

HARRIS COUNTY HOSPITAL DISTRICT

dba HARRIS HEALTH SYSTEM

FINANCIAL STATEMENTS

As of May 31, 2017

HARRIS HEALTH SYSTEM

FINANCIAL STATEMENTS

As of May 31, 2017

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HARRIS HEALTH SYSTEM
FINANCIAL STATEMENT HIGHLIGHTS
As of May 31, 2017

	Month			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
1. Adjusted Patient Days	48,621	50,059	-2.9%	146,262	152,447	-4.1%
2. Total Clinic Visits	103,558	102,812	0.7%	307,850	317,998	-3.2%
3. Total Emergency Room Visits	13,745	14,562	-5.6%	40,530	43,410	-6.6%
4. Total Patient Days	17,534	17,851	-1.8%	51,890	54,982	-5.6%
5. Unfunded Payor Mix (% of Charges)	60.0%	58.2%	3.1%	61.3%	58.2%	5.3%
Revenues (\$ in millions):						
6. Ad Valorem Taxes	\$ 58.5	\$ 58.5	0.0%	\$ 175.4	\$ 175.5	0.0%
7. Net Patient Revenue	31.7	34.6	-8.4%	100.8	105.5	-4.5%
8. DSH and UC Revenue	13.0	12.5	3.7%	38.9	37.5	3.7%
9. DSRIP - 1115 Waiver Revenue	0.0	0.0	0.0%	0.0	0.0	0.0%
10. Other Revenue	5.7	4.9	16.3%	29.7	23.0	28.9%
11. Total Revenue	108.8	110.5	-1.5%	344.8	341.5	1.0%
Expenses (\$ in millions):						
12. Salaries and Wages	45.7	44.3	-3.3%	135.6	133.1	-1.9%
13. Employee Benefit Costs	19.6	17.8	-9.8%	54.0	53.8	-0.4%
14. Supply Expenses	18.0	18.0	0.0%	53.2	54.3	2.0%
15. Physician & Purchased Services	28.9	28.6	-1.1%	85.5	85.9	0.5%
16. Depreciation & Interest	5.2	5.6	8.6%	15.6	16.9	7.7%
17. Total Expenses	117.4	114.3	-2.6%	343.9	344.1	0.0%
18. Operating Income (Loss)	\$ (8.5)	\$ (3.9)		\$ 0.9	\$ (2.6)	
19. Margin %	-7.8%	-3.5%		0.3%	-0.8%	
20. Total Expense / Adj Patient Day	\$ 2,414	\$ 2,284	-5.7%	\$ 2,351	\$ 2,257	-4.2%
21. Full-time Equivalent Employees	8,297	8,007	-3.6%	8,273	8,111	-2.0%
22. Unrestricted Cash (\$ in millions)				\$ 643.3	\$ 636.1	1.1%
23. Days Cash on Hand				178.7	177.3	0.8%
24. Days Revenue in Accounts Receivable				67.6	63.6	-6.4%

HARRISHEALTH SYSTEM

May 2017 Financial Statement Summary Variance Discussion

Operating Income for May was a loss of \$8.5 million compared to a budgeted loss of \$3.9 million, an unfavorable variance of \$4.6 million.

Total May Revenue of \$108.8 million was \$1.7 million or 1.5% less than budget. The unfavorable revenue variance was reported in net patient service revenues. Total May expenses of \$117.4 million were \$3.1 million or 2.6% greater than the budget of \$114.3 million. The unfavorable revenue variances were primarily salaries and benefits.

Adjusted patient days were 2.9% less than budget for the month of May. Clinic visits were 0.7% greater than budget and inpatient days were 1.8% less than budget. Emergency room visits were 5.6% less than budget and total surgery cases were 8.1% greater than budget. The volume adjusted expense per adjusted patient day for May 2017 was \$2,414 per day compared to the budget of \$2,284 per day, and the prior year expense of \$2,265 per adjusted patient day.

