

# **HARRIS COUNTY HOSPITAL DISTRICT**

**dba HARRIS HEALTH SYSTEM**

---

## **FINANCIAL STATEMENTS**

**As of July 31, 2020**

**HARRIS HEALTH SYSTEM**

**FINANCIAL STATEMENTS**

**As of July 31, 2020**

**TABLE OF CONTENTS**

	<u>PAGE</u>
FINANCIAL STATEMENT HIGHLIGHTS .....	1
VARIANCE ANALYSIS NARRATIVE .....	2
STATISTICAL HIGHLIGHTS .....	3
OPERATING STATEMENT .....	4
BALANCE SHEET .....	5
CASH FLOW SUMMARY .....	6

**HARRIS HEALTH SYSTEM**  
**FINANCIAL STATEMENT HIGHLIGHTS**  
As of July 31, 2020

	Month			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Adjusted Patient Days	32,899	42,035	-21.7%	150,983	212,262	-28.9%
Total Clinic Visits	27,282	92,982	-70.7%	164,163	467,603	-64.9%
Total Emergency Room Visits	10,622	15,510	-31.5%	54,599	74,293	-26.5%
Total Patient Days	15,783	17,742	-11.0%	72,203	86,169	-16.2%
Unfunded Payor Mix (% of Charges)	52.0%	53.4%	-2.6%	51.7%	53.4%	-3.3%
<b>Revenues (\$ in millions):</b>						
Ad Valorem Taxes	\$ 65.2	\$ 65.2	0.0%	\$ 326.0	\$ 325.9	0.0%
Net Patient Revenue	41.5	50.5	-17.7%	209.1	254.3	-17.8%
Medicaid Supplemental Programs	127.6	50.2	154.2%	270.9	115.0	135.6%
Other Revenue	7.2	3.4	112.8%	49.1	32.0	53.4%
<b>Total Revenue</b>	<b>241.5</b>	<b>169.2</b>	<b>42.7%</b>	<b>855.1</b>	<b>727.2</b>	<b>17.6%</b>
<b>Expenses (\$ in millions):</b>						
Salaries and Wages	55.7	56.6	1.7%	269.0	263.5	-2.1%
Employee Benefit Costs	19.0	18.1	-4.9%	92.1	90.5	-1.8%
Supply Expenses	23.3	19.3	-20.3%	94.1	96.1	2.1%
Physician Services	24.5	26.0	5.4%	126.3	129.8	2.7%
Other Purchased Services	20.5	19.8	-3.3%	94.6	88.2	-7.3%
Depreciation & Interest	5.6	5.6	-1.0%	28.4	27.9	-1.8%
<b>Total Expenses</b>	<b>148.6</b>	<b>145.4</b>	<b>-2.2%</b>	<b>704.5</b>	<b>696.0</b>	<b>-1.2%</b>
<b>Operating Income (Loss)</b>	<b>\$ 93.0</b>	<b>\$ 23.8</b>		<b>\$ 150.6</b>	<b>\$ 31.2</b>	
<b>Margin %</b>	<b>38.5%</b>	<b>14.1%</b>		<b>17.6%</b>	<b>4.3%</b>	
<b>Total Expense / Adj Patient Day</b>	<b>\$ 4,516</b>	<b>\$ 3,460</b>	<b>-30.5%</b>	<b>\$ 4,666</b>	<b>\$ 3,279</b>	<b>-42.3%</b>
<b>Full-time Equivalent Employees</b>	<b>8,783</b>	<b>8,773</b>	<b>-0.1%</b>	<b>8,639</b>	<b>8,732</b>	<b>1.1%</b>
<b>Unrestricted Cash (\$ in millions)</b>				<b>\$ 903.3</b>	<b>\$ 571.2</b>	<b>58.1%</b>
<b>Days Cash on Hand</b>				<b>203.0</b>	<b>130.0</b>	<b>56.2%</b>
<b>Days Revenue in Accounts Receivable</b>				<b>29.2</b>	<b>48.2</b>	<b>39.4%</b>

# HARRISHEALTH SYSTEM

## July 2020 Financial Statement Summary Variance Discussion

Operating Income for July was \$93.0 million compared to budgeted income of \$23.8 million.

