

HARRIS COUNTY HOSPITAL DISTRICT

dba HARRIS HEALTH SYSTEM

FINANCIAL STATEMENTS

As of May 31, 2020

HARRIS HEALTH SYSTEM

FINANCIAL STATEMENTS

As of May 31, 2020

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HARRIS HEALTH SYSTEM
FINANCIAL STATEMENT HIGHLIGHTS
As of May 31, 2020

	Month			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Adjusted Patient Days	29,485	43,023	-31.5%	84,682	128,662	-34.2%
Total Clinic Visits	22,772	88,070	-74.1%	101,893	282,849	-64.0%
Total Emergency Room Visits	10,781	15,007	-28.2%	32,132	44,723	-28.2%
Total Patient Days	15,067	17,289	-12.9%	41,460	51,413	-19.4%
Unfunded Payor Mix (% of Charges)	51.7%	53.4%	-3.2%	52.0%	53.4%	-2.6%
Revenues (\$ in millions):						
Ad Valorem Taxes	\$ 65.2	\$ 65.2	0.0%	\$ 195.7	\$ 195.5	0.1%
Net Patient Revenue	42.2	51.0	-17.2%	122.3	153.1	-20.2%
Medicaid Supplemental Programs	38.6	16.2	138.3%	104.0	48.6	114.0%
Other Revenue	3.5	3.6	-3.7%	34.5	25.2	36.7%
Total Revenue	149.5	136.0	9.9%	456.4	422.5	8.0%
Expenses (\$ in millions):						
Salaries and Wages	52.1	51.4	-1.4%	156.6	154.3	-1.5%
Employee Benefit Costs	18.8	18.1	-3.8%	55.3	54.3	-1.9%
Supply Expenses	16.9	19.2	12.0%	51.9	57.8	10.3%
Physician Services	24.3	26.0	6.4%	77.4	77.9	0.6%
Other Purchased Services	18.2	17.0	-7.0%	52.9	51.2	-3.2%
Depreciation & Interest	5.7	5.6	-2.6%	17.1	16.8	-2.3%
Total Expenses	136.0	137.2	0.9%	411.3	412.3	0.3%
Operating Income (Loss)	<u>\$ 13.5</u>	<u>\$ (1.2)</u>		<u>\$ 45.2</u>	<u>\$ 10.2</u>	
Margin %	9.0%	-0.9%		9.9%	2.4%	
Total Expense / Adj Patient Day	\$ 4,613	\$ 3,190	-44.6%	\$ 4,857	\$ 3,205	-51.5%
Full-time Equivalent Employees	8,258	8,635	4.4%	8,501	8,704	2.3%
Unrestricted Cash (\$ in millions)				\$ 721.0	\$ 685.7	5.1%
Days Cash on Hand				167.3	158.4	5.6%
Days Revenue in Accounts Receivable				41.2	46.4	11.2%

HARRISHEALTH SYSTEM

May 2020 Financial Statement Summary Variance Discussion

Operating Income for May was \$13.5 million compared to budgeted loss of \$1.2 million.

Overall May net revenue of \$149.5 million was \$13.5 million or 9.9% greater than budget. Net patient revenue resulted in a negative variance of \$8.8 million due to a decrease in patient volumes from the COVID-19 pandemic. Income from Medicaid Supplemental programs was \$22.4 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 rate used to determine the matching funds has been enhanced in response to COVID-19 to provide additional relief to intergovernmental transfer entities.

Total operating expenses of \$136.0 million were \$1.2 million or 0.9% less than budget largely due to the effects of the pandemic. Salaries and benefits were \$1.4 million or 2.0% greater than budget primarily due to increased utilization of contract labor. Supplies were \$2.3 million less than budget due to decreased patient volumes. Other purchased services reported an unfavorable variance of \$1.2 million driven by an increase in marketplace insurance subsidies, maintenance costs, and pandemic-related support costs.

Adjusted patient days for the month of May were 31.5% lower than budget. Clinic visits and patient days were down 74.1% and 12.9%, respectively. Emergency room visits and births were down 28.2% and 18.0%, respectively. The volume adjusted expense per adjusted patient day was \$4,613 compared to the budget of \$3,190 per day and the prior year expense of \$2,999 per adjusted patient day.

Total cash receipts for May were \$95.0 million. The System has \$721.0 million in unrestricted cash, cash equivalents and investments, representing 167.3 days cash on hand. Harris Health System has \$54.8 million in net accounts receivable, representing 41.2 days of outstanding patient accounts receivable at May 31, 2020. The May balance sheet reflects a combined net receivable position of \$83.8 million under the various Medicaid Supplemental programs.

