



Financial Statements

As of the Quarter Ended August 31, 2021



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Financial Highlights Review

As of the Quarter Ended August 31, 2021

Operating Income for quarter ended August 31, 2021 was \$99.8 million compared to budgeted income of \$41.1 million.

Overall quarterly net revenue of \$623.2 million was \$112.9 million or 22.1% greater than budget. Net patient revenue, including HRSA Relief Fund revenue, contributed \$63.3 million to the positive variance. Income from Medicaid Supplemental programs was \$52.9 greater than budget, of which DSRIP program accounted for \$39.8 million of the increase. Primarily, this was due to DSRIP metric achievement, the timing of receipt, underperformance of private partners, and increased federal matching in effect for the public health emergency.

Total quarterly operating expenses of \$523.4 million were \$54.2 million or 11.6% over budget. Staff and benefit costs were \$33.5 million greater than budget primarily due to increases in premium labor and nursing incentives effective for the ongoing response to the COVID-19 pandemic. Medical supplies and pharmaceuticals reported an unfavorable variance of \$12.0 million driven by the increased supply utilization for COVID patients. Provider costs and purchased services for outside medical and various non-clinical services contributed \$9.5 million to the variance.

Total patient days and average daily census continued to recover and trend strongly in the second quarter of FY 2022, with only a 0.8% variance to budget. Emergency room visits outpaced expectations by 2.8% compared to budget. Total clinic visits, including telehealth, were 16.3% lower than planned. Similarly, births trended 16.9% lower compared to budget.

Total cash receipts for the quarter were \$383.7 million. The System has \$958.1 million in unrestricted cash, cash equivalents and investments, representing 180.8 days cash on hand. Harris Health System has \$90.1 million in net accounts receivable, representing 41.6 days of outstanding patient accounts receivable at August 31, 2021. The August balance sheet reflects a combined net receivable position of \$144.5 million under the various Medicaid Supplemental programs.

Total quarterly expenses incurred by Harris Health for Foundation personnel and other costs were \$144,000.

Income Statement

As of the Quarter Ended August 31, 2021 (In \$ Millions)

	QUARTER-TO-DATE			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT VARIANCE	CURRENT YEAR	CURRENT BUDGET	PERCENT VARIANCE	PRIOR YEAR	PERCENT VARIANCE
REVENUE								
Net Patient Revenue	\$ 209.0	\$ 145.7	43.5%	\$ 398.1	\$ 292.6	36.1%	\$ 241.2	65.1%
Medicaid Supplemental Programs	210.0	157.1	33.7%	320.2	254.4	25.9%	310.5	3.1%
Other Operating Revenue	7.0	9.2	-23.4%	19.3	18.4	5.2%	15.9	21.5%
Total Operating Revenue	\$ 426.0	\$ 311.9	36.6%	\$ 737.6	\$ 565.3	30.5%	\$ 567.5	30.0%
Net Ad Valorem Taxes	196.8	196.5	0.1%	394.4	393.0	0.3%	391.2	0.8%
Net Tobacco Settlement Revenue	-	-		13.3	12.9	2.9%	12.9	2.7%
Interest Income & Other	0.4	1.8	-78.0%	1.0	4.7	-78.7%	23.1	-95.7%
Total Nonoperating Revenue	\$ 197.2	\$ 198.3	-0.6%	\$ 408.6	\$ 410.6	-0.5%	\$ 427.2	-4.4%
Total Net Revenue	\$ 623.2	\$ 510.2	22.1%	\$ 1,146.2	\$ 975.9	17.5%	\$ 994.8	15.2%
EXPENSE								
Salaries and Wages	\$ 201.4	\$ 174.2	-15.6%	\$ 375.2	\$ 343.1	-9.4%	\$ 323.5	-16.0%
Employee Benefits	65.6	59.3	-10.7%	130.1	118.3	-10.0%	112.9	-15.2%
Total Labor Cost	\$ 266.9	\$ 233.4	-14.4%	\$ 505.3	\$ 461.4	-9.5%	\$ 436.4	-15.8%
Supply Expenses	71.4	59.3	-20.3%	133.7	118.6	-12.8%	110.7	-20.7%
Physician Services	93.4	88.5	-5.6%	186.8	176.9	-5.6%	157.3	-18.7%
Purchased Services	74.0	69.5	-6.5%	142.8	135.7	-5.2%	115.5	-23.6%
Depreciation & Interest	17.7	18.5	4.3%	35.0	36.6	4.3%	34.1	-2.5%
Total Operating Expense	\$ 523.4	\$ 469.2	-11.6%	\$ 1,003.6	\$ 929.2	-8.0%	\$ 854.1	-17.5%
Operating Income (Loss)	\$ 99.8	\$ 41.1		\$ 142.6	\$ 46.7		\$ 140.6	
Total Margin %	16.0%	8.0%		12.4%	4.8%		14.1%	

Balance Sheet

As of August 31, 2021 and 2020 (In \$ Millions)

	CURRENT YEAR	PRIOR YEAR
<u>CURRENT ASSETS</u>		
Cash, Cash Equivalents and Short Term Investments	\$ 958.1	\$ 861.6
Net Patient Accounts Receivable	90.1	58.1
Net Ad Valorem Taxes, Current Portion	388.1	396.3
Other Current Assets	271.3	118.7
Total Current Assets	\$ 1,707.7	\$ 1,434.8
<u>CAPITAL ASSETS</u>		
Plant, Property, & Equipment, Net of Accumulated Depreciation	\$ 439.8	\$ 443.1
Construction in Progress	90.2	59.7
Total Capital Assets	\$ 530.0	\$ 502.9
<u>ASSETS LIMITED AS TO USE & RESTRICTED ASSETS</u>		
Debt Service & Capital Asset Funds	\$ 53.2	\$ 64.5
LPPF Restricted Cash	104.4	1.0
Other - Restricted	1.4	0.9
Total Assets Limited As to Use & Restricted Assets	\$ 159.0	\$ 66.4
Other Assets	9.1	23.7
Deferred Outflows of Resources	179.3	97.8
Total Assets & Deferred Outflows of Resources	\$ 2,585.1	\$ 2,125.5
<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Liabilities	\$ 294.1	\$ 213.0
Employee Compensation & Related Liabilities	131.7	121.6
Estimated Third-Party Payor Settlements	8.6	7.4
Current Portion Long-Term Debt and Capital Leases	12.2	11.0
Total Current Liabilities	\$ 446.5	\$ 353.0
Long-Term Debt	308.3	321.1
Net Pension & Post Employment Benefits Liability	736.2	700.2
Other Long-Term Liabilities	24.4	28.4
Deferred Inflows of Resources	112.4	55.3
Total Liabilities	\$ 1,627.8	\$ 1,458.1
Total Net Assets	\$ 957.4	\$ 667.5
Total Liabilities & Net Assets	\$ 2,585.1	\$ 2,125.5

Cash Flow Summary

As of the Quarter Ended August 31, 2021 (In \$ Millions)

	QUARTER-TO-DATE		YEAR-TO-DATE	
	CURRENT YEAR	PRIOR YEAR	CURRENT YEAR	PRIOR YEAR
<u>CASH RECEIPTS</u>				
Collections on Patient Accounts	\$ 231.6	\$ 164.1	\$ 411.0	\$ 300.8
Medicaid Supplemental Programs	137.4	303.1	351.3	360.5
Net Ad Valorem Taxes	6.3	8.1	50.1	25.6
Tobacco Settlement	-	-	13.3	12.9
Other Revenue	8.4	77.4	30.6	96.8
Total Cash Receipts	\$ 383.7	\$ 552.7	\$ 856.3	\$ 796.6
<u>CASH DISBURSEMENTS</u>				
Salaries, Wages and Benefits	\$ 206.2	\$ 220.7	\$ 441.1	\$ 457.1
Supplies	66.8	56.1	134.8	125.0
Physician Services	99.1	84.7	190.0	164.2
Purchased Services	51.5	44.1	111.7	106.2
Capital Expenditures	18.9	19.7	40.3	47.4
Debt and Interest Payments	5.4	5.6	6.3	6.5
Other Uses	45.3	(18.9)	64.6	(66.0)
Total Cash Disbursements	\$ 493.1	\$ 412.0	\$ 988.7	\$ 840.5
Net Change	\$ (109.3)	\$ 140.7	\$ (132.5)	\$ (43.9)

Unrestricted Cash, Cash Equivalents and Investments - February 28, 2021

\$ 1,090.6

Net Change

\$ (132.5)

Unrestricted Cash, Cash Equivalents and Investments - As of the Quarter Ended August 31, 2021

\$ 958.1

Performance Ratios

As of the Quarter Ended August 31, 2021

	QUARTER-TO-DATE		YEAR-TO-DATE		
	CURRENT YEAR	CURRENT BUDGET	CURRENT YEAR	CURRENT BUDGET	PRIOR YEAR
<u>OPERATING HEALTH INDICATORS</u>					
Operating Margin %	16.0%	8.0%	12.4%	4.8%	17.1%
Run Rate per Day (In \$ Millions)	\$ 5.5	\$ 4.9	\$ 5.3	\$ 4.9	\$ 4.5
Salary, Wages & Benefit per APD	\$ 2,274	\$ 1,882	\$ 2,213	\$ 1,846	\$ 2,417
Supply Cost per APD	\$ 608	\$ 478	\$ 586	\$ 474	\$ 613
Physician Services Cost per APD	\$ 796	\$ 713	\$ 818	\$ 708	\$ 871
Total Expense per APD	\$ 4,460	\$ 3,783	\$ 4,396	\$ 3,717	\$ 4,730
Overtime as a % of Total Salaries	3.7%	2.6%	3.4%	2.6%	2.8%
Contract as a % of Total Salaries	4.2%	0.4%	3.5%	0.4%	1.5%
Full-time Equivalent Employees	9,425	9,178	9,085	9,151	8,608
<u>FINANCIAL HEALTH INDICATORS</u>					
Quick Ratio			3.8		4.0
Unrestricted Cash (In \$ Millions)			\$ 958.1	\$ 599.1	\$ 861.6
Days Cash on Hand			180.8	122.8	191.8
Days Revenue in Accounts Receivable			41.6	66.6	38.7
Days in Accounts Payable			36.9		39.4
Capital Expenditures/Depreciation & Amortization			136.1%		165.3%
Average Age of Plant (years)			12.9		12.7

