

FINANCIAL STATEMENTS
As of January 31, 2015

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FINANCIAL STATEMENTS HIGHLIGHTS

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January 2015 Financial Statement Highlights

Presented for your review, discussion and acceptance are the financial statements for the month ended January 31, 2015.

Statistics

Adjusted patient days were 1.6% ^(Pg1:ln1) greater than budget with approximately 65.8% of the volume representing outpatient care.

Clinic visits ^(Pg1:ln5) of 100,415 were 2.4% less than the budget of 102,871. Primary care clinic visits ^(Pg1:ln3) were 1.5% less than the month's budget and total specialty clinic visits were 4.6% less than the January budget ^(Pg1:ln4).

January Emergency Center visits ^(Pg1:ln10) are reported as 15,231 and were 3.1% greater than budget.

System wide, surgery cases were 9.9% less than budget expectations ^(Pg1:ln13). As noted on page 2, line 16, Harris Health continues to outsource surgery cases as needed.

Deliveries of 613 were 8.1% greater than the budget of 567 ^(Pg1:ln21).

60.8% of total cases occupying patient beds entered through the emergency room ^(Pg1:ln19). Inpatient utilization System wide was 0.8% greater than budget ^(Pg2:ln3). Inpatient length of stay ^(Pg2:ln8) was 4.5% less than budget and the inpatient case mix index ^(Pg2:ln9) was 3.3% less than budget.

Charity and Self Pay payor mix of 62.3% was 3.7% less than the budget of 64.7% ^(Pg2:ln10). Medicaid represented 20.5% of total patients, 5.1% less than the budget of 21.6%. Medicare represented 10.2% of all patients, 14.6% greater than the budget of 8.9%. Commercial Insurance and Other represented 7.0% of all patients and compared favorably to the budget of 4.8%.

The Unduplicated Patient count, calculated on a rolling twelve months basis, of 321,763 is 3.4% greater than the prior year count of 311,189 ^(Pg2:ln17).

New Patients seen during the past twelve month period total 111,781 ^(Pg2:ln18) and are 6.4% greater than the prior year count of 105,060.

Revenue

Total Net Revenue of \$141.7 million ^(Pg3:ln23) was \$18.9 million or 11.8% less than budget. Patient volumes, measured as adjusted patient days ^(Pg8:ln14), were 1.6% greater than budget. January patient net revenue receipts ^(Pg9:ln12) were \$33.4 million and exceeded budget by approximately \$3.4 million. January's estimated reimbursement per adjusted patient day ^(Pg8:ln1) was 2.0% less than budget. The resulting Net Patient Service Revenue for January of \$30.4 million ^(Pg3:ln10) was \$0.2 million or 0.6% less 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. Current tax reports indicate that the 2014 tax levy may exceed budget by \$6 million. Ad valorem tax revenues, net of related expenses, are being adjusted during January and February to reflect the increase ^(Pg3:ln15). In January DSRIP funds distributed under the 1115 Waiver were received in a net amount of \$38.4 million ^(Pg3:ln16). For the fiscal year, the Harris Health budget included \$66.8 million of DSRIP funding and a total of \$59.6 million has been received, resulting in an unfavorable variance of \$7.3 million. Harris Health System also received in January \$2 million in funding from Community Health Choice to assist in increasing patient access in north Houston ^(Pg3:ln19).

Expenses

Total expenses ^(Pg4:ln13) of \$112.4 million were \$0.7 million less than the budget of \$113.1 million. Salaries and wages, including severance pay related to the recent reduction in force, were \$0.8 million less than the budget. Total FTE's ^(Pg8:ln17) were 3.4% less than budget and when adjusted for volume were 4.0% less than the budgeted staffing level. Employee benefit expenses, primarily health benefits, were \$1.2 million less than budget for the month. Supplies expenses were \$0.2 million or 1.2% less than budget and when adjusted for volume ^(Pg8:ln7) were 2.9% less than the budget plan. Total Services ^(Pg4:ln12) of \$33.4 million were \$1.6 million or 4.9% greater than budget. Total

expenses adjusted for volume ^(Pg8:ln12) were \$2,125 per day compared to the budget of \$2,174 per day, a favorable variance of \$49 per day or 2.3%.

Operating Income

Operating Income ^(Pg4:ln14) for January is a gain of \$29.2 million compared to a budgeted gain of \$47.4 million, an unfavorable variance of \$18.2 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. Year to date, Harris Health operating income is a loss of \$17.5 million compared to a budgeted gain of \$4.4 million, an unfavorable variance of \$21.9 million.

Cash Receipts/Disbursements/Balance Sheet

January cash receipts ^(Pg9:ln24) totaled \$349.6 million compared to a budget of \$249.2 million. The \$100.4 million favorable variance is primarily due to timing differences in anticipated payments under the Section 1115 Waiver programs. Including board designated funds, the System has \$394.7 million in unrestricted cash, cash equivalents and investments ^(Pg6:ln1,7,9,10,16,18,24), representing 114 days cash on hand compared to the prior year's cash of \$380.2 million and days cash on hand of 112. Harris Health System has ^(Pg6:ln2) \$77.8 million in net accounts receivable, representing 79 days of outstanding accounts receivable. At January 31, 2015 Harris Health System's balance sheet reflects estimated receivables of \$201.7 million under the Section 1115 Supplemental Medicaid Programs and a \$59.4 million liability related to the Harris regional collaborative program. The financial dashboard indicator report graphs related to these statistics are attached.

