



Financial Statements

As of the Quarter Ended August 31, 2022



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Financial Highlights Review

As of the Quarter Ended August 31, 2022

Operating loss for the quarter ended August 31, 2022 was \$149.9 million compared to budgeted income of \$34.7 million.

Total quarterly net revenue of \$395.9 million was \$208.7 million or 34.5% less than budget. Medicaid Supplemental programs were \$7.7 million greater than expected primarily due to payment of CHIRP (formerly known as UHRIP) program revenues that had been delayed due to the CMS challenge of the State Medicaid Supplemental programs. Net patient revenue contributed \$10.8 million to the negative variance. Ad valorem tax revenue was \$205.7 million less than budget due to the change in the accounting practice (revenue recognition) related to the fiscal year transition by Harris County and Harris Health System. This transition is required to align the related tax rate approval process in September—October 2022 with the new fiscal year October 2022—September 2023. Because the 2022 tax levy is deemed to cover the new fiscal year above, no ad valorem tax revenue will be recognized during the stub period of March 2022 to September 2022. The change in the accounting practice does not impact the System's ad valorem cash collections practice, which remains unchanged. Detailed discussion of the accounting change adopted by Harris County and Harris Health System was provided by the System's external auditor, Forvis LLP, at the May 2022 meeting of the Compliance and Audit Committee.

Total quarterly expenses of \$545.8 million were \$24.1 million or 4.2% less than budget. Contract labor continues to be heavily utilized by nursing to combat the turnover and labor shortages.

For the first quarter, total patient days and average daily census increased 2.7% compared to budget. Inpatient case mix index, a measure of patient acuity, was 5.0% lower while length of stay was 1.1% higher than budget. Emergency room visits were 7.2% greater than planned for the quarter and 3.2% greater year-to-date. Total clinic visits, including telehealth, were 13.7% lower compared to budget; however, births were up 9.3%.

Total cash receipts for the quarter were \$332.7 million. The System has \$1,096.3 million in unrestricted cash, cash equivalents and investments, representing 190.3 days cash on hand. Harris Health System has \$119.2 million in net accounts receivable, representing 64.8 days of outstanding patient accounts receivable at August 31, 2022. The August balance sheet reflects a combined net receivable position of \$44.2 million under the various Medicaid Supplemental programs.

The quarterly expenses incurred by Harris Health for Foundation personnel and other costs were \$135,000.

Income Statement

As of the Quarter Ended August 31, 2022 (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	\$ 165.8	\$ 176.6	-6.1%	\$ 338.5	\$ 371.1	-8.8%	\$ 398.1	-15.0%
Medicaid Supplemental Programs	197.9	190.2	4.1%	301.6	303.3	-0.6%	320.2	-5.8%
Other Operating Revenue	28.2	31.9	-11.7%	57.2	64.0	-10.6%	19.3	196.2%
Total Operating Revenue	\$ 391.9	\$ 398.7	-1.7%	\$ 697.2	\$ 738.4	-5.6%	\$ 737.6	-5.5%
Net Ad Valorem Taxes	(0.2)	205.4	-100.1%	(0.7)	410.9	-100.2%	394.4	-100.2%
Net Tobacco Settlement Revenue	-	-	0.0%	16.7	13.3	26.2%	13.3	26.2%
Capital Gifts & Grants	-	-	0.0%	-	-	0.0%	-	0.0%
Interest Income & Other	4.2	0.5	821.9%	6.6	0.9	627.3%	1.0	569.7%
Total Nonoperating Revenue	\$ 4.0	\$ 205.9	-98.1%	\$ 22.7	\$ 425.1	-94.7%	\$ 408.6	-94.5%
Total Net Revenue	\$ 395.9	\$ 604.6	-34.5%	\$ 719.9	\$ 1,163.5	-38.1%	\$ 1,146.2	-37.2%
EXPENSE								
Salaries and Wages	\$ 212.0	\$ 218.3	2.9%	\$ 432.6	\$ 435.8	0.7%	\$ 375.2	-15.3%
Employee Benefits	69.5	72.3	3.8%	135.8	143.4	5.3%	130.1	-4.4%
Total Labor Cost	\$ 281.5	\$ 290.6	3.1%	\$ 568.4	\$ 579.2	1.9%	\$ 505.3	-12.5%
Supply Expenses	71.1	73.9	3.8%	139.6	148.0	5.7%	133.7	-4.4%
Physician Services	106.0	109.7	3.4%	213.0	208.2	-2.3%	186.8	-14.0%
Purchased Services	66.5	74.9	11.3%	132.2	148.5	11.0%	142.8	7.4%
Depreciation & Interest	20.8	20.7	-0.2%	41.7	41.5	-0.5%	35.0	-19.1%
Total Operating Expense	\$ 545.8	\$ 569.9	4.2%	\$ 1,094.9	\$ 1,125.4	2.7%	\$ 1,003.6	-9.1%
Operating Income (Loss)	\$ (149.9)	\$ 34.7		\$ (375.0)	\$ 38.1		\$ 142.6	
Total Margin %	-37.9%	5.7%		-52.1%	3.3%		12.4%	

Balance Sheet

HARRISHEALTH
SYSTEM

As of August 31, 2022 and 2021 (In \$ Millions)

	CURRENT YEAR	PRIOR YEAR
<u>CURRENT ASSETS</u>		
Cash, Cash Equivalents and Short Term Investments	\$ 1,096.3	\$ 958.1
Net Patient Accounts Receivable	119.2	90.1
Net Ad Valorem Taxes, Current Portion	0.6	388.1
Other Current Assets	160.5	271.3
Total Current Assets	\$ 1,376.6	\$ 1,707.7
<u>CAPITAL ASSETS</u>		
Plant, Property, & Equipment, Net of Accumulated Depreciation	\$ 419.2	\$ 439.8
Construction in Progress	149.0	90.2
Right of Use Assets	46.0	-
Total Capital Assets	\$ 614.1	\$ 530.0
<u>ASSETS LIMITED AS TO USE & RESTRICTED ASSETS</u>		
Debt Service & Capital Asset Funds	\$ 46.3	\$ 53.2
LPPF Restricted Cash	91.6	104.4
Capital Gift Proceeds	45.2	-
Other - Restricted	1.2	1.4
Total Assets Limited As to Use & Restricted Assets	\$ 184.4	\$ 159.0
Other Assets	24.0	9.1
Deferred Outflows of Resources	152.7	179.3
Total Assets & Deferred Outflows of Resources	\$ 2,351.8	\$ 2,585.1
<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Liabilities	\$ 284.0	\$ 294.1
Employee Compensation & Related Liabilities	133.4	131.7
Estimated Third-Party Payor Settlements	13.5	8.6
Current Portion Long-Term Debt and Capital Leases	20.2	12.2
Total Current Liabilities	\$ 451.3	\$ 446.5
Long-Term Debt	334.2	308.3
Net Pension & Post Employment Benefits Liability	596.8	736.2
Other Long-Term Liabilities	17.8	24.4
Deferred Inflows of Resources	218.7	112.4
Total Liabilities	\$ 1,618.8	\$ 1,627.8
Total Net Assets	\$ 733.0	\$ 957.4
Total Liabilities & Net Assets	\$ 2,351.8	\$ 2,585.1

Cash Flow Summary

As of the Quarter Ended August 31, 2022 (In \$ Millions)

	QUARTER-TO-DATE		YEAR-TO-DATE	
	CURRENT YEAR	PRIOR YEAR	CURRENT YEAR	PRIOR YEAR
<u>CASH RECEIPTS</u>				
Collections on Patient Accounts	\$ 179.9	\$ 231.6	\$ 341.9	\$ 411.0
Medicaid Supplemental Programs	98.1	137.4	479.8	351.3
Net Ad Valorem Taxes	4.9	6.3	27.9	50.1
Tobacco Settlement	-	-	16.7	13.3
Other Revenue	49.8	8.4	101.4	30.6
Total Cash Receipts	\$ 332.7	\$ 383.7	\$ 967.8	\$ 856.3
<u>CASH DISBURSEMENTS</u>				
Salaries, Wages and Benefits	\$ 288.8	\$ 206.2	\$ 604.1	\$ 465.3
Supplies	74.9	66.8	142.9	134.8
Physician Services	121.7	99.1	218.1	190.0
Purchased Services	56.3	51.5	112.8	111.7
Capital Expenditures	22.8	18.9	53.3	40.3
Debt and Interest Payments	5.5	5.4	6.3	6.3
Other Uses	(21.4)	45.3	(33.1)	40.4
Total Cash Disbursements	\$ 548.5	\$ 493.1	\$ 1,104.3	\$ 988.7
Net Change	\$ (215.8)	\$ (109.4)	\$ (136.6)	\$ (132.5)

Unrestricted Cash, Cash Equivalents and Investments - February 28, 2022

\$ 1,232.9

Net Change

(136.6)

Unrestricted Cash, Cash Equivalents and Investments - August 31, 2022

\$ 1,096.3

Performance Ratios

As of the Quarter Ended August 31, 2022

	QUARTER-TO-DATE		YEAR-TO-DATE		
	CURRENT YEAR	CURRENT BUDGET	CURRENT YEAR	CURRENT BUDGET	PRIOR YEAR
<u>OPERATING HEALTH INDICATORS</u>					
Operating Margin %	-37.9%	5.7%	-52.1%	3.3%	12.4%
Run Rate per Day (In\$ Millions)	\$ 5.7	\$ 6.0	\$ 5.8	\$ 5.9	\$ 5.3
Salary, Wages & Benefit per APD	\$ 2,400	\$ 1,214	\$ 2,459	\$ 2,420	\$ 2,213
Supply Cost per APD	\$ 606	\$ 309	\$ 604	\$ 619	\$ 586
Physician Services per APD	\$ 904	\$ 459	\$ 922	\$ 870	\$ 818
Total Expense per APD	\$ 4,654	\$ 2,381	\$ 4,737	\$ 4,702	\$ 4,396
Overtime as a % of Total Salaries	3.7%	3.0%	3.5%	3.0%	3.4%
Contract as a % of Total Salaries	8.8%	5.2%	9.3%	5.3%	3.5%
Full-time Equivalent Employees	9,747	10,242	9,728	10,119	9,085
<u>FINANCIAL HEALTH INDICATORS</u>					
Quick Ratio			3.0		3.8
Unrestricted Cash (In \$ Millions)			\$ 1,096.3	\$ 623.8	\$ 958.1
Days Cash on Hand			190.3	105.4	180.8
Days Revenue in Accounts Receivable			64.8	54.0	41.6
Days in Accounts Payable			44.8		36.9
Capital Expenditures/Depreciation & Amortization			168.7%		136.1%
Average Age of Plant (years)			12.7		12.9

