



Financial Statements

As of July 31, 2022



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Financial Highlights Review

As of July 31, 2022

Operating loss for July was \$11.0 million compared to budgeted operating income of \$63.3 million.

Total net revenue for July of \$166.6 million was \$85.2 million or 33.8% less than budget. Net patient revenue contributed \$8.0 million to the negative variance. Medicaid Supplemental programs were \$8.6 million lower than expected primarily due to the discontinuance of the DSRIP program. Ad valorem tax revenue was \$69.0 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 July 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.

In July, total expenses of \$177.6 million were \$10.9 million or 5.8% less than budget. Contract labor continues to be heavily utilized by nursing to combat the turnover and labor shortages.

Also in July, total patient days and average daily census increased 2.6% compared to budget. Inpatient case mix index, a measure of patient acuity, was 3.3% lower while length of stay was 4.1% higher than budget. Emergency room visits were 2.7% lower than planned for the month and up 0.9% from budget year-to-date. Total clinic visits, including telehealth, were 19.1% lower compared to budget; however, births were up 2.3%.

Total cash receipts for July were \$142.1 million. The System has \$1,172.3 million in unrestricted cash, cash equivalents and short-term investments, representing 204.2 days cash on hand. The ratings agencies' liquidity standards call for a range of 150 to 205 days cash on hand to be maintained for a favorable credit status. Harris Health System has \$118.2 million in net accounts receivable, representing 64.6 days of outstanding patient accounts receivable at July 31, 2022. The July balance sheet reflects a combined net receivable position of \$16.7 million under the various Medicaid Supplemental programs.

July expenses incurred by Harris Health for Foundation personnel and other costs were \$54,000.

Income Statement

As of July 31, 2022 (In \$ Millions)

	MONTH-TO-MONTH			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT VARIANCE	CURRENT YEAR	CURRENT BUDGET	PERCENT VARIANCE	PRIOR YEAR	PERCENT VARIANCE
REVENUE								
Net Patient Revenue	\$ 49.9	\$ 57.8	-13.7%	\$ 279.8	\$ 310.4	-9.9%	\$ 319.6	-12.5%
Medicaid Supplemental Programs	106.3	114.8	-7.5%	249.1	265.6	-6.2%	283.8	-12.2%
Other Operating Revenue	9.5	10.5	-9.2%	48.2	53.2	-9.3%	17.0	183.9%
Total Operating Revenue	\$ 165.7	\$ 183.2	-9.5%	\$ 577.1	\$ 629.1	-8.3%	\$ 620.3	-7.0%
Net Ad Valorem Taxes	(0.5)	68.5	-100.7%	(1.5)	342.4	-100.4%	328.9	-100.5%
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	1.4	0.2	812.2%	5.0	0.8	555.7%	0.8	503.3%
Total Nonoperating Revenue	\$ 0.9	\$ 68.6	-98.7%	\$ 20.2	\$ 356.4	-94.3%	\$ 343.0	-94.1%
Total Net Revenue	\$ 166.6	\$ 251.8	-33.8%	\$ 597.4	\$ 985.6	-39.4%	\$ 963.3	-38.0%
EXPENSE								
Salaries and Wages	\$ 68.6	\$ 73.8	6.9%	\$ 358.4	\$ 362.5	1.1%	\$ 301.5	-18.9%
Employee Benefits	20.4	24.6	16.9%	110.2	119.4	7.7%	105.6	-4.3%
Total Labor Cost	\$ 89.1	\$ 98.3	9.4%	\$ 468.5	\$ 481.9	2.8%	\$ 407.1	-15.1%
Supply Expenses	23.8	24.8	3.9%	114.4	123.3	7.2%	107.8	-6.2%
Physician Services	36.2	32.8	-10.3%	178.9	175.4	-2.0%	159.2	-12.4%
Purchased Services	21.6	25.7	15.9%	110.8	124.0	10.7%	117.9	6.0%
Depreciation & Interest	6.9	6.9	0.5%	34.7	34.5	-0.5%	29.1	-19.3%
Total Operating Expense	\$ 177.6	\$ 188.5	5.8%	\$ 907.4	\$ 939.1	3.4%	\$ 821.1	-10.5%
Operating Income (Loss)	\$ (11.0)	\$ 63.3		\$ (310.0)	\$ 46.4		\$ 142.2	
Total Margin %	-6.6%	25.1%		-51.9%	4.7%		14.8%	