STATISTICAL HIGHLIGHTS
As Of January 31, 2015



	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	52,884	52,038	1.6%	588,755	581,140	1.3%	560,730	5.0%
2. Outpatient % of Adjusted Volume	65.8%	66.8%	-1.6%	67.0%	68.4%	-2.1%	66.4%	0.9%
3. Primary Care Clinic Visits	73,692	74,847	-1.5%	810,540	811,064	-0.1%	738,351	9.8%
4. Specialty Clinic Visits	26,723	28,024	-4.6%	316,700	313,383	1.1%	307,045	3.1%
5. Total Clinic Visits	100,415	102,871	-2.4%	1,127,240	1,124,447	0.2%	1,045,396	7.8%
6. % Primary Care Visits	73.4%	72.8%	0.9%	71.9%	72.1%	-0.3%	70.6%	1.8%
7. Emergency Room Visits - Outpatient	12,423	12,169	2.1%	137,327	135,204	1.6%	134,317	2.2%
8. Emergency Room Visits - Observation	924	924	0.0%	10,924	10,270	6.4%	10,257	6.5%
9. Emergency Room Visits - Admitted	1,884	1,675	12.5%	20,114	18,597	8.2%	19,160	5.0%
10. Total Emergency Room Visits	15,231	14,768	3.1%	168,365	164,071	2.6%	163,734	2.8%
11. Surgery Cases - Outpatient	898	1,157	-22.4%	9,743	12,652	-23.0%	9,042	7.8%
12. Surgery Cases - Inpatient	999	948	5.4%	10,567	10,387	1.7%	10,348	2.1%
13. Total Surgery Cases	1,897	2,105	-9.9%	20,310	23,039	-11.8%	19,390	4.7%
14. % Outpatient Cases	47.3%	55.0%	-13.9%	48.0%	54.9%	-12.6%	46.6%	2.9%
15. Total Outpatient Visits	158,805	161,428	-1.6%	1,780,171	1,767,881	0.7%	1,676,661	6.2%
16. Inpatient Cases (Discharges)	3,341	3,043	9.8%	35,538	32,455	9.5%	33,068	7.5%
17. Outpatient Observation Cases	1,280	1,226	4.4%	14,987	13,623	10.0%	14,037	6.8%
18. Total Cases Occupying Patient Beds	4,621	4,269	8.2%	50,525	46,078	9.7%	47,105	7.3%
19. % of Total Cases from Emergency Room	60.8%	60.9%	-0.2%	61.4%	62.6%	-1.9%	62.4%	-1.6%
20. % of Outpatient Cases	27.7%	28.7%	-3.5%	29.7%	29.6%	0.3%	29.8%	-0.5%
21. Births	613	567	8.1%	6,147	5,631	9.2%	5,806	5.9%

STATISTICAL HIGHLIGHTS
As Of January 31, 2015



	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	18,108	17,265	4.9%	194,373	183,633	5.8%	188,463	3.1%
2. Outpatient Observation Days	2,336	3,025	-22.8%	27,616	31,580	-12.6%	31,567	-12.5%
3. Total Patient Days	20,444	20,290	0.8%	221,989	215,213	3.1%	220,030	0.9%
4. % of Outpatient Days	11.4%	14.9%	-23.4%	12.4%	14.7%	-15.2%	14.3%	-13.3%
5. Average Daily Census	659.49	654.52	0.8%	658.72	638.61	3.1%	652.91	0.9%
6. Average Operating Beds	795	767	3.7%	797	776	2.7%	791	0.8%
7. Bed Occupancy %	83.0%	85.3%	-2.8%	82.6%	82.3%	0.4%	82.5%	0.1%
8. Inpatient Average Length of Stay	5.42	5.67	-4.5%	5.47	5.66	-3.3%	5.70	-4.0%
9. Inpatient Case Mix Index (CMI)	1.416	1.465	-3.3%	1.429	1.465	-2.5%	1.446	-1.2%
Payor Mix (% of Charges)								
10. Charity & Self Pay	62.3%	64.7%	-3.7%	63.6%	64.7%	-1.7%	64.2%	-0.9%
11. Medicaid & Medicaid Managed	20.5%	21.6%	-5.1%	20.8%	21.6%	-3.7%	21.9%	-5.0%
12. Medicare & Medicare Managed	10.2%	8.9%	14.6%	9.4%	8.9%	5.6%	9.0%	4.4%
13. Commercial & Other	7.0%	4.8%	45.8%	6.2%	4.8%	29.2%	4.9%	26.5%
<u>NETWORK REFERRAL SERVICES</u>								
14. Primary Care	124	1,480	-91.6%	6,029	16,458	-63.4%	9,267	-34.9%
15. Specialty Care Visits	23	250	-90.8%	1,033	2,750	-62.4%	249	314.9%
16. Surgery Cases	80	56	42.9%	1,593	643	147.7%	1,537	3.6%
17. GI Procedures	269	43	525.6%	2,135	528	304.4%	785	172.0%
18. Hemodialysis Treatments	619	975	-36.5%	6,351	10,725	-40.8%	1,738	265.4%
<u>HEALTH SYSTEM TOTALS</u>								
19. Primary Care	73,816	76,327	-3.3%	816,569	827,522	-1.3%	747,618	9.2%
20. Specialty Care Visits	26,746	28,274	-5.4%	317,733	316,133	0.5%	307,294	3.4%
21. Surgery Cases	1,977	2,161	-8.5%	21,903	23,682	-7.5%	20,927	4.7%
22. Total Unduplicated Patients - Rolling 12				321,763			311,189	3.4%
23. Total New Patient - Rolling 12				111,781			105,060	6.4%