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

HARRIS HEALTH SYSTEM
STATISTICAL HIGHLIGHTS
As of May 31, 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	29,485	43,023	-31.5%	84,682	128,662	-34.2%	124,668	-32.1%
Outpatient % of Adjusted Volume	58.4%	66.2%	-11.8%	60.4%	66.4%	-9.0%	67.2%	-10.1%
Primary Care Clinic Visits	12,722	62,101	-79.5%	65,475	200,132	-67.3%	192,329	-66.0%
Specialty Clinic Visits	10,050	25,969	-61.3%	36,418	82,717	-56.0%	80,312	-54.7%
Total Clinic Visits	22,772	88,070	-74.1%	101,893	282,849	-64.0%	272,641	-62.6%
% Primary Care Visits	55.9%	70.5%	-20.8%	64.3%	70.8%	-9.2%	70.5%	-8.9%
Emergency Room Visits - Outpatient	8,559	12,478	-31.4%	25,596	37,055	-30.9%	36,565	-30.0%
Emergency Room Visits - Observation	846	1,006	-15.9%	2,584	2,991	-13.6%	2,876	-10.2%
Emergency Room Visits - Admitted	1,376	1,523	-9.7%	3,952	4,677	-15.5%	4,483	-11.8%
Total Emergency Room Visits	10,781	15,007	-28.2%	32,132	44,723	-28.2%	43,924	-26.8%
Surgery Cases - Outpatient	519	1,227	-57.7%	1,641	3,759	-56.3%	3,466	-52.7%
Surgery Cases - Inpatient	632	888	-28.8%	1,665	2,659	-37.4%	2,423	-31.3%
Total Surgery Cases	1,151	2,115	-45.6%	3,306	6,418	-48.5%	5,889	-43.9%
% Outpatient Cases	45.1%	58.0%	-22.3%	49.6%	58.6%	-15.3%	58.9%	-15.7%
Total Outpatient Visits	63,760	142,607	-55.3%	205,759	454,169	-54.7%	435,209	-52.7%
Inpatient Cases (Discharges)	2,008	2,546	-21.1%	5,784	7,742	-25.3%	7,327	-21.1%
Outpatient Observation Cases	981	1,196	-18.0%	3,056	3,552	-14.0%	3,815	-19.9%
Total Cases Occupying Patient Beds	2,989	3,742	-20.1%	8,840	11,294	-21.7%	11,142	-20.7%
% of Total Cases from Emergency Room	74.3%	67.6%	10.0%	73.9%	67.9%	8.9%	66.0%	11.9%
% of Outpatient Cases	32.8%	32.0%	2.7%	34.6%	31.5%	9.9%	34.2%	1.0%
Births	338	412	-18.0%	992	1,216	-18.4%	1,191	-16.7%
Inpatient Days	12,274	14,539	-15.6%	33,497	43,244	-22.5%	40,885	-18.1%
Outpatient Observation Days	2,793	2,750	1.6%	7,963	8,169	-2.5%	9,071	-12.2%
Total Patient Days	15,067	17,289	-12.9%	41,460	51,413	-19.4%	49,956	-17.0%
% of Outpatient Days	18.5%	15.9%	16.5%	19.2%	15.9%	20.9%	18.2%	5.8%
Average Daily Census	486.03	557.71	-12.9%	450.65	558.84	-19.4%	543.00	-17.0%
Average Operating Beds	661	671	-1.5%	659	671	-1.8%	677	-2.7%
Bed Occupancy %	73.5%	83.1%	-11.5%	68.4%	83.3%	-17.9%	80.2%	-14.7%
Inpatient Average Length of Stay	6.11	5.71	7.0%	5.79	5.59	3.7%	5.58	3.8%
Inpatient Case Mix Index (CMI)	1.703	1.626	4.7%	1.667	1.626	2.5%	1.636	1.9%
Payor Mix (% of Charges)								
Charity & Self Pay	51.7%	53.4%	-3.2%	52.0%	53.4%	-2.6%	54.4%	-4.4%
Medicaid & Medicaid Managed	21.5%	21.8%	-1.6%	22.1%	21.8%	1.5%	20.2%	9.5%
Medicare & Medicare Managed	12.4%	11.7%	6.3%	12.1%	11.7%	3.3%	11.8%	2.5%
Commercial & Other	14.4%	13.1%	9.9%	13.8%	13.1%	5.1%	13.5%	2.0%
<u>NETWORK REFERRAL SERVICES</u>								
Telehealth Visits	1,624	0	0.0%	3,017	0	0.0%	0	0.0%
Telephonic Visits	42,366	0	0.0%	80,890	0	0.0%	0	0.0%
GI Procedures	73	148	-50.7%	166	470	-64.7%	363	-54.3%
Hemodialysis Treatments	2,760	921	199.7%	8,025	2,732	193.7%	237	3286.1%
<u>HEALTH SYSTEM TOTALS</u>								
Primary Care	12,722	62,101	-79.5%	65,475	200,132	-67.3%	192,329	-66.0%
Specialty Care Visits	10,050	25,969	-61.3%	36,418	82,717	-56.0%	80,312	-54.7%
Other Visits	43,990	0	0.0%	83,907	0	0.0%	0	0.0%
Surgery Cases	1,151	2,115	-45.6%	3,306	6,418	-48.5%	5,889	-43.9%
Total Unduplicated Patients - Rolling 12				271,366			295,254	-8.1%
Total New Patient - Rolling 12				82,499			92,418	-10.7%