Balance Sheet

July 31, 2022 and 2021 (In \$ Millions)

	CURRENT YEAR	PRIOR YEAR
<u>CURRENT ASSETS</u>		
Cash, Cash Equivalents and Short Term Investments	\$ 1,172.3	\$ 1,061.6
Net Patient Accounts Receivable	118.2	77.9
Net Ad Valorem Taxes, Current Portion	0.8	316.7
Other Current Assets	156.0	247.5
Total Current Assets	\$ 1,447.3	\$ 1,703.7
<u>CAPITAL ASSETS</u>		
Plant, Property, & Equipment, Net of Accumulated Depreciation	\$ 422.8	\$ 442.9
Construction in Progress	142.9	86.2
Right of Use Assets	44.7	-
Total Capital Assets	\$ 610.4	\$ 529.1
<u>ASSETS LIMITED AS TO USE & RESTRICTED ASSETS</u>		
Debt Service & Capital Asset Funds	\$ 46.2	\$ 53.2
LPPF Restricted Cash	11.2	0.4
Capital Gift Proceeds	45.2	-
Other - Restricted	1.1	1.0
Total Assets Limited As to Use & Restricted Assets	\$ 103.7	\$ 54.5
Other Assets	18.3	15.4
Deferred Outflows of Resources	152.7	179.3
Total Assets & Deferred Outflows of Resources	\$ 2,332.4	\$ 2,482.1
<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Liabilities	\$ 210.6	\$ 208.2
Employee Compensation & Related Liabilities	123.1	114.9
Estimated Third-Party Payor Settlements	13.5	8.6
Current Portion Long-Term Debt and Capital Leases	20.0	12.2
Total Current Liabilities	\$ 367.2	\$ 343.8
Long-Term Debt	333.1	308.4
Net Pension & Post Employment Benefits Liability	597.5	736.0
Other Long-Term Liabilities	17.9	24.4
Deferred Inflows of Resources	218.7	112.4
Total Liabilities	\$ 1,534.4	\$ 1,525.1
Total Net Assets	\$ 797.9	\$ 957.0
Total Liabilities & Net Assets	\$ 2,332.4	\$ 2,482.1

Cash Flow Summary

As of July 31, 2022 (In \$ Millions)

	MONTH-TO-MONTH		YEAR-TO-DATE	
	CURRENT YEAR	PRIOR YEAR	CURRENT YEAR	PRIOR YEAR
<u>CASH RECEIPTS</u>				
Collections on Patient Accounts	\$ 55.1	\$ 77.6	\$ 276.5	\$ 348.3
Medicaid Supplemental Programs	82.1	143.6	463.7	346.1
Net Ad Valorem Taxes	0.0	1.2	26.4	49.6
Tobacco Settlement	-	-	16.7	13.3
Other Revenue	4.9	2.3	75.7	27.9
Total Cash Receipts	\$ 142.1	\$ 224.8	\$ 859.1	\$ 785.1
<u>CASH DISBURSEMENTS</u>				
Salaries, Wages and Benefits	\$ 103.7	\$ 65.3	\$ 508.0	\$ 398.0
Supplies	30.4	23.6	118.8	114.9
Physician Services	42.6	28.2	170.8	148.6
Purchased Services	23.6	17.5	97.1	94.5
Capital Expenditures	6.9	6.0	45.3	34.8
Debt and Interest Payments	0.3	0.3	1.5	1.5
Other Uses	(9.1)	15.9	(21.8)	21.9
Total Cash Disbursements	\$ 198.5	\$ 156.9	\$ 919.7	\$ 814.2
Net Change	\$ (56.4)	\$ 67.9	\$ (60.6)	\$ (29.0)
Unrestricted Cash, Cash Equivalents and Investments - February 28, 2022			\$ 1,232.9	
Net Change			(60.6)	
Unrestricted Cash, Cash Equivalents and Investments - July 31, 2022			\$ 1,172.3	

