENT OCCUPANCY	68.8%	70.5%	75.8%	74.9%	75.0%	72.1%	66.0%	69.1%	72.6%	5.1%
CASE MIX INDEX (CMI)										
6. CMI - Excluding Obstetrics Cases	1.549	1.560	1.563	1.561	1.605	1.588	1.570	1.589	1.577	-0.8%
7. CMI - Overall	1.424	1.426	1.416	1.410	1.444	1.441	1.412	1.447	1.434	-0.9%
8. BIRTHS	490	493	596	617	606	591	562	517	549	6.2%
9. OPERATING ROOM CASES	1,763	1,536	1,869	1,765	2,122	2,062	1,822	1,798	1,838	2.3%
10. Inpatient	886	737	950	869	1,239	1,105	954	953	951	-0.3%
11. Outpatient	877	799	919	896	883	957	868	844	888	5.1%
12. EMERGENCY VISITS	15,425	15,436	15,331	15,866	15,995	15,898	14,630	15,015	15,484	3.1%
13. Emergency Room Visits-Admitted	1,784	1,896	1,909	1,830	1,945	1,798	1,619	1,748	1,833	4.8%
14. Emergency Room Visits-Outpatient	12,623	12,456	12,317	12,995	13,009	13,219	12,151	12,332	12,619	2.3%
15. Emergency Room Visits-Observation	1,018	1,084	1,105	1,041	1,041	881	859	934	1,033	10.6%
16. CLINIC VISITS	102,014	99,454	104,091	99,575	105,201	115,932	91,747	96,786	103,976	7.4%
17. Primary Care Clinic Visits	72,816	70,541	74,358	71,082	75,960	84,436	65,901	68,358	74,323	8.7%
18. Specialty Clinic Visits	29,198	28,913	29,733	28,493	29,241	31,496	25,845	28,428	29,654	4.3%
PAYOR MIX										
19. Charity & Self Pay	63.8%	65.1%	63.3%	63.0%	61.6%	63.0%	63.4%	64.4%	63.6%	-1.2%
19. Medicaid & Medicaid Managed	20.7%	18.8%	20.2%	21.4%	22.5%	21.7%	22.5%	22.0%	20.8%	-5.5%
20. Medicare & Medicare Managed	9.6%	9.4%	9.5%	9.7%	9.6%	8.9%	8.7%	8.9%	9.4%	5.6%
21. Commercial & Other	5.9%	6.7%	7.0%	5.9%	6.3%	6.4%	5.3%	4.7%	6.2%	31.9%

SUPPLEMENTAL INFORMATION - OPERATING STATEMENT - MONTHLY TREND

As Of October 31, 2014

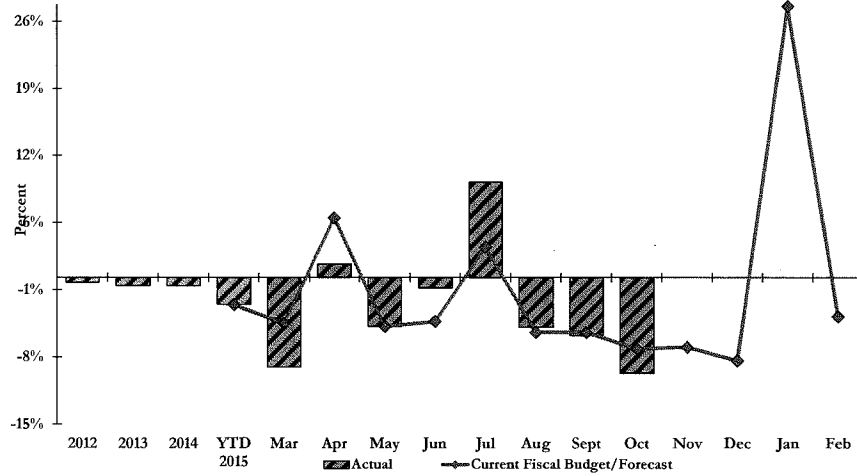
(In Thousands)

