

**FINANCIAL STATEMENTS**  
**As of September 30, 2014**

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**FINANCIAL STATEMENTS HIGHLIGHTS**

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## **September 2014 Financial Statement Highlights**

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

### **Statistics**

Adjusted patient days were 0.9% <sup>(Pg1:ln1)</sup> greater than budget with approximately 65.1% of the volume representing outpatient care.

Clinic visits <sup>(Pg1:ln5)</sup> of 105,201 were 3.4% greater than the budget of 101,750. Primary care clinic visits <sup>(Pg1:ln3)</sup> were 2.0% greater than the month's budget and total specialty clinic visits were 7.2% greater than the September budget <sup>(Pg1:ln4)</sup>.

September Emergency Center visits <sup>(Pg1:ln10)</sup> are reported as 15,995 and were 5.2% greater than budget.

System wide, surgery cases were 9.4% greater than budget expectations <sup>(Pg1:ln13)</sup>.

Deliveries of 606 were 16.1% greater than the budget of 522 <sup>(Pg1:ln21)</sup>.

64.7% of total cases occupying patient beds entered through the emergency room <sup>(Pg1:ln19)</sup>. Inpatient utilization System wide was 10.3% greater than budget <sup>(Pg2:ln3)</sup>. Inpatient length of stay <sup>(Pg2:ln8)</sup> was 1.9% less than budget and the inpatient case mix index <sup>(Pg2:ln9)</sup> was 1.4% less than budget.

Charity and Self Pay payor mix of 61.6% was 4.8% less than the budget of 64.7% <sup>(Pg2:ln10)</sup>. Medicaid represented 22.5% of total patients, 4.2% greater 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 6.3% of all patients and compared favorably to the budget of 4.8%.

The Unduplicated Patient count, calculated on a rolling twelve months basis, of 319,548 is 3.4% greater than the prior year count of 308,957 <sup>(Pg2:ln17)</sup>.

New Patients seen during the past twelve month period total 110,745 <sup>(Pg2:ln18)</sup> and are 5.0% greater than the prior year count of 105,495.

### **Revenue**

Total Net Revenue of \$102.4 million <sup>(Pg3:ln23)</sup> was \$0.7 million or 0.7% greater than budget. Patient volumes, measured as adjusted patient days <sup>(Pg8:ln14)</sup>, were 0.9% greater than budget. September patient net revenue receipts <sup>(Pg9:ln12)</sup>, \$34.8 million, represent the highest monthly collections this fiscal year. In addition, September's payor mix was the most favorable of the fiscal year. September's estimated reimbursement per adjusted patient day <sup>(Pg8:ln1)</sup> was 20.2% greater than budget. The resulting Net Patient Service Revenue for September of \$35.6 million <sup>(Pg3:ln10)</sup> was \$6.2 million or 21.2% greater than budget. Previous estimates of DSH/Uncompensated Care Program Revenues <sup>(Pg3:ln11)</sup> for the 2014 and 2015 federal fiscal years have been reduced approximately \$20 million based on the most current data available. The reduction in funding is being reflected on a pro rata basis September – February. Ad valorem tax revenues, net of related expenses, have been reflected in accordance with budget.

### **Expenses**

Total expenses <sup>(Pg4:ln13)</sup> of \$109.0 million were \$1.1 million greater than the budget of \$107.9 million. Salaries and wages were \$0.2 million less than the budget. Total FTE's <sup>(Pg8:ln17)</sup> were 0.9% greater than budget and when adjusted for volume were 2.1% less than the budgeted staffing level. Employee benefit expenses, primarily health benefits, were \$1.7 million less than budget for the month. Supplies expenses were \$1.8 million or 11.3% greater than budget and when adjusted for volume <sup>(Pg8:ln7)</sup> were 10.3% greater than the budget plan. Total Services <sup>(Pg4:ln12)</sup> of \$32.8 million were \$1.2 million or 3.6% greater than budget. Total expenses adjusted for volume <sup>(Pg8:ln12)</sup> were \$2,091 per day compared to the budget of \$2,088 per day, an unfavorable variance of \$3 per day or 0.1%.

## **Operating Income**

Operating Income <sup>(Pg4:ln14)</sup> for September is a loss of \$6.6 million compared to a budgeted loss of \$6.2 million, an unfavorable variance of \$0.4 million. Page 10 of the report analyzes operating performance and reflects a favorable operating run rate as compared to budget due to unfavorable expense variances.

## **Cash Receipts/Disbursements/Balance Sheet**

September cash receipts <sup>(Pg9:ln24)</sup> totaled \$42.6 million compared to a budget of \$32.5 million. The favorable variance is due to strong patient account collections and timing differences in payments by the State under the 1115 Waiver programs. Including board designated funds, the System has \$192.2 million in unrestricted cash, cash equivalents and investments <sup>(Pg6:ln1,7,9,10,16,18,24)</sup>, representing 55 days cash on hand compared to the prior year's cash of \$246.6 million and days cash on hand of 75. Harris Health System has <sup>(Pg6:ln2)</sup> \$82.6 million in net accounts receivable, representing 81 days of outstanding accounts receivable. At September 30, 2014 Harris Health System's balance sheet reflects estimated receivables of \$251.4 million under the Section 1115 Supplemental Medicaid Programs and a \$75.2 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 September 30, 2014