Harris Health System

Key Indicators



Statistical Highlights

As of the Quarter Ended August 31, 2021

	QUARTER-TO-DATE			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
Adjusted Patient Days	117,366	124,020	-5.4%	228,296	249,989	-8.7%	180,573	26.4%
Outpatient % of Adjusted Volume	63.8%	64.3%	-0.9%	63.4%	64.6%	-1.8%	60.3%	5.1%
Primary Care Clinic Visits	118,196	147,165	-19.7%	207,588	294,313	-29.5%	113,404	83.1%
Specialty Clinic Visits	61,618	64,966	-5.2%	117,783	128,972	-8.7%	72,586	62.3%
Telehealth Clinic Visits	55,884	69,425	-19.5%	143,873	138,574	3.8%	204,594	-29.7%
Total Clinic Visits	235,698	281,556	-16.3%	469,244	561,859	-16.5%	390,584	20.1%
Emergency Room Visits - Outpatient	35,164	34,058	3.2%	67,604	68,768	-1.7%	57,008	18.6%
Emergency Room Visits - Admitted	4,807	4,834	-0.6%	9,456	9,600	-1.5%	8,128	16.3%
Total Emergency Room Visits	39,971	38,892	2.8%	77,060	78,368	-1.7%	65,136	18.3%
Surgery Cases - Outpatient	2,447	3,653	-33.0%	4,929	7,338	-32.8%	3,569	38.1%
Surgery Cases - Inpatient	2,373	2,840	-16.4%	4,581	5,491	-16.6%	3,644	25.7%
Total Surgery Cases	4,820	6,493	-25.8%	9,510	12,829	-25.9%	7,213	31.8%
Total Outpatient Visits	418,355	442,607	-5.5%	902,373	886,695	1.8%	661,372	36.4%
Inpatient Cases (Discharges)	6,873	7,927	-13.3%	13,687	15,655	-12.6%	12,174	12.4%
Outpatient Observation Cases	3,412	3,744	-8.9%	7,054	7,191	-1.9%	5,880	20.0%
Total Cases Occupying Patient Beds	10,285	11,671	-11.9%	20,741	22,846	-9.2%	18,054	14.9%
Births	1,231	1,482	-16.9%	2,257	2,689	-16.1%	2,143	5.3%
Inpatient Days	42,524	44,250	-3.9%	83,505	88,606	-5.8%	71,624	16.6%
Outpatient Observation Days	10,523	9,246	13.8%	21,134	17,571	20.3%	15,314	38.0%
Total Patient Days	53,047	53,496	-0.8%	104,639	106,177	-1.4%	86,938	20.4%
Average Daily Census	576.6	581.5	-0.8%	568.7	577.0	-1.4%	472.5	20.4%
Average Operating Beds	648	618	4.9%	659	618	6.6%	663	-0.6%
Bed Occupancy %	89.0%	94.1%	-5.4%	86.3%	93.4%	-7.6%	71.3%	21.1%
Inpatient Average Length of Stay	6.2	5.6	10.8%	6.1	5.7	7.8%	5.9	3.7%
Inpatient Case Mix Index (CMI)	1.714	1.738	-1.4%	1.744	1.738	0.3%	1.723	1.2%
Payor Mix (% of Charges)								
Charity & Self Pay	48.9%	51.2%	-4.6%	48.7%	51.2%	-4.9%	51.4%	-5.4%
Medicaid & Medicaid Managed	20.2%	22.7%	-11.0%	20.4%	22.7%	-10.0%	23.2%	-11.8%
Medicare & Medicare Managed	12.0%	11.8%	2.0%	12.3%	11.8%	4.4%	11.8%	4.0%
Commercial & Other	18.9%	14.3%	32.2%	18.6%	14.3%	29.8%	13.6%	37.0%
Total Unduplicated Patients - Rolling 12				257,359			261,428	-1.6%
Total New Patient - Rolling 12				80,610			75,869	6.2%

Note: Prior year Clinic Visits have been restated; E&M & Telehealth Visits were aligned with Clinic and Ancillary Visits as appropriate. This shift represents a decrease of ~ 7% to Total Clinic Visits but no change to Total Outpatient Visits reported in FY21.