Total cash receipts for the month of May were slightly less than budget, \$0.1 million. As of May 31, 2017 Harris Health has \$43.7 million on deposit with the County for Board approved projects to be managed by the County. The System has \$643.3 million in unrestricted cash, cash equivalents and investments, representing 178.7 days cash on hand, compared to budgeted cash of \$636.1 million representing 177.3 days cash on hand. Harris Health System has \$74.4 million in net accounts receivable, representing 68 days of outstanding patient accounts receivable at May 31, 2017. Harris Health System's May 31, 2017 balance sheet reflects a liability of \$26.8 million under the Harris Collaborative Program. The May 31, 2017 balance sheet reflects a net receivable of \$13.9 million under the DSH/UC programs.

**HARRIS HEALTH SYSTEM
STATISTICAL HIGHLIGHTS
As of May 31, 2017**

	MONTH-TO-MONTH			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
<u>HEALTH SYSTEM FACILITIES</u>								
1. Adjusted Patient Days	48,621	50,059	-2.9%	146,262	152,447	-4.1%	148,096	-1.2%
2. Outpatient % of Adjusted Volume	69.5%	69.2%	0.4%	70.0%	68.9%	1.6%	68.5%	2.2%
3. Primary Care Clinic Visits	74,887	76,938	-2.7%	223,870	237,158	-5.6%	232,461	-3.7%
4. Specialty Clinic Visits	28,671	25,874	10.8%	83,980	80,840	3.9%	83,922	0.1%
5. Total Clinic Visits	103,558	102,812	0.7%	307,850	317,998	-3.2%	316,383	-2.7%
6. % Primary Care Visits	72.3%	74.8%	-3.4%	72.7%	74.6%	-2.5%	73.5%	-1.0%
7. Emergency Room Visits - Outpatient	11,179	11,886	-5.9%	32,852	35,376	-7.1%	34,083	-3.6%
8. Emergency Room Visits - Observation	890	922	-3.5%	2,871	2,706	6.1%	2,404	19.4%
9. Emergency Room Visits - Admitted	1,676	1,754	-4.4%	4,807	5,328	-9.8%	5,197	-7.5%
10. Total Emergency Room Visits	13,745	14,562	-5.6%	40,530	43,410	-6.6%	41,684	-2.8%
11. Surgery Cases - Outpatient	1,189	1,037	14.7%	3,464	3,319	4.4%	3,252	6.5%
12. Surgery Cases - Inpatient	939	932	0.8%	2,664	2,788	-4.4%	2,716	-1.9%
13. Total Surgery Cases	2,128	1,969	8.1%	6,128	6,107	0.3%	5,968	2.7%
14. % Outpatient Cases	55.9%	52.7%	6.1%	56.5%	54.3%	4.0%	54.5%	3.7%
15. Total Outpatient Visits	160,670	157,163	2.2%	475,565	491,136	-3.2%	484,773	-1.9%