OPERATING STATEMENT
As Of January 31, 2015
(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	19,728	18,999	3.8%	20,087	-1.8%	212,167	201,905	5.1%	207,254	2.4%
2. Inpatient Ancillary	69,973	69,682	0.4%	65,911	6.2%	749,263	723,084	3.6%	720,804	3.9%
3. Outpatient Ancillary	170,121	175,282	-2.9%	160,967	5.7%	1,924,560	1,963,270	-2.0%	1,806,943	6.5%
4. Physician Services	2,145	3,329	-35.6%	1,965	9.1%	25,002	38,442	-35.0%	25,143	-0.6%
5. Gross Patient Charges	261,967	267,292	-2.0%	248,930	5.2%	2,910,992	2,926,702	-0.5%	2,760,144	5.5%
REVENUE DEDUCTIONS:										
6. Charity Care	(125,643)	(141,852)	11.4%	(134,507)	6.6%	(1,403,691)	(1,553,207)	9.6%	(1,449,583)	3.2%
7. Contractual Allowance/Other Discounts	(92,131)	(84,869)	-8.6%	(73,258)	-25.8%	(1,042,610)	(929,274)	-12.2%	(892,182)	-16.9%
8. Provision for Bad Debt Expense	(13,748)	(9,951)	-38.2%	(8,224)	-67.2%	(126,893)	(108,957)	-16.5%	(102,781)	-23.5%
9. Total Patient Revenue Deductions	(231,522)	(236,673)	2.2%	(215,989)	-7.2%	(2,573,194)	(2,591,438)	0.7%	(2,444,546)	-5.3%
10. Net Patient Service Revenue	30,445	30,619	-0.6%	32,941	-7.6%	337,798	335,264	0.8%	315,598	7.0%
OTHER OPERATING REVENUE:										
11. DSH/UPL/1115 Waiver	18,159	23,210	-21.8%	19,415	-6.5%	217,599	255,313	-14.8%	246,950	-11.9%
12. Other Operating Revenue	1,758	1,927	-8.7%	1,936	-9.2%	25,819	22,696	13.8%	21,819	18.3%
13. Total Other Operating Revenue	19,918	25,137	-20.8%	21,351	-6.7%	243,417	278,009	-12.4%	268,769	-9.4%
14. Total Operating Revenue	50,363	55,756	-9.7%	54,292	-7.2%	581,216	613,273	-5.2%	584,367	-0.5%
NONOPERATING REVENUE:										
15. Net Ad Valorem Tax Revenue	50,807	47,005	8.1%	42,648	19.1%	521,748	517,059	0.9%	470,840	10.8%
16. DSRIP	38,368	57,610	-33.4%	0	0.0%	59,558	66,815	-10.9%	90,123	-33.9%
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	134	198	-32.4%	99	34.2%	2,781	2,175	27.9%	(29)	-9595.8%
19. Other	1,993	0	0.0%	(123)	-1716.2%	2,490	0	0.0%	435	-471.8%
20. Total Nonoperating Revenue	91,302	104,813	-12.9%	42,624	114.2%	596,089	595,823	0.0%	571,143	4.4%
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	141,665	160,569	-11.8%	96,917	46.2%	1,177,305	1,209,096	-2.6%	1,155,510	1.9%

OPERATING STATEMENT
As Of January 31, 2015
(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	37,323	38,230	2.4%	34,837	-7.1%	398,919	406,264	1.8%	386,333	-3.3%
2. PTO & Secondday Sick Leave	5,371	5,185	-3.6%	5,204	-3.2%	56,501	55,094	-2.6%	54,643	-3.4%
3. Contract Salaries	601	809	25.7%	1,168	48.6%	8,992	9,421	4.5%	12,677	29.1%
4. Registry Salaries	2,138	2,091	-2.2%	2,510	14.8%	25,091	22,447	-11.8%	27,133	7.5%
5. FICA and Benefits	15,959	17,137	6.9%	16,002	0.3%	168,636	181,910	7.3%	171,597	1.7%
6. Total Salaries, Wages, and Benefits	61,392	63,451	3.2%	59,720	-2.8%	658,139	675,136	2.5%	652,383	-0.9%
7. Supplies	17,631	17,843	1.2%	18,003	2.1%	195,541	184,871	-5.8%	182,092	-7.4%
SERVICES:										
8. Physician Services	18,321	16,699	-9.7%	15,492	-18.3%	174,559	177,176	1.5%	164,123	-6.4%
9. Other Purchased Services	9,184	9,001	-2.0%	10,582	13.2%	101,167	100,818	-0.3%	102,489	1.3%
10. Depreciation and Amortization	4,667	4,875	4.3%	4,386	-6.4%	51,865	52,997	2.1%	47,666	-8.8%
11. Interest	1,237	1,259	1.7%	1,757	29.6%	13,535	13,683	1.1%	9,846	-37.5%
12. Total Services	33,409	31,834	-4.9%	32,216	-3.7%	341,126	344,674	1.0%	324,124	-5.2%
13. Total Operating Expenses	112,432	113,128	0.6%	109,939	-2.3%	1,194,806	1,204,681	0.8%	1,158,599	-3.1%
14. Operating Income (Loss)	29,233	47,442	-38.4%	(13,023)	-	(17,501)	4,415	-496.4%	(3,089)	-

CASH FLOW SUMMARY

As of January 31 2015

(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	\$ 192,279	199,352	\$ 358,520	\$ 300,560
2. Collections on Patient Accounts	32,945	31,827	342,671	297,777
3. DSH & UC - 1115 Waiver	81,786	0	259,445	205,364
3a DSRIP - 1115 Waiver	38,368	57,538	59,557	90,122
4. Tobacco Settlement	0	0	10,984	9,774
5. Trauma Fund	0	0	1,767	1,811
6. Other Sources (Includes Cost Reimbursement)	4,230	4,865	43,196	36,405
7. Total Cash Receipts	\$ 349,608	\$ 293,582	\$ 1,076,140	\$ 941,813
<u>CASH DISBURSEMENTS:</u>				
8. Salaries and Wages	\$ 42,839	\$ 42,793	\$ 345,196	\$ 355,895
9. Benefits and Employee Deductions	27,654	33,210	329,157	339,453
10. Drugs and Supplies	21,017	19,426	200,692	187,913
11. Physician Services	83,087	531	207,092	160,832
12. Purchased Services	10,689	9,840	123,223	113,905
13. Capital Expenditures	3,382	7,626	49,018	73,094
14. Debt and Interest Payments	364	351	10,351	10,379
15. Other Uses	(5,925)	(5,341)	(50,149)	(44,094)
16. Total Cash Disbursements	\$ 183,107	\$ 108,436	\$ 1,214,580	\$ 1,197,377
17. Net Change	\$ 166,501	\$ 185,146	\$ (138,440)	\$ (255,564)