Harris Health System

Statistical Highlights

As of the Quarter Ended August 31, 2021

Cases Occupying Beds - Q2

Actual	Budget	Prior Year
10,285	11,671	9,214

Cases Occupying Beds - YTD

Actual	Budget	Prior Year
20,741	22,846	18,054

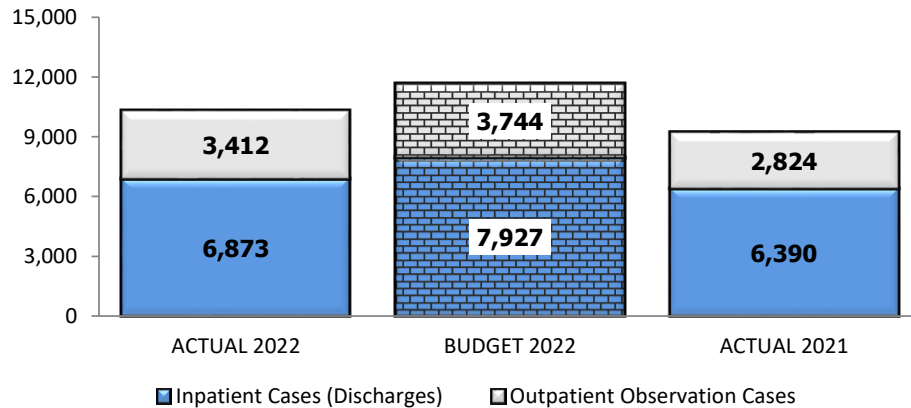
Emergency Visits - Q2

Actual	Budget	Prior Year
39,971	38,892	33,004

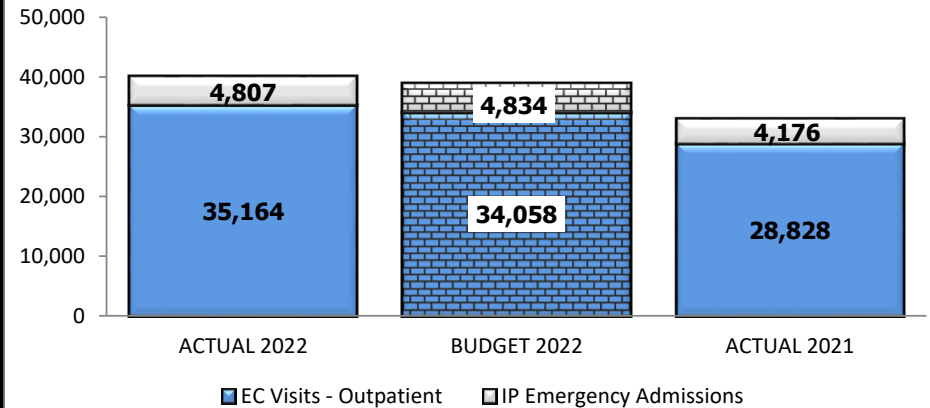
Emergency Visits - YTD

Actual	Budget	Prior Year
77,060	78,368	65,136

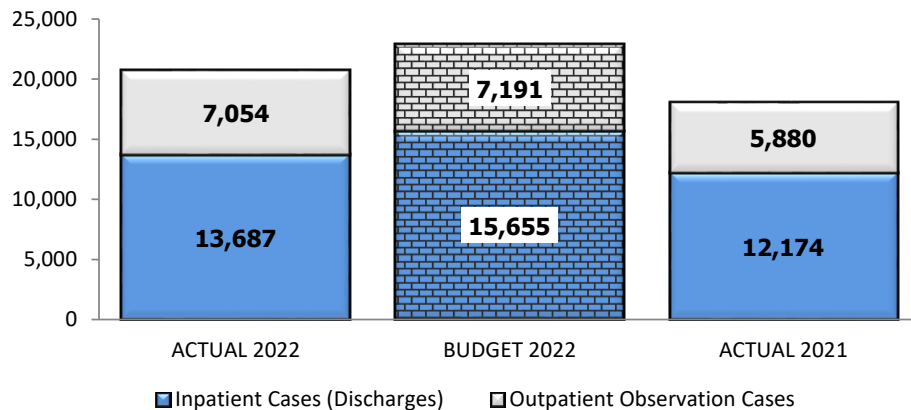
Cases Occupying Beds - Quarter End



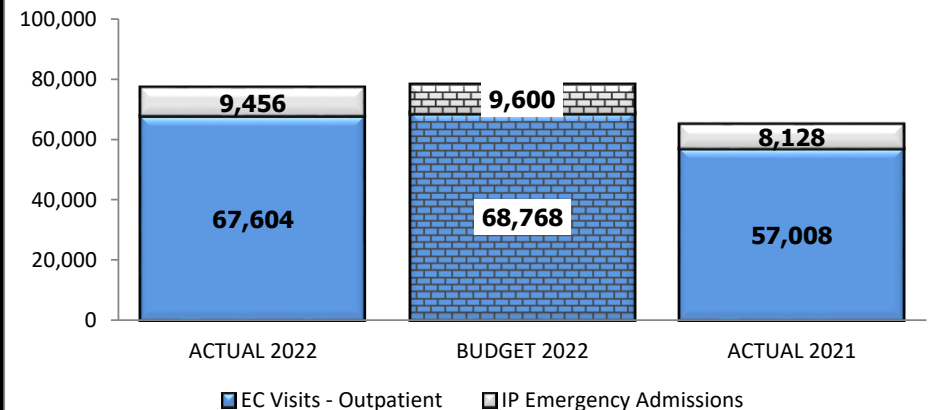
Emergency Visits - Quarter End



Cases Occupying Beds - YTD



Emergency Visits - YTD



Harris Health System

Statistical Highlights

As of the Quarter Ended August 31, 2021

Surgery Cases - Q2

Actual	Budget	Prior Year
4,820	6,493	3,907

Surgery Cases - YTD

Actual	Budget	Prior Year
9,510	12,829	7,213

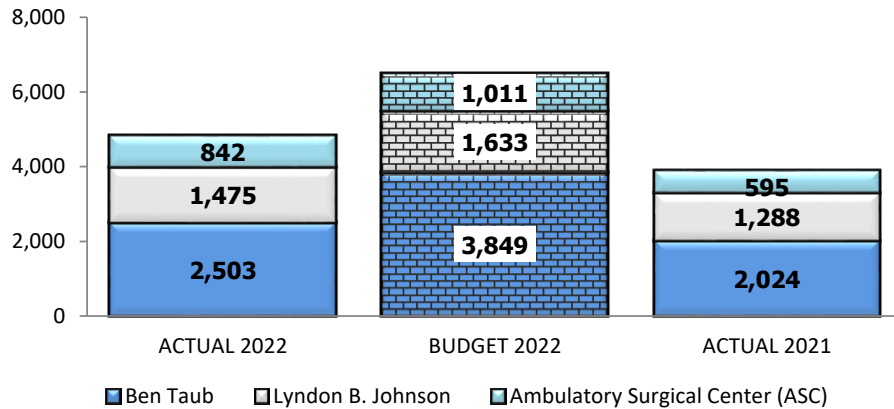
Clinic Visits - Q2

Actual	Budget	Prior Year
235,698	281,556	214,495

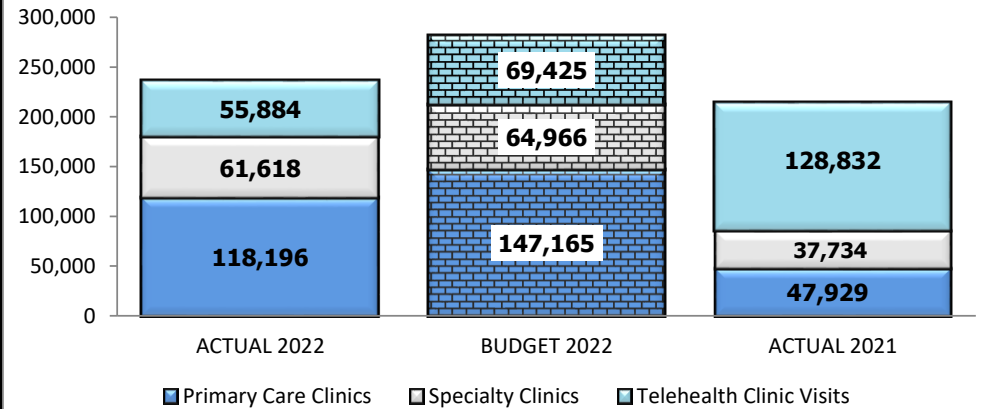
Clinic Visits - YTD

Actual	Budget	Prior Year
469,244	561,859	390,584

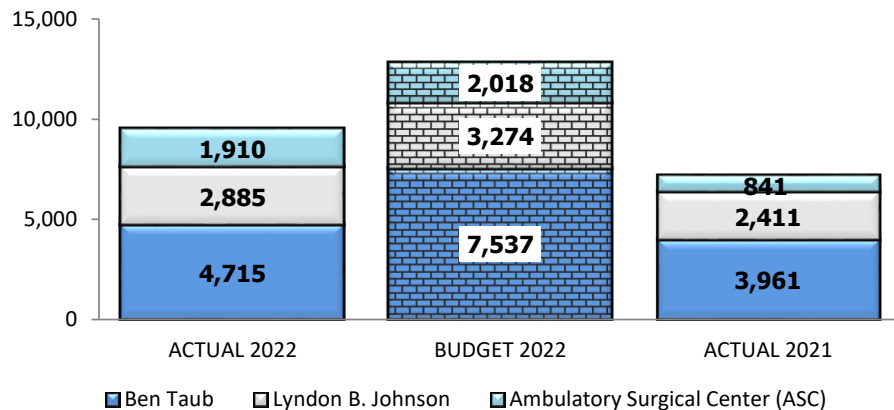
Surgery Cases - Quarter End



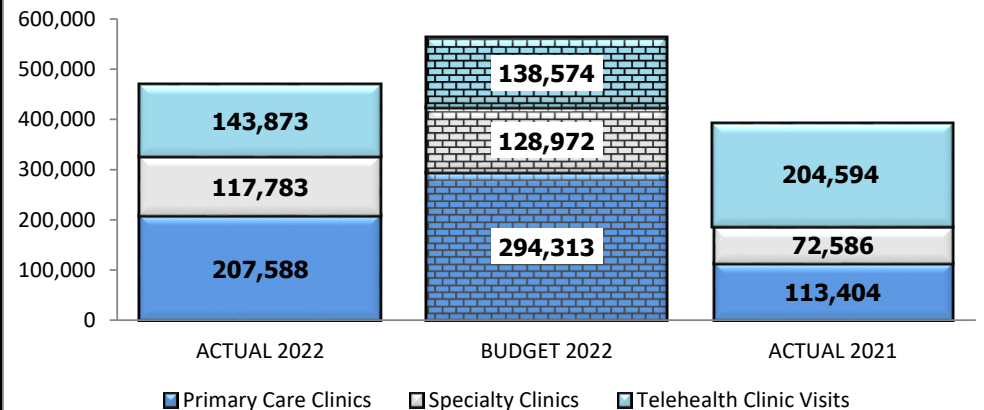
