

HARRIS COUNTY HOSPITAL DISTRICT

dba HARRIS HEALTH SYSTEM

FINANCIAL STATEMENTS

As of April 30, 2020

HARRIS HEALTH SYSTEM

FINANCIAL STATEMENTS

As of April 30, 2020

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HARRIS HEALTH SYSTEM
FINANCIAL STATEMENT HIGHLIGHTS
As of April 30, 2020

	Month			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Adjusted Patient Days	22,562	42,136	-46.5%	55,197	85,639	-35.5%
Total Clinic Visits	18,117	98,230	-81.6%	79,121	194,779	-59.4%
Total Emergency Room Visits	8,963	15,140	-40.8%	21,351	29,716	-28.1%
Total Patient Days	12,168	16,767	-27.4%	26,393	34,124	-22.7%
Unfunded Payor Mix (% of Charges)	49.9%	53.4%	-6.6%	51.7%	53.4%	-3.2%
Revenues (\$ in millions):						
Ad Valorem Taxes	\$ 65.4	\$ 65.2	0.3%	\$ 130.5	\$ 130.4	0.1%
Net Patient Revenue	35.5	51.2	-30.7%	80.1	102.2	-21.7%
Medicaid Supplemental Programs	38.3	16.2	136.7%	65.4	32.4	101.9%
Other Revenue	27.0	17.7	52.1%	31.0	21.6	43.5%
Total Revenue	<u>166.1</u>	<u>150.3</u>	<u>10.5%</u>	<u>307.0</u>	<u>286.5</u>	<u>7.1%</u>
Expenses (\$ in millions):						
Salaries and Wages	52.4	50.8	-3.0%	104.5	102.9	-1.6%
Employee Benefit Costs	17.7	18.1	2.0%	36.5	36.2	-1.0%
Supply Expenses	17.1	19.1	10.5%	35.0	38.6	9.5%
Physician Services	26.7	26.0	-2.7%	53.1	51.9	-2.3%
Other Purchased Services	18.4	17.1	-7.9%	34.7	34.2	-1.3%
Depreciation & Interest	5.7	5.6	-2.7%	11.4	11.2	-2.1%
Total Expenses	<u>138.0</u>	<u>136.7</u>	<u>-1.0%</u>	<u>275.3</u>	<u>275.1</u>	<u>-0.1%</u>
Operating Income (Loss)	<u>\$ 28.1</u>	<u>\$ 13.7</u>		<u>\$ 31.7</u>	<u>\$ 11.4</u>	
Margin %	16.9%	9.1%		10.3%	4.0%	
Total Expense / Adj Patient Day	\$ 6,117	\$ 3,243	-88.6%	\$ 4,987	\$ 3,212	-55.2%
Full-time Equivalent Employees	8,676	8,722	0.5%	8,625	8,739	1.3%
Unrestricted Cash (\$ in millions)				\$ 776.9	\$ 774.6	0.3%
Days Cash on Hand				178.6	177.9	0.4%
Days Revenue in Accounts Receivable				44.5	46.9	5.1%

HARRISHEALTH SYSTEM

April 2020 Financial Statement Summary Variance Discussion

Operating Income for April was \$28.1 million compared to budgeted income of \$13.7 million.

Overall April net revenue of \$166.1 million was \$15.8 million or 10.5% greater than budget. Net patient revenue resulted in a negative variance of \$15.7 million due to a decrease in patient volumes from the COVID-19 pandemic. Other operating income was \$10.9 million greater than budget primarily due to the COVID-19 HHS Relief Funds received of \$9.6 million. Income from Medicaid Supplemental programs was \$22.1 million higher than expected due to the final resizing of the Uncompensated Care program under the Medicaid 1115 Waiver effective for federal fiscal year 2020. In addition, the Federal Medical Assistance Percentage (FMAP) rate used to determine the matching funds has been enhanced in response to COVID-19 to provide additional relief to intergovernmental transfer entities. As a result, Harris Health System recorded material improvement in the Medicaid Supplemental component of its revenue in April.