Harris Health System

Key Indicators



Statistical Highlights

As of the Quarter Ended August 31, 2022

	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	117,280	119,557	-1.9%	231,129	239,347	-3.4%	228,296	1.2%
Outpatient % of Adjusted Volume	61.7%	63.4%	-2.7%	62.5%	63.5%	-1.7%	63.4%	-1.5%
Primary Care Clinic Visits	123,049	132,688	-7.3%	251,022	264,997	-5.3%	207,588	20.9%
Specialty Clinic Visits	61,765	66,987	-7.8%	123,545	132,983	-7.1%	117,783	4.9%
Telehealth Clinic Visits	37,042	57,504	-35.6%	73,577	114,853	-35.9%	143,873	-48.9%
Total Clinic Visits	221,856	257,179	-13.7%	448,144	512,833	-12.6%	469,244	-4.5%
Emergency Room Visits - Outpatient	35,310	32,747	7.8%	68,363	66,115	3.4%	67,604	1.1%
Emergency Room Visits - Admitted	4,845	4,718	2.7%	9,558	9,365	2.1%	9,456	1.1%
Total Emergency Room Visits	40,155	37,465	7.2%	77,921	75,480	3.2%	77,060	1.1%
Surgery Cases - Outpatient	2,714	3,160	-14.1%	5,542	6,347	-12.7%	4,929	12.4%
Surgery Cases - Inpatient	2,368	2,618	-9.5%	4,706	5,013	-6.1%	4,581	2.7%
Total Surgery Cases	5,082	5,778	-12.0%	10,248	11,360	-9.8%	9,510	7.8%
Total Outpatient Visits	379,180	459,965	-17.6%	756,751	921,265	-17.9%	902,373	-16.1%
Inpatient Cases (Discharges)	7,359	7,249	1.5%	14,720	14,326	2.8%	13,687	7.5%
Outpatient Observation Cases	3,209	3,512	-8.6%	6,837	6,818	0.3%	7,054	-3.1%
Total Cases Occupying Patient Beds	10,568	10,761	-1.8%	21,557	21,144	2.0%	20,741	3.9%
Births	1,364	1,248	9.3%	2,592	2,271	14.1%	2,257	14.8%
Inpatient Days	44,881	43,722	2.7%	86,784	87,324	-0.6%	83,505	3.9%
Outpatient Observation Days	10,610	10,336	2.7%	22,090	19,912	10.9%	21,134	4.5%
Total Patient Days	55,491	54,058	2.7%	108,874	107,236	1.5%	104,639	4.0%
Average Daily Census	603.2	587.6	2.7%	591.7	582.8	1.5%	568.7	4.0%
Average Operating Beds	681	677	0.6%	681	683	-0.3%	659	3.3%
Bed Occupancy %	88.6%	86.8%	2.0%	86.9%	85.3%	1.8%	86.3%	0.7%
Inpatient Average Length of Stay	6.10	6.03	1.1%	5.90	6.10	-3.3%	6.10	-3.4%
Inpatient Case Mix Index (CMI)	1.709	1.799	-5.0%	1.705	1.799	-5.2%	1.744	-2.2%
Payor Mix (% of Charges)								
Charity & Self Pay	46.0%	47.8%	-3.8%	46.8%	47.8%	-2.1%	48.7%	-3.9%
Medicaid & Medicaid Managed	23.3%	20.5%	13.9%	22.6%	20.5%	10.1%	20.4%	10.4%
Medicare & Medicare Managed	11.3%	12.4%	-9.0%	10.9%	12.4%	-11.8%	12.3%	-11.2%
Commercial & Other	19.4%	19.2%	1.1%	19.7%	19.2%	2.6%	18.6%	6.1%
Total Unduplicated Patients - Rolling 12				247,554			257,359	-3.8%
Total New Patient - Rolling 12				82,431			80,610	2.3%