Clinic Visits - Quarter End



Surgery Cases - YTD



Clinic Visits - YTD



Harris Health System

Statistical Highlights

As of the Quarter Ended August 31, 2021

Adjusted Patient Days - Q2

117,366

Adjusted Patient Days - YTD

228,296

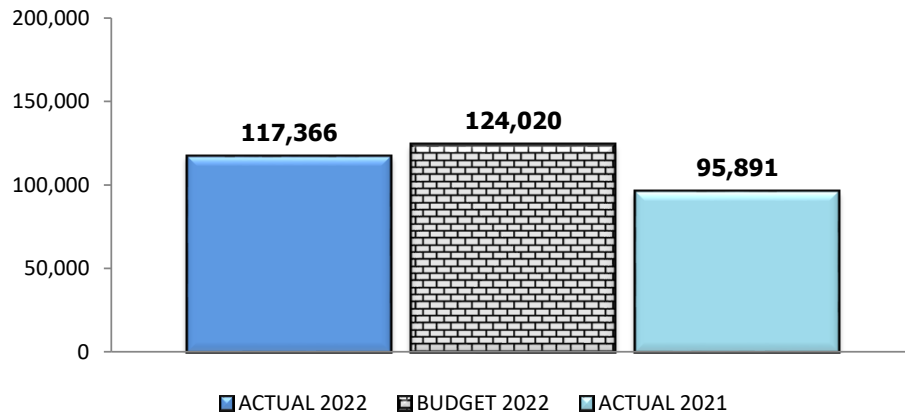
Average Daily Census - Q2

576.6

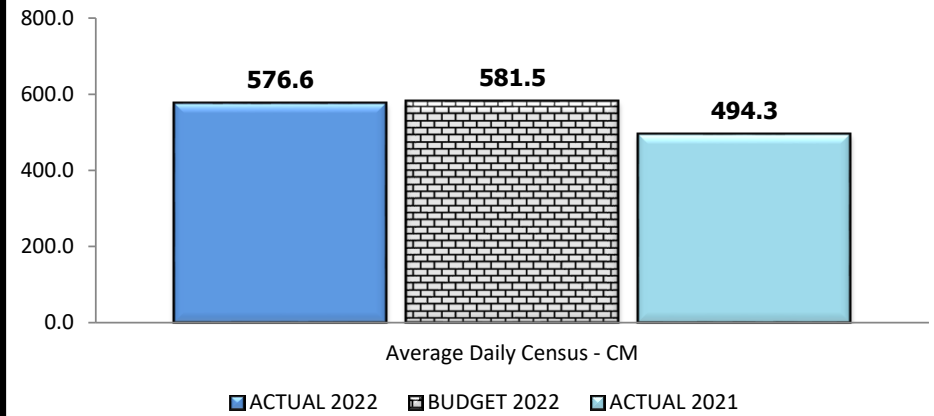
Average Daily Census - YTD

568.7

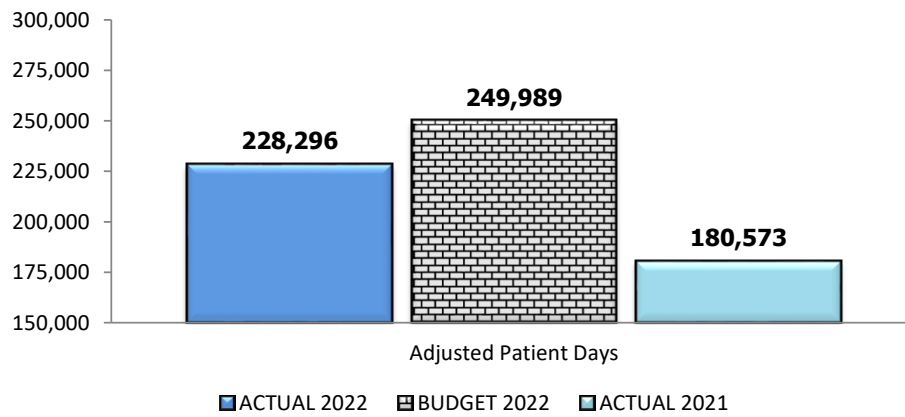
Adjusted Patient Days - Quarter End



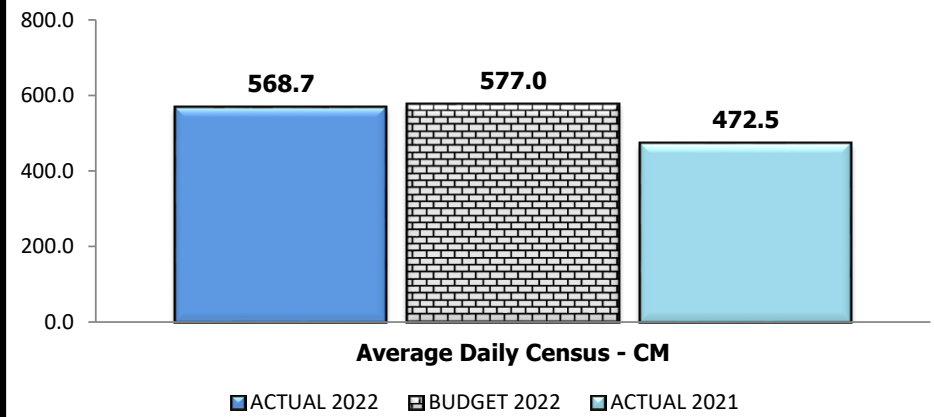
Average Daily Census - Quarter End



Adjusted Patient Days - YTD



Average Daily Census - YTD



Harris Health System

Statistical Highlights

As of the Quarter Ended August 31, 2021

Inpatient ALOS - Q2

6.19

Inpatient ALOS - YTD

6.10

Case Mix Index - Q2

Overall

Excl. Obstetrics

1.714

1.898

Case Mix Index (CMI) - YTD

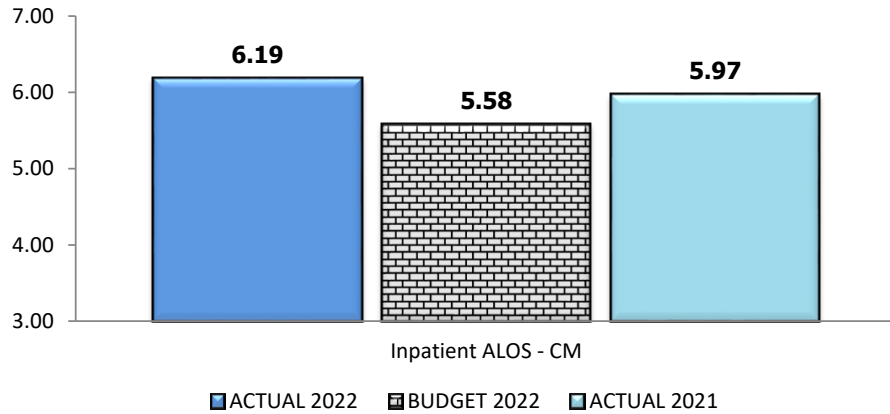
Overall

Excl. Obstetrics

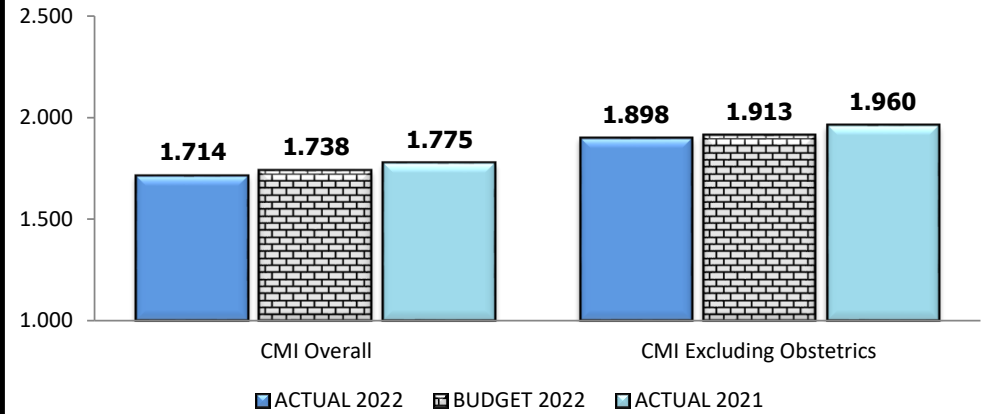
1.744

1.915

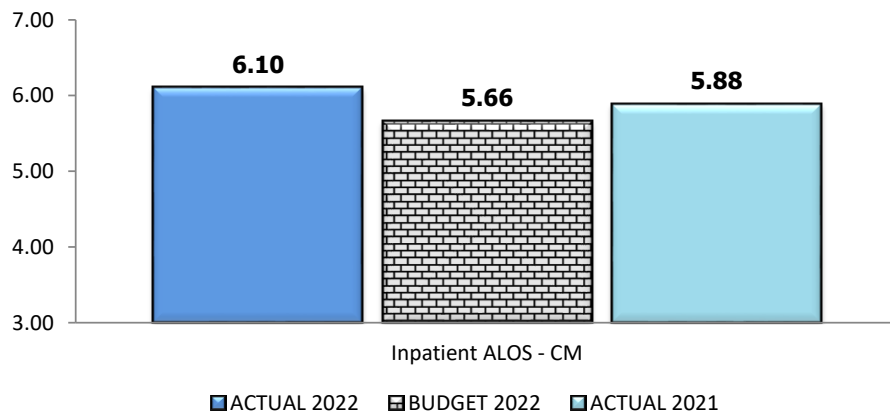
Inpatient ALOS - Quarter End



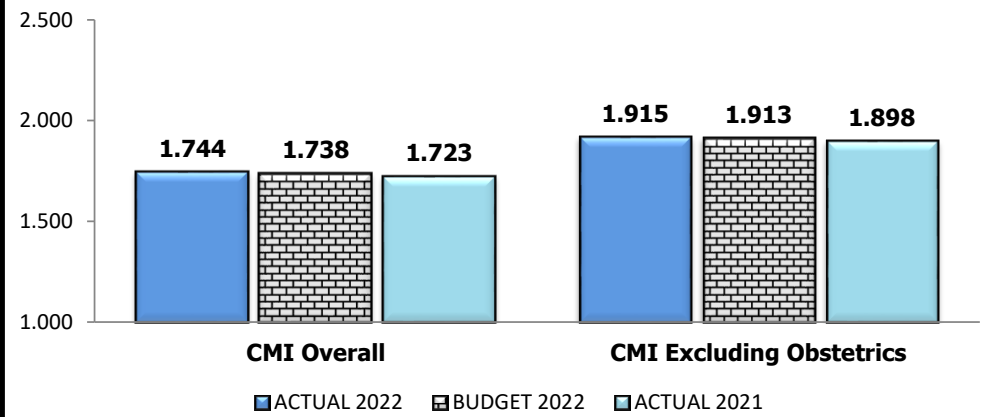
Case Mix Index - Quarter End



Inpatient ALOS - YTD



Case Mix Index - YTD



Harris Health System

Statistical Highlights - Cases Occupying Beds

As of the Quarter Ended August 31, 2021