	MONTH-TO-MONTH			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
<b>HEALTH SYSTEM FACILITIES</b>								
1. Adjusted Patient Days	52,123	51,671	0.9%	376,805	372,115	1.3%	350,861	7.4%
2. Outpatient % of Adjusted Volume	65.1%	68.9%	-5.6%	67.3%	68.8%	-2.1%	66.6%	1.1%
3. Primary Care Clinic Visits	75,960	74,471	2.0%	510,147	505,253	1.0%	469,956	8.6%
4. Specialty Clinic Visits	29,241	27,279	7.2%	205,732	200,245	2.7%	196,419	4.7%
5. Total Clinic Visits	105,201	101,750	3.4%	715,879	705,498	1.5%	666,375	7.4%
6. % Primary Care Visits	72.2%	73.2%	-1.3%	71.3%	71.6%	-0.5%	70.5%	1.0%
7. Emergency Room Visits - Outpatient	13,009	12,435	4.6%	87,730	86,358	1.6%	86,230	1.7%
8. Emergency Room Visits - Observation	1,041	952	9.3%	7,380	6,558	12.5%	6,484	13.8%
9. Emergency Room Visits - Admitted	1,945	1,820	6.9%	12,866	11,850	8.6%	12,099	6.3%
10. Total Emergency Room Visits	15,995	15,207	5.2%	107,976	104,766	3.1%	104,813	3.0%
11. Surgery Cases - Outpatient	883	1,052	-16.1%	6,144	8,092	-24.1%	5,853	5.0%
12. Surgery Cases - Inpatient	1,239	887	39.7%	6,500	6,582	-1.2%	6,618	-1.8%
13. Total Surgery Cases	2,122	1,939	9.4%	12,644	14,674	-13.8%	12,471	1.4%
14. % Outpatient Cases	41.6%	54.3%	-23.3%	48.6%	55.1%	-11.9%	46.9%	3.5%
15. Total Outpatient Visits	164,775	160,145	2.9%	1,132,636	1,111,717	1.9%	1,068,280	6.0%
16. Inpatient Cases (Discharges)	3,250	2,814	15.5%	22,410	20,578	8.9%	20,716	8.2%
17. Outpatient Observation Cases	1,363	1,263	7.9%	9,954	8,699	14.4%	8,834	12.7%
18. Total Cases Occupying Patient Beds	4,613	4,077	13.1%	32,364	29,277	10.5%	29,550	9.5%
19. % of Total Cases from Emergency Room	64.7%	68.0%	-4.8%	62.6%	62.9%	-0.5%	62.9%	-0.5%
20. % of Outpatient Cases	29.5%	31.0%	-4.6%	30.8%	29.7%	3.5%	29.9%	2.9%
21. Births	606	522	16.1%	3,803	3,466	9.7%	3,570	6.5%

STATISTICAL HIGHLIGHTS  
As Of September 30, 2014



	MONTH-TO-MONTH			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
<b><u>HEALTH SYSTEM FACILITIES</u></b>								
1. Inpatient Days	18,210	16,069	13.3%	123,177	116,264	5.9%	117,274	5.0%
2. Outpatient Observation Days	2,444	2,652	-7.9%	18,568	20,147	-7.8%	20,394	-9.0%
3. Total Patient Days	20,654	18,721	10.3%	141,745	136,411	3.9%	137,668	3.0%
4. % of Outpatient Days	11.8%	14.2%	-16.5%	13.1%	14.8%	-11.3%	14.8%	-11.6%
5. Average Daily Census	688.45	624.03	10.3%	662.36	637.43	3.9%	643.31	3.0%
6. Average Operating Beds	809	767	5.5%	793	781	1.5%	799	-0.8%
7. Bed Occupancy %	85.1%	81.4%	4.6%	83.5%	81.6%	2.3%	80.5%	3.7%
8. Inpatient Average Length of Stay	5.60	5.71	-1.9%	5.50	5.65	-2.7%	5.66	-2.9%
9. Inpatient Case Mix Index (CMI)	1.444	1.465	-1.4%	1.433	1.465	-2.2%	1.438	-0.3%
Payor Mix (% of Charges)								
10. Charity & Self Pay	61.6%	64.7%	-4.8%	63.8%	64.7%	-1.4%	64.3%	-0.8%
11. Medicaid & Medicaid Managed	22.5%	21.6%	4.2%	20.7%	21.6%	-4.2%	23.1%	-10.4%
12. Medicare & Medicare Managed	9.6%	8.9%	7.9%	9.4%	8.9%	5.6%	8.7%	8.0%
13. Commercial & Other	6.3%	4.8%	31.3%	6.1%	4.8%	27.1%	3.9%	56.4%
<b><u>NETWORK REFERRAL SERVICES</u></b>								
14. Primary Care	535	1,491	-64.1%	5,211	10,449	-50.1%	2,324	124.2%
15. Specialty Care Visits	133	250	-46.8%	863	1,750	-50.7%	78	1006.4%
16. Surgery Cases	227	58	291.4%	1,232	412	199.0%	764	61.3%
17. GI Procedures	282	46	513.0%	1,207	390	209.5%	580	108.1%
18. Hemodialysis Treatments	541	975	-44.5%	3,756	6,825	-45.0%	0	0.0%
<b><u>HEALTH SYSTEM TOTALS</u></b>								
19. Primary Care	76,495	75,962	0.7%	515,358	515,702	-0.1%	472,280	9.1%
20. Specialty Care Visits	29,374	27,529	6.7%	206,595	201,995	2.3%	196,497	5.1%
21. Surgery Cases	2,349	1,997	17.6%	13,876	15,086	-8.0%	13,235	4.8%
22. Total Unduplicated Patients - Rolling 12				319,548			308,957	3.4%
23. Total New Patient - Rolling 12				110,745			105,495	5.0%