16. Inpatient Cases (Discharges)	2,696	2,914	-7.5%	8,045	9,051	-11.1%	8,648	-7.0%
17. Outpatient Observation Cases	1,211	1,276	-5.1%	3,852	3,872	-0.5%	3,492	10.3%
18. Total Cases Occupying Patient Beds	3,907	4,190	-6.8%	11,897	12,923	-7.9%	12,140	-2.0%
19. % of Total Cases from Emergency Room	65.7%	63.9%	2.8%	64.5%	62.2%	3.8%	62.6%	3.1%
20. % of Outpatient Cases	31.0%	30.5%	1.8%	32.4%	30.0%	8.1%	28.8%	12.6%
21. Births	467	479	-2.5%	1,318	1,457	-9.5%	1,510	-12.7%
22. Inpatient Days	14,823	15,405	-3.8%	43,868	47,371	-7.4%	46,647	-6.0%
23. Outpatient Observation Days	2,711	2,446	10.8%	8,022	7,611	5.4%	6,696	19.8%
24. Total Patient Days	17,534	17,851	-1.8%	51,890	54,982	-5.6%	53,343	-2.7%
25. % of Outpatient Days	15.5%	13.7%	12.8%	15.5%	13.8%	11.7%	12.6%	23.2%
26. Average Daily Census	565.60	575.84	-1.8%	564.02	597.63	-5.6%	579.81	-2.7%
27. Average Operating Beds	722	732	-1.4%	732	739	-0.9%	736	-0.5%
28. Bed Occupancy %	78.3%	78.7%	-0.4%	77.1%	80.9%	-4.7%	78.8%	-2.2%
29. Inpatient Average Length of Stay	5.50	5.29	4.0%	5.45	5.23	4.2%	5.39	1.1%
30. Inpatient Case Mix Index (CMI)	1.561	1.551	0.6%	1.531	1.551	-1.3%	1.538	-0.5%
<u>Payor Mix (% of Charges)</u>								
31. Charity & Self Pay	60.0%	58.2%	3.1%	61.3%	58.2%	5.3%	61.9%	-1.0%
32. Medicaid & Medicaid Managed	19.8%	20.5%	-3.4%	19.0%	20.5%	-7.3%	19.5%	-2.6%
33. Medicare & Medicare Managed	9.3%	9.8%	-5.1%	9.3%	9.8%	-5.1%	9.4%	-1.1%
34. Commercial & Other	10.9%	11.5%	-5.2%	10.4%	11.5%	-9.6%	9.1%	14.3%
<u>NETWORK REFERRAL SERVICES</u>								
35. Primary Care	250	0	0.0%	700	0	0.0%	332	110.8%
36. Specialty Care Visits	0	0	0.0%	0	0	0.0%	0	0.0%
37. Surgery Cases	0	0	0.0%	0	0	0.0%	0	0.0%
38. GI Procedures	223	100	123.0%	227	300	-24.3%	0	0.0%
39. Hemodialysis Treatments	191	200	-4.5%	591	600	-1.5%	614	-3.7%
<u>HEALTH SYSTEM TOTALS</u>								
40. Primary Care	75,137	76,938	-2.3%	224,570	237,158	-5.3%	232,793	-3.5%
41. Specialty Care Visits	28,671	25,874	10.8%	83,980	80,840	3.9%	83,922	0.1%
42. Surgery Cases	2,128	1,969	8.1%	6,128	6,107	0.3%	5,968	2.7%
43. Total Unduplicated Patients - Rolling 12				313,769			322,998	-2.9%
44. Total New Patient - Rolling 12				105,024			109,328	-3.9%