Harris Health System

Statistical Highlights

As of the Quarter Ended August 31, 2022

Cases Occupying Beds - Q2

Actual	Budget	Prior Year
10,568	10,761	10,285

Cases Occupying Beds - YTD

Actual	Budget	Prior Year
21,557	21,144	20,741

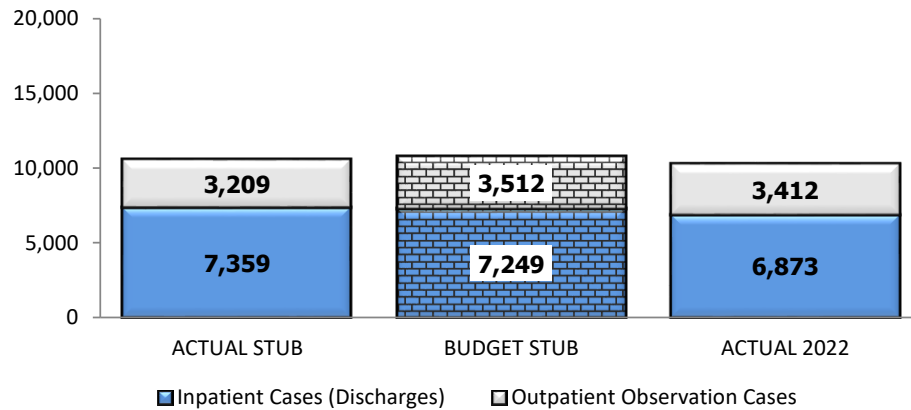
Emergency Visits - Q2

Actual	Budget	Prior Year
40,155	37,465	39,971

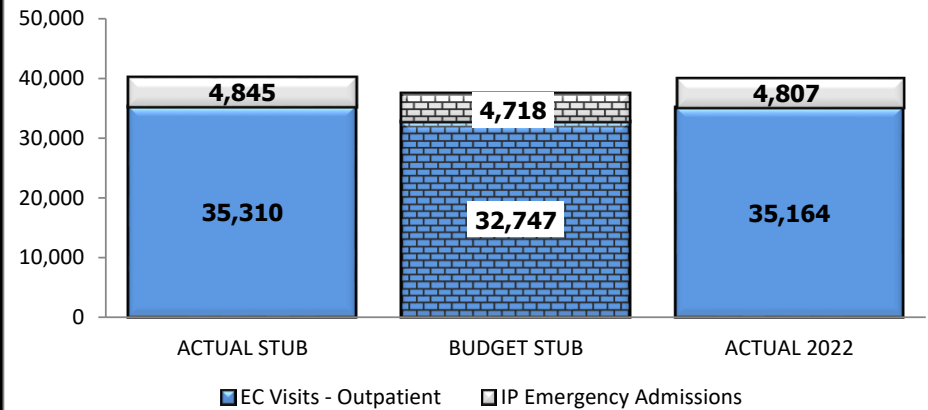
Emergency Visits - YTD

Actual	Budget	Prior Year
77,921	75,480	77,060

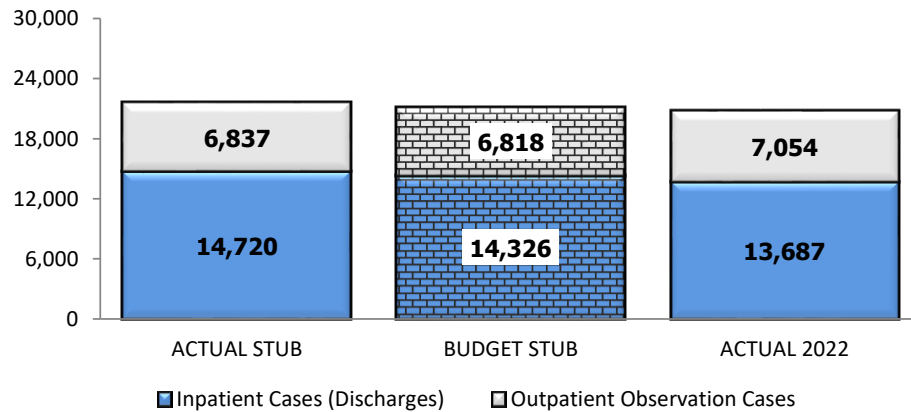
Cases Occupying Beds - Quarter End



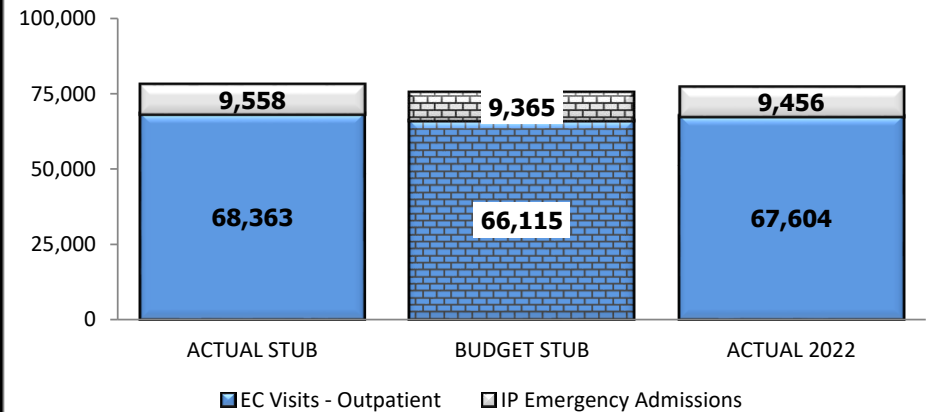
Emergency Visits - Quarter End



Cases Occupying Beds - YTD



Emergency Visits - YTD



Harris Health System

Statistical Highlights

As of the Quarter Ended August 31, 2022

Surgery Cases - Q2

Actual	Budget	Prior Year
5,082	5,778	4,820

Surgery Cases - YTD

Actual	Budget	Prior Year
10,248	11,360	9,510

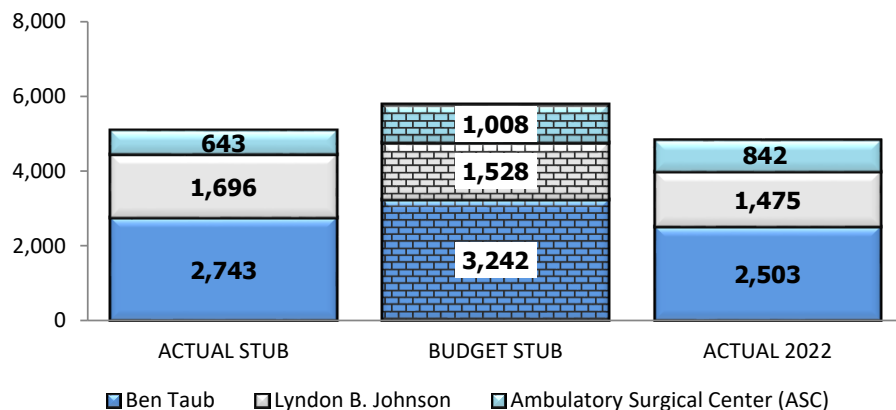
Clinic Visits - Q2

Actual	Budget	Prior Year
221,856	257,179	235,698

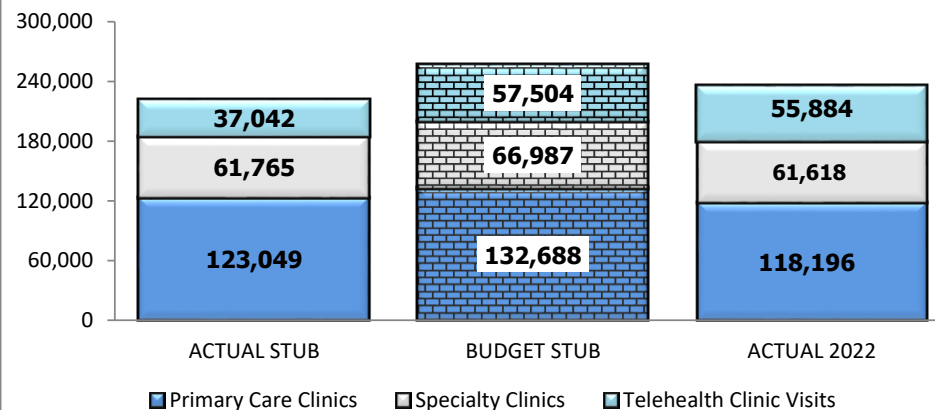
Clinic Visits - YTD

Actual	Budget	Prior Year
448,144	512,833	469,244

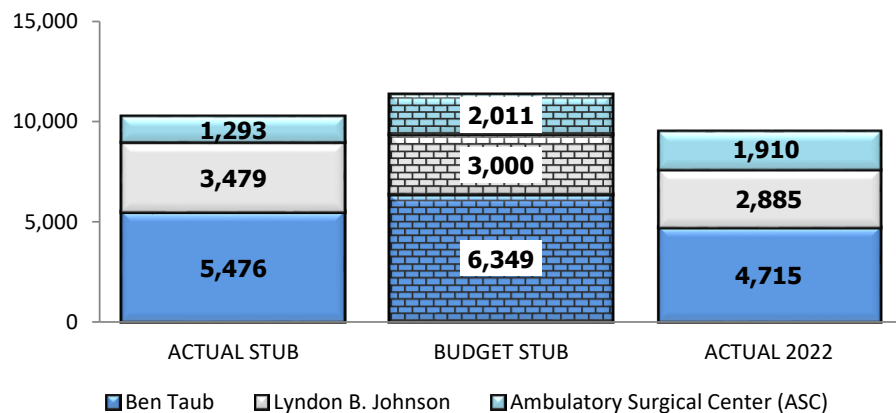
Surgery Cases - Quarter End



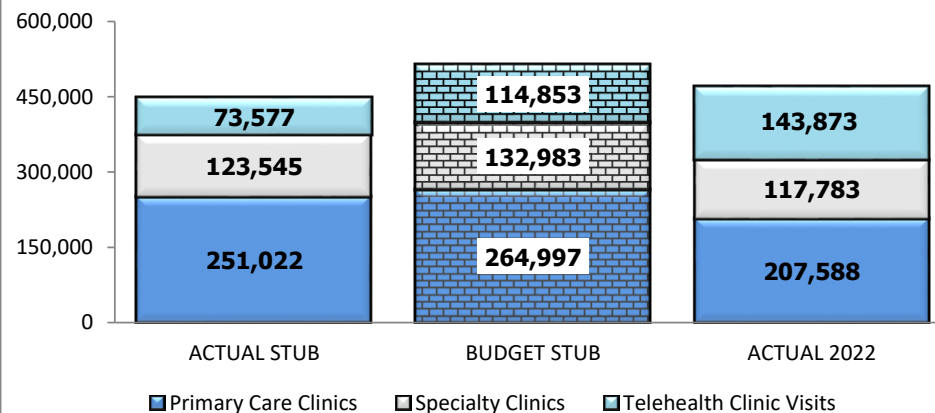