Total operating expenses of \$138.0 million were \$1.4 million or 1.0% over budget largely due to the effects of the pandemic. Salaries and benefits were \$1.2 million or 1.7% greater than budget primarily due to emergency facility closure expense in response to Harris County's Stay-at-Home Order and increased utilization of contract labor. Supplies were \$2.0 million less than budget due to decreased patient volumes. Other purchased and physician services reported an unfavorable variance of \$2.1 million driven by an increase in purchased clinical services, contract software maintenance, marketplace insurance subsidies, and maintenance costs.

Adjusted patient days for the month of April were 46.5% lower than budget. Clinic visits and patient days were down 81.6% and 27.4%, respectively. Emergency room visits and births were down 40.8% and 24.9%, respectively. The volume adjusted expense per adjusted patient day was \$6,117 compared to the budget of \$3,243 per day and the prior year expense of \$2,972 per adjusted patient day.

Total cash receipts for April were \$78.8 million. The System has \$776.9 million in unrestricted cash, cash equivalents and investments, representing 178.6 days cash on hand. Harris Health System has \$58.3 million in net accounts receivable, representing 44.5 days of outstanding patient accounts receivable at April 30, 2020. The April balance sheet reflects a combined receivable position of \$91.1 million under the various Medicaid Supplemental programs.

At April 30, 2020 Harris Health has \$21.7 million on deposit with the County for Board approved projects managed by the County. April expenses incurred by Harris Health for Foundation personnel and other costs were \$44,000.