BT Cases Occupying Beds - Q2

Actual	Budget	Prior Year
6,307	8,000	5,777

BT Cases Occupying Beds - YTD

Actual	Budget	Prior Year
12,693	15,581	11,288

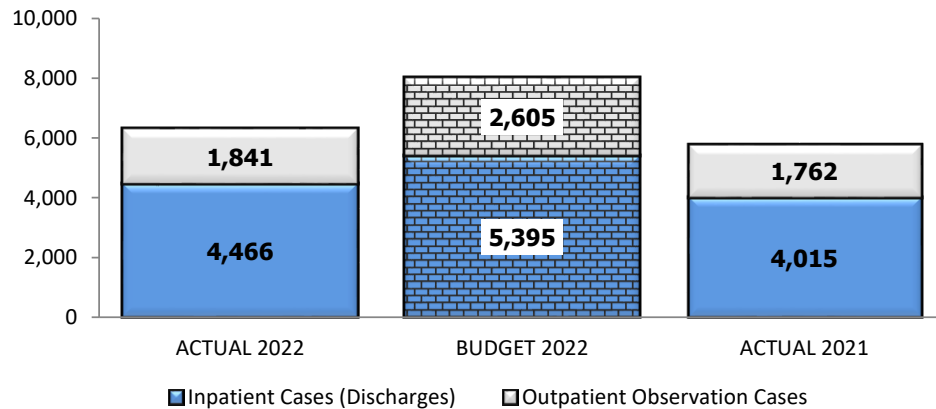
LBJ Cases Occupying Beds - Q2

Actual	Budget	Prior Year
3,978	3,671	3,437

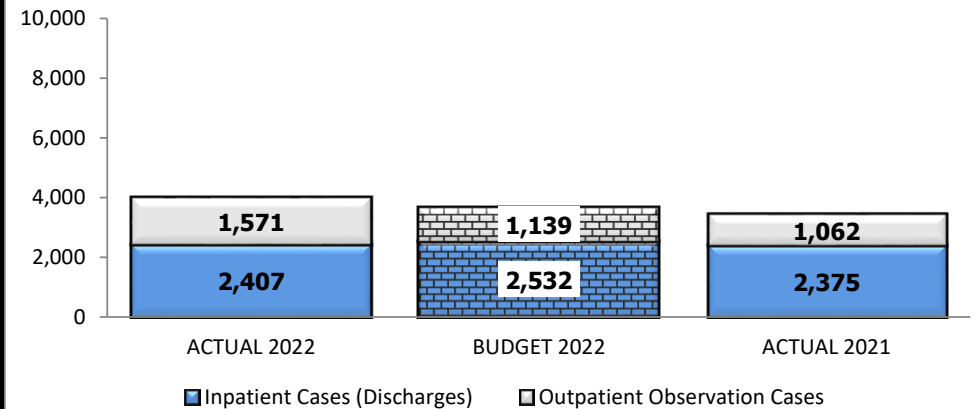
LBJ Cases Occupying Beds - YTD

Actual	Budget	Prior Year
8,048	7,265	6,766

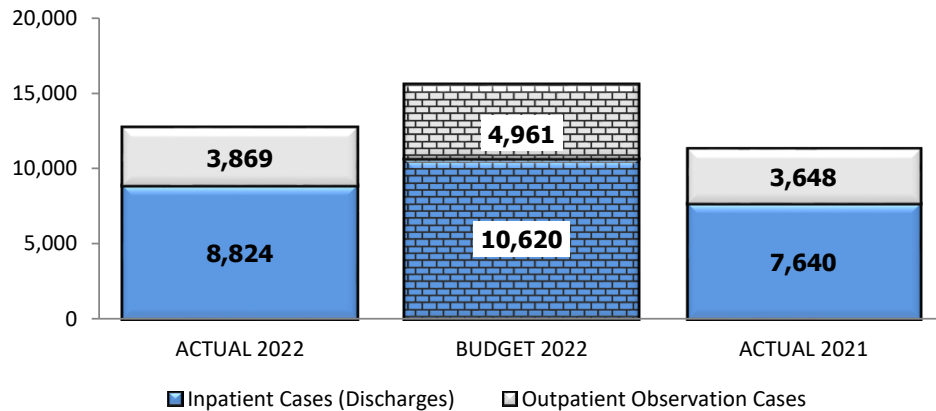
Ben Taub Cases - Quarter End



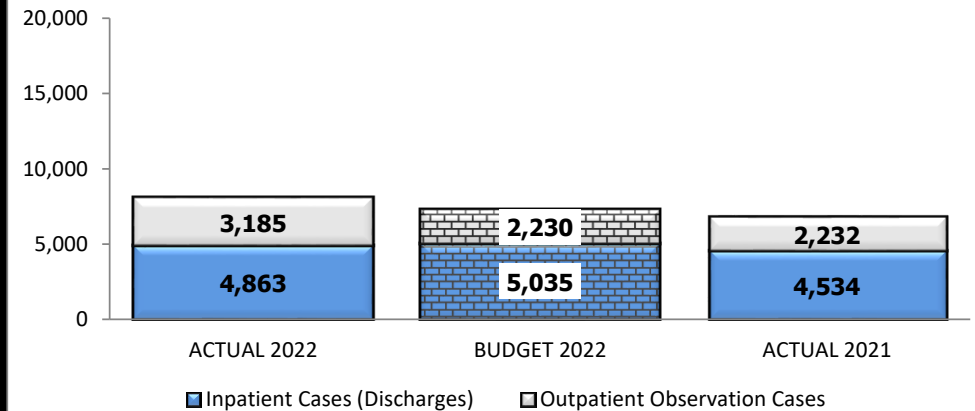
Lyndon B. Johnson Cases - Quarter End



Ben Taub Cases - YTD



Lyndon B. Johnson Cases - YTD



Harris Health System

Statistical Highlights - Surgery Cases

As of the Quarter Ended August 31, 2021

BT Surgery Cases - Q2

Actual	Budget	Prior Year
2,503	3,849	2,024

BT Surgery Cases - YTD

Actual	Budget	Prior Year
4,715	7,537	3,961

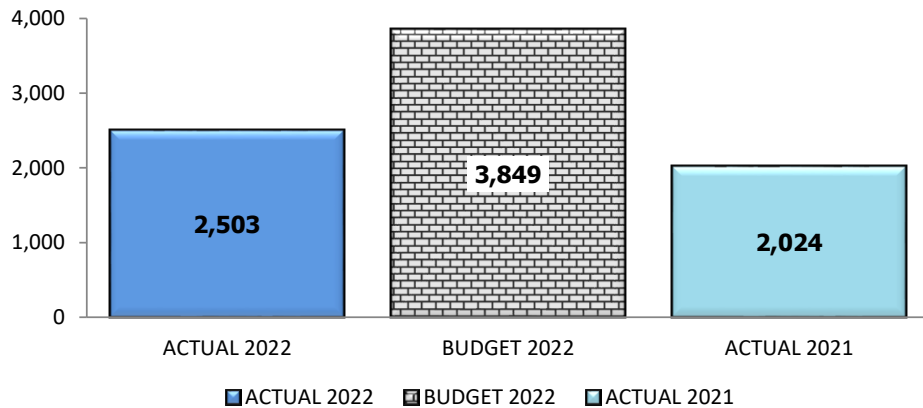
LBJ Surgery Cases - Q2

Actual	Budget	Prior Year
2,317	2,644	1,883

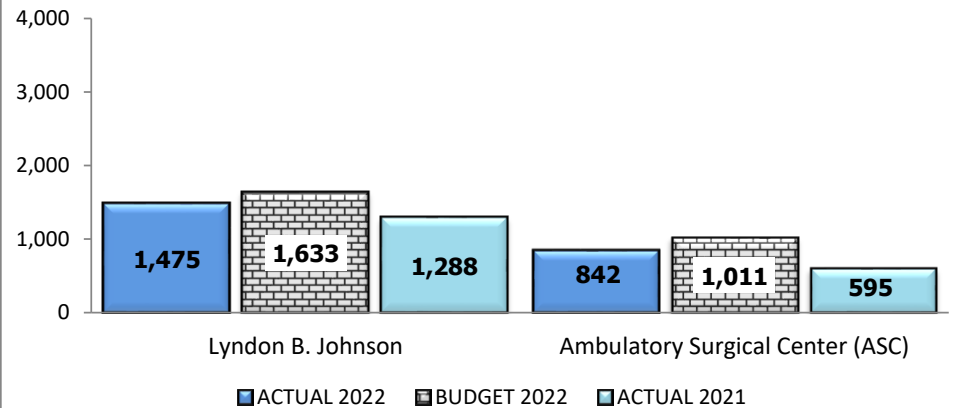
LBJ Surgery Cases - YTD

Actual	Budget	Prior Year
4,795	5,292	3,252

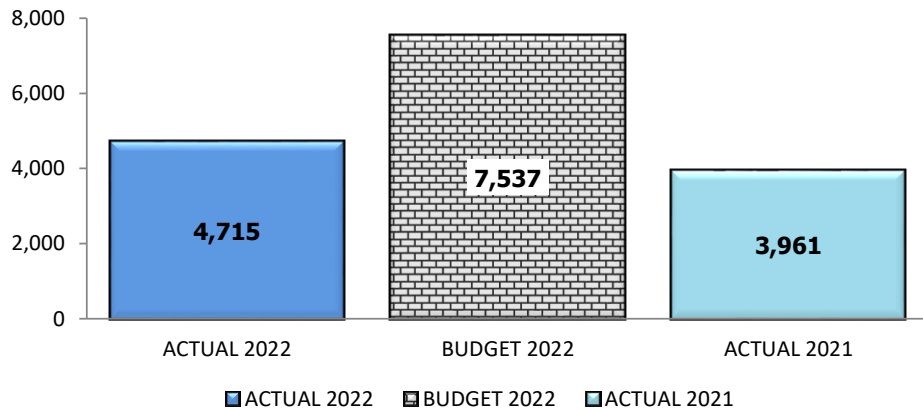
Ben Taub OR Cases - Quarter End



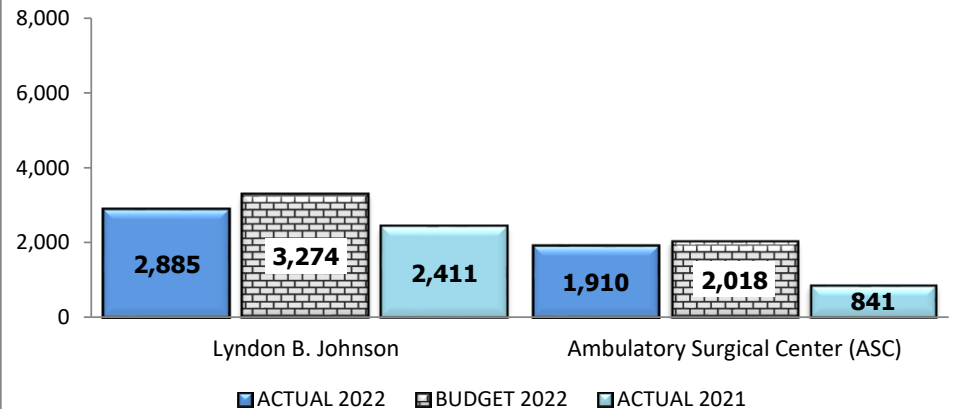
Lyndon B. Johnson OR Cases - Quarter End