Unrestricted Cash, Cash Equivalents and Investments - February 28, 2014	\$ 533,090
Net Change	(138,440)
Unrestricted Cash, Cash Equivalents and Investments - January 31, 2015	\$ 394,650

BALANCE SHEET
As Of January 31, 2015
(In Thousands)

	ACTUAL	PRIOR YEAR
<u>ASSETS</u>		
CURRENT ASSETS:		
1. Cash, Cash Equivalents and Short Term Investments	73,339	66,805
2. Net Patient Accounts Receivable	77,785	74,486
3. Net Ad Valorem Taxes, Current Portion	191,487	195,276
4. Prepaid Expenses, Inventories, and Other Current Assets	227,453	262,627
5. Total Current Assets	570,064	599,194
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
6. Debt Service and Bond Covenants - Restricted	9,896	9,758
7. Board Designated for Future Expansion	1,604	2,476
8. Phase 1 Project Fund	0	0
9. Board Designated for Legal Reserves	2,031	2,324
10. Board Designated for Self-Insured Programs	26,286	24,278
11. Total Assets Limited as to Use or Restricted, Current Portion	39,817	38,836
PLANT, PROPERTY AND EQUIPMENT:		
12. Plant, Property, & Equipment, Net of Accumulated Depreciation	425,641	385,348
13. Construction in Progress	25,361	57,481
14. Total Plant, Property and Equipment	451,003	442,829
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
15. Debt Service and Bond Covenants - Restricted	21,530	17,615
16. Board Designated for Future Expansion	94,091	107,309
17. Phase 1 Project Fund	0	0
18. Board Designated for Self-Insured Programs	197,298	177,013
19. Other - Restricted	857	860
20. Total Assets Limited as to Use or Restricted, Net of Current Portion	313,776	302,797
OTHER ASSETS:		
21. Net Ad Valorem Taxes, Delinquent	686	1,878
22. Net Deferred Bond Issue Costs	1,470	3,619
23. Net Pension Asset	4,792	5,066
24. Long-Term Investments	0	0
25. Security Deposit	70	70
26. Derivative Asset	0	0
27. Deferred Outflow - Derivative Financial Instrument	271	10,057
28. Total Other Assets	7,288	20,690
29. Due to/from CHCI	4,482	3,679
30. TOTAL ASSETS	1,386,430	1,408,024

BALANCE SHEET
As Of January 31, 2015
(In Thousands)

	ACTUAL	PRIOR YEAR
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
1. Accounts Payable and Accrued Liabilities	100,194	105,794
2. Interest Payable	4,702	4,772
3. Employee Compensation & Related Benefit Liabilities	46,250	35,679
4. Compensated Absences	39,052	40,188
5. Estimated Third-Party Payor Settlements	9,514	4,173
6. Current Portion Long-Term Debt and Capital Leases	5,377	5,069
7. Total Current Liabilities	205,090	195,675
OTHER LONG-TERM LIABILITIES:		
8. Pension Payable	0	0
9. Post Employment Health Benefit Liability	197,305	175,603
10. Borrowing Payable	13,636	14,483
11. Derivative Liability	271	10,057
12. Arbitrage Rebate Liability	151	141
13. Total Other Long-Term Liabilities	211,362	200,285
LONG-TERM DEBT:		
14. Series 2007 Revenue Bonds, Including Premium & Deferred Loss	184,655	187,830
15. Series 2010 Revenue Bonds, Including Deferred Loss	82,391	82,666
16. Other Long-Term Obligation	282	129
17. Total Long-Term Debt	267,328	270,626
TOTAL LIABILITIES	683,780	666,585
NET ASSETS:		
18. Invested in Capital Assets, Net of Related Debt	164,662	152,651
19. Restricted Net Assets	32,283	29,093
20. Unrestricted Net Assets	505,705	559,695
21. Total Net Assets	702,650	741,439
22. TOTAL LIABILITIES & NET ASSETS	1,386,430	1,408,024

