

HARRIS COUNTY HOSPITAL DISTRICT

dba HARRIS HEALTH SYSTEM

FINANCIAL STATEMENTS

As of June 30, 2020

HARRIS HEALTH SYSTEM

FINANCIAL STATEMENTS

As of June 30, 2020

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

	Month			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Adjusted Patient Days	33,402	41,565	-19.6%	118,084	170,227	-30.6%
Total Clinic Visits	34,988	91,772	-61.9%	136,881	374,621	-63.5%
Total Emergency Room Visits	11,845	14,060	-15.8%	43,977	58,783	-25.2%
Total Patient Days	14,960	17,014	-12.1%	56,420	68,427	-17.5%
Unfunded Payor Mix (% of Charges)	52.0%	53.4%	-2.6%	52.0%	53.4%	-2.6%
Revenues (\$ in millions):						
Ad Valorem Taxes	\$ 65.2	\$ 65.2	0.0%	\$ 260.9	\$ 260.7	0.1%
Net Patient Revenue	45.3	50.7	-10.7%	167.5	203.9	-17.8%
Medicaid Supplemental Programs	39.3	16.2	142.5%	143.3	64.8	121.2%
Other Revenue	7.5	3.4	117.3%	41.9	28.7	46.4%
Total Revenue	157.2	135.5	16.0%	613.6	558.0	10.0%
Expenses (\$ in millions):						
Salaries and Wages	56.7	52.5	-7.9%	213.3	206.8	-3.1%
Employee Benefit Costs	17.8	18.1	1.5%	73.1	72.4	-1.1%
Supply Expenses	18.9	18.9	-0.1%	70.8	76.8	7.7%
Physician Services	24.3	26.0	6.4%	101.7	103.8	2.1%
Other Purchased Services	21.3	17.2	-24.1%	74.2	68.4	-8.4%
Depreciation & Interest	5.6	5.6	-1.1%	22.8	22.3	-2.0%
Total Expenses	144.7	138.2	-4.6%	555.9	550.6	-1.0%
Operating Income (Loss)	<u>\$ 12.5</u>	<u>\$ (2.7)</u>		<u>\$ 57.7</u>	<u>\$ 7.4</u>	
Margin %	8.0%	-2.0%		9.4%	1.3%	
Total Expense / Adj Patient Day	\$ 4,331	\$ 3,326	-30.2%	\$ 4,708	\$ 3,234	-45.6%
Full-time Equivalent Employees	8,914	8,774	-1.6%	8,603	8,721	1.4%
Unrestricted Cash (\$ in millions)				\$ 878.9	\$ 622.0	41.3%
Days Cash on Hand				199.8	142.7	40.0%
Days Revenue in Accounts Receivable				45.3	47.4	4.5%

HARRISHEALTH SYSTEM

June 2020 Financial Statement Summary Variance Discussion

Operating Income for June was \$12.5 million compared to budgeted loss of \$2.7 million.

Overall June net revenue of \$157.2 million was \$21.7 million or 16.0% greater than budget. Net patient revenue resulted in a negative variance of \$5.4 million due to a decrease in patient volumes from the COVID-19 pandemic. Income from Medicaid Supplemental programs was \$23.1 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, as previously discussed. Other operating income was \$4.6 million greater than budget reflecting \$5 million of HHS Relief Funds recognized as revenue in the current month.

Total operating expenses of \$144.7 million were \$6.4 million or 4.7% greater than budget largely due to the effects of the pandemic. Salaries and benefits were \$3.9 million or 5.5% greater than budget primarily due to increased utilization of premium labor for staffing. Services costs reported an unfavorable variance of \$2.5 million driven by an increase in purchased clinical services.

Adjusted patient days for the month of June were 19.6% lower than budget. In-person clinic visits were down 61.9%; overall clinic visits including telehealth were 17.5% lower compared to budget. Patient days were down 12.1% in June. Emergency room visits and births were down 15.8% and 19.9%, respectively. The volume adjusted expense per adjusted patient day was \$4,331 compared to the budget of \$3,326 per day and the prior year expense of \$3,081 per adjusted patient day.

Total cash receipts for June were \$288.9 million including HHS Relief Funds received of \$50 million. The System has \$878.9 million in unrestricted cash, cash equivalents and investments, representing 199.8 days cash on hand. Harris Health System has \$62.1 million in net accounts receivable, representing 45.3 days of outstanding patient accounts receivable at June 30, 2020. The June balance sheet reflects a combined net payable position of \$78.4 million under the various Medicaid Supplemental programs.