## OPERATING STATEMENT

As Of September 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
<b>PATIENT REVENUES:</b>										
1. Routine Services	20,194	17,682	14.2%	18,581	8.7%	134,159	127,903	4.9%	129,080	3.9%
2. Inpatient Ancillary	75,105	61,994	21.1%	65,314	15.0%	474,879	452,951	4.8%	453,958	4.6%
3. Outpatient Ancillary	175,161	173,089	1.2%	162,382	7.9%	1,237,123	1,253,697	-1.3%	1,143,712	8.2%
4. Physician Services	2,320	3,440	-32.6%	2,085	11.3%	15,935	24,634	-35.3%	16,743	-4.8%
<b>5. Gross Patient Charges</b>	<b>272,780</b>	<b>256,206</b>	<b>6.5%</b>	<b>248,362</b>	<b>9.8%</b>	<b>1,862,096</b>	<b>1,859,185</b>	<b>0.2%</b>	<b>1,743,494</b>	<b>6.8%</b>
<b>REVENUE DEDUCTIONS:</b>										
6. Charity Care	(127,004)	(135,969)	6.6%	(132,811)	4.4%	(920,913)	(986,673)	6.7%	(876,522)	-5.1%
7. Contractual Allowance/Other Discounts	(99,081)	(81,349)	-21.8%	(79,453)	-24.7%	(647,557)	(590,320)	-9.7%	(603,031)	-7.4%
8. Provision for Bad Debt Expense	(11,111)	(9,538)	-16.5%	(8,575)	-29.6%	(80,380)	(69,215)	-16.1%	(72,589)	-10.7%
<b>9. Total Patient Revenue Deductions</b>	<b>(237,195)</b>	<b>(226,857)</b>	<b>-4.6%</b>	<b>(220,838)</b>	<b>-7.4%</b>	<b>(1,648,851)</b>	<b>(1,646,209)</b>	<b>-0.2%</b>	<b>(1,552,142)</b>	<b>-6.2%</b>
<b>10. Net Patient Service Revenue</b>	<b>35,585</b>	<b>29,349</b>	<b>21.2%</b>	<b>27,523</b>	<b>29.3%</b>	<b>213,245</b>	<b>212,976</b>	<b>0.1%</b>	<b>191,351</b>	<b>11.4%</b>
<b>OTHER OPERATING REVENUE:</b>										
11. DSH/UPL/1115 Waiver	17,396	23,210	-25.1%	19,415	-10.4%	144,961	162,472	-10.8%	169,289	-14.4%
12. Other Operating Revenue	2,131	1,927	10.6%	2,501	-14.8%	16,459	14,988	9.8%	15,263	7.8%
<b>13. Total Other Operating Revenue</b>	<b>19,527</b>	<b>25,137</b>	<b>-22.3%</b>	<b>21,916</b>	<b>-10.9%</b>	<b>161,420</b>	<b>177,460</b>	<b>-9.0%</b>	<b>184,553</b>	<b>-12.5%</b>
<b>14. Total Operating Revenue</b>	<b>55,112</b>	<b>54,486</b>	<b>1.1%</b>	<b>49,439</b>	<b>11.5%</b>	<b>374,665</b>	<b>390,436</b>	<b>-4.0%</b>	<b>375,904</b>	<b>-0.3%</b>
<b>NONOPERATING REVENUE:</b>										
15. Net Ad Valorem Tax Revenue	47,171	47,005	0.4%	42,590	10.8%	330,075	329,037	0.3%	300,223	9.9%
16. DSRIP	0	0	0.0%	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	108	198	-45.4%	110	-1.7%	2,411	1,384	74.2%	(158)	-1630.3%
19. Other	39	0	0.0%	(52)	-175.3%	486	0	0.0%	(87)	660.7%
<b>20. Total Nonoperating Revenue</b>	<b>47,318</b>	<b>47,203</b>	<b>0.2%</b>	<b>42,648</b>	<b>10.9%</b>	<b>363,674</b>	<b>349,401</b>	<b>4.1%</b>	<b>333,466</b>	<b>9.1%</b>
21. Capital Contributions	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
<b>22. Total Capital Contributions</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>23. Total Net Revenue</b>	<b>102,430</b>	<b>101,689</b>	<b>0.7%</b>	<b>92,087</b>	<b>11.2%</b>	<b>738,339</b>	<b>739,838</b>	<b>-0.2%</b>	<b>709,370</b>	<b>4.1%</b>

## OPERATING STATEMENT

As Of September 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
<b>SALARIES, WAGES, AND BENEFITS:</b>										
1. Regular Salaries	35,826	36,190	1.0%	34,301	-4.4%	253,039	255,480	1.0%	245,343	-3.1%
2. PTO & Secondary Sick Leave	5,103	4,916	-3.8%	4,370	-16.8%	35,007	34,636	-1.1%	33,497	-4.5%
3. Contract Salaries	586	794	26.2%	1,059	44.7%	6,441	6,191	-4.0%	7,602	15.3%
4. Registry Salaries	2,195	2,001	-9.7%	2,534	13.4%	16,713	14,187	-17.8%	17,105	2.3%
5. FICA and Benefits	14,595	16,270	10.3%	15,881	8.1%	109,263	114,875	4.9%	110,784	1.4%
<b>6. Total Salaries, Wages, and Benefits</b>	<b>58,305</b>	<b>60,170</b>	<b>3.1%</b>	<b>58,145</b>	<b>-0.3%</b>	<b>420,463</b>	<b>425,369</b>	<b>1.2%</b>	<b>414,331</b>	<b>-1.5%</b>
<b>7. Supplies</b>	<b>17,893</b>	<b>16,081</b>	<b>-11.3%</b>	<b>16,790</b>	<b>-6.6%</b>	<b>121,064</b>	<b>115,254</b>	<b>-5.0%</b>	<b>113,658</b>	<b>-6.5%</b>
<b>SERVICES:</b>										
8. Physician Services	17,405	16,381	-6.2%	15,146	-14.9%	103,130	110,407	6.6%	102,018	-1.1%
9. Other Purchased Services	9,503	9,360	-1.5%	8,848	-7.4%	63,583	63,640	0.1%	61,184	-3.9%
10. Depreciation and Amortization	4,698	4,718	0.4%	4,144	-13.4%	33,096	33,654	1.7%	30,289	-9.3%
11. Interest	1,223	1,218	-0.4%	509	-140.1%	8,601	8,689	1.0%	3,534	-143.4%
<b>12. Total Services</b>	<b>32,829</b>	<b>31,677</b>	<b>-3.6%</b>	<b>28,647</b>	<b>-14.6%</b>	<b>208,410</b>	<b>216,390</b>	<b>3.7%</b>	<b>197,024</b>	<b>-5.8%</b>
<b>13. Total Operating Expenses</b>	<b>109,026</b>	<b>107,928</b>	<b>-1.0%</b>	<b>103,582</b>	<b>-5.3%</b>	<b>749,937</b>	<b>757,013</b>	<b>0.9%</b>	<b>725,013</b>	<b>-3.4%</b>
<b>14. Operating Income (Loss)</b>	<b>(6,597)</b>	<b>(6,238)</b>	<b>-</b>	<b>(11,495)</b>	<b>-</b>	<b>(11,598)</b>	<b>(17,176)</b>	<b>-</b>	<b>(15,642)</b>	<b>-</b>