Performance Ratios

As of July 31, 2022

	MONTH-TO-MONTH		YEAR-TO-DATE		
	CURRENT YEAR	CURRENT BUDGET	CURRENT YEAR	CURRENT BUDGET	PRIOR YEAR
<u>OPERATING HEALTH INDICATORS</u>					
Operating Margin %	-6.6%	25.1%	-51.9%	4.7%	14.8%
Run Rate per Day (In\$ Millions)	\$ 5.5	\$ 5.9	\$ 5.7	\$ 5.9	\$ 5.2
Salary, Wages & Benefit per APD	\$ 2,279	\$ 2,457	\$ 2,457	\$ 2,419	\$ 2,154
Supply Cost per APD	\$ 609	\$ 619	\$ 600	\$ 619	\$ 570
Physician Services per APD	\$ 926	\$ 820	\$ 938	\$ 880	\$ 842
Total Expense per APD	\$ 4,542	\$ 4,710	\$ 4,758	\$ 4,714	\$ 4,344
Overtime as a % of Total Salaries	3.7%	3.0%	3.5%	3.0%	3.3%
Contract as a % of Total Salaries	8.8%	5.3%	9.6%	5.3%	3.3%
Full-time Equivalent Employees	9,701	10,403	9,706	10,120	9,050
<u>FINANCIAL HEALTH INDICATORS</u>					
Quick Ratio			3.9		4.9
Unrestricted Cash (In \$ Millions)			\$ 1,172.3	\$ 748.3	\$ 1,061.6
Days Cash on Hand			204.2	126.0	203.7
Days Revenue in Accounts Receivable			64.6	52.3	37.3
Days in Accounts Payable			44.9		38.9
Capital Expenditures/Depreciation & Amortization			151.3%		141.2%
Average Age of Plant (years)			12.6		12.9

Harris Health System

Key Indicators



Statistical Highlights

As of July 31, 2022

	MONTH-TO-MONTH			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
Adjusted Patient Days	39,093	40,022	-2.3%	190,722	199,206	-4.3%	189,010	0.9%
Outpatient % of Adjusted Volume	61.0%	63.1%	-3.3%	62.5%	63.5%	-1.5%	64.0%	-2.3%
Primary Care Clinic Visits	37,603	43,170	-12.9%	205,715	220,237	-6.6%	167,433	22.9%
Specialty Clinic Visits	19,065	22,654	-15.8%	101,203	111,305	-9.1%	97,085	4.2%
Telehealth Clinic Visits	11,801	18,766	-37.1%	60,684	95,538	-36.5%	125,138	-51.5%
Total Clinic Visits	68,469	84,590	-19.1%	367,602	427,080	-13.9%	389,656	-5.7%
Emergency Room Visits - Outpatient	11,327	11,528	-1.7%	55,918	55,365	1.0%	57,259	-2.3%
Emergency Room Visits - Admitted	1,505	1,657	-9.2%	7,817	7,787	0.4%	7,802	0.2%
Total Emergency Room Visits	12,832	13,185	-2.7%	63,735	63,152	0.9%	65,061	-2.0%
Surgery Cases - Outpatient	882	1,075	-18.0%	4,588	5,309	-13.6%	4,202	9.2%
Surgery Cases - Inpatient	702	903	-22.3%	3,853	4,140	-6.9%	3,818	0.9%
Total Surgery Cases	1,584	1,978	-19.9%	8,441	9,449	-10.7%	8,020	5.2%
Total Outpatient Visits	118,775	153,552	-22.6%	620,341	769,311	-19.4%	764,641	-18.9%
Inpatient Cases (Discharges)	2,404	2,422	-0.7%	12,147	11,878	2.3%	11,372	6.8%
Outpatient Observation Cases	1,100	1,228	-10.4%	5,811	5,633	3.2%	6,101	-4.8%
Total Cases Occupying Patient Beds	3,504	3,650	-4.0%	17,958	17,511	2.6%	17,473	2.8%
Births	448	438	2.3%	2,081	1,846	12.7%	1,815	14.7%
Inpatient Days	15,237	14,753	3.3%	71,505	72,781	-1.8%	68,124	5.0%
Outpatient Observation Days	3,574	3,585	-0.3%	18,676	16,371	14.1%	18,270	2.2%
Total Patient Days	18,811	18,338	2.6%	90,181	89,152	1.2%	86,394	4.4%
Average Daily Census	606.8	591.5	2.6%	589.4	582.7	1.2%	564.7	4.4%
Average Operating Beds	698	680	2.6%	698	685	1.9%	660	5.8%
Bed Occupancy %	86.9%	87.0%	-0.1%	84.4%	85.1%	-0.7%	85.6%	-1.3%
Inpatient Average Length of Stay	6.34	6.09	4.1%	5.89	6.13	-3.9%	5.99	-1.7%
Inpatient Case Mix Index (CMI)	1.740	1.799	-3.3%	1.704	1.799	-5.3%	1.744	-2.3%
Payor Mix (% of Charges)								
Charity & Self Pay	46.8%	47.8%	-2.1%	47.0%	47.8%	-1.7%	48.9%	-4.0%
Medicaid & Medicaid Managed	22.7%	20.5%	10.8%	22.5%	20.5%	9.5%	20.5%	9.7%
Medicare & Medicare Managed	11.5%	12.4%	-7.3%	10.7%	12.4%	-13.5%	12.5%	-14.4%
Commercial & Other	19.0%	19.2%	-1.0%	19.9%	19.2%	3.4%	18.1%	9.6%
Total Unduplicated Patients - Rolling 12				248,277			254,412	-2.4%
Total New Patient - Rolling 12				82,215			77,488	6.1%