Overall July net revenue of \$241.5 million was \$72.3 million or 42.7% greater than budget. Net patient revenue resulted in a negative variance of \$8.9 million due to a decrease in patient volumes from the COVID-19 pandemic. Income from Medicaid Supplemental programs was \$77.4 million higher than expected, of which \$20.6 million was due to the final resizing of the Uncompensated Care program under the Medicaid 1115 Waiver effective for federal fiscal year 2020, as previously discussed. DSRIP program revenue resulted in additional \$54.4 million surplus thanks to operational achievement of program metrics for DY7-DY9. Other operating income was \$4.7 million greater than budget reflecting \$5.0 million of HHS Relief Funds recognized as revenue in the current month.

Total operating expenses of \$148.6 million were \$3.2 million or 2.2% greater than budget largely due to the effects of the pandemic. Supply costs reported an unfavorable variance of \$3.9 million driven by a \$4.7 million increase in pharmaceuticals.

Adjusted patient days for the month of July were 21.7% lower than budget. In-person clinic visits were down 70.7%; overall clinic visits including telehealth were 14.7% lower compared to budget. Patient days were down 11.0% in July. Emergency room visits and births were down 31.5% and 25.4%, respectively. The volume adjusted expense per adjusted patient day was \$4,516 compared to the budget of \$3,460 per day and the prior year expense of \$3,171 per adjusted patient day.

Total cash receipts for July were \$164.8 million. The System has \$903.3 million in unrestricted cash, cash equivalents and investments, representing 203.0 days cash on hand. Harris Health System has \$40.0 million in net accounts receivable, representing 29.2 days of outstanding patient accounts receivable at July 31, 2020. The July balance sheet reflects a combined net payable position of \$53.1 million under the various Medicaid Supplemental programs.

July expenses incurred by Harris Health for Foundation personnel and other costs were \$41,000.

**HARRIS HEALTH SYSTEM  
STATISTICAL HIGHLIGHTS  
As of July 31, 2020**

	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>								
Adjusted Patient Days	32,899	42,035	-21.7%	150,983	212,262	-28.9%	207,698	-27.3%
Outpatient % of Adjusted Volume	59.2%	65.2%	-9.2%	60.7%	66.0%	-8.1%	66.6%	-8.9%
Primary Care Clinic Visits	15,553	64,628	-75.9%	100,239	328,276	-69.5%	311,291	-67.8%
Specialty Clinic Visits	11,729	28,354	-58.6%	63,924	139,327	-54.1%	133,434	-52.1%
Total Clinic Visits	27,282	92,982	-70.7%	164,163	467,603	-64.9%	444,725	-63.1%
% Primary Care Visits	57.0%	69.5%	-18.0%	61.1%	70.2%	-13.0%	70.0%	-12.8%
Emergency Room Visits - Outpatient	8,446	12,804	-34.0%	43,632	61,488	-29.0%	60,456	-27.8%