HARRIS HEALTH SYSTEM
STATISTICAL HIGHLIGHTS
As of April 30, 2020

	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>								
Adjusted Patient Days	22,562	42,136	-46.5%	55,197	85,639	-35.5%	83,146	-33.6%
Outpatient % of Adjusted Volume	56.1%	66.5%	-15.7%	61.6%	66.5%	-7.4%	67.3%	-8.5%
Primary Care Clinic Visits	10,597	69,806	-84.8%	52,753	138,031	-61.8%	130,925	-59.7%
Specialty Clinic Visits	7,520	28,424	-73.5%	26,368	56,748	-53.5%	53,251	-50.5%
Total Clinic Visits	18,117	98,230	-81.6%	79,121	194,779	-59.4%	184,176	-57.0%
% Primary Care Visits	58.5%	71.1%	-17.7%	66.7%	70.9%	-5.9%	71.1%	-6.2%
Emergency Room Visits - Outpatient	7,049	12,511	-43.7%	17,037	24,577	-30.7%	24,293	-29.9%
Emergency Room Visits - Observation	714	1,010	-29.3%	1,738	1,985	-12.4%	1,855	-6.3%
Emergency Room Visits - Admitted	1,200	1,619	-25.9%	2,576	3,154	-18.3%	2,936	-12.3%
Total Emergency Room Visits	8,963	15,140	-40.8%	21,351	29,716	-28.1%	29,084	-26.6%
Surgery Cases - Outpatient	301	1,320	-77.2%	1,122	2,532	-55.7%	2,279	-50.8%
Surgery Cases - Inpatient	417	917	-54.5%	1,033	1,771	-41.7%	1,605	-35.6%
Total Surgery Cases	718	2,237	-67.9%	2,155	4,303	-49.9%	3,884	-44.5%
% Outpatient Cases	41.9%	59.0%	-29.0%	52.1%	58.8%	-11.5%	58.7%	-11.3%
Total Outpatient Visits	44,002	156,952	-72.0%	141,999	311,562	-54.4%	290,520	-51.1%
Inpatient Cases (Discharges)	1,663	2,545	-34.7%	3,776	5,196	-27.3%	4,828	-21.8%
Outpatient Observation Cases	831	1,158	-28.2%	2,075	2,356	-11.9%	2,552	-18.7%
Total Cases Occupying Patient Beds	2,494	3,703	-32.6%	5,851	7,552	-22.5%	7,380	-20.7%
% of Total Cases from Emergency Room	76.7%	71.0%	8.1%	73.7%	68.0%	8.4%	64.9%	13.6%
% of Outpatient Cases	33.3%	31.3%	6.5%	35.5%	31.2%	13.7%	34.6%	2.6%
Births	304	405	-24.9%	654	804	-18.7%	776	-15.7%
Inpatient Days	9,915	14,111	-29.7%	21,223	28,705	-26.1%	27,230	-22.1%
Outpatient Observation Days	2,253	2,656	-15.2%	5,170	5,419	-4.6%	6,080	-15.0%
Total Patient Days	12,168	16,767	-27.4%	26,393	34,124	-22.7%	33,310	-20.8%
% of Outpatient Days	18.5%	15.8%	16.9%	19.6%	15.9%	23.3%	18.3%	7.3%
Average Daily Census	405.61	558.90	-27.4%	432.67	559.41	-22.7%	546.07	-20.8%
Average Operating Beds	650	671	-3.1%	656	671	-2.2%	674	-2.7%
Bed Occupancy %	62.4%	83.3%	-25.1%	66.0%	83.4%	-20.9%	81.0%	-18.6%
Inpatient Average Length of Stay	5.96	5.54	7.5%	5.62	5.52	1.7%	5.64	-0.3%
Inpatient Case Mix Index (CMI)	1.716	1.626	5.5%	1.649	1.626	1.4%	1.648	0.1%
Payor Mix (% of Charges)								
Charity & Self Pay	49.9%	53.4%	-6.6%	51.7%	53.4%	-3.2%	53.7%	-3.7%
Medicaid & Medicaid Managed	22.8%	21.8%	4.6%	21.5%	21.8%	-1.6%	20.6%	4.2%
Medicare & Medicare Managed	13.0%	11.7%	11.1%	12.4%	11.7%	6.3%	12.0%	3.7%
Commercial & Other	14.4%	13.1%	9.9%	14.4%	13.1%	9.9%	13.7%	5.1%
<u>NETWORK REFERRAL SERVICES</u>								
Telehealth Visits	1,331	0	0.0%	1,393	0	0.0%	0	0.0%
Telephonic Visits	37,389	0	0.0%	38,524	0	0.0%	0	0.0%
GI Procedures	23	161	-85.7%	93	322	-71.1%	248	-62.5%
Hemodialysis Treatments	2,730	879	210.6%	5,265	1,811	190.7%	147	3481.6%
<u>HEALTH SYSTEM TOTALS</u>								
Primary Care	10,597	69,806	-84.8%	52,753	138,031	-61.8%	130,925	-59.7%
Specialty Care Visits	7,520	28,424	-73.5%	26,368	56,748	-53.5%	53,251	-50.5%
Other Visits	38,720	0	0.0%	39,917	0	0.0%	0	0.0%
Surgery Cases	718	2,237	-67.9%	2,155	4,303	-49.9%	3,884	-44.5%
Total Unduplicated Patients - Rolling 12				276,650			296,196	-6.6%
Total New Patient - Rolling 12				85,353			92,561	-7.8%