OPERATING PERFORMANCE PER ADJUSTED PATIENT DAY

As of January 31, 2015

	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	\$ 576	\$ 588	-2.0%	\$ 626	-8.0%	\$ 574	\$ 577	-0.5%	\$ 563	2.0%
2. Other Operating Revenue	377	483	-21.9%	406	-7.1%	413	478	-13.6%	479	-13.8%
3. Nonoperating Revenue	1,726	2,014	-14.3%	810	113.1%	1,012	1,025	-1.3%	1,019	-0.7%
4. Capital Contribution	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
5. Total District Net Revenue	2,679	3,085	-13.2%	1,842	45.4%	1,999	2,080	-3.9%	2,061	-3.0%
6. Salaries, Wages, and Benefits	1,161	1,219	4.8%	1,135	-2.3%	1,118	1,162	3.8%	1,163	3.9%
7. Supplies	333	343	2.9%	342	2.6%	332	318	-4.4%	325	-2.2%
8. Physician Services	346	321	-7.8%	294	-17.7%	296	305	3.0%	293	-1.0%
9. Other Purchased Services	174	173	-0.6%	201	13.4%	172	173	0.6%	183	6.0%
10. Depreciation and Amortization	88	94	6.4%	83	-6.0%	88	91	3.3%	85	-3.5%
11. Interest	23	24	4.2%	33	30.3%	23	24	4.2%	18	-27.8%
12. Total Operating Expenses	2,125	2,174	2.3%	2,088	-1.8%	2,029	2,073	2.1%	2,067	1.8%
13. Operating Income(Loss)	\$ 554	\$ 911	-39.2%	\$ (246)	-	\$ (30)	\$ 7	-528.6%	\$ (6)	-
14. Adjusted Patient Days	52,884	52,038	1.6%	52,609	0.5%	588,755	581,140	1.3%	560,730	5.0%
15. Average Daily Census	584.1	556.9	4.9%	586.3	-0.4%	576.8	544.9	5.8%	559.2	3.1%
16. FTE's(Employee/Contract) per AOB	4.8	5.0	4.0%	4.7	-2.1%	4.8	4.8	0.0%	4.9	2.0%
17. FTE's(Employee/Contract) - Total	8,143	8,426	3.4%	8,021	-1.5%	8,328	8,339	0.1%	8,100	-2.8%
18. FTE's(Employee/Contract) - Productive	7,070	7,475	5.4%	7,008	-0.9%	7,335	7,398	0.8%	7,152	-2.6%

ANALYSIS OF CASH RECEIPTS

January 31, 2015

	MONTH TO MONTH			YEAR TO DATE						
	ACTUAL		BUDGET	ACTUAL				BUDGET		
	CURRENT	PRIOR	CURRENT	CURRENT	PRIOR	VAR	VAR %	YTD	VAR	VAR %
PATIENT REVENUE:										
1. Medicare	\$6,830	\$6,534	\$5,774	\$74,074	\$53,808	\$20,266	37.7	\$63,227	\$10,847	17.2
2. Medicaid	9,985	10,790	8,785	91,477	96,320	(4,843)	(5.0)	103,222	(11,745)	(11.4)
3. Texas vendor drug/Medicare Part D	2,275	2,930	2,967	31,173	29,981	1,192	4.0	32,482	(1,309)	(4.0)
4. Managed Care - Medicaid	7,929	5,900	6,080	77,987	62,492	15,495	24.8	66,577	11,410	17.1
5. Commercial insurance	2,434	1,522	1,464	23,584	14,724	8,860	60.2	16,034	7,550	47.1
6. Liens	39	265	293	3,265	2,982	283	9.5	3,204	61	1.9
7. Patient pay	2,004	2,131	2,288	21,843	23,259	(1,416)	(6.1)	25,056	(3,213)	(12.8)
8. Business office	275	295	363	3,500	3,731	(231)	(6.2)	3,975	(475)	(11.9)
9. Other governmental projects/grants	1,175	1,460	1,316	15,768	10,480	5,288	50.5	14,406	1,362	9.5
10. SUBTOTAL	32,946	31,827	29,330	342,671	297,777	44,894	15.1	328,182	14,489	4.4
11a. Cost Reimbursements	446	3,103	667	7,911	15,123	(7,212)	(47.7)	7,333	578	7.9
11b. Recoupments	0	0	0	0	0	0	0.0	0	0	0.0
12. Net Patient Revenue Receipts	33,392	34,930	29,997	350,582	312,900	37,682	12.0	335,515	15,067	4.5
13. DSH & UC - 1115 Waiver	81,786	0	0	259,445	205,364	54,081	26.3	351,220	(91,775)	(26.1)
13a. DSRIP - 1115 Waiver	38,368	57,538	0	59,557	90,122	(30,565)	(33.9)	0	59,557	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	153,546	92,468	29,997	682,335	619,971	62,364	10.1	698,010	(15,675)	(2.2)
NON-PATIENT OPERATING REVENUE:										
16. Parking	269	287	345	2,514	2,701	(187)	(6.9)	3,793	(1,279)	(33.7)
17. Cafeteria	267	0	0	2,837	0	2,837	0.0	0	2,837	0.0
18. Grants	702	868	680	8,702	7,929	773	9.7	7,489	1,213	16.2
19. Miscellaneous	2,544	606	901	20,417	9,034	11,383	126.0	9,915	10,502	105.9
20. Total Non-Patient Operating	3,782	1,761	1,926	34,470	19,664	14,806	75.3	21,197	13,273	62.6
21. Interest income	1	1	198	815	1,618	(803)	(49.6)	2,175	(1,360)	(62.5)
22. Total Non-Tax Receipts	157,329	94,230	32,121	717,620	641,253	76,367	11.9	721,381	(3,761)	(0.5)
23. Ad valorem tax receipts/note	192,279	199,352	217,088	358,520	300,560	57,960	19.3	327,299	31,221	9.5
24. Commercial Paper Proceeds	0	0	0	0	0	0	0.0	0	0	0.0
25. Total Receipts	\$349,608	\$293,582	\$249,209	\$1,076,140	\$941,813	\$134,327	14.3	\$1,048,680	\$27,460	2.6

**OPERATING PERFORMANCE
AS OF JANUARY 31, 2015
(IN MILLIONS)**

	<u>MONTH</u>	<u>YTD</u>
Total Operating Income (Loss) as Reported	\$ 29.2	\$ (17.5)
Favorable Adjustments:		
Trauma Funds	\$ -	\$ 0.2
Post Employee Health Benefits	\$ 0.4	\$ 3.7
FICA Baylor Residents	\$ -	\$ 8.4
Subtotal of Favorable Adjustments	\$ 0.4	\$ 12.3
Unfavorable Adjustments:		
Tobacco Revenue	\$ -	\$ (0.2)
Medicare Cost Report Settlement	\$ (0.8)	\$ (6.6)
Subtotal of Unfavorable Adjustments	\$ (0.8)	\$ (6.8)
Harris Health System Operating Run Rate as of January	\$ 29.6	\$ (23.0)
Harris Health System 2015 Budget	\$ 47.4	\$ 4.4
Favorable (Unfavorable) Run Rate	\$ (17.8)	\$ (27.4)
Attributable Factors:		
Favorable (Unfavorable) Revenue Variance	\$ (18.1)	\$ (25.2)
Favorable (Unfavorable) Expense Variance	\$ 0.3	\$ (2.2)
Net of Attributable Factors	\$ (17.8)	\$ (27.4)