**HARRIS HEALTH SYSTEM
OPERATING STATEMENT
As of May 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
PATIENT REVENUES:								
Net Patient Service Revenue	42,201	50,962	-17.2%	122,259	153,142	-20.2%	146,117	-16.3%
OTHER OPERATING REVENUE:								
Medicaid Supplemental Programs	38,586	16,194	138.3%	103,987	48,582	114.0%	42,212	146.3%
Other Operating Revenues	2,789	2,532	10.2%	18,180	7,602	139.1%	7,679	136.8%
Total Other Operating Revenue	41,376	18,726	121.0%	122,167	56,184	117.4%	49,891	144.9%
Total Operating Revenue	83,577	69,688	19.9%	244,426	209,326	16.8%	196,008	24.7%
NONOPERATING REVENUE:								
Net Ad Valorem Tax Revenue	65,167	65,175	0.0%	195,694	195,525	0.1%	188,559	3.8%
Net Tobacco Settlement Revenue	0	0	0.0%	12,924	13,797	-6.3%	13,797	-6.3%
Interest Income	722	1,117	-35.4%	3,435	3,820	-10.1%	7,261	-52.7%
Other	4	0	0.0%	(59)	0	0.0%	(168)	64.8%
Total Nonoperating Revenue	65,893	66,292	-0.6%	211,994	213,142	-0.5%	209,450	1.2%
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	149,470	135,980	9.9%	456,420	422,468	8.0%	405,458	12.6%
SALARIES, WAGES, AND BENEFITS:								
Regular Salaries	44,139	44,036	-0.2%	131,228	132,457	0.9%	120,489	-8.9%
PTO & Secondday Sick Leave	5,568	5,670	1.8%	17,838	16,833	-6.0%	16,397	-8.8%
Contract Salaries	992	272	-265.0%	3,050	812	-275.4%	879	-247.2%
Registry Salaries	1,408	1,416	0.5%	4,533	4,224	-7.3%	4,529	-0.1%
FICA and Benefits	18,786	18,092	-3.8%	55,330	54,275	-1.9%	51,721	-7.0%
Total Salaries, Wages, and Benefits	70,894	69,485	-2.0%	211,979	208,602	-1.6%	194,015	-9.3%
Supplies	16,917	19,215	12.0%	51,894	57,845	10.3%	52,024	0.2%
SERVICES:								
Physician Services	24,301	25,958	6.4%	77,396	77,875	0.6%	63,317	-22.2%
Other Purchased Services	18,176	16,994	-7.0%	52,854	51,233	-3.2%	42,960	-23.0%
Depreciation and Amortization	4,803	4,633	-3.7%	14,474	14,067	-2.9%	12,474	-16.0%
Interest	918	942	2.6%	2,668	2,695	1.0%	2,718	1.8%
Total Services	48,197	48,528	0.7%	147,392	145,870	-1.0%	121,469	-21.3%
Total Operating Expenses	136,008	137,228	0.9%	411,265	412,317	0.3%	367,508	-11.9%
Operating Income (Loss)	13,461	(1,248)	-	45,155	10,151	344.8%	37,950	-100.0%