**HARRIS HEALTH SYSTEM
OPERATING STATEMENT
As of May 31, 2017
(In Thousands)**

	MONTH-TO-MONTH			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
PATIENT REVENUES:								
1. Routine Services	16,137	16,667	-3.2%	48,525	51,341	-5.5%	51,024	-4.9%
2. Inpatient Ancillary	65,501	63,815	2.6%	190,284	195,950	-2.9%	195,493	-2.7%
3. Outpatient Ancillary	182,813	178,253	2.6%	547,609	540,469	1.3%	526,424	4.0%
4. Physician Services	3,330	2,914	14.3%	9,819	9,179	7.0%	9,648	1.8%
5. Gross Patient Charges	267,781	261,648	2.3%	796,237	796,939	-0.1%	782,589	1.7%
REVENUE DEDUCTIONS:								
6. Charity Care	(128,425)	(127,049)	-1.1%	(384,635)	(386,972)	0.6%	(367,526)	-4.7%
7. Contractual Allowance/Other Discounts	(103,708)	(92,716)	-11.9%	(297,579)	(282,398)	-5.4%	(288,653)	-3.1%
8. Provision for Bad Debt Expense	(3,913)	(7,242)	46.0%	(13,240)	(22,059)	40.0%	(28,085)	52.9%
9. Total Patient Revenue Deductions	(236,046)	(227,007)	-4.0%	(695,455)	(691,429)	-0.6%	(684,264)	-1.6%
10. Net Patient Service Revenue	31,734	34,641	-8.4%	100,782	105,510	-4.5%	98,324	2.5%
OTHER OPERATING REVENUE:								
11. DSH/UPL/1115 Waiver	12,967	12,499	3.7%	38,900	37,497	3.7%	41,553	-6.4%
12. Other Operating Revenue	4,784	4,108	16.5%	13,263	12,257	8.2%	11,793	12.5%
13. Total Other Operating Revenue	17,751	16,607	6.9%	52,163	49,755	4.8%	53,347	-2.2%
14. Total Operating Revenue	49,485	51,248	-3.4%	152,946	155,265	-1.5%	151,671	0.8%
NONOPERATING REVENUE:								
15. Net Ad Valorem Tax Revenue	58,476	58,484	0.0%	175,437	175,453	0.0%	165,348	6.1%
16. DSRIP	0	0	0.0%	0	0	0.0%	300	-100.0%
17. Net Tobacco Settlement Revenue	(0)	0	0.0%	13,424	9,000	49.2%	7,847	71.1%
18. Interest Income	865	752	15.1%	3,009	1,782	68.9%	2,281	31.9%
19. Other	1	0	0.0%	(8)	0	0.0%	(7)	-8.3%
20. Total Nonoperating Revenue	59,342	59,236	0.2%	191,862	186,235	3.0%	175,768	9.2%
21. Capital Contributions	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%
23. Total Net Revenue	108,827	110,484	-1.5%	344,808	341,500	1.0%	327,439	5.3%
SALARIES, WAGES, AND BENEFITS:								
24. Regular Salaries	38,612	37,496	-3.0%	114,571	112,740	-1.6%	108,643	-5.5%
25. PTO & Secondary Sick Leave	5,010	5,009	0.0%	15,068	15,049	-0.1%	14,628	-3.0%
26. Contract Salaries	271	140	-93.5%	689	423	-63.0%	670	-2.8%
27. Registry Salaries	1,843	1,637	-12.6%	5,280	4,927	-7.2%	5,728	7.8%
28. FICA and Benefits	19,586	17,842	-9.8%	54,038	53,803	-0.4%	50,507	-7.0%
29. Total Salaries, Wages, and Benefits	65,321	62,124	-5.1%	189,646	186,942	-1.4%	180,176	-5.3%
30. Supplies	17,986	17,979	0.0%	53,218	54,315	2.0%	52,938	-0.5%
SERVICES:								
31. Physician Services	18,289	18,400	0.6%	55,035	55,200	0.3%	53,610	-2.7%
32. Other Purchased Services	10,612	10,195	-4.1%	30,415	30,713	1.0%	27,412	-11.0%
33. Depreciation and Amortization	4,195	4,545	7.7%	12,736	13,639	6.6%	13,808	7.8%
34. Interest	960	1,095	12.4%	2,885	3,276	11.9%	3,329	13.3%
35. Total Services	34,055	34,236	0.5%	101,071	102,828	1.7%	98,159	-3.0%
36. Total Operating Expenses	117,363	114,339	-2.6%	343,935	344,084	0.0%	331,273	-3.8%
37. Operating Income (Loss)	(8,536)	(3,854)	-	873	(2,584)	-	(3,834)	-

HARRIS HEALTH SYSTEM
BALANCE SHEET
As of May 31, 2017
(In Thousands)