Clinic Visits - Quarter End



Surgery Cases - YTD



Clinic Visits - YTD



Harris Health System

Statistical Highlights

As of the Quarter Ended August 31, 2022

Adjusted Patient Days - Q2

117,280

Adjusted Patient Days - YTD

231,129

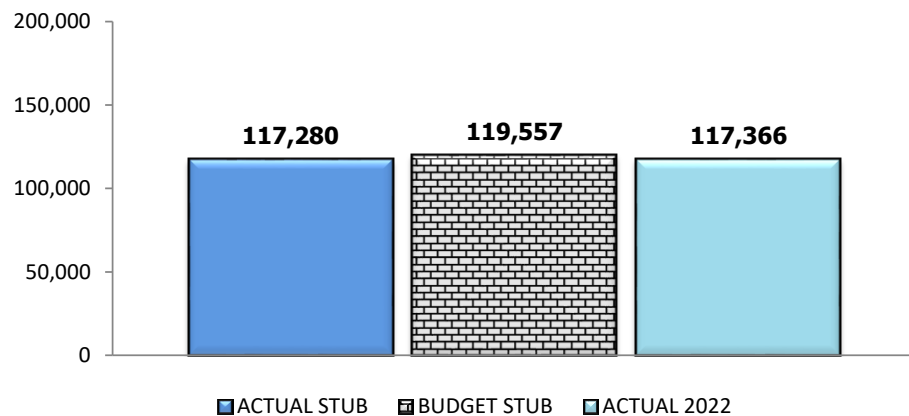
Average Daily Census - Q2

603.2

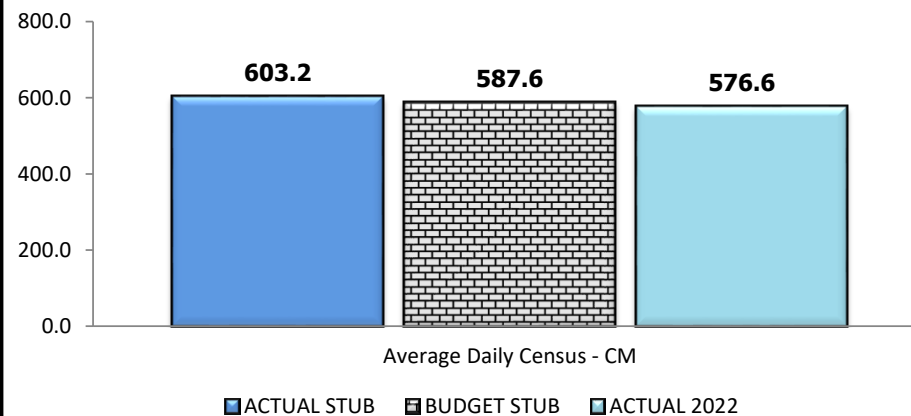
Average Daily Census - YTD

591.7

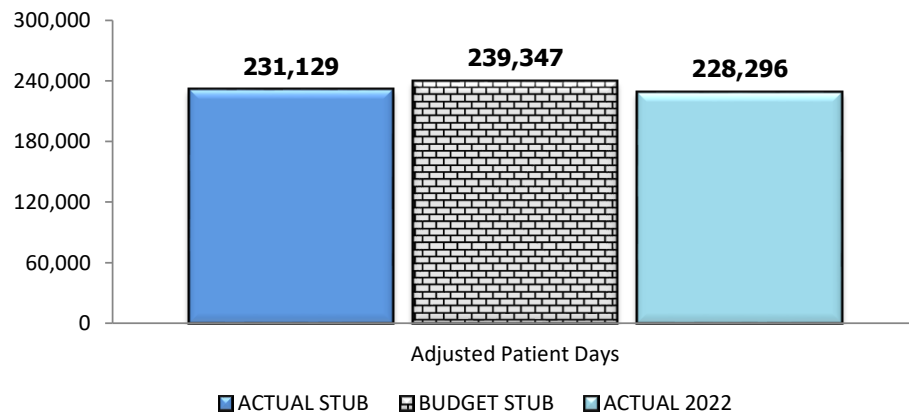
Adjusted Patient Days - Quarter End



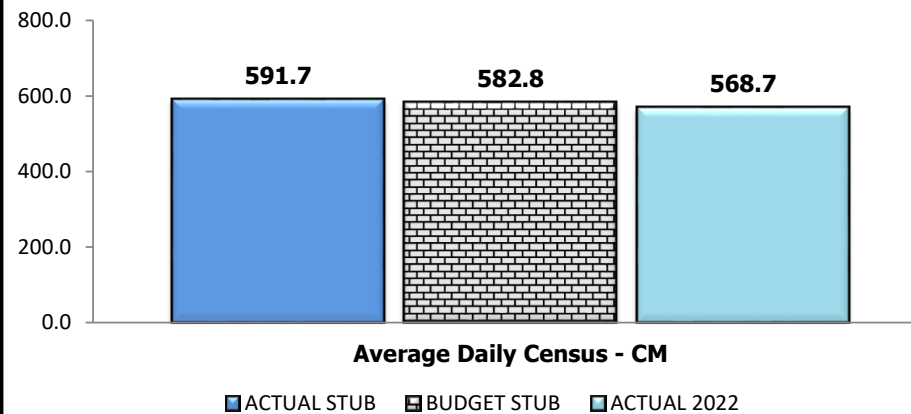
Average Daily Census - Quarter End



Adjusted Patient Days - YTD



Average Daily Census - YTD



Harris Health System

Statistical Highlights

As of the Quarter Ended August 31, 2022

Inpatient ALOS - Q2

6.10

Inpatient ALOS - YTD

5.90

Case Mix Index - Q2

Overall

1.709

Excl. Obstetrics

1.895

Case Mix Index (CMI) - YTD

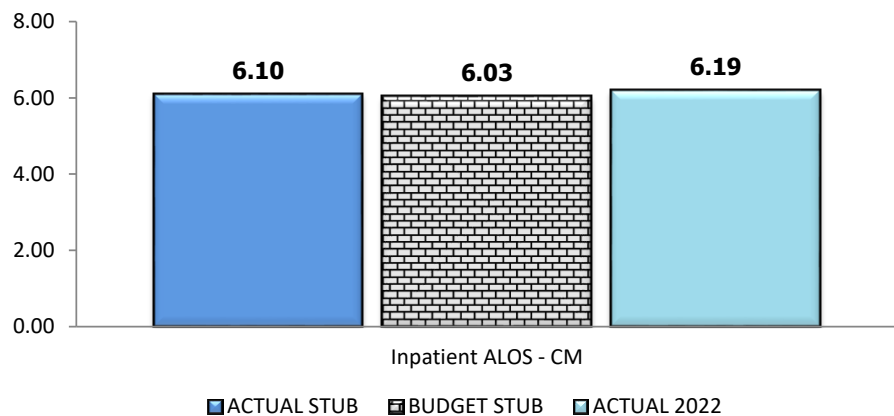
Overall

1.705

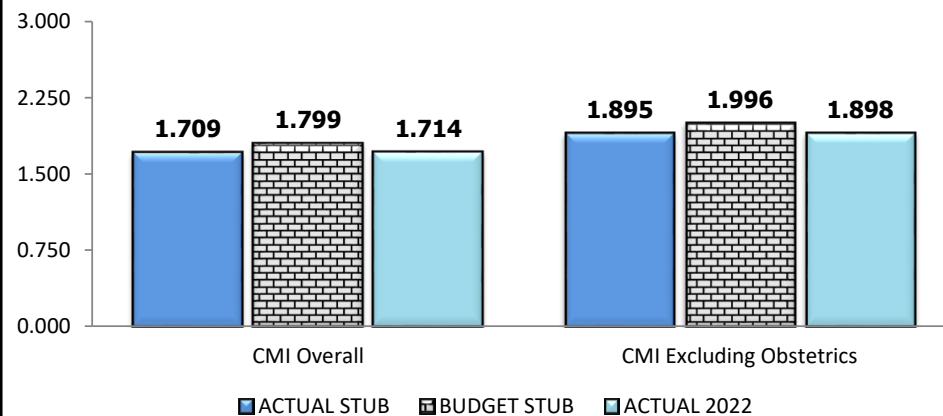
Excl. Obstetrics

1.879

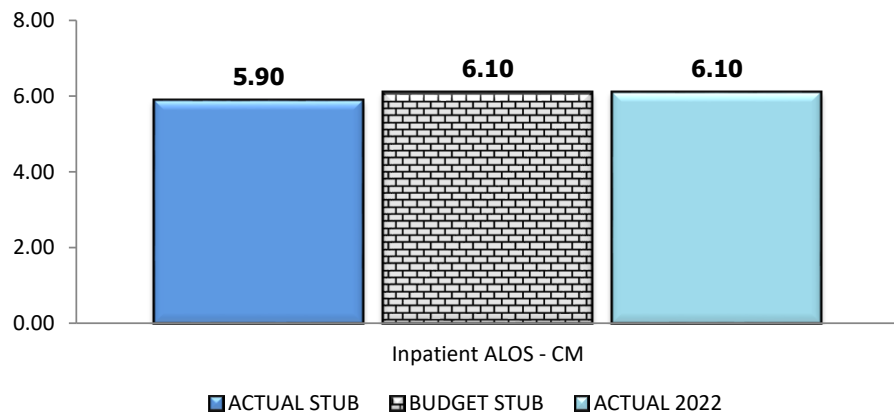
Inpatient ALOS - Quarter End



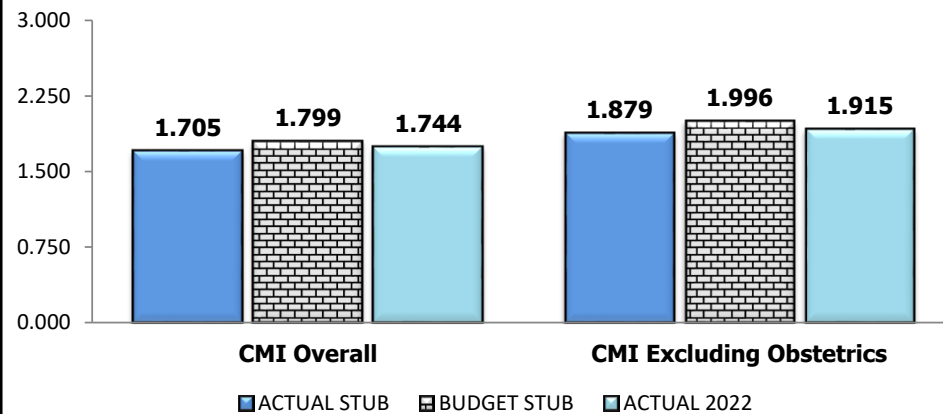
Case Mix Index - Quarter End



Inpatient ALOS - YTD



Case Mix Index - YTD



Harris Health System

Statistical Highlights - Cases Occupying Beds