**HARRIS HEALTH SYSTEM**  
**CASH FLOW SUMMARY**  
As of September 30, 2014  
(In Thousands)

	<b>CURRENT MONTH</b>	<b>PRIOR YEAR MONTH</b>	<b>FISCAL YTD</b>	<b>PRIOR FISCAL YTD</b>
<b><u>CASH RECEIPTS:</u></b>				
1. Ad Valorem Taxes	\$ 1,346	1,103	\$ 29,255	\$ 24,460
2. Collections on Patient Accounts	34,288	26,806	211,837	185,058
3. DSH & UC - 1115 Waiver	3,802	0	137,080	168,368
3a DSRIP - 1115 Waiver	0	0	21,189	23,714
4. Tobacco Settlement	0	0	10,984	9,774
5. Trauma Fund	119	146	1,767	1,811
6. Other Sources (Includes Cost Reimbursement)	3,014	5,259	28,978	22,595
<b>7. Total Cash Receipts</b>	<b>\$ 42,569</b>	<b>\$ 33,314</b>	<b>\$ 441,090</b>	<b>\$ 435,780</b>
<b><u>CASH DISBURSEMENTS:</u></b>				
8. Salaries and Wages	\$ 28,590	\$ 31,929	\$ 216,285	\$ 225,386
9. Benefits and Employee Deductions	34,781	45,380	225,268	228,041
10. Drugs and Supplies	16,534	16,613	124,110	117,241
11. Physician Services	1,002	44	120,372	158,959
12. Purchased Services	9,998	9,476	79,965	71,893
13. Capital Expenditures	3,174	5,869	38,311	46,901
14. Debt and Interest Payments	340	442	8,302	8,553
15. Other Uses	2,373	(2,517)	(30,616)	(31,991)
<b>16. Total Cash Disbursements</b>	<b>\$ 96,792</b>	<b>\$ 107,236</b>	<b>\$ 781,997</b>	<b>\$ 824,983</b>
<b>17. Net Change</b>	<b>\$ (54,223)</b>	<b>\$ (73,922)</b>	<b>\$ (340,907)</b>	<b>\$ (389,203)</b>

Unrestricted Cash, Cash Equivalents and Investments - February 28, 2014	\$ 533,090
Net Change	(340,907)
Unrestricted Cash, Cash Equivalents and Investments - September 30, 2014	<b>\$ 192,184</b>

**BALANCE SHEET**  
As Of September 30, 2014  
(In Thousands)

	ACTUAL	PRIOR YEAR
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
1. Cash, Cash Equivalents and Short Term Investments	(124,468)	(70,730)
2. Net Patient Accounts Receivable	82,569	62,188
3. Net Ad Valorem Taxes, Current Portion	327,368	298,560
4. Prepaid Expenses, Inventories, and Other Current Assets	277,672	222,511
5. <b>Total Current Assets</b>	<b>563,142</b>	<b>512,529</b>
<b>ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:</b>		
6. Debt Service and Bond Covenants - Restricted	6,641	6,451
7. Board Designated for Future Expansion	1,480	1,454
8. Phase 1 Project Fund	0	0
9. Board Designated for Legal Reserves	2,031	2,324
10. Board Designated for Self-Insured Programs	25,799	23,502
11. <b>Total Assets Limited as to Use or Restricted, Current Portion</b>	<b>35,951</b>	<b>33,731</b>
<b>PLANT, PROPERTY AND EQUIPMENT:</b>		
12. Plant, Property, & Equipment, Net of Accumulated Depreciation	429,475	346,981
13. Construction in Progress	25,516	92,577
14. <b>Total Plant, Property and Equipment</b>	<b>454,991</b>	<b>439,557</b>
<b>ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:</b>		
15. Debt Service and Bond Covenants - Restricted	24,782	16,006
16. Board Designated for Future Expansion	96,697	119,892
17. Phase 1 Project Fund	0	0
18. Board Designated for Self-Insured Programs	190,645	170,124
19. Other - Restricted	863	867
20. <b>Total Assets Limited as to Use or Restricted, Net of Current Portion</b>	<b>312,987</b>	<b>306,889</b>
<b>OTHER ASSETS:</b>		
21. Net Ad Valorem Taxes, Delinquent	1,089	2,731
22. Net Deferred Bond Issue Costs	1,499	3,690
23. Net Pension Asset	15,240	16,403
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. <b>Total Other Assets</b>	<b>18,169</b>	<b>32,906</b>
29. Due to/from CHCI	4,725	3,910
30. <b>TOTAL ASSETS</b>	<b>1,389,965</b>	<b>1,329,521</b>

# HARRISHEALTH SYSTEM

**BALANCE SHEET**  
As Of September 30, 2014  
(In Thousands)

	<b>ACTUAL</b>	<b>PRIOR YEAR</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
1. Accounts Payable and Accrued Liabilities	111,787	46,238
2. Interest Payable	1,448	1,465
3. Employee Compensation & Related Benefit Liabilities	42,424	37,874
4. Compensated Absences	41,727	42,391
5. Estimated Third-Party Payor Settlements	6,826	2,229
6. Current Portion Long-Term Debt and Capital Leases	5,412	5,251
<b>7. Total Current Liabilities</b>	<b>209,624</b>	<b>135,448</b>
<b>OTHER LONG-TERM LIABILITIES:</b>		
8. Pension Payable	0	0
9. Post Employment Health Benefit Liability	190,645	170,124
10. Borrowing Payable	13,921	14,774
11. Derivative Liability	271	10,057
12. Arbitrage Rebate Liability	151	141
<b>13. Total Other Long-Term Liabilities</b>	<b>204,987</b>	<b>195,096</b>
<b>LONG-TERM DEBT:</b>		
14. Series 2007 Revenue Bonds, Including Premium & Deferred Loss	184,655	187,830
15. Series 2010 Revenue Bonds, Including Deferred Loss	81,804	82,074
16. Other Long-Term Obligation	333	182
<b>17. Total Long-Term Debt</b>	<b>266,792</b>	<b>270,086</b>
<b>TOTAL LIABILITIES</b>	<b>681,404</b>	<b>600,629</b>
<b>NET ASSETS:</b>		
18. Invested in Capital Assets, Net of Related Debt	172,819	149,446
19. Restricted Net Assets	32,285	24,191
20. Unrestricted Net Assets	503,457	555,255
<b>21. Total Net Assets</b>	<b>708,561</b>	<b>728,892</b>
<b>22. TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>1,389,965</b>	<b>1,329,521</b>