Emergency Room Visits - Observation	756	1,033	-26.8%	4,152	4,962	-16.3%	4,747	-12.5%
Emergency Room Visits - Admitted	1,420	1,673	-15.1%	6,815	7,843	-13.1%	7,655	-11.0%
Total Emergency Room Visits	10,622	15,510	-31.5%	54,599	74,293	-26.5%	72,858	-25.1%
Surgery Cases - Outpatient	432	1,271	-66.0%	2,992	6,259	-52.2%	5,719	-47.7%
Surgery Cases - Inpatient	597	971	-38.5%	2,982	4,556	-34.5%	4,101	-27.3%
Total Surgery Cases	1,029	2,242	-54.1%	5,974	10,815	-44.8%	9,820	-39.2%
% Outpatient Cases	42.0%	56.7%	-25.9%	50.1%	57.9%	-13.5%	58.2%	-14.0%
Total Outpatient Visits	74,103	151,719	-51.2%	362,508	755,031	-52.0%	717,993	-49.5%
Inpatient Cases (Discharges)	2,128	2,630	-19.1%	10,102	12,954	-22.0%	12,331	-18.1%
Outpatient Observation Cases	902	1,350	-33.2%	4,943	6,092	-18.9%	6,322	-21.8%
Total Cases Occupying Patient Beds	3,030	3,980	-23.9%	15,045	19,046	-21.0%	18,653	-19.3%
% of Total Cases from Emergency Room	71.8%	68.0%	5.6%	72.9%	67.2%	8.4%	66.5%	9.6%
% of Outpatient Cases	29.8%	33.9%	-12.2%	32.9%	32.0%	2.7%	33.9%	-3.1%
Births	387	519	-25.4%	1,746	2,193	-20.4%	2,172	-19.6%
Inpatient Days	13,410	14,613	-8.2%	59,345	72,148	-17.7%	69,300	-14.4%
Outpatient Observation Days	2,373	3,129	-24.2%	12,858	14,021	-8.3%	15,446	-16.8%
Total Patient Days	15,783	17,742	-11.0%	72,203	86,169	-16.2%	84,746	-14.8%
% of Outpatient Days	15.0%	17.6%	-14.7%	17.8%	16.3%	9.4%	18.2%	-2.3%
Average Daily Census	509.14	572.32	-11.0%	471.92	563.20	-16.2%	553.89	-14.8%
Average Operating Beds	666	671	-0.7%	663	671	-1.2%	679	-2.4%
Bed Occupancy %	76.4%	85.3%	-10.4%	71.2%	83.9%	-15.2%	81.6%	-12.7%
Inpatient Average Length of Stay	6.30	5.56	13.4%	5.87	5.57	5.5%	5.62	4.5%
Inpatient Case Mix Index (CMI)	1.829	1.626	12.5%	1.715	1.626	5.5%	1.619	5.9%
Payor Mix (% of Charges)								
Charity & Self Pay	52.0%	53.4%	-2.6%	51.7%	53.4%	-3.3%	53.9%	-4.2%
Medicaid & Medicaid Managed	22.6%	21.8%	3.8%	23.0%	21.8%	5.3%	21.3%	7.8%
Medicare & Medicare Managed	11.7%	11.7%	0.3%	11.9%	11.7%	1.4%	11.7%	1.4%
Commercial & Other	13.6%	13.1%	3.8%	13.5%	13.1%	3.3%	13.1%	3.3%
<b><u>NETWORK REFERRAL SERVICES</u></b>								
Telehealth Visits	6,717	0	0.0%	12,589	0	0.0%	0	0.0%
Telephonic Visits	45,300	0	0.0%	164,060	0	0.0%	0	0.0%
GI Procedures	25	161	-84.5%	252	779	-67.7%	717	-64.9%
Hemodialysis Treatments	1,920	2,567	-25.2%	12,165	7,826	55.4%	1,299	836.5%
<b><u>HEALTH SYSTEM TOTALS</u></b>								
Primary Care	15,553	64,628	-75.9%	100,239	328,276	-69.5%	311,291	-67.8%
Specialty Care Visits	11,729	28,354	-58.6%	63,924	139,327	-54.1%	133,434	-52.1%
Other Visits	52,017	0	0.0%	176,649	0	0.0%	0	0.0%
Surgery Cases	1,029	2,242	-54.1%	5,974	10,815	-44.8%	9,820	-39.2%
Total Unduplicated Patients - Rolling 12				267,065			294,762	-9.4%
Total New Patient - Rolling 12				78,994			92,246	-14.4%