As of the Quarter Ended August 31, 2022

BT Cases Occupying Beds - Q2

Actual	Budget	Prior Year
6,288	6,562	6,307

BT Cases Occupying Beds - YTD

Actual	Budget	Prior Year
12,769	12,846	12,693

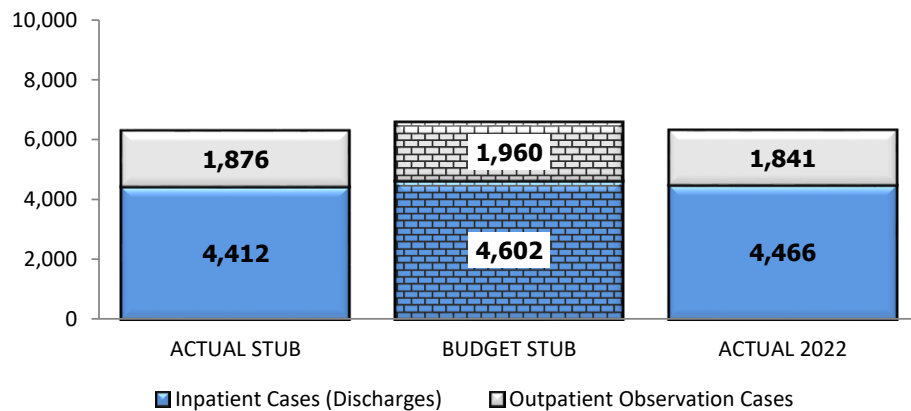
LBJ Cases Occupying Beds - Q2

Actual	Budget	Prior Year
4,280	4,199	3,978

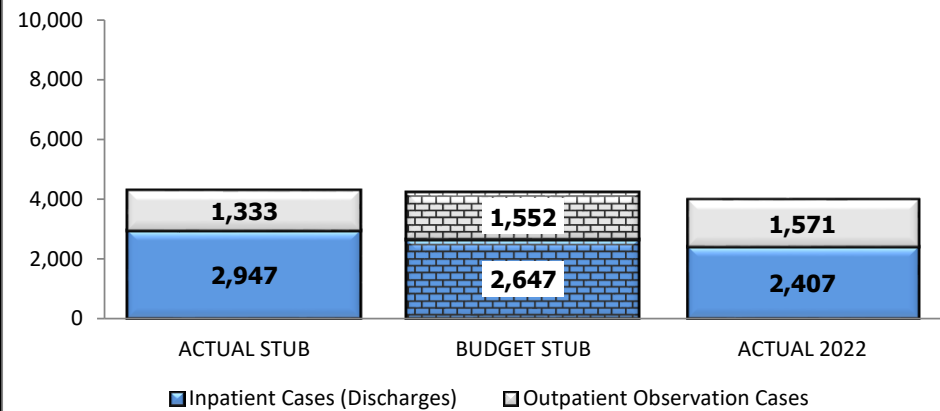
LBJ Cases Occupying Beds - YTD

Actual	Budget	Prior Year
8,788	8,298	8,048

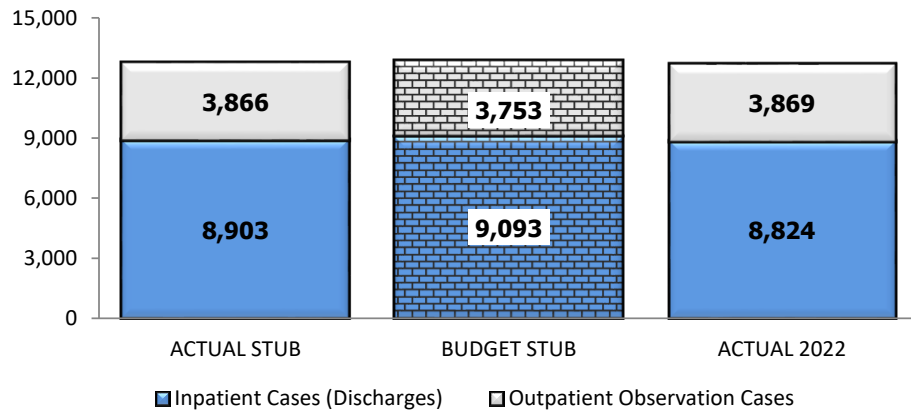
Ben Taub Cases - Quarter End



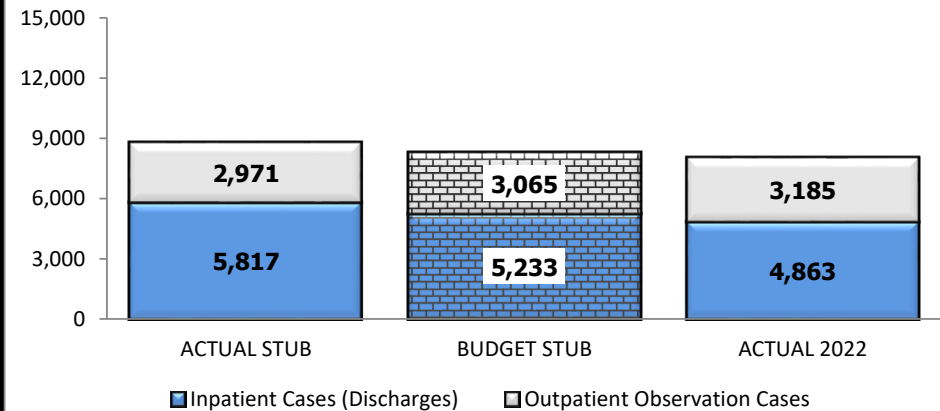
Lyndon B. Johnson Cases - Quarter End



Ben Taub Cases - YTD



Lyndon B. Johnson Cases - YTD



Harris Health System

Statistical Highlights - Surgery Cases

As of the Quarter Ended August 31, 2022

BT Surgery Cases - Q2

Actual	Budget	Prior Year
2,743	3,242	2,503

BT Surgery Cases - YTD

Actual	Budget	Prior Year
5,476	6,349	4,715

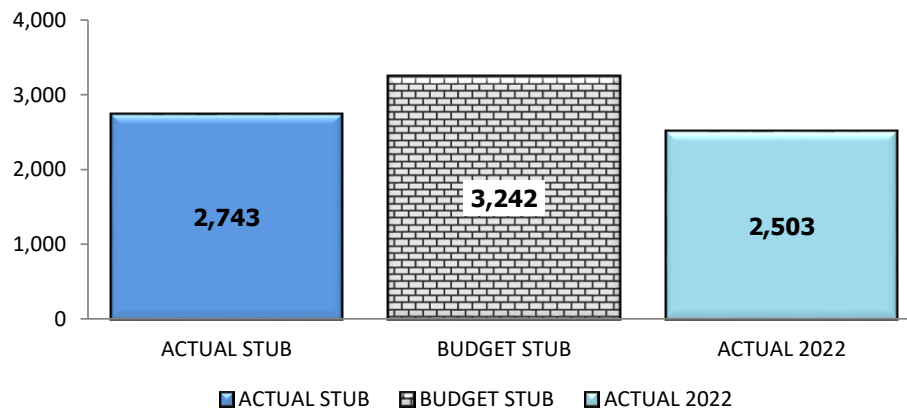
LBJ Surgery Cases - Q2

Actual	Budget	Prior Year
2,339	2,536	2,317

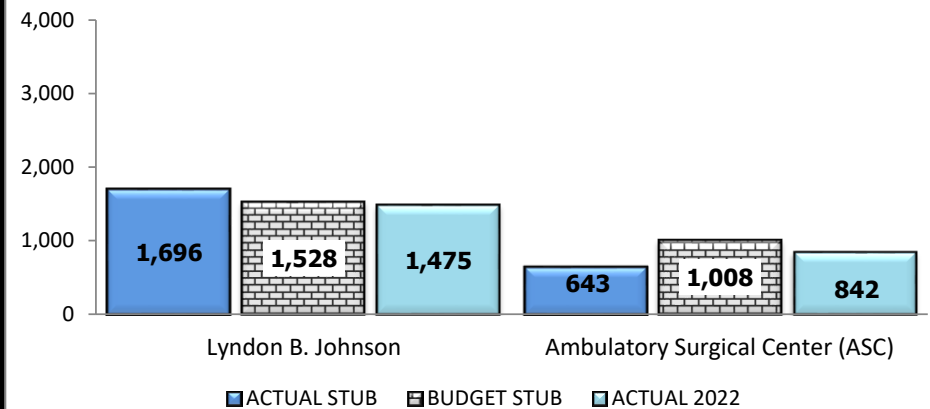
LBJ Surgery Cases - YTD

Actual	Budget	Prior Year
4,772	5,011	4,795

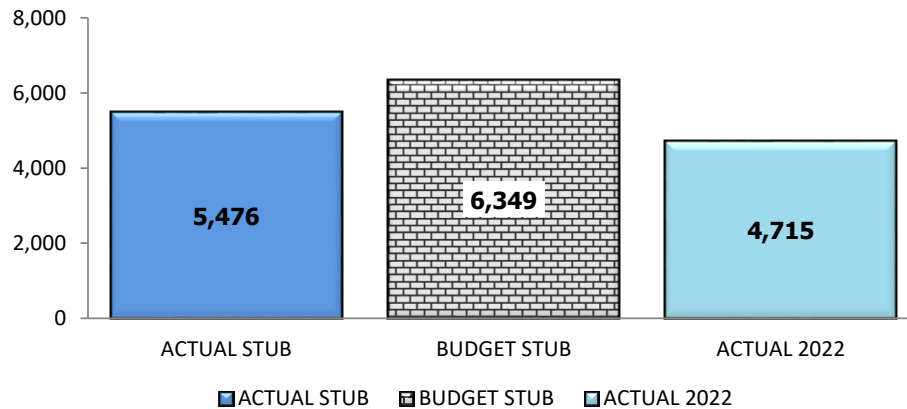
Ben Taub OR Cases - Quarter End



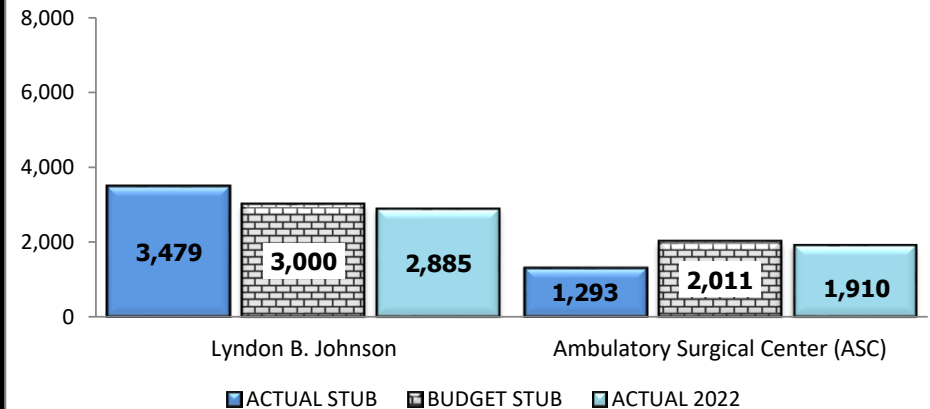
Lyndon B. Johnson OR Cases - Quarter End