Ben Taub OR Cases - YTD



Lyndon B. Johnson OR Cases - YTD



Harris Health System

Statistical Highlights - Emergency Room Visits

As of the Quarter Ended August 31, 2021

BT Emergency Visits - Q2

Actual	Budget	Prior Year
20,064	18,901	16,323

BT Emergency Visits - YTD

Actual	Budget	Prior Year
38,203	38,152	32,135

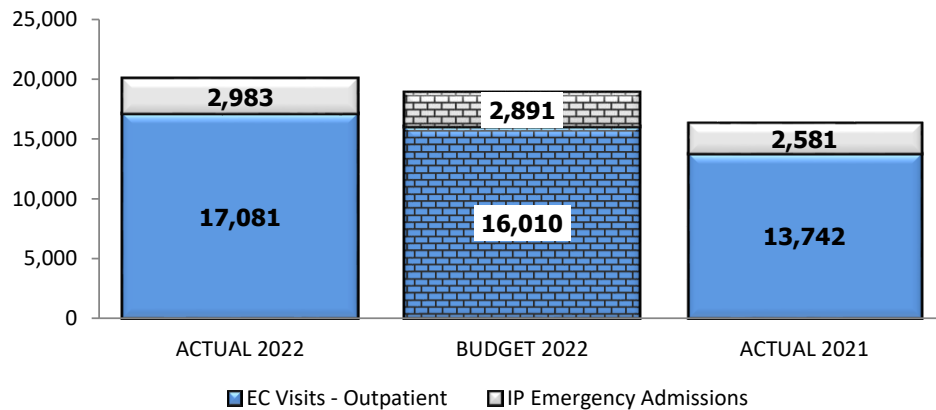
LBJ Emergency Visits - Q2

Actual	Budget	Prior Year
19,907	19,991	16,681

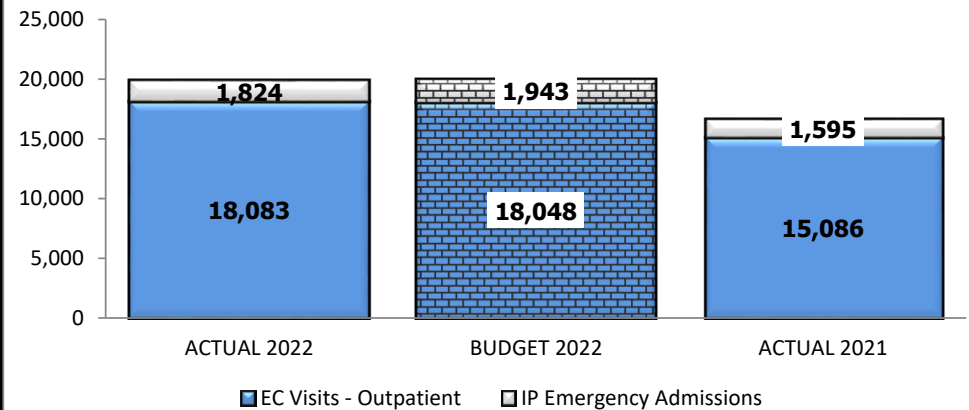
LBJ Emergency Visits - YTD

Actual	Budget	Prior Year
38,857	40,216	33,001

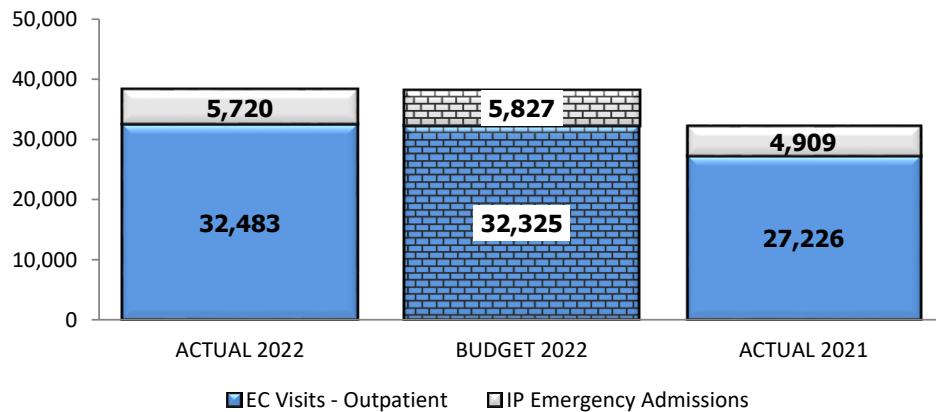
Ben Taub EC Visits - Quarter End



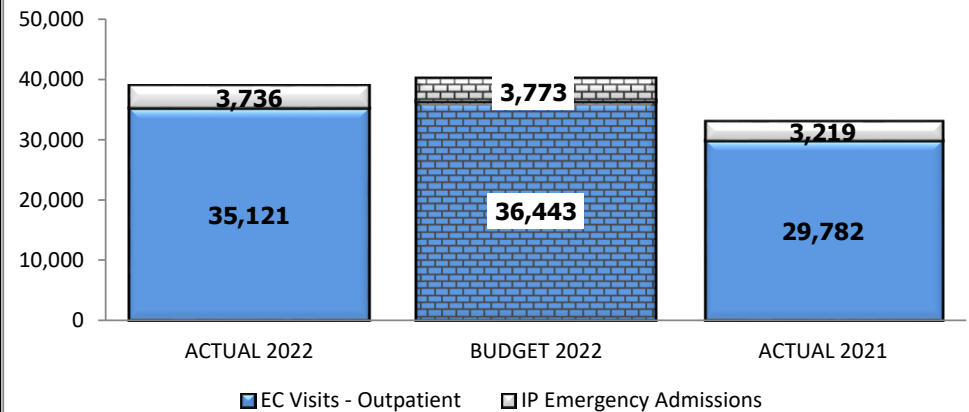
Lyndon B. Johnson EC Visits - Quarter End