June expenses incurred by Harris Health for Foundation personnel and other costs were \$42,000.

**HARRIS HEALTH SYSTEM
STATISTICAL HIGHLIGHTS
As of June 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	33,402	41,565	-19.6%	118,084	170,227	-30.6%	166,060	-28.9%
Outpatient % of Adjusted Volume	62.8%	65.6%	-4.4%	61.1%	66.2%	-7.7%	66.8%	-8.5%
Primary Care Clinic Visits	19,211	63,516	-69.8%	84,686	263,648	-67.9%	249,263	-66.0%
Specialty Clinic Visits	15,777	28,256	-44.2%	52,195	110,973	-53.0%	105,561	-50.6%
Total Clinic Visits	34,988	91,772	-61.9%	136,881	374,621	-63.5%	354,824	-61.4%
% Primary Care Visits	54.9%	69.2%	-20.7%	61.9%	70.4%	-12.1%	70.2%	-11.9%
Emergency Room Visits - Outpatient	9,590	11,629	-17.5%	35,186	48,684	-27.7%	47,514	-25.9%
Emergency Room Visits - Observation	812	938	-13.4%	3,396	3,929	-13.6%	3,733	-9.0%
Emergency Room Visits - Admitted	1,443	1,493	-3.3%	5,395	6,170	-12.6%	5,945	-9.3%
Total Emergency Room Visits	11,845	14,060	-15.8%	43,977	58,783	-25.2%	57,192	-23.1%
Surgery Cases - Outpatient	919	1,229	-25.2%	2,560	4,988	-48.7%	4,517	-43.3%
Surgery Cases - Inpatient	720	926	-22.2%	2,385	3,585	-33.5%	3,244	-26.5%
Total Surgery Cases	1,639	2,155	-23.9%	4,945	8,573	-42.3%	7,761	-36.3%
% Outpatient Cases	56.1%	57.0%	-1.7%	51.8%	58.2%	-11.0%	58.2%	-11.1%
Total Outpatient Visits	82,646	149,143	-44.6%	288,405	603,312	-52.2%	572,195	-49.6%
Inpatient Cases (Discharges)	2,190	2,582	-15.2%	7,974	10,324	-22.8%	9,850	-19.0%
Outpatient Observation Cases	985	1,190	-17.2%	4,041	4,742	-14.8%	5,030	-19.7%
Total Cases Occupying Patient Beds	3,175	3,772	-15.8%	12,015	15,066	-20.3%	14,880	-19.3%
% of Total Cases from Emergency Room	71.0%	64.4%	10.2%	73.2%	67.0%	9.2%	65.0%	12.5%
% of Outpatient Cases	31.0%	31.5%	-1.7%	33.6%	31.5%	6.9%	33.8%	-0.5%
Births	367	458	-19.9%	1,359	1,674	-18.8%	1,652	-17.7%
Inpatient Days	12,438	14,291	-13.0%	45,935	57,535	-20.2%	55,157	-16.7%
Outpatient Observation Days	2,522	2,723	-7.4%	10,485	10,892	-3.7%	12,057	-13.0%
Total Patient Days	14,960	17,014	-12.1%	56,420	68,427	-17.5%	67,214	-16.1%
% of Outpatient Days	16.9%	16.0%	5.3%	18.6%	15.9%	16.8%	17.9%	3.6%
Average Daily Census	498.68	567.13	-12.1%	462.46	560.88	-17.5%	550.94	-16.1%
Average Operating Beds	671	671	0.0%	663	671	-1.2%	678	-2.2%
Bed Occupancy %	74.3%	84.5%	-12.1%	69.8%	83.6%	-16.6%	81.3%	-14.2%
Inpatient Average Length of Stay	5.68	5.53	2.6%	5.76	5.57	3.4%	5.60	2.9%
Inpatient Case Mix Index (CMI)	1.731	1.626	6.4%	1.685	1.626	3.6%	1.631	3.3%
Payor Mix (% of Charges)								
Charity & Self Pay	52.0%	53.4%	-2.6%	52.0%	53.4%	-2.6%	54.0%	-3.6%
Medicaid & Medicaid Managed	22.1%	21.8%	1.5%	22.6%	21.8%	3.8%	21.0%	7.8%
Medicare & Medicare Managed	12.1%	11.7%	3.3%	11.7%	11.7%	0.3%	11.7%	0.3%
Commercial & Other	13.8%	13.1%	5.1%	13.6%	13.1%	3.8%	13.4%	1.5%
<u>NETWORK REFERRAL SERVICES</u>								
Telehealth Visits	2,855	0	0.0%	5,872	0	0.0%	0	0.0%
Telephonic Visits	37,870	0	0.0%	118,760	0	0.0%	0	0.0%
GI Procedures	61	148	-58.8%	227	618	-63.3%	453	-49.9%
Hemodialysis Treatments	2,220	2,527	-12.1%	10,245	5,259	94.8%	489	1995.1%
<u>HEALTH SYSTEM TOTALS</u>								
Primary Care	19,211	63,516	-69.8%	84,686	263,648	-67.9%	249,263	-66.0%
Specialty Care Visits	15,777	28,256	-44.2%	52,195	110,973	-53.0%	105,561	-50.6%
Other Visits	40,725	0	0.0%	124,632	0	0.0%	0	0.0%
Surgery Cases	1,639	2,155	-23.9%	4,945	8,573	-42.3%	7,761	-36.3%
Total Unduplicated Patients - Rolling 12				268,849			294,694	-8.8%
Total New Patient - Rolling 12				79,380			92,157	-13.9%