Harris Health System

Statistical Highlights

July FY STUB

Cases Occupying Beds - CM

Actual	Budget	Prior Year
3,504	3,650	3,590

Cases Occupying Beds - YTD

Actual	Budget	Prior Year
17,958	17,511	17,473

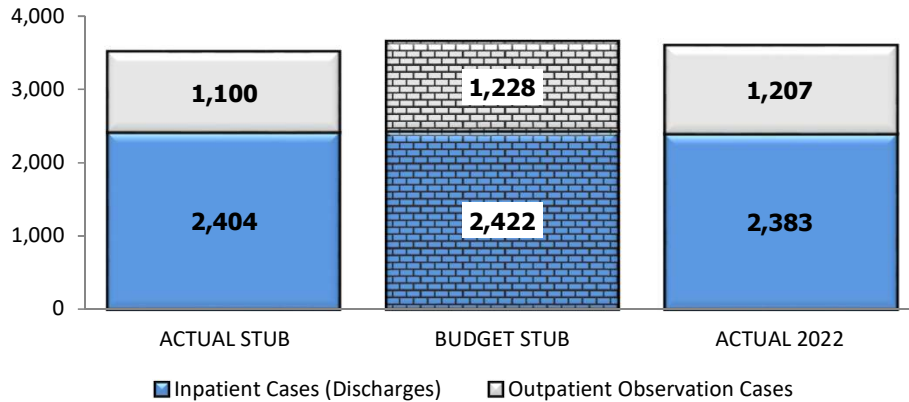
Emergency Visits - CM

Actual	Budget	Prior Year
12,832	13,185	13,683

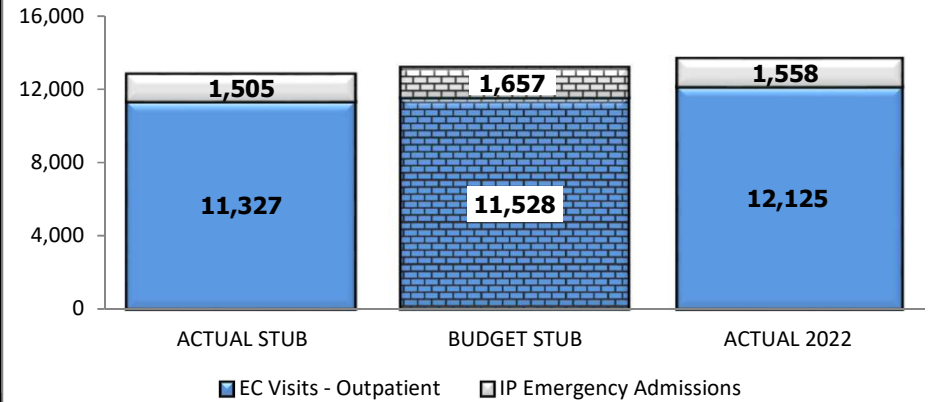
Emergency Visits - YTD

Actual	Budget	Prior Year