Ben Taub EC Visits - YTD



Lyndon B. Johnson EC Visits - YTD



Harris Health System

Statistical Highlights - Births

As of the Quarter Ended August 31, 2021

BT Births - Q2

Actual	Budget	Prior Year
741	1,050	631

BT Births - YTD

Actual	Budget	Prior Year
1,358	1,879	1,227

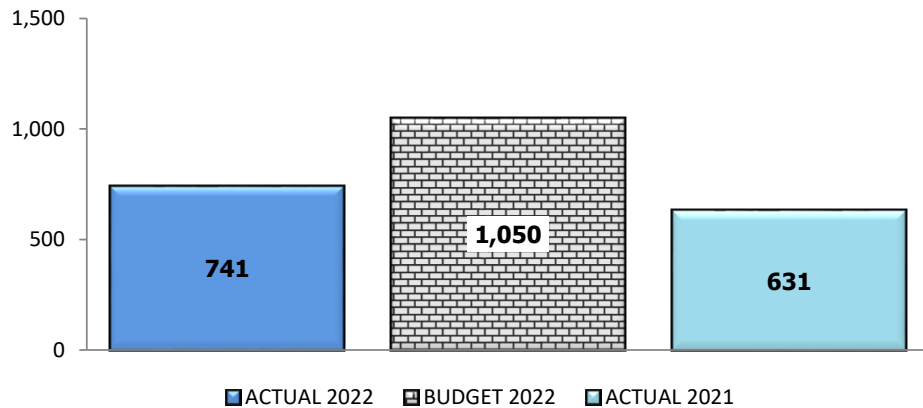
LBJ Births - Q2

Actual	Budget	Prior Year
490	432	520

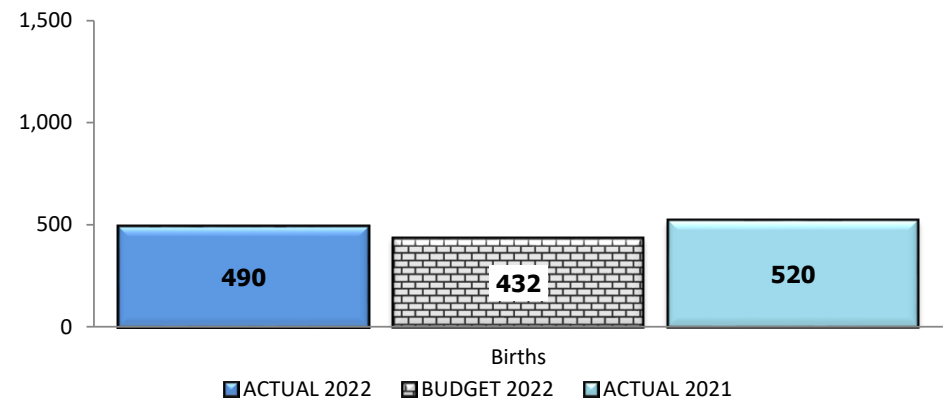
LBJ Births - YTD

Actual	Budget	Prior Year
899	809	916

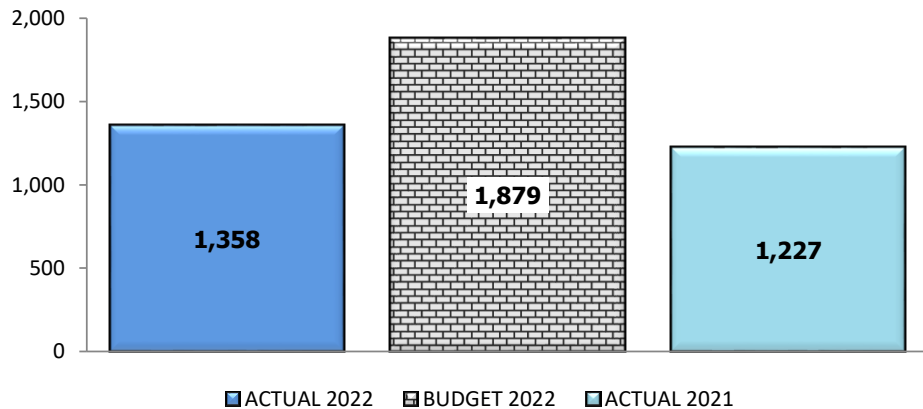
Ben Taub Births - Quarter End



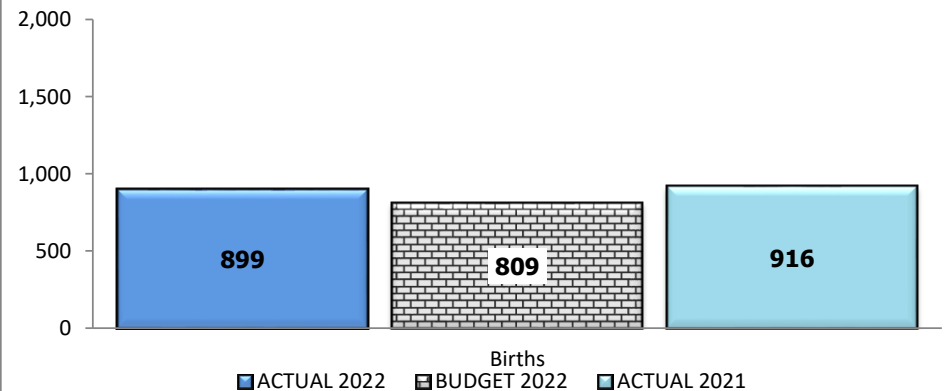
Lyndon B. Johnson Births - Quarter End



Ben Taub Births - YTD



Lyndon B. Johnson Births - YTD



Harris Health System

Statistical Highlights - Adjusted Patient Days

As of the Quarter Ended August 31, 2021

BT Adjusted Patient Days - Q2

60,143

BT Adjusted Patient Days - YTD

116,285

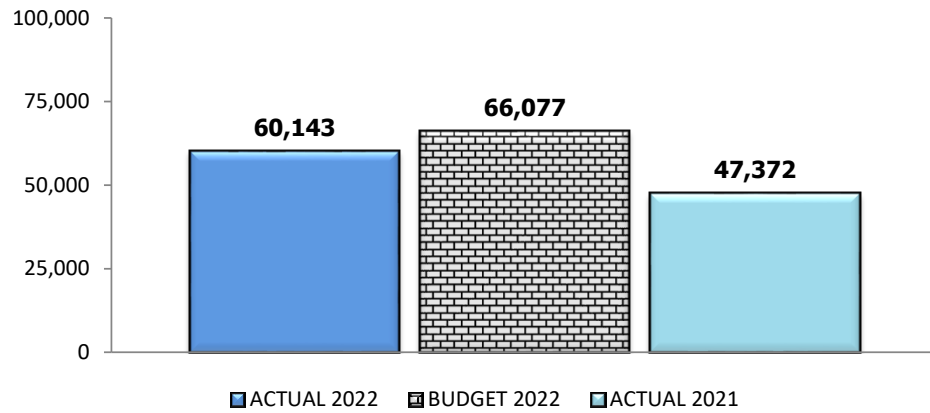
LBJ Adjusted Patient Days - Q2

34,751

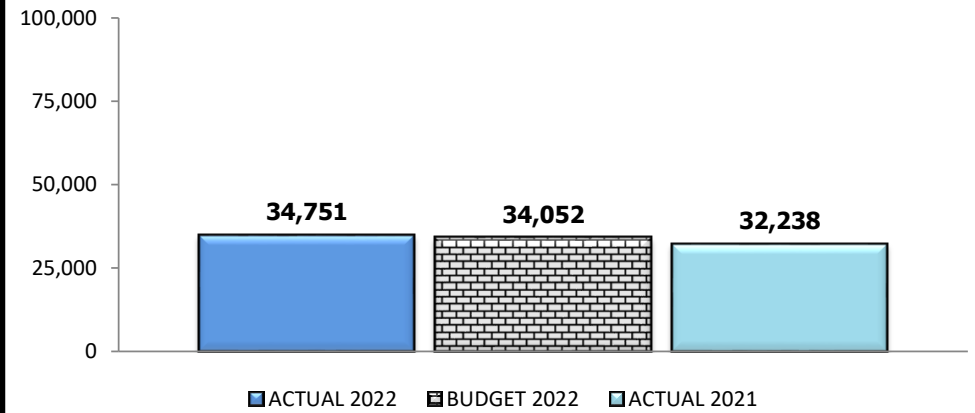
LBJ Adjusted Patient Days - YTD

68,589

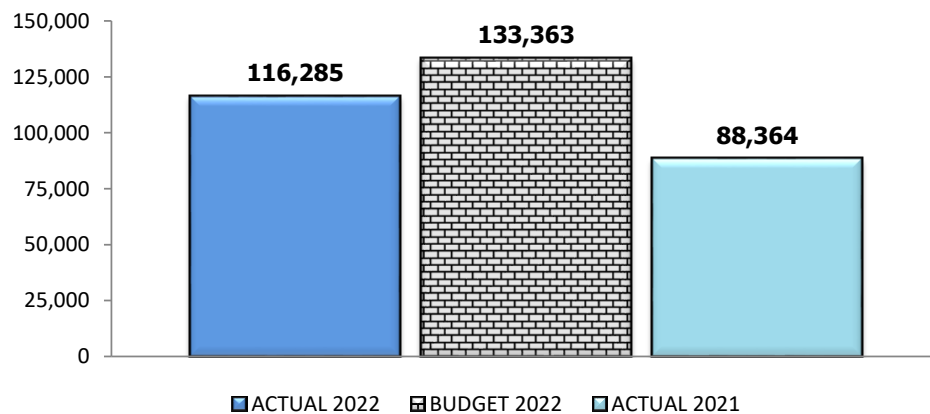
Ben Taub APD - Quarter End



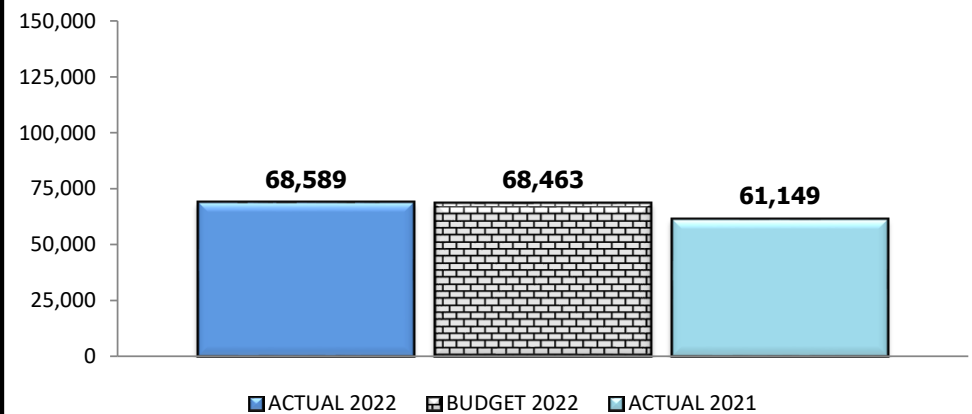
Lyndon B. Johnson APD - Quarter End



Ben Taub APD - YTD



Lyndon B. Johnson APD - YTD



Harris Health System

Statistical Highlights - Average Daily Census (ADC)

As of the Quarter Ended August 31, 2021

BT Average Daily Census - Q2

383.3

BT Average Daily Census - YTD

377.0

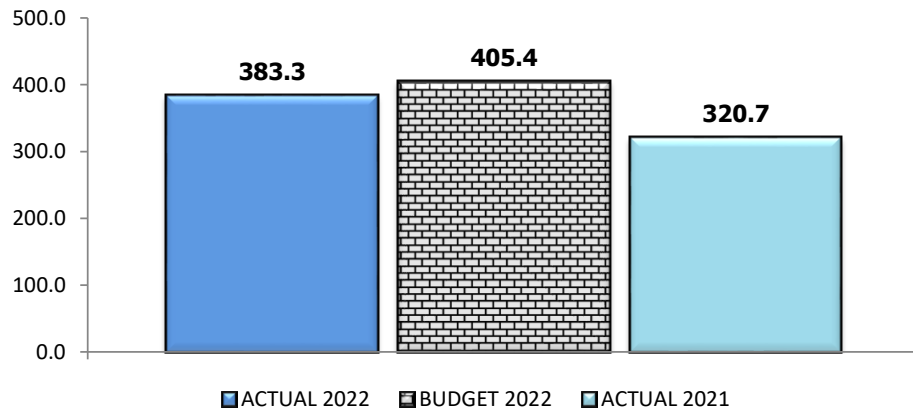
LBJ Average Daily Census - YTD

193.3

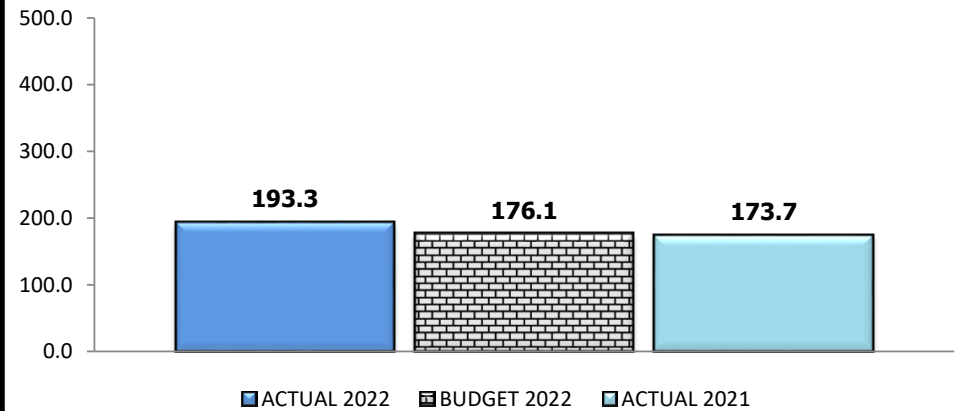
LBJ Average Daily Census - YTD

191.7

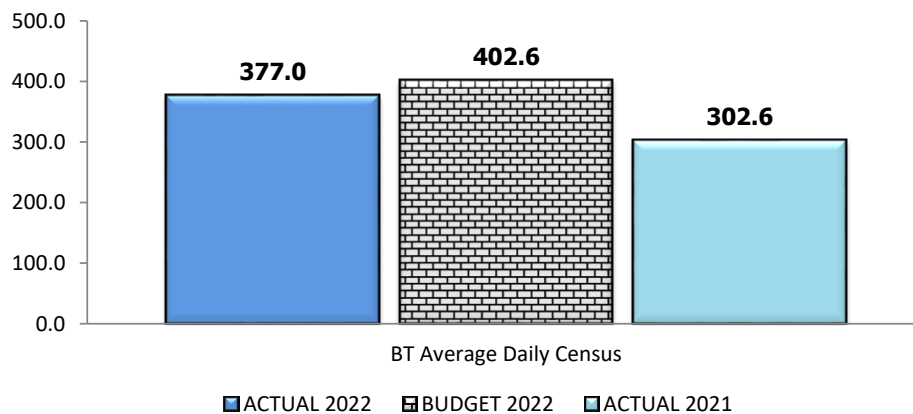
Ben Taub ADC - Quarter End



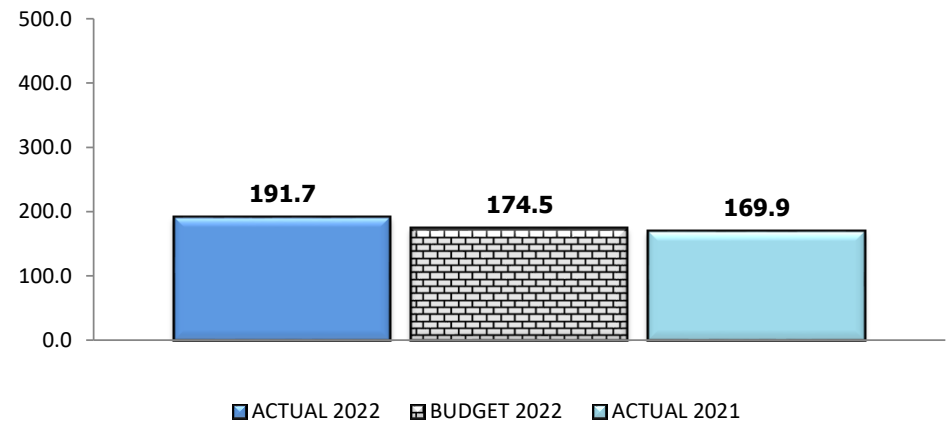
Lyndon B. Johnson ADC - Quarter End



Ben Taub ADC - YTD



Lyndon B. Johnson ADC - YTD



Harris Health System

Statistical Highlights - Inpatient Average Length of Stay (ALOS)