## OPERATING PERFORMANCE PER ADJUSTED PATIENT DAY

As of September 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	\$ 683	\$ 568	20.2%	\$ 550	24.2%	\$ 566	\$ 572	-1.0%	\$ 545	3.9%
2. Other Operating Revenue	375	486	-22.8%	438	-14.4%	428	477	-10.3%	526	-18.6%
3. Nonoperating Revenue	908	914	-0.7%	852	6.6%	965	939	2.8%	950	1.6%
4. Capital Contribution	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
<b>5. Total District Net Revenue</b>	<b>1,966</b>	<b>1,968</b>	<b>-0.1%</b>	<b>1,840</b>	<b>6.8%</b>	<b>1,959</b>	<b>1,988</b>	<b>-1.5%</b>	<b>2,021</b>	<b>-3.1%</b>
6. Salaries, Wages, and Benefits	1,119	1,164	3.9%	1,162	3.7%	1,116	1,143	2.4%	1,181	5.5%
7. Supplies	343	311	-10.3%	336	-2.1%	321	310	-3.5%	324	0.9%
8. Physician Services	334	317	-5.4%	303	-10.2%	274	297	7.7%	291	5.8%
9. Other Purchased Services	182	181	-0.6%	177	-2.8%	169	171	1.2%	174	2.9%
10. Depreciation and Amortization	90	91	1.1%	83	-8.4%	88	90	2.2%	86	-2.3%
11. Interest	23	24	4.2%	10	-130.0%	23	23	0.0%	10	-130.0%
<b>12. Total Operating Expenses</b>	<b>2,091</b>	<b>2,088</b>	<b>-0.1%</b>	<b>2,071</b>	<b>-1.0%</b>	<b>1,991</b>	<b>2,034</b>	<b>2.1%</b>	<b>2,066</b>	<b>3.6%</b>
<b>13. Operating Income(Loss)</b>	<b>\$ (125)</b>	<b>\$ (120)</b>	<b>-</b>	<b>\$ (231)</b>	<b>-</b>	<b>\$ (32)</b>	<b>\$ (46)</b>	<b>-</b>	<b>\$ (45)</b>	<b>-</b>
14. Adjusted Patient Days	52,123	51,671	0.9%	50,028	4.2%	376,805	372,115	1.3%	350,861	7.4%
15. Average Daily Census	607.0	535.6	13.3%	563.3	7.8%	575.6	543.3	5.9%	548.0	5.0%
16. FTE's(Employee/Contract) per AOB	4.7	4.8	2.1%	4.9	4.1%	4.8	4.8	0.0%	4.9	2.0%
17. FTE's(Employee/Contract) - Total	8,216	8,289	0.9%	8,150	-0.8%	8,369	8,313	-0.7%	8,050	-4.0%
18. FTE's(Employee/Contract) - Productive	7,326	7,353	0.4%	7,272	-0.7%	7,405	7,375	-0.4%	7,137	-3.7%

**ANALYSIS OF CASH RECEIPTS**  
September 30, 2014

	MONTH TO MONTH			YEAR TO DATE						
	ACTUAL		BUDGET	ACTUAL				BUDGET		
	CURRENT	PRIOR	CURRENT	CURRENT	PRIOR	VAR	VAR %	YTD	VAR	VAR %
<b>PATIENT REVENUE:</b>										
1. Medicare	\$8,167	\$4,676	\$5,535	\$48,205	\$29,930	\$18,275	61.1	\$40,165	\$8,040	20.0
2. Medicaid	7,281	9,272	8,785	55,704	62,101	(6,397)	(10.3)	65,886	(10,182)	(15.5)
3. Texas vendor drug/Medicare Part D	2,709	2,508	2,843	18,989	18,748	241	1.3	20,634	(1,645)	(8.0)
4. Managed Care - Medicaid	7,338	4,859	5,828	47,805	38,995	8,810	22.6	42,293	5,512	13.0
5. Commercial insurance	2,129	1,310	1,404	13,940	9,395	4,545	48.4	10,186	3,754	36.9
6. Liens	140	68	281	1,758	1,801	(43)	(2.4)	2,036	(278)	(13.6)
7. Patient pay	2,063	2,001	2,193	13,332	14,651	(1,319)	(9.0)	15,917	(2,585)	(16.2)
8. Business office	274	354	348	2,245	2,422	(177)	(7.3)	2,525	(280)	(11.1)
9. Other governmental projects/grants	4,187	1,758	1,261	9,859	7,015	2,844	40.5	9,151	708	7.7
10. SUBTOTAL	34,288	26,806	28,478	211,837	185,058	26,779	14.5	208,792	3,045	1.5
11a. Cost Reimbursements	524	2,813	667	4,543	9,948	(5,405)	(54.3)	4,667	(124)	(2.7)
11b. Recoupments	0	0	0	0	0	0	0.0	0	0	0.0
12. <b>Net Patient Revenue Receipts</b>	34,812	29,619	29,145	216,380	195,006	21,374	11.0	213,459	2,921	1.4
13. DSH & UC - 1115 Waiver	3,802	0	0	137,080	168,368	(31,288)	(18.6)	282,160	(145,080)	(51.4)
13a. DSRIP - 1115 Waiver	0	0	0	21,189	23,714	(2,525)	(10.6)	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	119	146	0	1,767	1,811	(44)	(2.4)	1,500	267	17.8
15. <b>Total Patient Revenue Receipts</b>	38,733	29,765	29,145	387,400	398,673	(11,273)	(2.8)	506,894	(119,494)	(23.6)
<b>NON-PATIENT OPERATING REVENUE:</b>										
16. Parking	198	246	345	1,555	1,633	(78)	(4.8)	2,414	(859)	(35.6)
17. Cafeteria	301	0	0	1,742	0	1,742	0.0	0	1,742	0.0
18. Grants	926	1,226	681	5,264	4,427	837	18.9	4,767	497	10.4
19. Miscellaneous	1,001	887	901	15,195	5,051	10,144	200.8	6,309	8,886	140.8
20. <b>Total Non-Patient Operating</b>	2,426	2,359	1,927	23,756	11,111	12,645	113.8	13,490	10,266	76.1
21. Interest income	64	87	198	679	1,536	(857)	(55.8)	1,384	(705)	(50.9)
22. <b>Total Non-Tax Receipts</b>	41,223	32,211	31,270	411,835	411,320	515	0.1	521,767	(109,932)	(21.1)
23. Ad valorem tax receipts/note	1,346	1,103	1,201	29,255	24,460	4,795	19.6	26,635	2,620	9.8
24. Commercial Paper Proceeds	0	0	0	0	0	0	0.0	0	0	0.0
25. <b>Total Receipts</b>	\$42,569	\$33,314	\$32,471	\$441,090	\$435,780	\$5,310	1.2	\$548,403	(\$107,313)	(19.6)