63,735	63,152	65,061

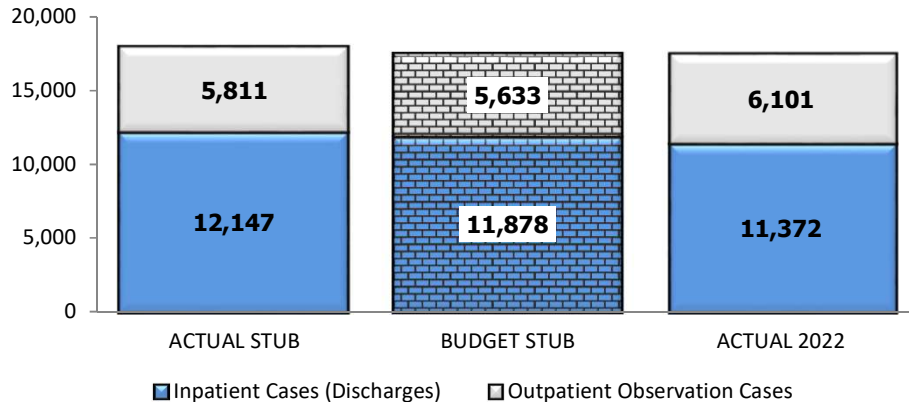
Cases Occupying Beds - Current Month



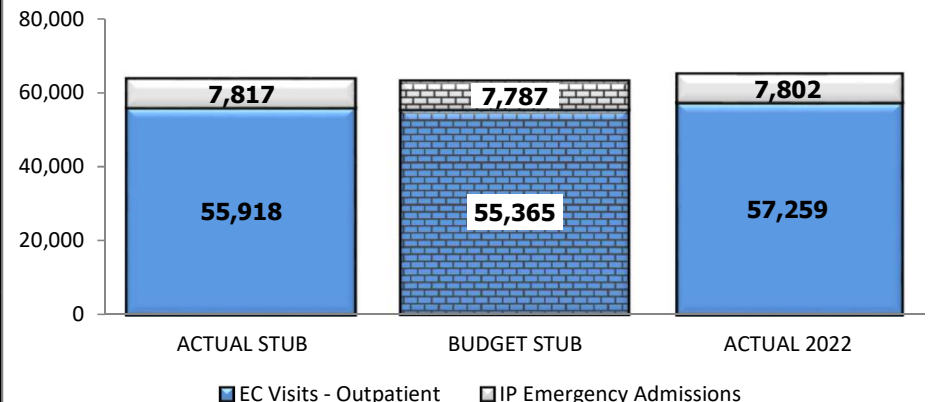
Emergency Visits - Current Month



Cases Occupying Beds - YTD



Emergency Visits - YTD



Harris Health System

Statistical Highlights

July FY STUB

Surgery Cases - CM

Actual	Budget	Prior Year
1,584	1,978	1,525

Surgery Cases - YTD

Actual	Budget	Prior Year
8,441	9,449	8,020