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, 2022

BT Emergency Visits - Q2

Actual	Budget	Prior Year
19,422	18,662	20,064

BT Emergency Visits - YTD

Actual	Budget	Prior Year
37,990	37,659	38,203

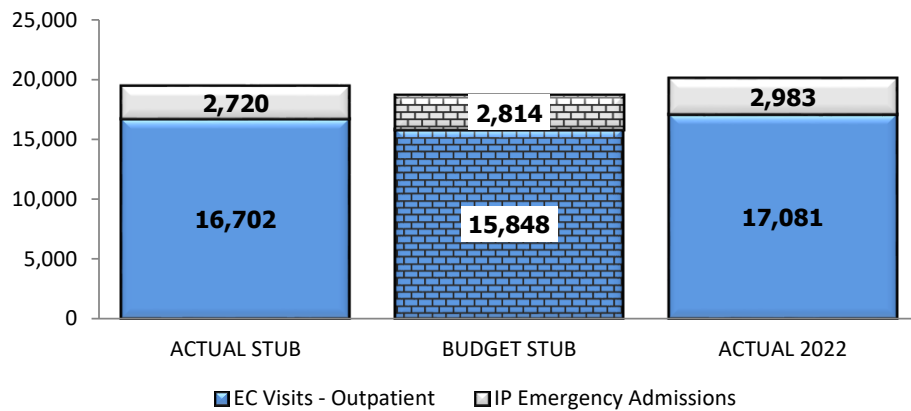
LBJ Emergency Visits - Q2

Actual	Budget	Prior Year
20,733	18,803	19,907

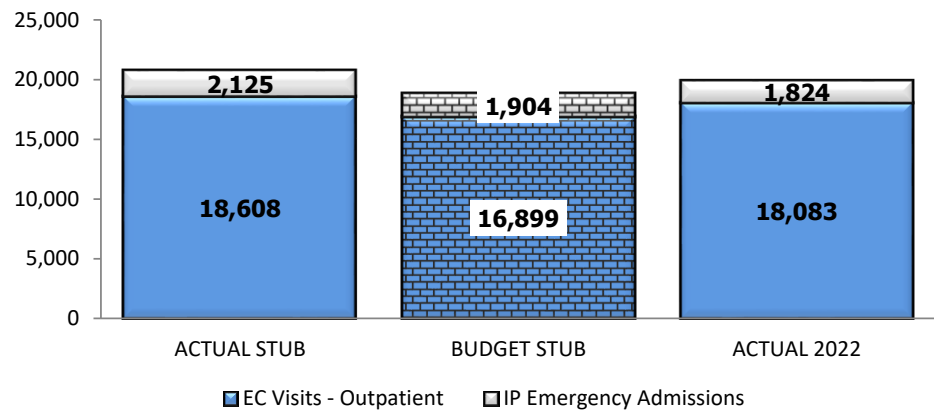
LBJ Emergency Visits - YTD

Actual	Budget	Prior Year
39,931	37,821	38,857

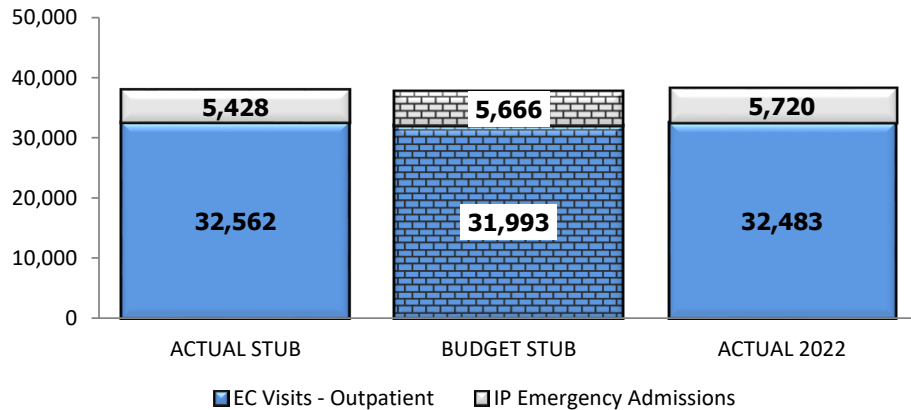
Ben Taub EC Visits - Quarter End



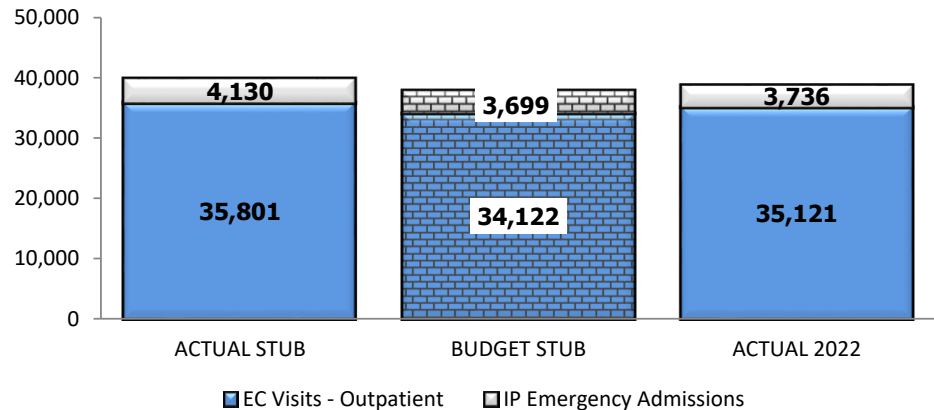
Lyndon B. Johnson EC Visits - Quarter End