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

	<u>MONTH</u>	<u>YTD</u>
Total Operating Income (Loss) as Reported	\$ (6.6)	\$ (11.6)
Favorable Adjustments:		
Trauma Funds	\$ 0.1	\$ 0.2
Post Employee Health Benefits	\$ 0.4	\$ 2.1
FICA Baylor Residents	\$ -	\$ 8.4
Subtotal of Favorable Adjustments	\$ 0.5	\$ 10.7
Unfavorable Adjustments:		
Tobacco Revenue	\$ -	\$ (0.2)
Medicare Cost Report Settlement	\$ (0.5)	\$ (3.8)
Subtotal of Unfavorable Adjustments	\$ (0.5)	\$ (4.0)
Harris Health System Operating Run Rate as of September	\$ (6.6)	\$ (18.3)
Harris Health System 2015 Budget	\$ (6.2)	\$ (17.2)
Favorable (Unfavorable) Run Rate	\$ (0.4)	\$ (1.1)
Attributable Factors:		
Favorable (Unfavorable) Revenue Variance	\$ 1.1	\$ 2.3
Favorable (Unfavorable) Expense Variance	\$ (1.5)	\$ (3.4)
Net of Attributable Factors	\$ (0.4)	\$ (1.1)

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

							MONTHLY AVERAGE			
	April	May	June	July	August	September	FY 2013 YTD Sept	FY 2014 YTD Sept	FY 2015 YTD Sept	% Change 15 vs 14
1. ADMISSIONS(A&P)	3,095	3,233	3,078	3,281	3,359	3,250	2,934	2,959	3,201	8.2%
2. PATIENT DAYS(A&P)	16,790	16,855	16,753	18,507	18,734	18,210	16,443	16,753	17,597	5.0%
3. AVERAGE LOS	5.42	5.21	5.44	5.64	5.58	5.60	5.60	5.66	5.50	-2.9%
4. AVERAGE LOS, Overall CMI Adjusted	3.63	3.66	3.82	3.98	3.96	3.88	3.96	3.94	3.84	-2.6%
5. PERCENT OCCUPANCY	70.8%	68.8%	70.5%	75.8%	74.9%	75.0%	66.1%	68.6%	72.6%	5.8%
CASE MIX INDEX (CMI)										
6. CMI - Excluding Obstetrics Cases	1.630	1.549	1.560	1.563	1.561	1.605	1.574	1.578	1.576	-0.1%
7. CMI - Overall	1.494	1.424	1.426	1.416	1.410	1.444	1.415	1.438	1.433	-0.3%
8. BIRTHS	474	490	493	596	617	606	562	510	543	6.5%
9. OPERATING ROOM CASES	1,844	1,763	1,536	1,869	1,765	2,122	1,808	1,782	1,806	1.4%
10. Inpatient	952	886	737	950	869	1,239	944	945	929	-1.8%
11. Outpatient	892	877	799	919	896	883	864	836	878	5.0%
12. EMERGENCY VISITS	14,769	15,425	15,436	15,331	15,866	15,995	14,617	14,973	15,425	3.0%
13. Emergency Room Visits-Admitted	1,712	1,784	1,896	1,909	1,830	1,945	1,615	1,728	1,838	6.3%
14. Emergency Room Visits-Outpatient	11,983	12,623	12,456	12,317	12,995	13,009	12,143	12,319	12,533	1.7%
15. Emergency Room Visits-Observation	1,074	1,018	1,084	1,105	1,041	1,041	859	926	1,054	13.8%
16. CLINIC VISITS	106,611	102,014	99,454	104,091	99,575	105,201	90,008	95,196	102,268	7.4%
17. Primary Care Clinic Visits	76,537	72,816	70,541	74,358	71,082	75,960	64,423	67,137	72,878	8.6%
18. Specialty Clinic Visits	30,074	29,198	28,913	29,733	28,493	29,241	25,585	28,060	29,390	4.7%
PAYOR MIX										
19. Charity & Self Pay	64.2%	63.8%	65.1%	63.3%	63.0%	61.6%	63.4%	64.3%	63.8%	-0.8%
19. Medicaid & Medicaid Managed	20.3%	20.7%	18.8%	20.2%	21.4%	22.5%	22.6%	23.1%	20.7%	-10.4%
20. Medicare & Medicare Managed	9.4%	9.6%	9.4%	9.5%	9.7%	9.6%	8.7%	8.7%	9.4%	8.0%
21. Commercial & Other	6.1%	5.9%	6.7%	7.0%	5.9%	6.3%	5.3%	3.9%	6.1%	56.4%