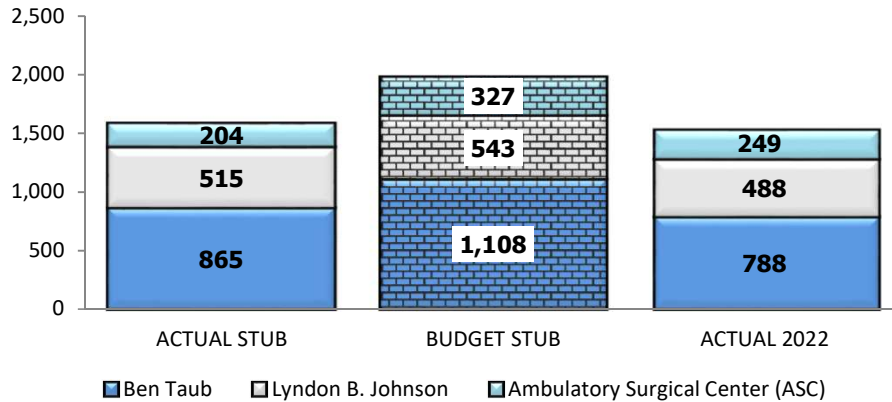
Clinic Visits - CM

Actual	Budget	Prior Year
68,469	84,590	77,215

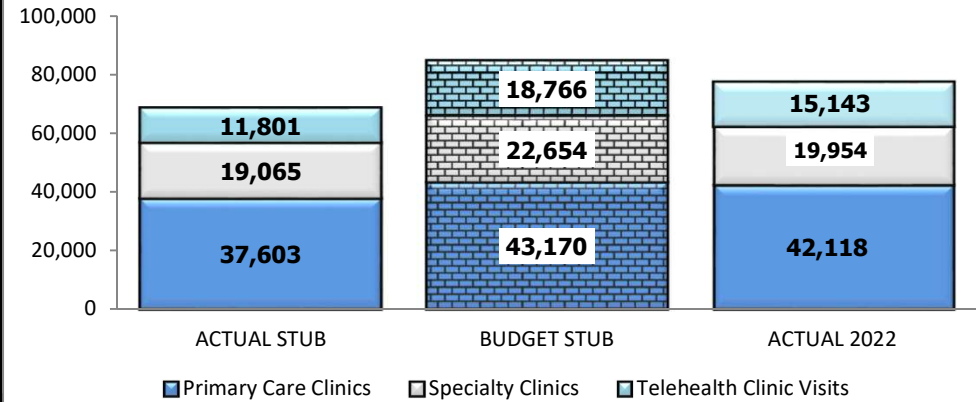
Clinic Visits - YTD

Actual	Budget	Prior Year
367,602	427,080	389,656

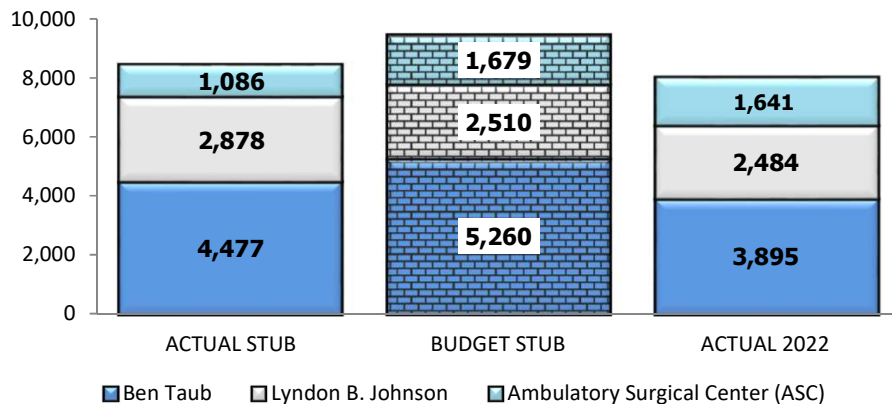
Surgery Cases - Current Month



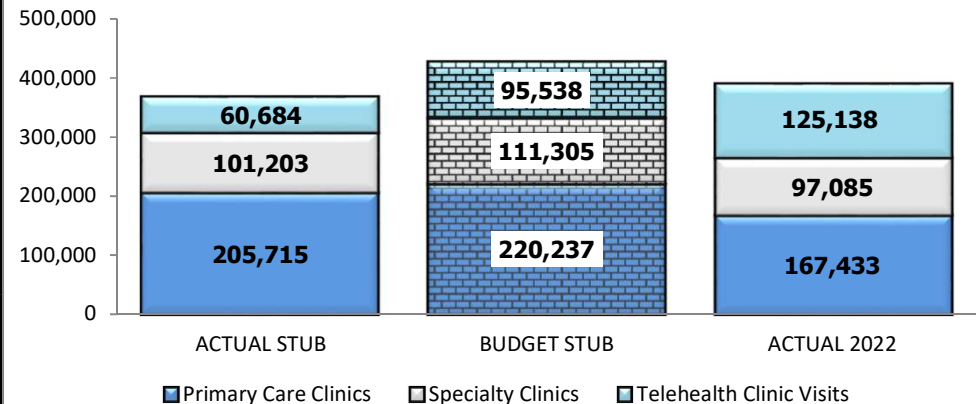
Clinic Visits - Current Month



Surgery Cases - YTD



Clinic Visits - YTD