**HARRIS HEALTH SYSTEM
OPERATING STATEMENT
As of June 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	45,268	50,708	-10.7%	167,526	203,850	-17.8%	192,044	-12.8%
OTHER OPERATING REVENUE:								
Medicaid Supplemental Programs	39,271	16,194	142.5%	143,258	64,776	121.2%	56,234	154.8%
Other Operating Revenues	7,141	2,535	181.7%	25,322	10,137	149.8%	9,776	159.0%
Total Other Operating Revenue	46,413	18,729	147.8%	168,580	74,913	125.0%	66,010	155.4%
Total Operating Revenue	91,681	69,437	32.0%	336,106	278,763	20.6%	258,054	30.2%
NONOPERATING REVENUE:								
Net Ad Valorem Tax Revenue	65,167	65,175	0.0%	260,860	260,700	0.1%	251,579	3.7%
Net Tobacco Settlement Revenue	0	0	0.0%	12,924	13,797	-6.3%	13,797	-6.3%
Interest Income	347	896	-61.2%	3,782	4,716	-19.8%	8,527	-55.6%
Other	(34)	0	0.0%	(93)	0	0.0%	(109)	15.0%
Total Nonoperating Revenue	65,480	66,071	-0.9%	277,473	279,213	-0.6%	273,794	1.3%
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	157,160	135,508	16.0%	613,579	557,976	10.0%	531,848	15.4%
SALARIES, WAGES, AND BENEFITS:								
Regular Salaries	46,670	44,838	-4.1%	177,897	177,295	-0.3%	161,805	-9.9%
PTO & Secondday Sick Leave	7,305	6,042	-20.9%	25,143	22,876	-9.9%	22,670	-10.9%
Contract Salaries	1,145	264	-334.0%	4,195	1,076	-289.8%	1,263	-232.2%
Registry Salaries	1,539	1,375	-11.9%	6,071	5,598	-8.4%	6,186	1.9%
FICA and Benefits	17,816	18,092	1.5%	73,146	72,367	-1.1%	68,647	-6.6%
Total Salaries, Wages, and Benefits	74,474	70,610	-5.5%	286,452	279,212	-2.6%	260,571	-9.9%
Supplies	18,942	18,924	-0.1%	70,836	76,769	7.7%	69,281	-2.2%
SERVICES:								
Physician Services	24,308	25,958	6.4%	101,703	103,833	2.1%	84,819	-19.9%
Other Purchased Services	21,297	17,167	-24.1%	74,151	68,400	-8.4%	60,064	-23.5%
Depreciation and Amortization	4,722	4,641	-1.7%	19,196	18,708	-2.6%	16,699	-15.0%
Interest	920	937	1.8%	3,588	3,631	1.2%	3,620	0.9%
Total Services	51,246	48,704	-5.2%	198,638	194,573	-2.1%	165,203	-20.2%
Total Operating Expenses	144,663	138,237	-4.6%	555,926	550,554	-1.0%	495,055	-12.3%
Operating Income (Loss)	12,497	(2,730)	-	57,653	7,422	676.8%	36,793	56.7%