**HARRIS HEALTH SYSTEM  
OPERATING STATEMENT  
As of July 31, 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
<b>PATIENT REVENUES:</b>								
Net Patient Service Revenue	41,539	50,454	-17.7%	209,066	254,304	-17.8%	239,734	-12.8%
<b>OTHER OPERATING REVENUE:</b>								
Medicaid Supplemental Programs	127,642	50,205	154.2%	270,900	114,981	135.6%	116,143	133.2%
Other Operating Revenues	7,253	2,535	186.1%	32,574	12,673	157.0%	12,044	170.5%
<b>Total Other Operating Revenue</b>	<b>134,894</b>	<b>52,740</b>	<b>155.8%</b>	<b>303,474</b>	<b>127,653</b>	<b>137.7%</b>	<b>128,187</b>	<b>136.7%</b>
<b>Total Operating Revenue</b>	<b>176,434</b>	<b>103,194</b>	<b>71.0%</b>	<b>512,540</b>	<b>381,957</b>	<b>34.2%</b>	<b>367,921</b>	<b>39.3%</b>
<b>NONOPERATING REVENUE:</b>								
Net Ad Valorem Tax Revenue	65,167	65,175	0.0%	326,028	325,875	0.0%	315,492	3.3%
Net Tobacco Settlement Revenue	0	0	0.0%	12,924	13,797	-6.3%	13,797	-6.3%
Interest Income	265	846	-68.7%	4,047	5,562	-27.2%	9,708	-58.3%
Other	(322)	0	0.0%	(415)	0	0.0%	(123)	-237.5%
<b>Total Nonoperating Revenue</b>	<b>65,110</b>	<b>66,021</b>	<b>-1.4%</b>	<b>342,584</b>	<b>345,234</b>	<b>-0.8%</b>	<b>338,873</b>	<b>1.1%</b>
Capital Contributions	0	0	0.0%	0	0	0.0%	0	0.0%
<b>Total Capital Contributions</b>	<b>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>Total Net Revenue</b>	<b>241,544</b>	<b>169,215</b>	<b>42.7%</b>	<b>855,124</b>	<b>727,191</b>	<b>17.6%</b>	<b>706,794</b>	<b>21.0%</b>
<b>SALARIES, WAGES, AND BENEFITS:</b>								
Regular Salaries	46,522	46,788	0.6%	224,420	224,083	-0.2%	203,534	-10.3%
PTO & Secondday Sick Leave	6,340	8,147	22.2%	31,484	31,022	-1.5%	28,733	-9.6%
Contract Salaries	1,179	274	-330.3%	5,374	1,350	-298.0%	1,731	-210.5%
Registry Salaries	1,614	1,422	-13.5%	7,686	7,020	-9.5%	8,021	4.2%
FICA and Benefits	18,984	18,092	-4.9%	92,130	90,458	-1.8%	86,416	-6.6%
<b>Total Salaries, Wages, and Benefits</b>	<b>74,640</b>	<b>74,722</b>	<b>0.1%</b>	<b>361,094</b>	<b>353,934</b>	<b>-2.0%</b>	<b>328,435</b>	<b>-9.9%</b>
<b>Supplies</b>	<b>23,285</b>	<b>19,349</b>	<b>-20.3%</b>	<b>94,121</b>	<b>96,118</b>	<b>2.1%</b>	<b>88,429</b>	<b>-6.4%</b>
<b>SERVICES:</b>								
Physician Services	24,549	25,958	5.4%	126,252	129,791	2.7%	108,953	-15.9%
Other Purchased Services	20,474	19,818	-3.3%	94,625	88,219	-7.3%	75,813	-24.8%
Depreciation and Amortization	4,705	4,634	-1.5%	23,901	23,342	-2.4%	20,917	-14.3%
Interest	927	942	1.6%	4,515	4,574	1.3%	4,528	0.3%
<b>Total Services</b>	<b>50,654</b>	<b>51,352</b>	<b>1.4%</b>	<b>249,293</b>	<b>245,926</b>	<b>-1.4%</b>	<b>210,211</b>	<b>-18.6%</b>
<b>Total Operating Expenses</b>	<b>148,579</b>	<b>145,423</b>	<b>-2.2%</b>	<b>704,508</b>	<b>695,977</b>	<b>-1.2%</b>	<b>627,074</b>	<b>-12.3%</b>
<b>Operating Income (Loss)</b>	<b>92,965</b>	<b>23,792</b>	<b>290.7%</b>	<b>150,616</b>	<b>31,213</b>	<b>382.5%</b>	<b>79,720</b>	<b>-100.0%</b>