SUPPLEMENTAL INFORMATION - STATISTICAL HIGHLIGHTS - MONTHLY TREND
As Of January 31, 2015

							MONTHLY AVERAGE			
	August	September	October	November	December	January	FY 2013 YTD Jan	FY 2014 YTD Jan	FY 2015 YTD Jan	% Change 15 vs 14
1. ADMISSIONS(A&P)	3,359	3,250	3,322	3,141	3,324	3,341	2,897	3,006	3,231	7.5%
2. PATIENT DAYS(A&P)	18,734	18,210	18,363	16,759	17,966	18,108	16,494	17,133	17,670	3.1%
3. AVERAGE LOS	5.58	5.60	5.53	5.34	5.40	5.42	5.69	5.70	5.47	-4.0%
4. AVERAGE LOS, Overall CMI Adjusted	3.96	3.88	3.84	3.88	3.72	3.83	4.02	3.94	3.83	-2.9%
5. PERCENT OCCUPANCY	74.9%	75.0%	72.1%	69.7%	72.9%	73.5%	67.1%	70.7%	72.4%	2.4%
CASE MIX INDEX (CMI)										
6. CMI - Excluding Obstetrics Cases	1.561	1.605	1.588	1.488	1.601	1.566	1.576	1.593	1.571	-1.4%
7. CMI - Overall	1.410	1.444	1.441	1.375	1.451	1.416	1.417	1.446	1.429	-1.2%
8. BIRTHS	617	606	591	554	586	613	562	528	559	5.9%
9. OPERATING ROOM CASES	1,765	2,122	2,062	1,663	2,044	1,897	1,792	1,763	1,846	4.7%
10. Inpatient	869	1,239	1,105	881	1,082	999	945	941	961	2.1%
11. Outpatient	896	883	957	782	962	898	847	822	886	7.8%
12. EMERGENCY VISITS	15,866	15,995	15,898	13,786	15,474	15,231	14,575	14,885	15,306	2.8%
13. Emergency Room Visits-Admitted	1,830	1,945	1,798	1,563	2,003	1,884	1,603	1,742	1,829	5.0%
14. Emergency Room Visits-Outpatient	12,995	13,009	13,219	11,420	12,535	12,423	12,173	12,211	12,484	2.2%
15. Emergency Room Visits-Observation	1,041	1,041	881	803	936	924	798	932	993	6.5%
16. CLINIC VISITS	99,575	105,201	115,932	92,576	102,438	100,415	91,047	95,036	102,476	7.8%
17. Primary Care Clinic Visits	71,082	75,960	84,436	67,450	74,815	73,692	65,514	67,123	73,685	9.8%
18. Specialty Clinic Visits	28,493	29,241	31,496	25,126	27,623	26,723	25,533	27,913	28,791	3.1%
PAYOR MIX										
19. Charity & Self Pay	63.0%	61.6%	63.0%	61.8%	65.9%	62.3%	63.8%	64.2%	63.6%	-0.9%
19. Medicaid & Medicaid Managed	21.4%	22.5%	21.7%	23.1%	18.4%	20.5%	22.3%	21.9%	20.8%	-5.0%
20. Medicare & Medicare Managed	9.7%	9.6%	8.9%	9.1%	9.6%	10.2%	8.9%	9.0%	9.4%	4.4%
21. Commercial & Other	5.9%	6.3%	6.4%	6.0%	6.1%	7.0%	5.0%	4.9%	6.2%	26.5%

SUPPLEMENTAL INFORMATION - OPERATING STATEMENT - MONTHLY TREND

As Of January 31, 2015

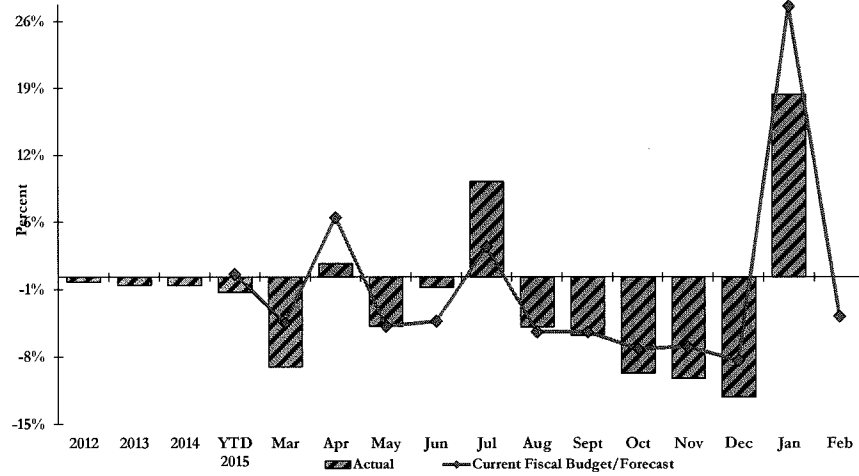
(In Thousands)