Ben Taub EC Visits - YTD



Lyndon B. Johnson EC Visits - YTD



Harris Health System

Statistical Highlights - Births

As of the Quarter Ended August 31, 2022

BT Births - Q2

Actual	Budget	Prior Year
789	818	741

BT Births - YTD

Actual	Budget	Prior Year
1,497	1,465	1,358

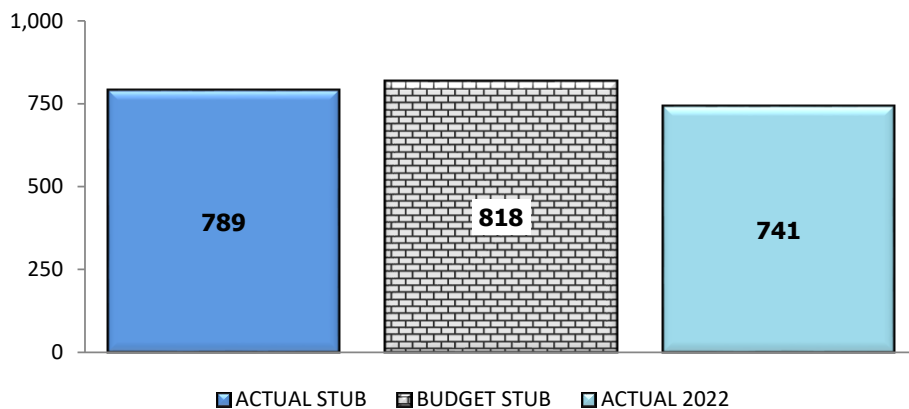
LBJ Births - Q2

Actual	Budget	Prior Year
575	430	490

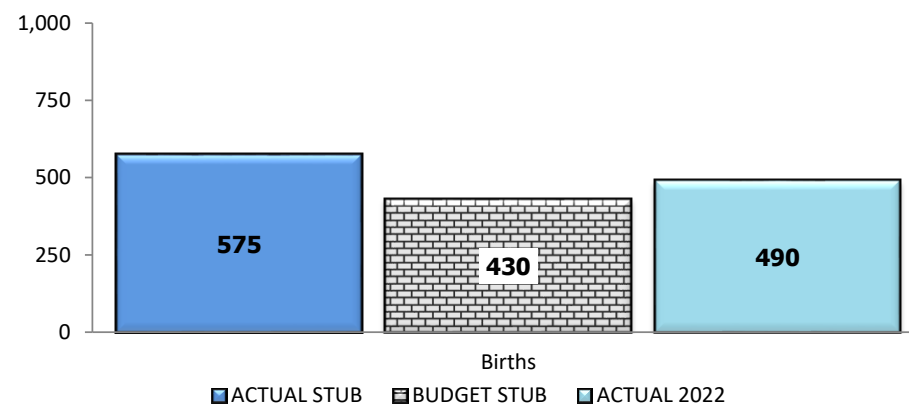
LBJ Births - YTD

Actual	Budget	Prior Year
1,095	806	899

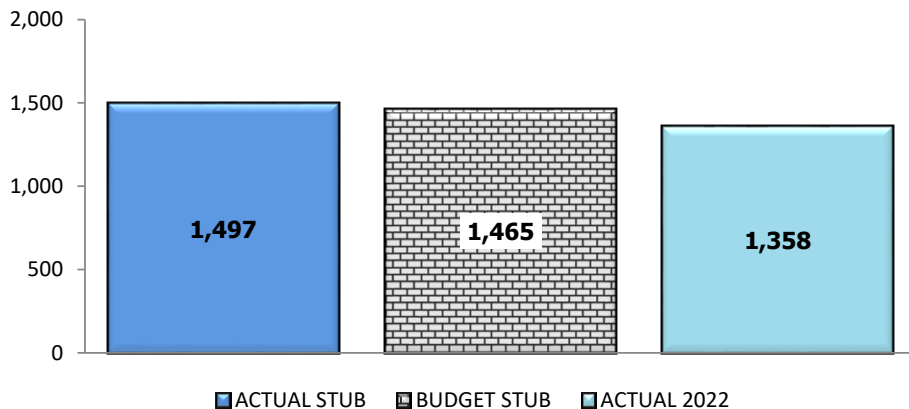
Ben Taub Births - Quarter End



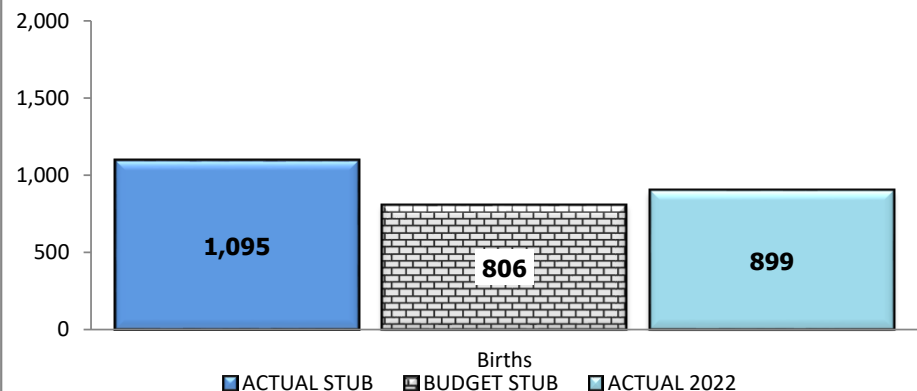
Lyndon B. Johnson Births - Quarter End



Ben Taub Births - YTD



Lyndon B. Johnson Births - YTD



Harris Health System

Statistical Highlights - Adjusted Patient Days

As of the Quarter Ended August 31, 2022

BT Adjusted Patient Days - Q2

57,996

BT Adjusted Patient Days - YTD

114,800

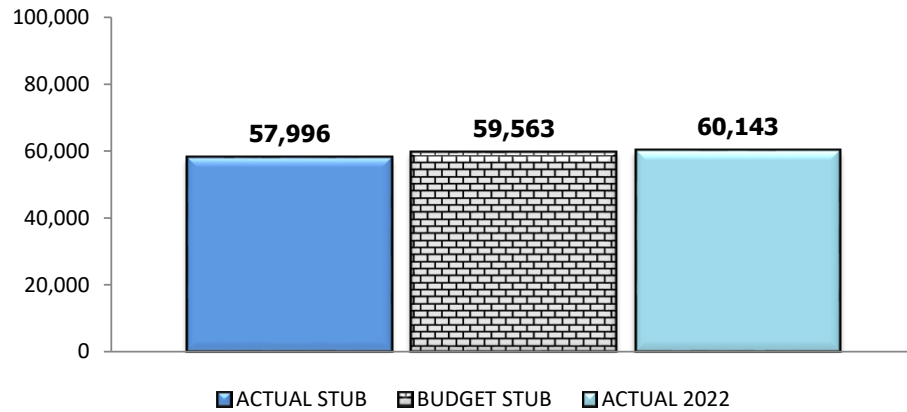
LBJ Adjusted Patient Days - Q2

39,262

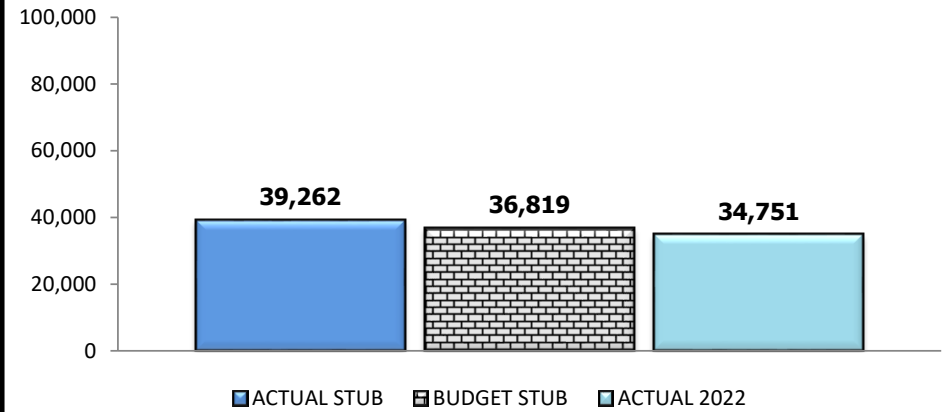
LBJ Adjusted Patient Days - YTD

76,641

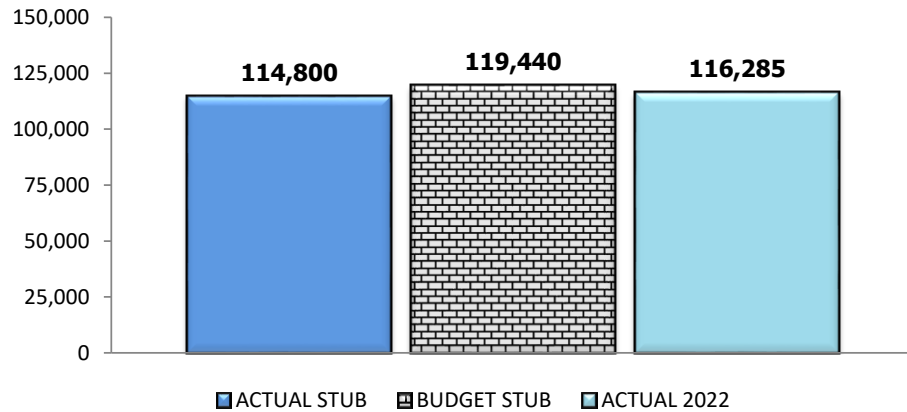
Ben Taub APD - Quarter End



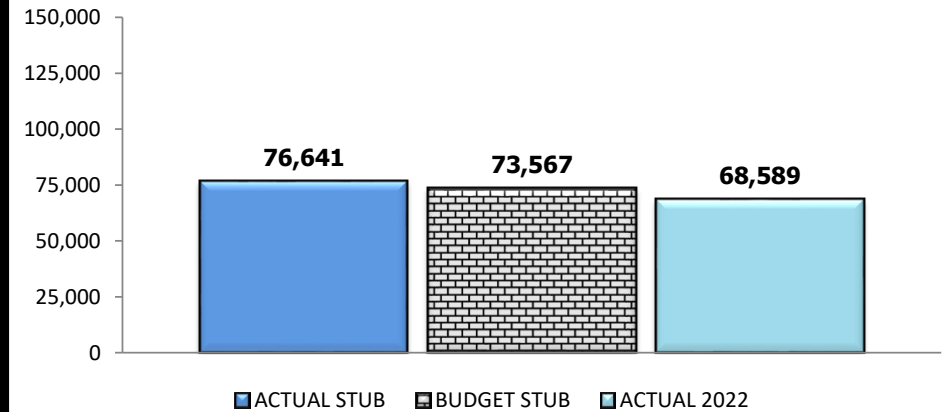
Lyndon B. Johnson APD - Quarter End



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, 2022

BT Average Daily Census - Q2

383.6

BT Average Daily Census - YTD