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

	ACTUAL	PRIOR YEAR
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
CURRENT ASSETS:		
Cash, Cash Equivalents and Short Term Investments	878,921	521,035
Net Patient Accounts Receivable	62,053	78,329
Net Ad Valorem Taxes, Current Portion	275,093	258,801
Medicaid Supplemental Programs Receivable	21,789	59,158
Third Party Receivable	51,973	39,382
Prepaid Expenses, Inventories, and Other Current Assets	42,112	36,411
Total Current Assets	1,331,940	993,117
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
Debt Service and Bond Covenants - Restricted	8,851	8,715
Total Assets Limited as to Use or Restricted, Current Portion	8,851	8,715
PLANT, PROPERTY AND EQUIPMENT:		
Plant, Property, & Equipment, Net of Accumulated Depreciation	450,012	397,871
Construction in Progress	51,414	73,054
Total Plant, Property and Equipment	501,425	470,925
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
Debt Service and Bond Covenants - Restricted	23,761	23,308
Ben Taub Level 1 Trauma	7,911	24,002
Cash on Deposit with County	10	30,272
LPPF Restricted Cash	53,510	0
Series 2020 Capital Asset Fund	36,013	0
Other - Restricted	921	842
Total Assets Limited as to Use or Restricted, Net of Current Portion	122,126	78,424
OTHER ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:		
Net Ad Valorem Taxes, Delinquent	0	0
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	102,459	68,105
Investment in Subsidiary	0	0
Due from/to CHCI	11,492	12,113
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,078,293	1,631,398
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities	295,394	59,696
Interest Payable	3,474	3,446
Employee Compensation & Related Benefit Liabilities	53,038	47,088
Compensated Absences	54,979	37,490
Estimated Third-Party Payor Settlements	7,438	6,211
Current Portion Long-Term Debt and Capital Leases	11,020	8,546
Total Current Liabilities	425,342	162,478
OTHER LONG-TERM LIABILITIES:		
Post Employment Health Benefit Liability	474,590	430,645
Net Pension Liability	223,891	284,943
Borrowing Payable	9,367	10,114
Derivative Liability	19,115	7,918
Arbitrage Rebate Liability	32	16
LONG-TERM DEBT:		
Series 2010 Revenue Bonds, Including Deferred Loss	73,860	75,620
Series 2016 CO Bonds, Including Premium	58,020	61,047
Series 2016 Refunding Revenue Bonds, Including Premium & Deferred Loss	155,457	160,417
Series 2020 CO Bonds, Including Premium	34,077	0
Other Long-Term Obligation	35	73
Total Liabilities	1,473,787	1,193,269
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	191,490	179,110
Restricted	33,534	32,866
Unrestricted	324,169	226,153
Total Net Position	549,193	438,129
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2,078,293	1,631,398

**HARRIS HEALTH SYSTEM
CASH FLOW SUMMARY
As of June 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	\$ 3,357	\$ 3,080	\$ 20,820	\$ 25,984
Collections on Patient Accounts	34,014	37,262	172,091	186,406
DSH	0	16,842	41,254	26,519
UC	200,968	0	201,285	0
DSRIP - 1115 Waiver	0	0	31	0
NAIP Program	2,810	1,846	9,794	7,571
UHRIP	(4,271)	0	4,599	3,505
GME	0	0	0	8,076
CARES ACT Funds	50,000	0	59,555	0
Tobacco Settlement	0	0	12,924	13,797
Trauma Fund	0	0	0	0
Other Sources	2,069	3,519	12,034	14,228
Total Cash Receipts	<u>\$ 288,948</u>	<u>\$ 62,548</u>	<u>\$ 534,387</u>	<u>\$ 286,086</u>
<u>CASH DISBURSEMENTS:</u>				
Salaries and Wages	35,910	35,995	163,351	146,683
Benefits and Employee Deductions	36,584	38,090	145,538	134,265
Drugs and Supplies	15,234	17,244	84,156	73,958
Physician Services	25,347	4,518	104,869	20,074
Purchased Services	12,022	21,284	74,144	80,556
Capital Expenditures	6,535	5,912	34,191	19,169
Debt and Interest Payments	304	332	1,251	1,245
Other Uses	(915)	(13,674)	(46,470)	30,089
Total Cash Disbursements	<u>\$ 131,021</u>	<u>\$ 109,701</u>	<u>\$ 561,030</u>	<u>\$ 506,039</u>
Net Change	<u>\$ 157,927</u>	<u>\$ (47,153)</u>	<u>\$ (26,643)</u>	<u>\$ (219,953)</u>

Unrestricted Cash, Cash Equivalents and Investments - February 29, 2020	\$ 905,565
Net Change	<u>(26,643)</u>
Unrestricted Cash, Cash Equivalents and Investments - June 30, 2020	<u>\$ 878,921</u>