Harris Health System

Statistical Highlights

July FY STUB

Adjusted Patient Days - CM

39,093

Adjusted Patient Days - YTD

190,722

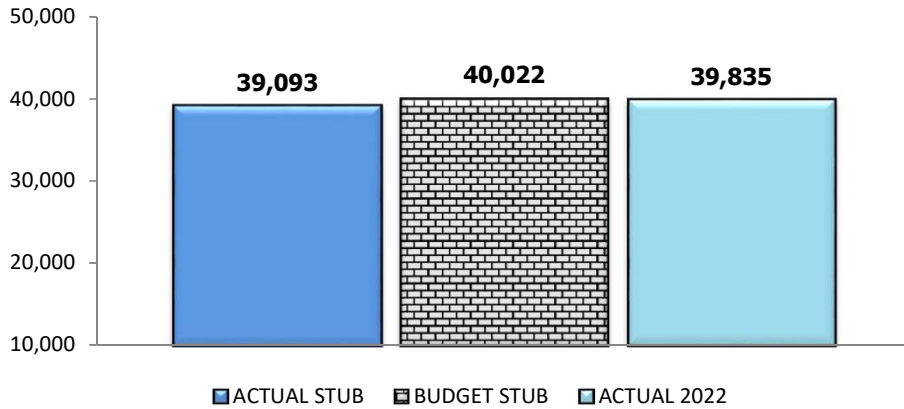
Average Daily Census - CM

606.8

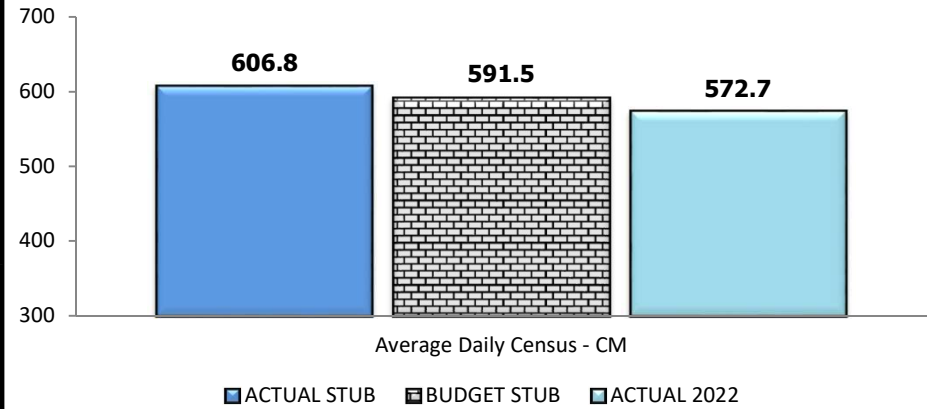
Average Daily Census - YTD

589.4

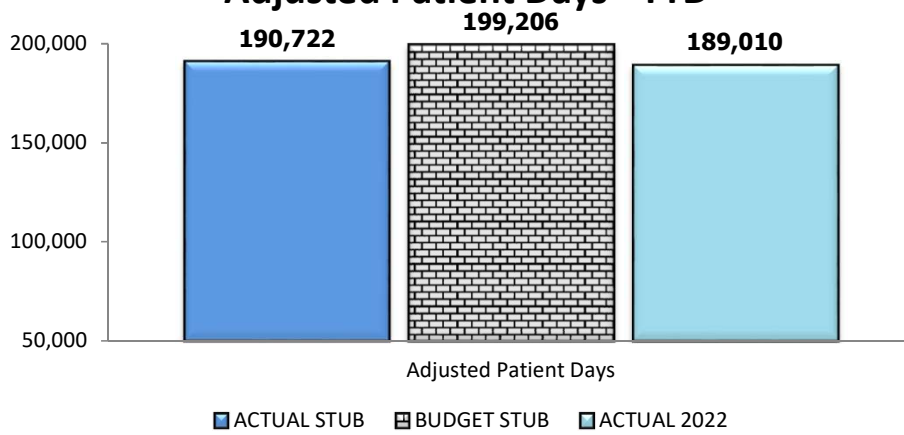
Adjusted Patient Days - Current Month



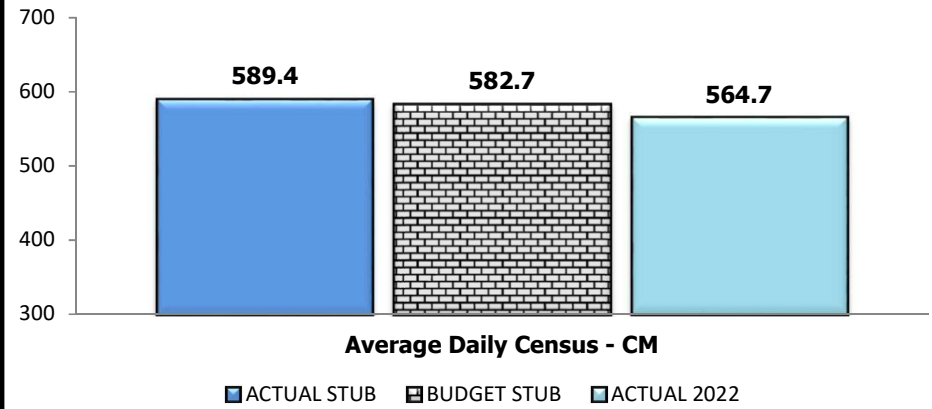