							MONTHLY AVERAGE			
	August	September	October	November	December	January	FY 2013 YTD Jan	FY 2014 YTD Jan	FY 2015 YTD Jan	% Change 15 vs 14
1. Gross Patient Charges	\$ 270,061	\$ 272,780	\$ 283,229	\$ 240,980	\$ 262,720	\$ 261,967	229,808	250,922	264,636	5.5%
2. Total Patient Revenue Deductions	(241,702)	(237,195)	(249,155)	(211,483)	(232,183)	(231,522)	(205,313)	(222,231)	(233,927)	5.3%
3. Net Patient Service Revenue	28,359	35,585	34,074	29,498	30,536	30,445	24,494	28,691	30,709	7.0%
4. Net Revenue % of Gross Charges	10.5%	13.0%	12.0%	12.2%	11.6%	11.6%	10.7%	11.4%	11.6%	1.5%
5. DSH/UPL Program Revenue	21,040	17,396	18,159	18,159	18,159	18,159	24,078	22,450	19,782	-11.9%
6. Other Operating Revenue	3,302	2,131	2,050	1,964	3,587	1,758	2,202	1,984	2,347	18.3%
7. Total Other Operating Revenue	24,341	19,527	20,210	20,124	21,746	19,918	26,281	24,434	22,129	-9.4%
8. Net Ad Valorem Tax Revenue	47,886	47,171	46,936	46,711	47,219	50,807	41,613	42,804	47,432	10.8%
9. DSRIP	0	0	0	0	0	38,368	0	8,193	5,414	-33.9%
10. Net Tobacco Settlement Revenue	0	0	0	0	0	0	884	889	865	-2.7%
11. Interest Income and Other	286	147	83	45	119	2,126	1,475	37	479	1197.6%
12. Total Nonoperating Revenue	48,172	47,318	47,019	46,756	47,338	91,302	43,972	51,922	54,190	4.4%
13. Capital Contributions	0	0	0	0	0	0	0	0	0	0.0%
14. Total Net Revenue	100,872	102,430	101,303	96,378	99,620	141,665	94,747	105,046	107,028	1.9%
15. Salaries and Wages	44,818	43,710	45,954	42,914	44,002	45,433	40,501	43,708	44,500	1.8%
16. FICA and Benefits	15,699	14,595	13,693	14,121	15,600	15,959	14,300	15,600	15,331	-1.7%
17. Total Salaries, Wages, and Benefits	60,516	58,305	59,648	57,035	59,602	61,392	54,801	59,308	59,831	0.9%
18. Supplies	15,936	17,893	20,837	16,931	19,079	17,631	14,935	16,554	17,776	7.4%
19. Physician Services	15,908	17,405	17,832	17,668	17,609	18,321	12,679	14,920	15,869	6.4%
20. Other Purchased Services	7,903	9,503	8,812	9,357	10,230	9,184	8,795	9,317	9,197	-1.3%
21. Depreciation and Amortization	4,866	4,698	4,672	4,675	4,755	4,667	4,262	4,333	4,715	8.8%
22. Interest	1,237	1,223	1,237	1,223	1,237	1,237	569	895	1,230	37.5%
23. Total Expenses	106,366	109,026	113,037	106,889	112,512	112,432	96,041	105,327	108,619	3.1%
24. Total Income (Loss)	\$ (5,494)	\$ (6,597)	\$ (11,735)	\$ (10,511)	\$ (12,892)	\$ 29,233	\$ (1,294)	\$ (281)	\$ (1,591)	466.6%
25. Total Margin	-5.4%	-6.4%	-11.6%	-10.9%	-12.9%	20.6%	-1.4%	-0.3%	-1.5%	456.2%
26. Full-Time Equivalent Employees	8,351	8,216	8,435	8,238	8,208	8,143	7,664	8,100	8,328	2.8%
27. Average Salary per FTE	\$63,190	\$64,727	\$64,150	\$63,381	\$63,123	\$65,694	\$62,959	\$64,290	\$63,665	-1.0%
28. Adjusted Patient Days	55,987	52,123	57,064	50,081	51,921	52,884	46,898	50,975	53,523	5.0%

HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

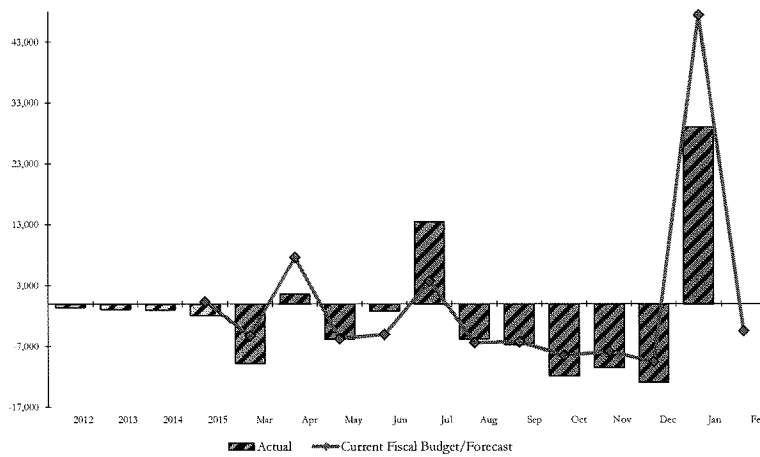
Operating Margin

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



Operating Income

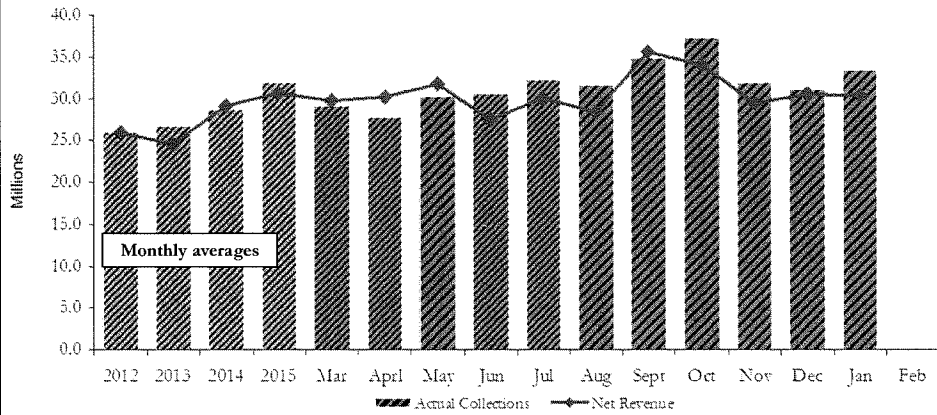
A measure of hospital profitability with respect to patient care services. Positive values are favorable. Values are monthly averages.



HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

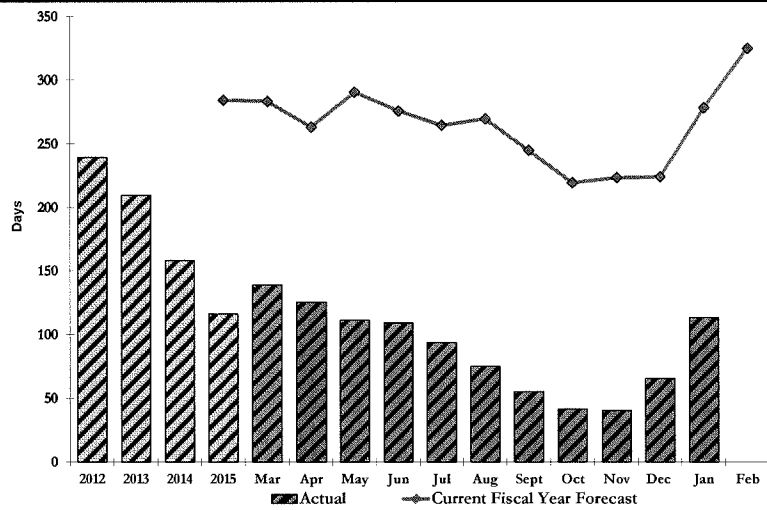
Cash Collections

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

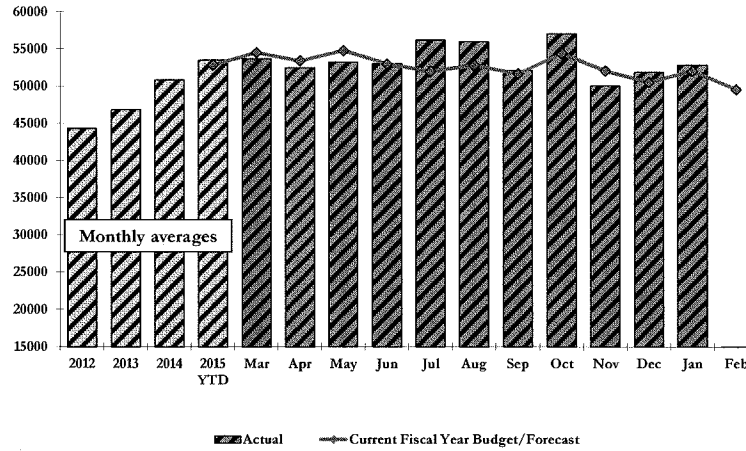
The number of days the Harris Health System could operate if no further patient revenues were received. Harris Health System's goal is to reach a year-end figure of 180 to 210 days.



HARRIS HEALTH SYSTEM FINANCIAL DASHBOARD INDICATORS

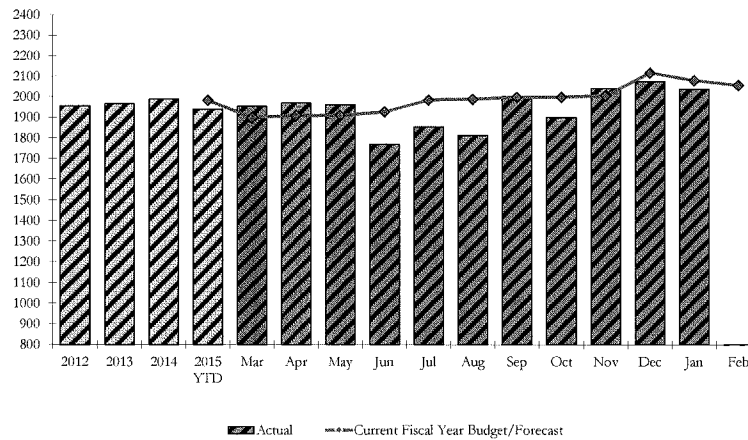
Adjusted Patient Days

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



Operating Cost Per Adj. Patient Day

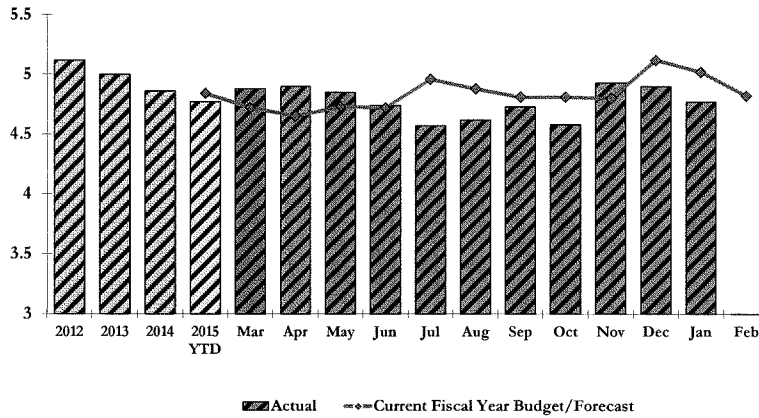
Measures the average cost of delivering care per equivalent inpatient day. Favorable values are below the budget.



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.