375.1

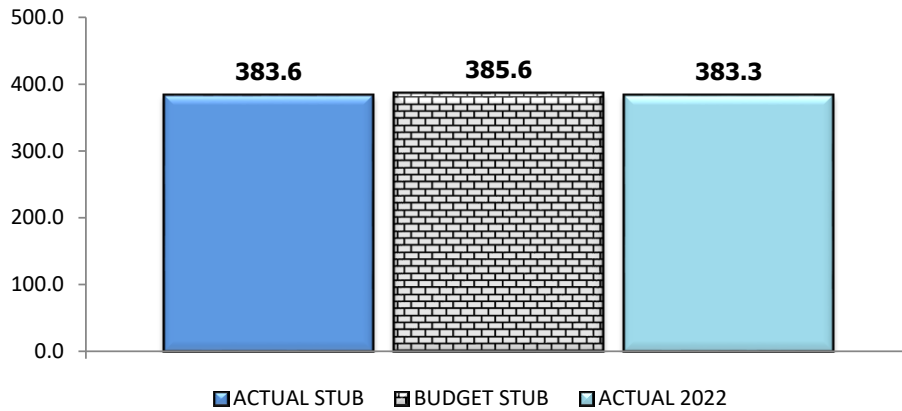
LBJ Average Daily Census - YTD

219.5

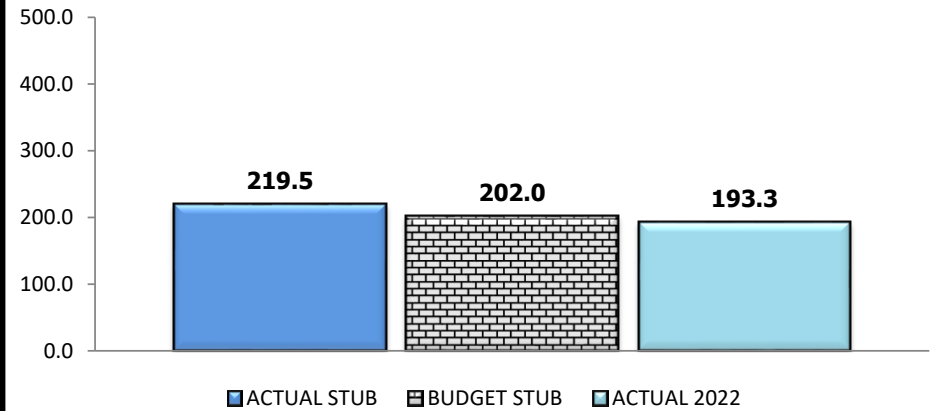
LBJ Average Daily Census - YTD

216.6

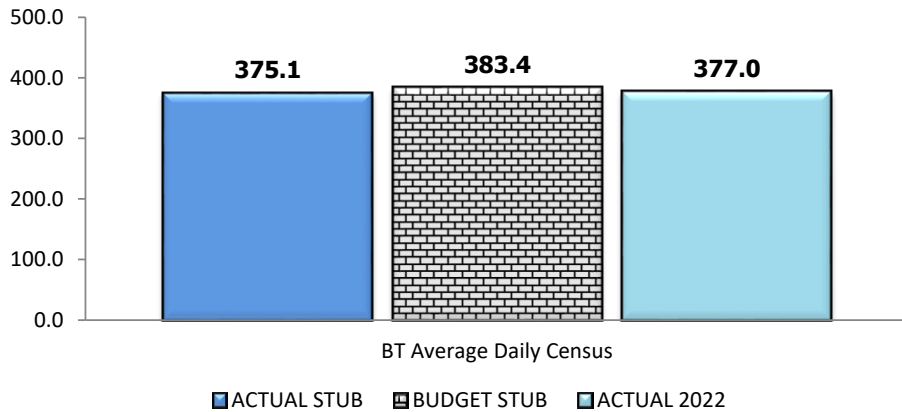
Ben Taub ADC - Quarter End



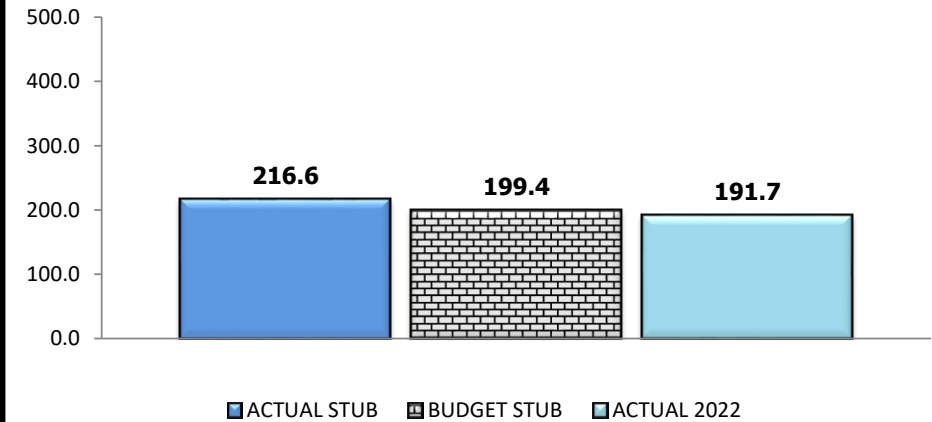
Lyndon B. Johnson ADC - Quarter End



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, 2022

BT Inpatient ALOS - Q2

6.49

BT Inpatient ALOS - YTD

6.26

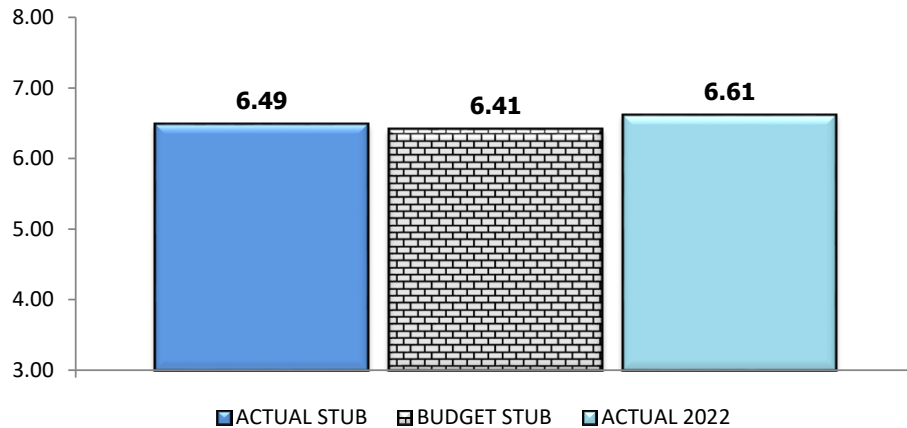
LBJ Inpatient ALOS - Q2

5.51

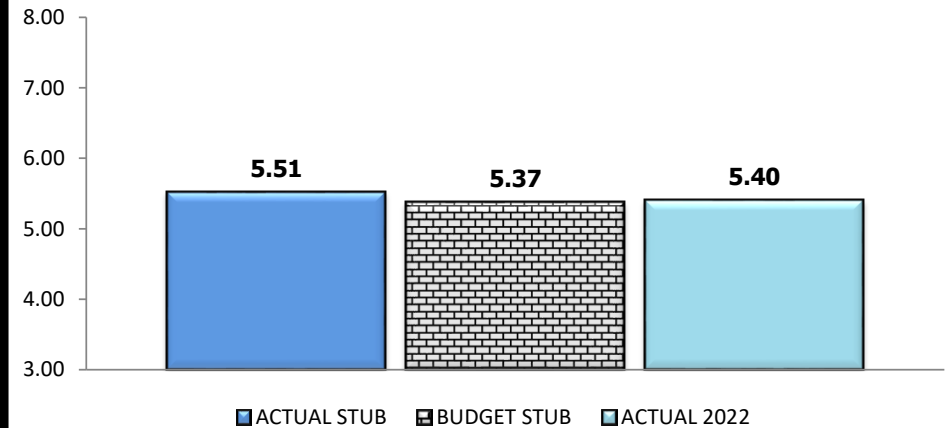
LBJ Inpatient ALOS - YTD

5.33

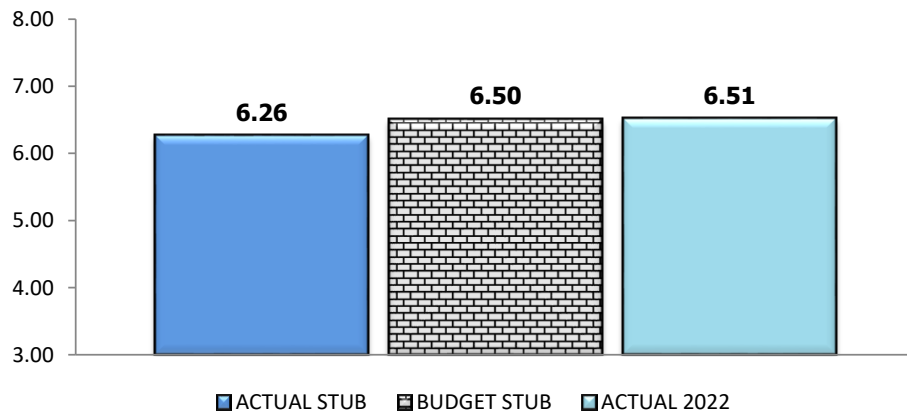
Ben Taub ALOS - Quarter End



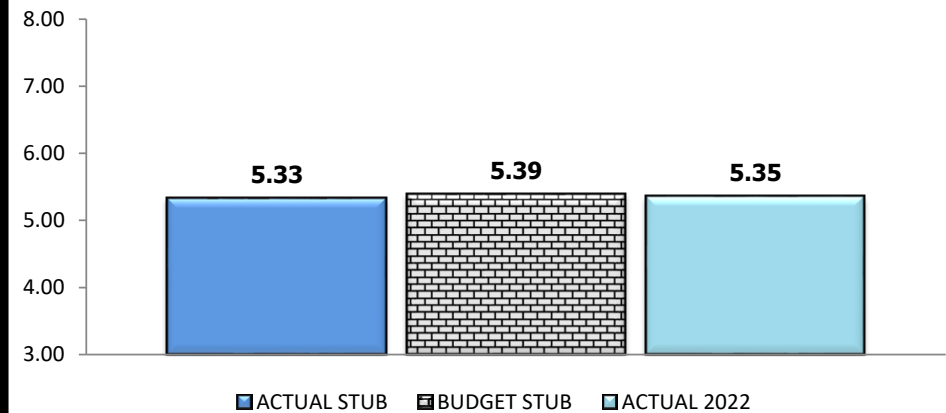
Lyndon B. Johnson ALOS - Quarter End



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, 2022

BT Case Mix Index (CMI) - Q2

Overall	Excl. Obstetrics
1.814	2.010

BT Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.803	1.981

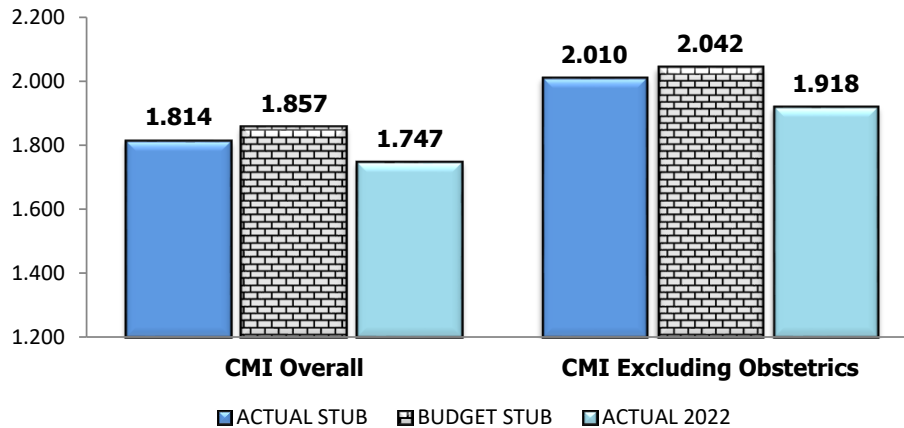
LBJ Case Mix Index (CMI) - Q2

Overall	Excl. Obstetrics
1.552	1.718

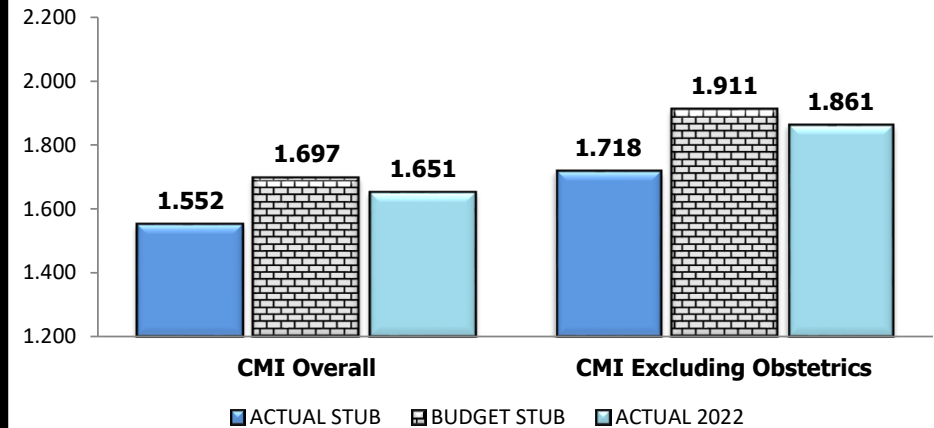
LBJ Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.555	1.718

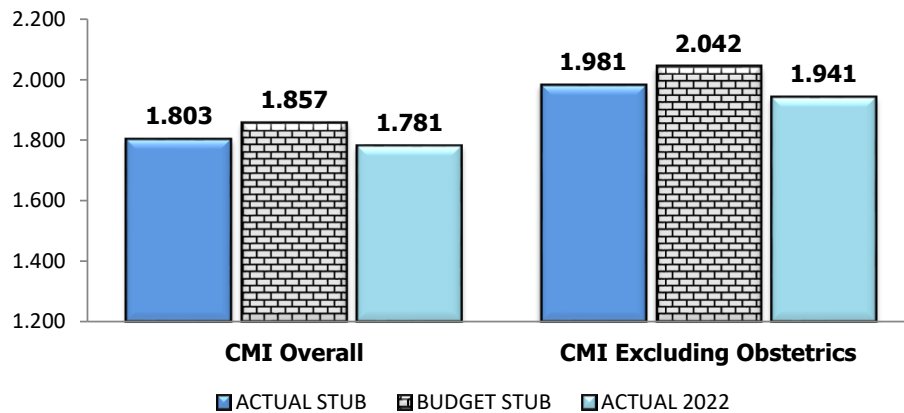
Ben Taub CMI - Quarter End



Lyndon B. Johnson CMI - Quarter End



Ben Taub CMI - YTD



Lyndon B. Johnson CMI - YTD