**HARRIS HEALTH SYSTEM
OPERATING STATEMENT
As of April 30, 2020
(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:								
Net Patient Service Revenue	35,480	51,217	-30.7%	80,057	102,180	-21.7%	97,283	-17.7%
OTHER OPERATING REVENUE:								
Medicaid Supplemental Programs	38,339	16,194	136.7%	65,401	32,388	101.9%	28,173	132.1%
Other Operating Revenues	13,424	2,535	429.5%	15,391	5,070	203.5%	5,170	197.7%
Total Other Operating Revenue	51,763	18,729	176.4%	80,792	37,458	115.7%	33,343	142.3%
Total Operating Revenue	87,242	69,946	24.7%	160,849	139,638	15.2%	130,625	23.1%
NONOPERATING REVENUE:								
Net Ad Valorem Tax Revenue	65,354	65,175	0.3%	130,527	130,350	0.1%	126,590	3.1%
Net Tobacco Settlement Revenue	12,924	13,797	-6.3%	12,924	13,797	-6.3%	13,797	-6.3%
Interest Income	670	1,385	-51.7%	2,713	2,703	0.4%	5,832	-53.5%
Other	(62)	0	0.0%	(63)	0	0.0%	(169)	62.8%
Total Nonoperating Revenue	78,885	80,357	-1.8%	146,101	146,850	-0.5%	146,050	0.0%
Capital Contributions	0	0	0.0%	0	0	0.0%	0	0.0%
Total Capital Contributions	0	0	0.0%	0	0	0.0%	0	0.0%
Total Net Revenue	166,128	150,303	10.5%	306,950	286,488	7.1%	276,675	10.9%
SALARIES, WAGES, AND BENEFITS:								
Regular Salaries	43,650	43,975	0.7%	87,088	88,421	1.5%	80,385	-8.3%
PTO & Secondday Sick Leave	6,326	5,199	-21.7%	12,271	11,164	-9.9%	10,988	-11.7%
Contract Salaries	931	268	-247.6%	2,057	541	-280.5%	563	-265.5%
Registry Salaries	1,448	1,385	-4.5%	3,125	2,808	-11.3%	2,995	-4.3%
FICA and Benefits	17,732	18,092	2.0%	36,544	36,183	-1.0%	34,867	-4.8%
Total Salaries, Wages, and Benefits	70,087	68,918	-1.7%	141,085	139,117	-1.4%	129,798	-8.7%
Supplies	17,090	19,097	10.5%	34,976	38,630	9.5%	33,804	-3.5%
SERVICES:								
Physician Services	26,654	25,958	-2.7%	53,094	51,916	-2.3%	41,786	-27.1%
Other Purchased Services	18,447	17,092	-7.9%	34,678	34,238	-1.3%	27,411	-26.5%
Depreciation and Amortization	4,867	4,715	-3.2%	9,672	9,434	-2.5%	8,363	-15.6%
Interest	873	872	0.0%	1,751	1,750	-0.1%	1,810	3.3%
Total Services	50,841	48,637	-4.5%	99,195	97,339	-1.9%	79,371	-25.0%
Total Operating Expenses	138,018	136,652	-1.0%	275,256	275,086	-0.1%	242,972	-13.3%
Operating Income (Loss)	28,110	13,652	105.9%	31,694	11,402	178.0%	33,703	-100.0%