**HARRIS HEALTH SYSTEM  
BALANCE SHEET  
As of July 31, 2020  
(In Thousands)**

	<b>ACTUAL</b>	<b>PRIOR YEAR</b>
<b><u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u></b>		
<b>CURRENT ASSETS:</b>		
Cash, Cash Equivalents and Short Term Investments	903,330	523,726
Net Patient Accounts Receivable	39,988	80,487
Net Ad Valorem Taxes, Current Portion	330,135	317,521
Medicaid Supplemental Programs Receivable	16,638	60,925
Third Party Receivable	57,337	40,699
Prepaid Expenses, Inventories, and Other Current Assets	37,817	35,533
<b>Total Current Assets</b>	<b>1,385,244</b>	<b>1,058,892</b>
<b>ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:</b>		
Debt Service and Bond Covenants - Restricted	9,371	9,260
<b>Total Assets Limited as to Use or Restricted, Current Portion</b>	<b>9,371</b>	<b>9,260</b>
<b>PLANT, PROPERTY AND EQUIPMENT:</b>		
Plant, Property, & Equipment, Net of Accumulated Depreciation	448,654	398,853
Construction in Progress	55,684	75,355
<b>Total Plant, Property and Equipment</b>	<b>504,338</b>	<b>474,208</b>
<b>ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:</b>		
Debt Service and Bond Covenants - Restricted	23,322	22,792
Ben Taub Level 1 Trauma	7,913	24,073
Cash on Deposit with County	10	28,001
LPPF Restricted Cash	150,813	0
Series 2020 Capital Asset Fund	31,807	0
Other - Restricted	921	844
<b>Total Assets Limited as to Use or Restricted, Net of Current Portion</b>	<b>214,786</b>	<b>75,710</b>
<b>OTHER ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>		
Net Ad Valorem Taxes, Delinquent	8,352	4,191
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
<b>Total Other Assets and Deferred Outflows of Resources</b>	<b>110,810</b>	<b>72,296</b>
<b>Investment in Subsidiary</b>	<b>0</b>	<b>0</b>
<b>Due from/to CHCI</b>	<b>12,431</b>	<b>12,032</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,236,980</b>	<b>1,702,398</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable and Accrued Liabilities	353,227	87,258
Interest Payable	4,310	4,191
Employee Compensation & Related Benefit Liabilities	58,726	47,614
Compensated Absences	55,637	36,682
Estimated Third-Party Payor Settlements	7,438	6,211
Current Portion Long-Term Debt and Capital Leases	11,014	8,543
<b>Total Current Liabilities</b>	<b>490,352</b>	<b>190,500</b>
<b>OTHER LONG-TERM LIABILITIES:</b>		
Post Employment Health Benefit Liability	475,742	430,575
Net Pension Liability	223,667	285,203
Borrowing Payable	9,305	10,050
Derivative Liability	19,115	7,918
Arbitrage Rebate Liability	32	16
<b>LONG-TERM DEBT:</b>		
Series 2010 Revenue Bonds, Including Deferred Loss	73,918	75,679
Series 2016 CO Bonds, Including Premium	57,969	60,994
Series 2016 Refunding Revenue Bonds, Including Premium & Deferred Loss	155,378	160,337
Series 2020 CO Bonds, Including Premium	34,000	0
Other Long-Term Obligation	32	70
<b>Total Liabilities</b>	<b>1,539,509</b>	<b>1,221,340</b>
<b>Deferred Inflow - Resources Related to Pension</b>	<b>30,310</b>	<b>0</b>
<b>Deferred Inflow - Resources Related to OPEB</b>	<b>25,003</b>	<b>0</b>
<b>NET POSITION:</b>		
Invested in Capital Assets, Net of Related Debt	183,263	182,608
Restricted	33,614	33,741
Unrestricted	425,281	264,709
<b>Total Net Position</b>	<b>642,158</b>	<b>481,058</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>2,236,980</b>	<b>1,702,398</b>

**HARRIS HEALTH SYSTEM  
CASH FLOW SUMMARY  
As of July 31, 2020  
(In Thousands)**

	<u>CURRENT MONTH</u>	<u>PRIOR YEAR MONTH</u>	<u>FISCAL YTD</u>	<u>PRIOR FISCAL YTD</u>
<b><u>CASH RECEIPTS:</u></b>				
Ad Valorem Taxes	\$ 2,490	\$ 1,473	\$ 23,309	\$ 27,457
Collections on Patient Accounts	57,704	44,726	228,153	231,132
DSH	282	324	41,535	26,843
UC	0	0	201,285	0
DSRIP - 1115 Waiver	88,427	45,165	88,458	45,165
NAIP Program	2,914	1,848	12,708	9,418
UHRIP	0	0	4,599	3,505
GME	9,038	10,493	9,038	18,569
CARES ACT Funds	0	0	59,555	0
Tobacco Settlement	0	0	12,924	13,797
Trauma Fund	0	103	0	103
Other Sources	3,983	3,169	17,660	17,397
<b>Total Cash Receipts</b>	<u>\$ 164,837</u>	<u>\$ 107,300</u>	<u>\$ 699,224</u>	<u>\$ 393,386</u>
<b><u>CASH DISBURSEMENTS:</u></b>				
Salaries and Wages	37,699	33,064	201,051	179,747
Benefits and Employee Deductions	37,166	40,518	182,704	174,783
Drugs and Supplies	22,218	19,497	106,374	93,455
Physician Services	24,390	3,972	129,259	24,046
Purchased Services	17,598	16,240	91,742	96,796
Capital Expenditures	7,757	2,422	41,948	21,591
Debt and Interest Payments	302	301	1,553	1,546
Other Uses	(6,702)	(11,405)	(53,172)	18,684
<b>Total Cash Disbursements</b>	<u>\$ 140,428</u>	<u>\$ 104,609</u>	<u>\$ 701,458</u>	<u>\$ 610,648</u>
<b>Net Change</b>	<u>\$ 24,409</u>	<u>\$ 2,691</u>	<u>\$ (2,234)</u>	<u>\$ (217,262)</u>

Unrestricted Cash, Cash Equivalents and Investments - February 29, 2020	\$ 905,565
Net Change	(2,234)
Unrestricted Cash, Cash Equivalents and Investments - July 31, 2020	<u>\$ 903,330</u>