	MONTHLY AVERAGE									
	May	June	July	August	September	October	FY 2013 YTD Oct	FY 2014 YTD Oct	FY 2015 YTD Oct	% Change 15 vs 14
1. Gross Patient Charges	\$ 266,220	\$ 254,193	\$ 273,974	\$ 270,061	\$ 272,780	\$ 283,229	230,207	252,392	268,166	6.2%
2. Total Patient Revenue Deductions	(234,517)	(226,703)	(243,830)	(241,702)	(237,195)	(249,155)	(204,773)	(224,507)	(237,251)	5.7%
3. Net Patient Service Revenue	31,702	27,490	30,144	28,359	35,585	34,074	25,434	27,885	30,915	10.9%
4. Net Revenue % of Gross Charges	11.9%	10.8%	11.0%	10.5%	13.0%	12.0%	11.0%	11.0%	11.5%	4.3%
5. DSH/UPL Program Revenue	21,040	21,040	21,040	21,040	17,396	18,159	22,405	23,588	20,390	-13.6%
6. Other Operating Revenue	3,518	1,998	2,436	3,302	2,131	2,050	2,520	2,074	2,314	11.6%
7. Total Other Operating Revenue	24,557	23,037	23,476	24,341	19,527	20,210	24,925	25,662	22,704	-11.5%
8. Net Ad Valorem Tax Revenue	47,067	46,823	47,161	47,886	47,171	46,936	41,652	42,820	47,126	10.1%
9. DSRIP	0	0	21,190	0	0	0	0	4,073	2,649	-35.0%
10. Net Tobacco Settlement Revenue	0	0	0	0	0	0	1,215	1,222	1,189	-2.7%
11. Interest Income and Other	843	636	580	286	147	83	1,814	68	373	447.8%
12. Total Nonoperating Revenue	47,910	47,459	68,931	48,172	47,318	47,019	44,681	48,183	51,337	6.5%
13. Capital Contributions	0	0	0	0	0	0	0	0	0	0.0%
14. Total Net Revenue	104,169	97,986	122,551	100,872	102,430	101,303	95,041	101,730	104,955	3.2%
15. Salaries and Wages	45,103	43,132	43,963	44,818	43,710	45,954	40,420	43,716	44,644	2.1%
16. FICA and Benefits	16,155	15,620	15,498	15,699	14,595	13,693	13,963	15,793	15,370	-2.7%
17. Total Salaries, Wages, and Benefits	61,258	58,752	59,461	60,516	58,305	59,648	54,384	59,509	60,014	0.8%
18. Supplies	16,901	17,615	18,605	15,936	17,893	20,837	14,829	16,592	17,738	6.9%
19. Physician Services	15,633	7,323	15,626	15,908	17,405	17,832	12,174	14,645	15,120	3.2%
20. Other Purchased Services	9,427	8,933	9,280	7,903	9,503	8,812	8,731	9,061	9,049	-0.1%
21. Depreciation and Amortization	4,619	4,681	4,699	4,866	4,698	4,672	4,072	4,323	4,721	9.2%
22. Interest	1,237	1,223	1,237	1,237	1,223	1,237	564	599	1,230	105.4%
23. Total Expenses	109,076	98,527	108,908	106,366	109,026	113,037	94,754	104,729	107,872	3.0%
24. Total Income (Loss)	\$ (4,906)	\$ (541)	\$ 13,643	\$ (5,494)	\$ (6,597)	\$ (11,735)	\$ 287	\$ (2,999)	\$ (2,916)	-2.8%
25. Total Margin	-4.7%	-0.6%	11.1%	-5.4%	-6.4%	-11.6%	0.3%	-2.9%	-2.8%	-5.8%
26. Full-Time Equivalent Employees	8,334	8,371	8,290	8,351	8,216	8,435	7,669	8,099	8,377	3.4%
27. Average Salary per FTE	\$63,724	\$62,688	\$62,441	\$63,190	\$64,727	\$64,150	\$62,817	\$64,332	\$63,517	-1.3%
28. Adjusted Patient Days	53,248	53,016	56,210	55,987	52,123	57,064	46,643	50,803	54,234	6.8%

HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

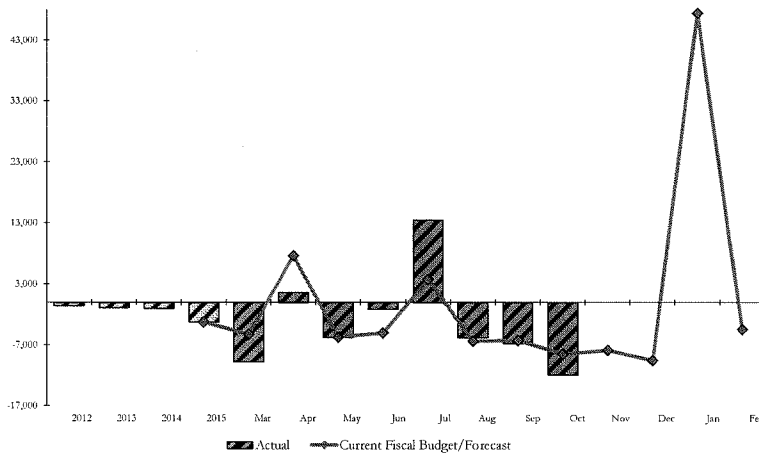
Operating Margin

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



Operating Income

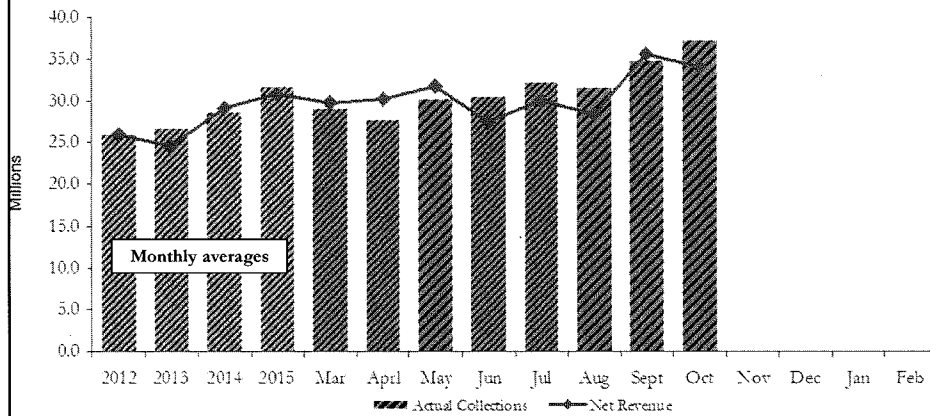
A measure of hospital profitability with respect to patient care services. Positive values are favorable. Values are monthly averages.



HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

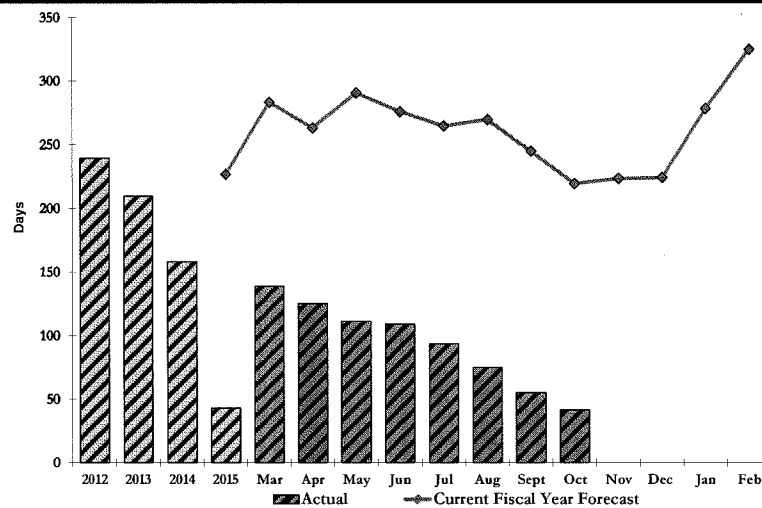
Cash Collections

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

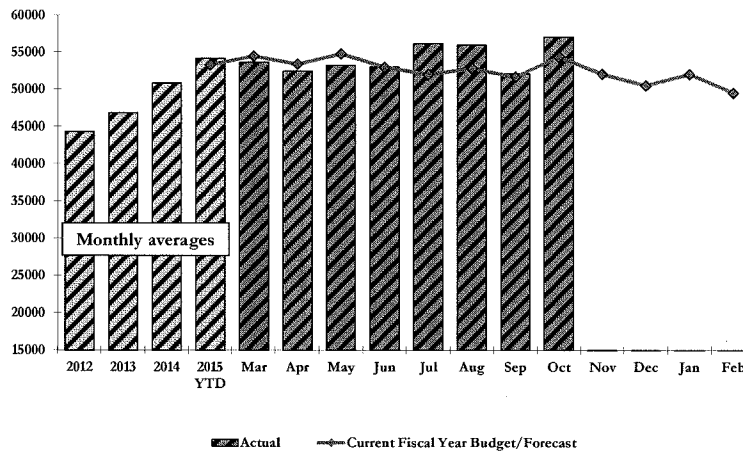
The number of days the Harris Health System could operate if no further patient revenues were received. Harris Health System's goal is to reach a year-end figure of 180 to 210 days.



HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

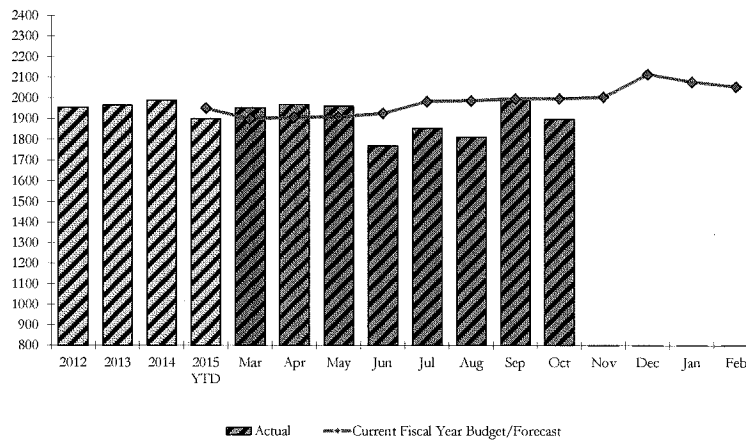
Adjusted Patient Days

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



Operating Cost Per Adj. Patient Day

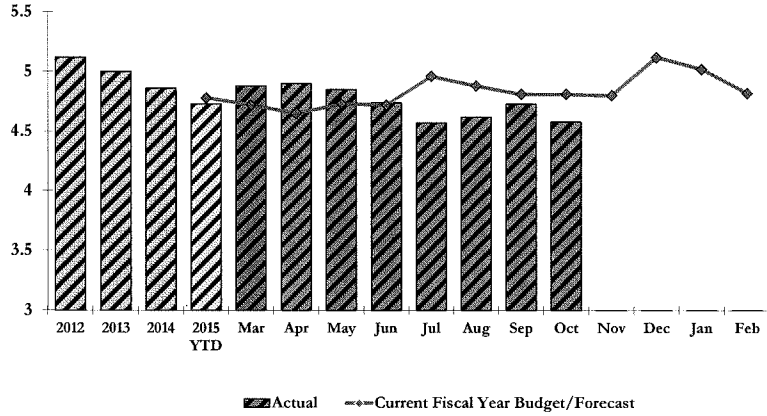
Measures the average cost of delivering care per equivalent inpatient day. Favorable values are below the budget.



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.