As of the Quarter Ended August 31, 2021

BT Inpatient ALOS - Q2

6.61

BT Inpatient ALOS - YTD

6.51

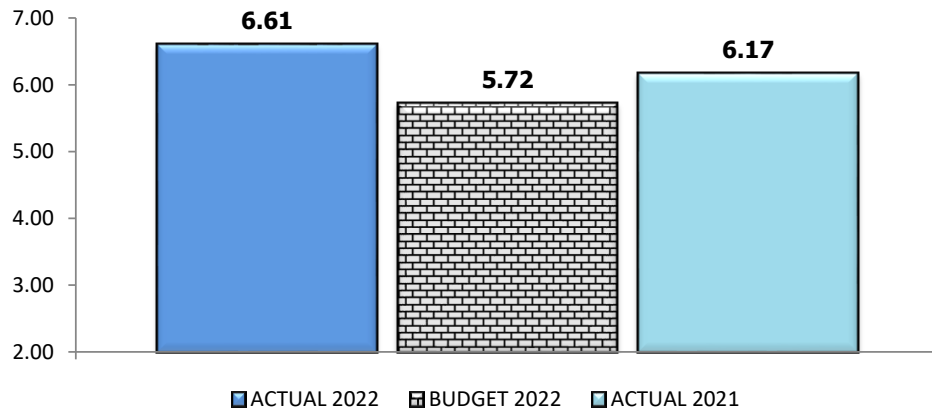
LBJ Inpatient ALOS - Q2

5.40

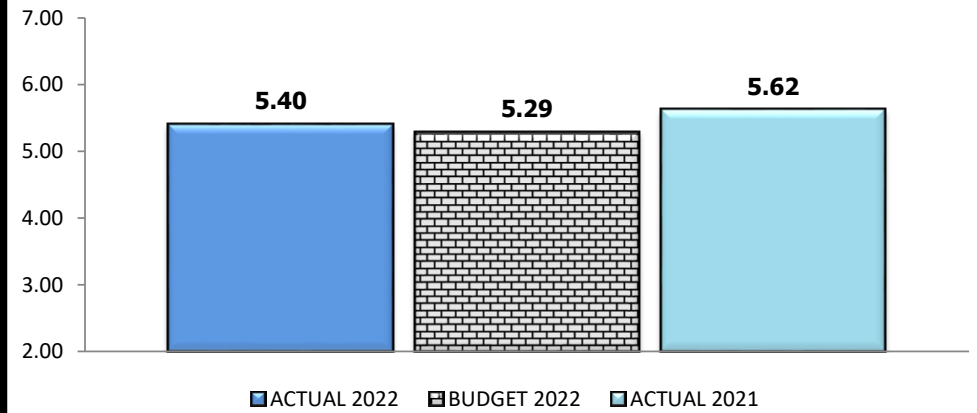
LBJ Inpatient ALOS - YTD

5.35

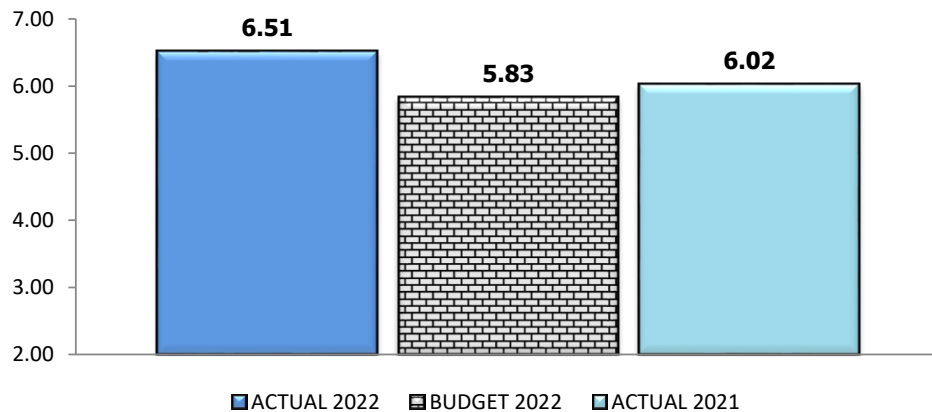
Ben Taub ALOS - Quarter End



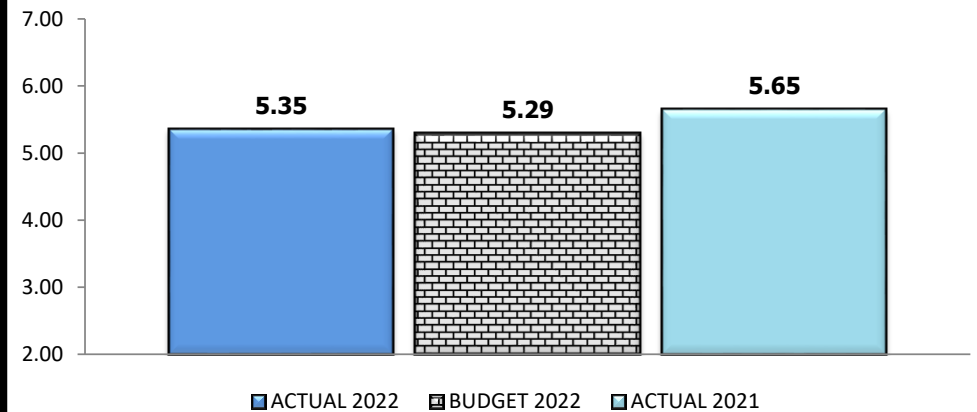
Lyndon B. Johnson ALOS - Quarter End



Ben Taub ALOS - YTD



Lyndon B. Johnson ALOS - YTD



Harris Health System

Statistical Highlights - Case Mix Index (CMI)

As of the Quarter Ended August 31, 2021

BT Case Mix Index (CMI) - Q2

Overall	Excl. Obstetrics
1.747	1.918

BT Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.781	1.941

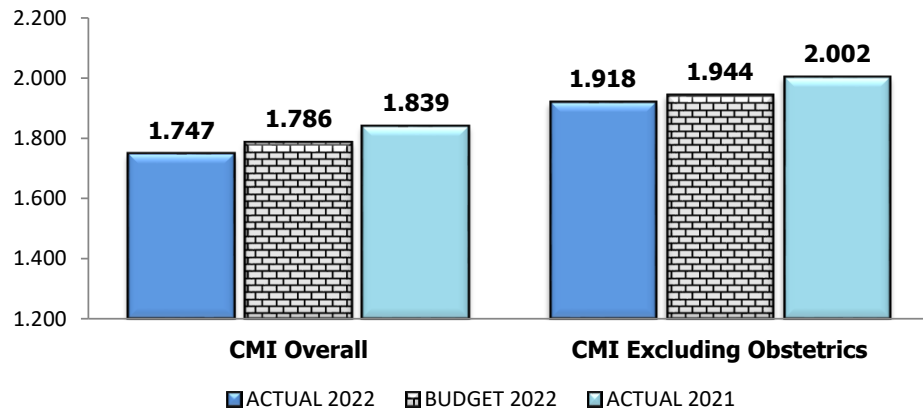
LBJ Case Mix Index (CMI) - Q2

Overall	Excl. Obstetrics
1.651	1.861

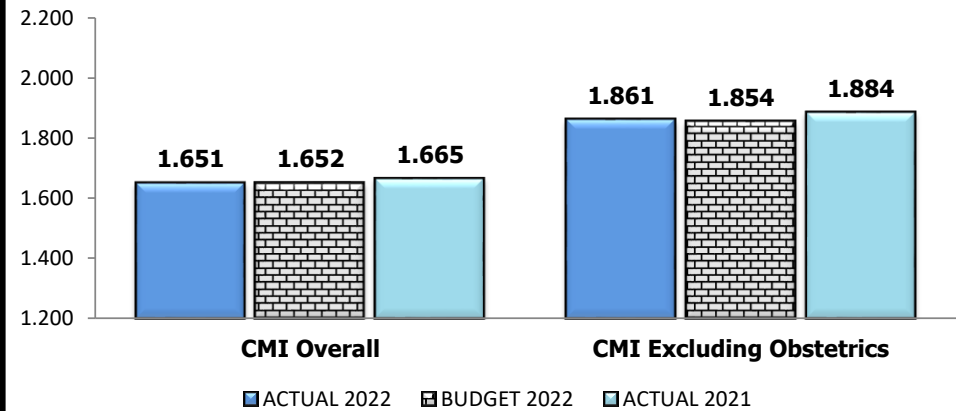
LBJ Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.678	1.867

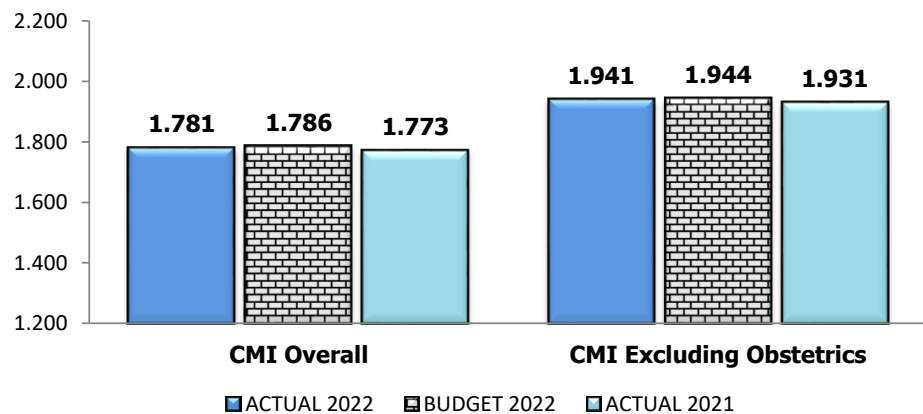
Ben Taub CMI - Quarter End



Lyndon B. Johnson CMI - Quarter End



Ben Taub CMI - YTD



Lyndon B. Johnson CMI - YTD