**HARRIS HEALTH SYSTEM
BALANCE SHEET
As of April 30, 2020
(In Thousands)**

	ACTUAL	PRIOR YEAR
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
CURRENT ASSETS:		
Cash, Cash Equivalents and Short Term Investments	776,885	701,780
Net Patient Accounts Receivable	58,296	75,490
Net Ad Valorem Taxes, Current Portion	149,656	139,034
Medicaid Supplemental Programs Receivable	91,141	35,595
Third Party Receivable	41,318	36,179
Prepaid Expenses, Inventories, and Other Current Assets	43,209	24,506
Total Current Assets	1,160,505	1,012,584
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
Debt Service and Bond Covenants - Restricted	7,869	7,660
Total Assets Limited as to Use or Restricted, Current Portion	7,869	7,660
PLANT, PROPERTY AND EQUIPMENT:		
Plant, Property, & Equipment, Net of Accumulated Depreciation	452,218	400,471
Construction in Progress	43,751	62,900
Total Plant, Property and Equipment	495,969	463,371
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
Debt Service and Bond Covenants - Restricted	24,726	24,196
Ben Taub Level 1 Trauma	7,916	29,469
Cash on Deposit with County	21,742	37,469
LPPF Restricted Cash	45,208	0
Other - Restricted	920	842
Total Assets Limited as to Use or Restricted, Net of Current Portion	100,512	91,976
OTHER ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:		
Net Ad Valorem Taxes, Delinquent	131	175
Long-Term Investments	0	0
TECO Investment	4,594	0
Security Deposit	66	66
Deferred Outflow - Derivative Financial Instrument	19,115	7,918
Deferred Outflow - Resources Related to Pension	25,659	60,122
Deferred Outflow - Resources Related to OPEB	53,026	0
Total Other Assets and Deferred Outflows of Resources	102,589	68,280
Investment in Subsidiary	0	0
Due from/to CHCI	8,994	11,686
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	1,876,438	1,655,558
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities	146,410	80,017
Interest Payable	1,887	1,992
Employee Compensation & Related Benefit Liabilities	71,591	40,962
Compensated Absences	49,868	36,888
Estimated Third-Party Payor Settlements	7,133	6,211
Current Portion Long-Term Debt and Capital Leases	8,924	8,546
Total Current Liabilities	285,812	174,617
OTHER LONG-TERM LIABILITIES:		
Post Employment Health Benefit Liability	471,508	449,394
Net Pension Liability	224,415	284,421
Borrowing Payable	9,490	10,240
Derivative Liability	19,115	7,918
Arbitrage Rebate Liability	32	16
LONG-TERM DEBT:		
Series 2010 Revenue Bonds, Including Deferred Loss	73,747	75,503
Series 2016 CO Bonds, Including Premium	58,121	61,151
Series 2016 Refunding Revenue Bonds, Including Premium & Deferred Loss	155,611	160,576
Other Long-Term Obligation	42	85
Total Liabilities	1,297,891	1,223,921
Deferred Inflow - Resources Related to Pension	30,310	0
Deferred Inflow - Resources Related to OPEB	25,003	0
NET POSITION:		
Invested in Capital Assets, Net of Related Debt	197,950	176,739
Restricted	33,515	32,698
Unrestricted	291,768	222,199
Total Net Position	523,234	431,637
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	1,876,438	1,655,558

**HARRIS HEALTH SYSTEM
CASH FLOW SUMMARY
As of April 30, 2020
(In Thousands)**

	<u>CURRENT MONTH</u>	<u>PRIOR YEAR MONTH</u>	<u>FISCAL YTD</u>	<u>PRIOR FISCAL YTD</u>
<u>CASH RECEIPTS:</u>				
Ad Valorem Taxes	\$ 2,534	\$ 6,317	\$ 14,834	\$ 19,626
Collections on Patient Accounts	47,861	47,453	94,953	97,562
DSH	855	0	8,494	9,677
UC	0	0	317	0
DSRIP - 1115 Waiver	(22)	0	31	0
NAIP Program	2,092	1,865	4,139	3,851
UHRIP	195	0	195	3,505
GME	0	0	0	8,076
Covid-19 Funds	9,555	0	9,555	0
Tobacco Settlement	12,924	13,797	12,924	13,797
Trauma Fund	0	0	0	0
Other Sources	2,821	3,210	5,892	6,880
Total Cash Receipts	<u>\$ 78,815</u>	<u>\$ 72,642</u>	<u>\$ 151,335</u>	<u>\$ 162,975</u>
<u>CASH DISBURSEMENTS:</u>				
Salaries and Wages	35,085	31,834	72,596	62,866
Benefits and Employee Deductions	33,536	33,845	64,508	62,758
Drugs and Supplies	23,863	15,615	48,480	36,899
Physician Services	26,811	3,112	54,273	11,001
Purchased Services	23,336	17,528	39,133	38,273
Capital Expenditures	7,502	2,903	16,901	8,965
Debt and Interest Payments	307	315	599	617
Other Uses	(11,338)	(16,527)	(16,476)	(23,926)
Total Cash Disbursements	<u>\$ 139,102</u>	<u>\$ 88,625</u>	<u>\$ 280,014</u>	<u>\$ 197,453</u>
Net Change	<u>\$ (60,287)</u>	<u>\$ (15,983)</u>	<u>\$ (128,680)</u>	<u>\$ (34,478)</u>

Unrestricted Cash, Cash Equivalents and Investments - February 29, 2020	\$ 905,565
Net Change	(128,680)
Unrestricted Cash, Cash Equivalents and Investments - April 30, 2020	<u>\$ 776,885</u>