	<u>ACTUAL</u>	<u>PRIOR YEAR</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
1. Cash, Cash Equivalents and Short Term Investments	473,503	408,736
2. Net Patient Accounts Receivable	74,431	68,014
3. Net Ad Valorem Taxes, Current Portion	184,722	171,066
4. Prepaid Expenses, Inventories, and Other Current Assets	44,569	50,461
5. Total Current Assets	777,224	698,277
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
6. Debt Service and Bond Covenants - Restricted	7,814	8,632
9. Total Assets Limited as to Use or Restricted, Current Portion	7,814	8,632
PLANT, PROPERTY AND EQUIPMENT:		
10. Plant, Property, & Equipment, Net of Accumulated Depreciation	387,084	402,993
11. Construction in Progress	27,004	22,924
12. Total Plant, Property and Equipment	414,088	425,916
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
13. Debt Service and Bond Covenants - Restricted	15,625	22,561
14. Ben Taub Level 1 Trauma	56,797	0
15. Cash on Deposit with County	43,655	0
16. Other - Restricted	813	822
17. Total Assets Limited as to Use or Restricted, Net of Current Portion	116,891	23,383
OTHER ASSETS:		
18. Net Ad Valorem Taxes, Delinquent	0	756
19. Net Deferred Bond Issue Costs	0	1,355
20. Long-Term Investments	169,766	187,732
21. Security Deposit	70	70
24. Deferred Outflow - Derivative Financial Instrument	9,388	18,949
25. Deferred Outflow - Resources Related to Pension	35,499	43,318
26. Total Other Assets	214,723	252,181
27. Due to/from CHCI	18,331	6,085
28. TOTAL ASSETS	1,549,070	1,414,474
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
29. Accounts Payable and Accrued Liabilities	74,708	48,610
30. Interest Payable	2,904	2,997
31. Employee Compensation & Related Benefit Liabilities	55,714	55,451
32. Compensated Absences	37,870	38,208
33. Estimated Third-Party Payor Settlements	6,450	5,393
34. Current Portion Long-Term Debt and Capital Leases	7,818	5,686
35. Total Current Liabilities	185,465	156,345
OTHER LONG-TERM LIABILITIES:		
36. Post Employment Health Benefit Liability	261,938	227,897
37. Net Pension Liability	232,303	238,593
38. Borrowing Payable	11,732	12,538
39. Derivative Liability	9,388	18,949
40. Arbitrage Rebate Liability	39	40
41. Total Other Long-Term Liabilities	515,399	498,017
LONG-TERM DEBT:		
42. Series 2007 Revenue Bonds, Including Premium & Deferred Loss	0	177,820
43. Series 2010 Revenue Bonds, Including Deferred Loss	78,743	80,193
44. Series 2016 CO Bonds, Including Premium	66,892	0
45. Series 2016 Refunding Revenue Bonds, Including Premium & Deferred Loss	168,775	0
46. Other Long-Term Obligation	89	140
47. Total Long-Term Debt	314,499	258,153
48. Deferred Inflow - Resources Related to Pension	2,547	0
TOTAL LIABILITIES	1,017,910	912,515
NET ASSETS:		
50. Invested in Capital Assets, Net of Related Debt	136,836	149,539
51. Restricted Net Assets	24,252	32,015
52. Unrestricted Net Assets	370,073	320,405
53. Total Net Assets	531,161	501,959
54. TOTAL LIABILITIES & NET ASSETS	1,549,070	1,414,474

**HARRIS HEALTH SYSTEM
CASH FLOW SUMMARY
As of May 31, 2017
(In Thousands)**

	<u>CURRENT MONTH</u>	<u>PRIOR YEAR MONTH</u>	<u>FISCAL YTD</u>	<u>PRIOR FISCAL YTD</u>
<u>CASH RECEIPTS:</u>				
1. Ad Valorem Taxes	\$ 3,308	4,364	23,587	\$ 22,667
2. Collections on Patient Accounts	33,071	27,517	99,594	92,716
3. DSH & UC - 1115 Waiver	104	9,211	10,925	88,905
3a. DSRIP - 1115 Waiver	0	0	-	300
3b. NAIP Program	1,905	1,481	5,728	4,422
4. Tobacco Settlement	0	0	13,424	7,847
5. Trauma Fund	0	0	-	0
6. Other Sources (Inc. Cost Reimbursement)	3,910	3,192	10,055	9,441
7. Total Cash Receipts	<u>\$ 42,298</u>	<u>\$ 45,765</u>	<u>\$ 163,313</u>	<u>\$ 226,298</u>
<u>CASH DISBURSEMENTS:</u>				
8. Salaries and Wages	29,676	\$ 27,763	\$ 88,046	\$ 83,370
9. Benefits and Employee Deductions	28,685	24,201	95,913	87,564
10. Drugs and Supplies	17,322	15,676	55,067	53,098
11. Physician Services	98	1,597	4,519	68,039
12. Purchased Services	15,597	11,641	44,133	36,512
13. Capital Expenditures	4,519	1,273	25,659	15,880
14. Debt and Interest Payments	320	331	963	978
15. Other Uses	5,915	(7,172)	(18,650)	(19,078)
16. Total Cash Disbursements	<u>\$ 102,131</u>	<u>\$ 75,310</u>	<u>\$ 295,649</u>	<u>\$ 326,363</u>
17. Net Change	<u>\$ (59,833)</u>	<u>\$ (29,545)</u>	<u>\$ (132,336)</u>	<u>\$ (100,065)</u>
Unrestricted Cash, Cash Equivalents and Investments - February 28, 2017			\$ 775,605	
Net Change			(132,336)	
Unrestricted Cash, Cash Equivalents and Investments - May 31, 2017			<u>\$ 643,269</u>	