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

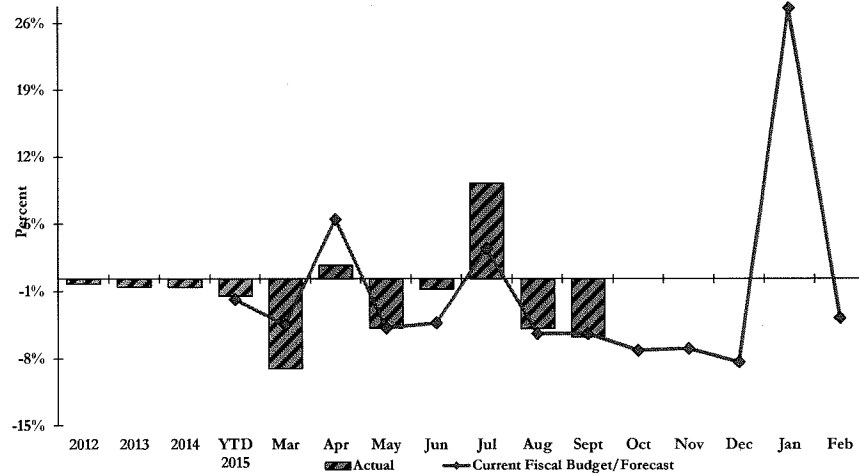
							MONTHLY AVERAGE			
	April	May	June	July	August	September	FY 2013 YTD Sept	FY 2014 YTD Sept	FY 2015 YTD Sept	% Change 15 vs 14
1. Gross Patient Charges	\$ 264,252	\$ 266,220	\$ 254,193	\$ 273,974	\$ 270,061	\$ 272,780	228,259	249,071	266,014	6.8%
2. Total Patient Revenue Deductions	(234,055)	(234,517)	(226,703)	(243,830)	(241,702)	(237,195)	(203,361)	(221,735)	(235,550)	6.2%
3. Net Patient Service Revenue	30,198	31,702	27,490	30,144	28,359	35,585	24,898	27,336	30,464	11.4%
4. Net Revenue % of Gross Charges	11.4%	11.9%	10.8%	11.0%	10.5%	13.0%	10.9%	11.0%	11.5%	4.3%
5. DSH/UPL Program Revenue	21,704	21,040	21,040	21,040	21,040	17,396	21,906	24,184	20,709	-14.4%
6. Other Operating Revenue	1,620	3,518	1,998	2,436	3,302	2,131	2,698	2,180	2,351	7.8%
7. Total Other Operating Revenue	23,323	24,557	23,037	23,476	24,341	19,527	24,604	26,365	23,060	-12.5%
8. Net Ad Valorem Tax Revenue	46,906	47,067	46,823	47,161	47,886	47,171	41,808	42,889	47,154	9.9%
9. DSRIP	0	0	0	21,190	0	0	0	3,388	3,027	-10.6%
10. Net Tobacco Settlement Revenue	9,512	0	0	0	0	0	1,388	1,396	1,359	-2.7%
11. Interest Income and Other	237	843	636	580	286	147	2,104	(35)	414	-1286.5%
12. Total Nonoperating Revenue	56,655	47,910	47,459	68,931	48,172	47,318	45,300	47,638	51,953	9.1%
13. Capital Contributions	0	0	0	0	0	0	0	0	0	0.0%
14. Total Net Revenue	110,176	104,169	97,986	122,551	100,872	102,430	94,803	101,339	105,477	4.1%
15. Salaries and Wages	44,752	45,103	43,132	43,963	44,818	43,710	40,128	43,364	44,457	2.5%
16. FICA and Benefits	15,653	16,155	15,620	15,498	15,699	14,595	13,982	15,826	15,609	-1.4%
17. Total Salaries, Wages, and Benefits	60,405	61,258	58,752	59,461	60,516	58,305	54,110	59,190	60,066	1.5%
18. Supplies	17,247	16,901	17,615	18,605	15,936	17,893	14,489	16,237	17,295	6.5%
19. Physician Services	15,089	15,633	7,323	15,626	15,908	17,405	12,095	14,574	14,733	1.1%
20. Other Purchased Services	9,505	9,427	8,933	9,280	7,903	9,503	8,643	8,741	9,083	3.9%
21. Depreciation and Amortization	4,834	4,619	4,681	4,699	4,866	4,698	4,002	4,327	4,728	9.3%
22. Interest	1,223	1,237	1,223	1,237	1,237	1,223	564	505	1,229	143.4%
23. Total Expenses	108,303	109,076	98,527	108,908	106,366	109,026	93,903	103,573	107,134	3.4%
24. Total Income (Loss)	\$ 1,873	\$ (4,906)	\$ (541)	\$ 13,643	\$ (5,494)	\$ (6,597)	\$ 900	\$ (2,235)	\$ (1,657)	-25.9%
25. Total Margin	1.7%	-4.7%	-0.6%	11.1%	-5.4%	-6.4%	0.9%	-2.2%	-1.6%	-28.8%
26. Full-Time Equivalent Employees	8,573	8,334	8,371	8,290	8,351	8,216	7,635	8,050	8,369	4.0%
27. Average Salary per FTE	\$63,513	\$63,724	\$62,688	\$62,441	\$63,190	\$64,727	\$62,753	\$64,313	\$63,425	-1.4%
28. Adjusted Patient Days	52,506	53,248	53,016	56,210	55,987	52,123	46,441	50,123	53,829	7.4%



# HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

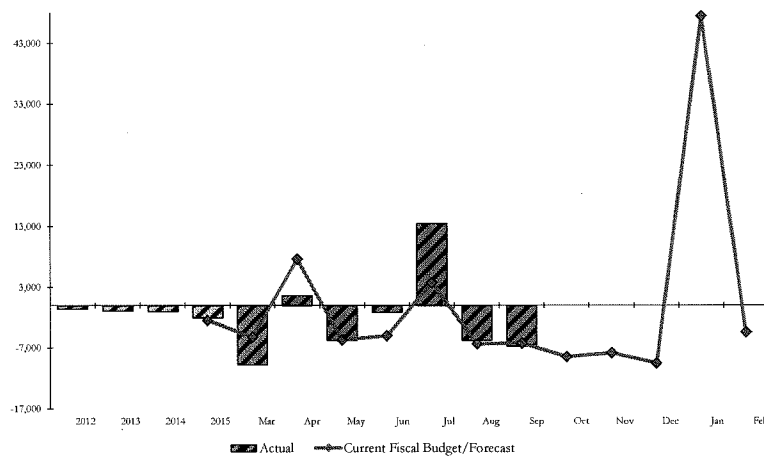
## Operating Margin

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



## Operating Income

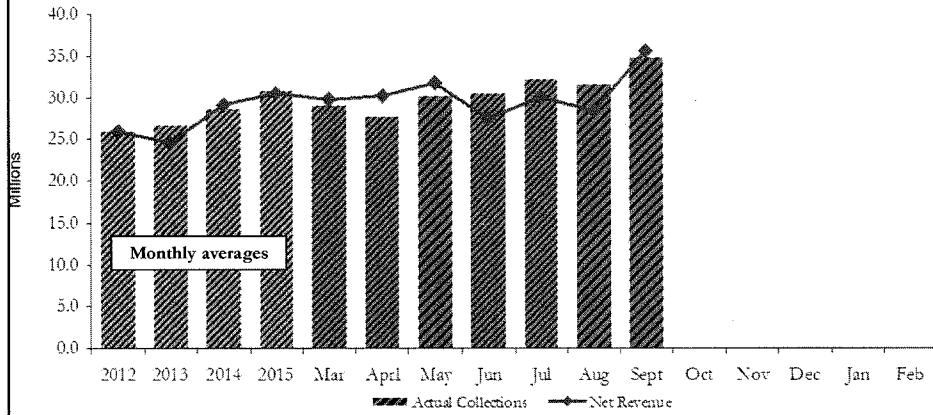
A measure of hospital profitability with respect to patient care services. Positive values are favorable. Values are monthly averages.



## HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

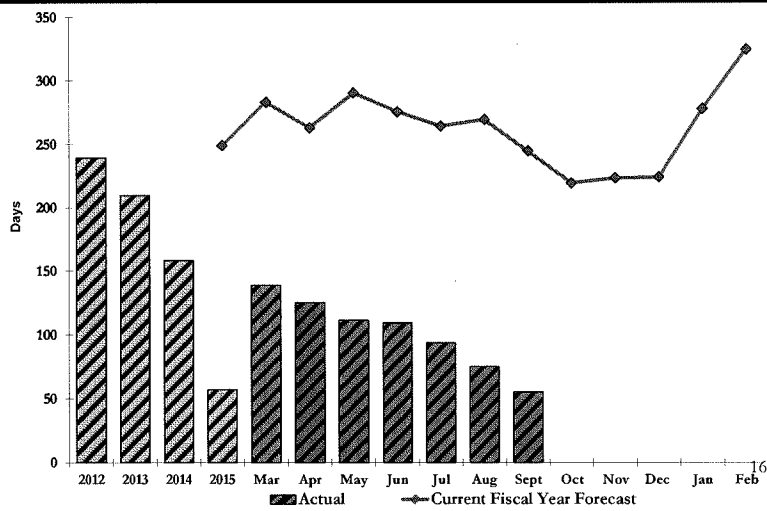
### Cash Collections

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

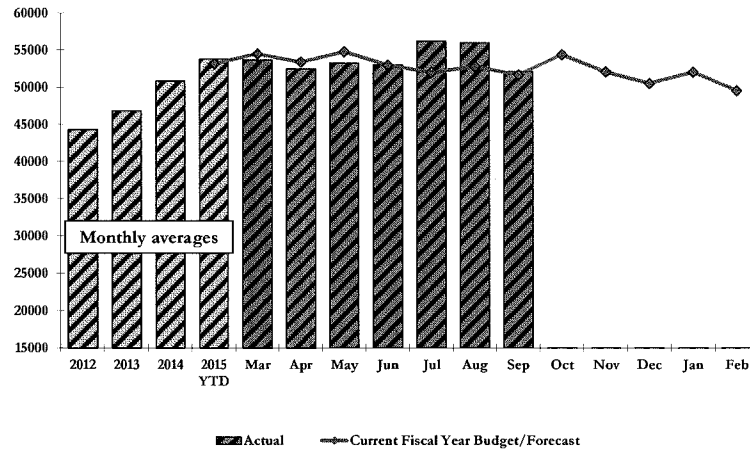
The number of days the Harris Health System could operate if no further patient revenues were received. Harris Health System's goal is to reach a year-end figure of 180 to 210 days.



## HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

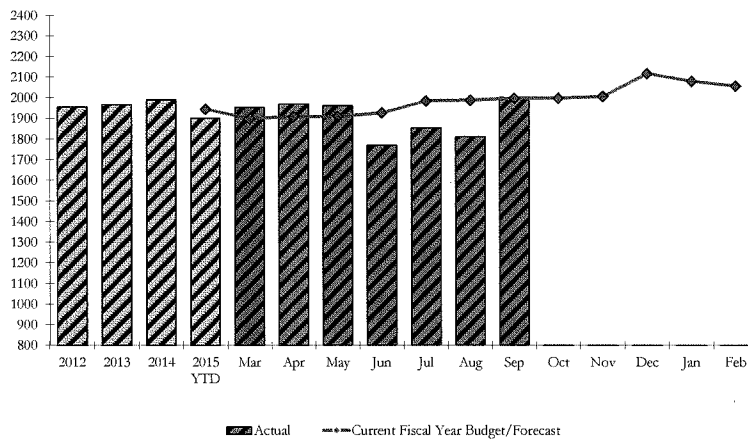
### Adjusted Patient Days

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



### Operating Cost Per Adj. Patient Day

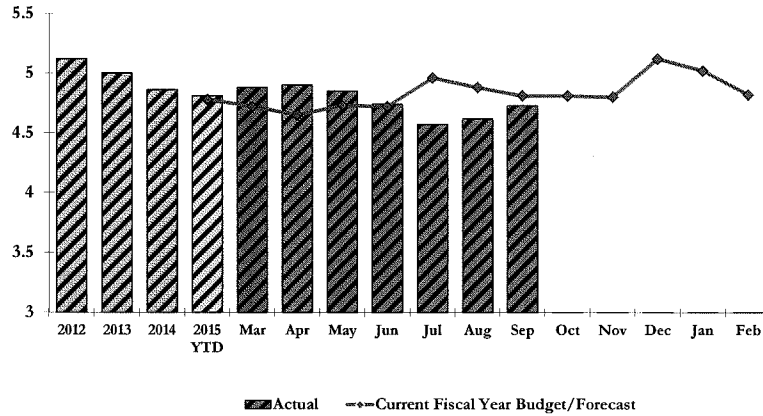
Measures the average cost of delivering care per equivalent inpatient day. Favorable values are below the budget.



## 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.