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

	ACTUAL	PRIOR YEAR
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
CURRENT ASSETS:		
Cash, Cash Equivalents and Short Term Investments	720,995	568,188
Net Patient Accounts Receivable	54,777	71,123
Net Ad Valorem Taxes, Current Portion	212,804	198,391
Medicaid Supplemental Programs Receivable	102,080	59,821
Third Party Receivable	47,038	37,273
Prepaid Expenses, Inventories, and Other Current Assets	46,911	50,718
Total Current Assets	1,184,606	985,514
ASSETS LIMITED AS TO USE OR RESTRICTED, CURRENT PORTION:		
Debt Service and Bond Covenants - Restricted	8,343	8,211
Total Assets Limited as to Use or Restricted, Current Portion	8,343	8,211
PLANT, PROPERTY AND EQUIPMENT:		
Plant, Property, & Equipment, Net of Accumulated Depreciation	450,658	400,090
Construction in Progress	47,516	69,369
Total Plant, Property and Equipment	498,174	469,459
ASSETS LIMITED AS TO USE OR RESTRICTED, NET OF CURRENT PORTION:		
Debt Service and Bond Covenants - Restricted	24,258	23,685
Ben Taub Level 1 Trauma	7,909	29,532
Cash on Deposit with County	10	31,116
LPPF Restricted Cash	180,520	0
Series 2020 Capital Asset Fund	36,006	0
Other - Restricted	921	839
Total Assets Limited as to Use or Restricted, Net of Current Portion	249,624	85,172
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	10,617	9,780
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,053,822	1,626,241
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities	287,373	55,803
Interest Payable	2,653	2,742
Employee Compensation & Related Benefit Liabilities	52,768	42,521
Compensated Absences	52,504	37,103
Estimated Third-Party Payor Settlements	7,438	6,211
Current Portion Long-Term Debt and Capital Leases	11,027	8,546
Total Current Liabilities	413,763	152,927
OTHER LONG-TERM LIABILITIES:		
Post Employment Health Benefit Liability	473,727	430,005
Net Pension Liability	224,153	288,682
Borrowing Payable	9,428	10,176
Derivative Liability	19,115	7,918
Arbitrage Rebate Liability	32	16
LONG-TERM DEBT:		
Series 2010 Revenue Bonds, Including Deferred Loss	73,805	75,562
Series 2016 CO Bonds, Including Premium	58,070	61,098
Series 2016 Refunding Revenue Bonds, Including Premium & Deferred Loss	155,533	160,495
Series 2020 CO Bonds, Including Premium	34,152	79
Other Long-Term Obligation	39	79
Total Liabilities	1,461,814	1,187,037
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	186,934	183,135
Restricted	33,523	32,735
Unrestricted	316,239	223,413
Total Net Position	536,695	439,283
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2,053,822	1,626,320

**HARRIS HEALTH SYSTEM
CASH FLOW SUMMARY
As of May 31, 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	\$ 2,629	\$ 3,278	\$ 17,462	\$ 22,904
Collections on Patient Accounts	41,743	51,583	138,077	149,144
DSH	32,760	0	41,254	9,677
UC	0	0	317	0
DSRIP - 1115 Waiver	0	0	31	0
NAIP Program	2,845	1,874	6,984	5,725
UHRIP	8,675	0	8,870	3,505
GME	0	0	0	8,076
CARES ACT Funds	0	0	9,555	0
Tobacco Settlement	0	0	12,924	13,797
Trauma Fund	0	0	0	0
Other Sources	3,892	3,828	9,965	10,709
Total Cash Receipts	<u>\$ 92,542</u>	<u>\$ 60,563</u>	<u>\$ 245,439</u>	<u>\$ 2,235,387</u>
<u>CASH DISBURSEMENTS:</u>				
Salaries and Wages	54,846	47,822	127,442	110,688
Benefits and Employee Deductions	44,446	33,417	108,954	96,175
Drugs and Supplies	20,442	19,815	68,922	56,714
Physician Services	25,249	4,555	79,522	15,556
Purchased Services	22,989	20,999	62,122	59,272
Capital Expenditures	10,755	4,292	27,656	13,257
Debt and Interest Payments	348	296	947	913
Other Uses	(30,643)	67,689	(45,556)	43,763
Total Cash Disbursements	<u>\$ 148,432</u>	<u>\$ 198,885</u>	<u>\$ 430,009</u>	<u>\$ 396,338</u>
Net Change	<u>\$ (55,890)</u>	<u>\$ (138,322)</u>	<u>\$ (184,570)</u>	<u>\$ (172,800)</u>

Unrestricted Cash, Cash Equivalents and Investments - February 29, 2020	\$ 905,565
Net Change	<u>(184,570)</u>
Unrestricted Cash, Cash Equivalents and Investments - May 31, 2020	<u>\$ 720,995</u>