**HARRIS HEALTH SYSTEM
ANALYSIS OF CASH RECEIPTS
May 31, 2017**

	MONTH TO MONTH			YEAR TO DATE				
	ACTUAL		BUDGET	ACTUAL			BUDGET	
	CURRENT	PRIOR	CURRENT	CURRENT	PRIOR	YTD	VAR	VAR %
PATIENT REVENUE:								
1. Medicare	\$4,638	\$4,160	\$5,267	\$13,908	\$15,089	\$16,303	(\$2,395)	(14.7)
2. Managed Care - Medicare	3,330	2,645	3,049	8,753	9,504	9,437	(684)	(7.3)
3. Medicaid	7,211	7,028	8,302	23,456	24,840	26,982	(3,526)	(13.1)
4. Managed Care - Medicaid	4,985	3,637	4,098	19,171	13,298	13,318	5,853	43.9
5. Texas vendor drug/Medicare Part D	3,026	2,296	2,624	8,033	7,459	8,121	(88)	(1.1)
6. Commercial insurance	6,054	3,961	5,225	14,928	10,956	16,171	(1,243)	(7.7)
7. Liens	546	344	279	726	492	865	(139)	(16.1)
8. Patient pay	1,202	1,282	1,264	3,783	4,090	3,912	(130)	(3.3)
9. Pharmacy Copay	1,078	1,312	1,078	3,224	3,842	3,338	(114)	(3.4)
10. Agency	1,003	852	1,238	3,613	3,146	3,831	(219)	(5.7)
11. SUBTOTAL	33,072	27,517	32,424	99,594	92,716	102,278	(2,684)	(2.6)
12. Cost Reimbursements	785	513	594	1,813	1,539	1,782	31	1.8
13. Net Patient Revenue Receipts	33,857	28,030	33,018	101,407	94,255	104,060	(2,653)	(2.5)
14. DSH	0	9,211	0	10,821	30,809	10,805	16	0.1
15. UC - 1115 Waiver	104	0	0	104	58,096	0	104	0.0
16. DSRIP - 1115 Waiver	0	0	0	0	300	0	0	0.0
17. NAIP Program	1,905	1,481	1,904	5,728	4,422	5,711	17	0.3
18. Tobacco Settlement	0	0	0	13,424	7,847	9,000	4,424	49.2
19. Trauma Fund	0	0	0	0	0	0	0	0.0
20. SUBTOTAL	2,009	10,692	1,904	30,077	101,474	25,516	4,561	17.9
NON-PATIENT OPERATING REVENUE:								
21. Grants	2,198	1,324	1,385	4,155	4,174	4,154	2	0.0
22. Miscellaneous	309	1,004	1,028	3,244	3,262	3,084	160	5.2
23. Total Non-Patient Operating	2,507	2,328	2,413	7,399	7,436	7,238	161	2.2
24. Interest income	616	351	432	842	466	1,295	(454)	(35.0)
25. Ad valorem tax receipts/note	2,917	4,364	4,632	22,414	22,667	24,302	(1,887)	(7.8)
26. Current Tax Revenue - CO Debt Svc	391	0	31	1,173	0	164	1,009	613.8
27. Total Receipts	\$42,298	\$45,765	\$42,429	\$163,313	\$226,298	\$162,575	\$738	0.5