Average Daily Census - Current Month



Adjusted Patient Days - YTD



Average Daily Census - YTD



Harris Health System

Statistical Highlights

July FY STUB

Inpatient ALOS - CM

6.34

Inpatient ALOS - YTD

5.89

Case Mix Index (CMI) - CM

Overall

Excl. Obstetrics

1.740

1.932

Case Mix Index (CMI) - YTD

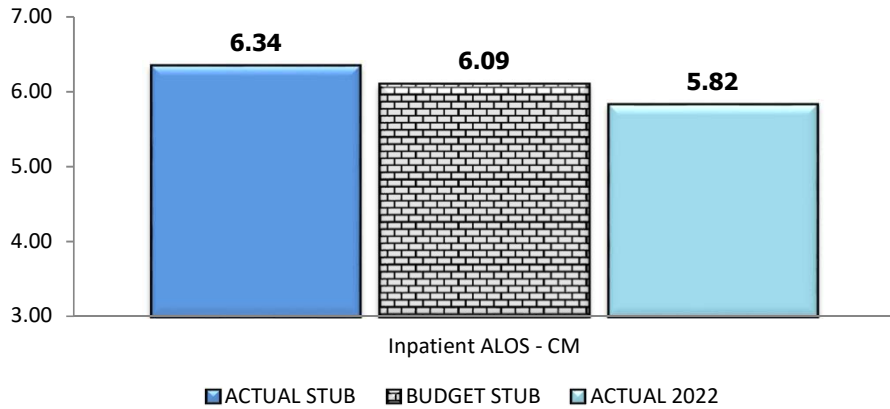
Overall

Excl. Obstetrics

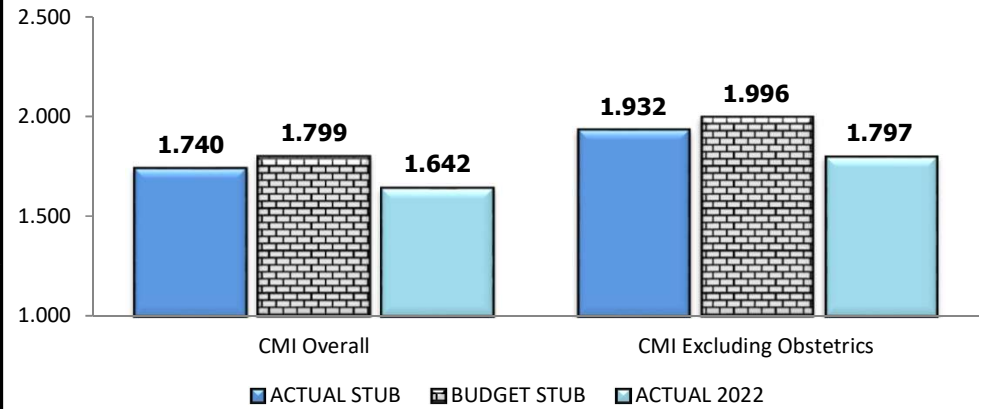
1.704

1.872

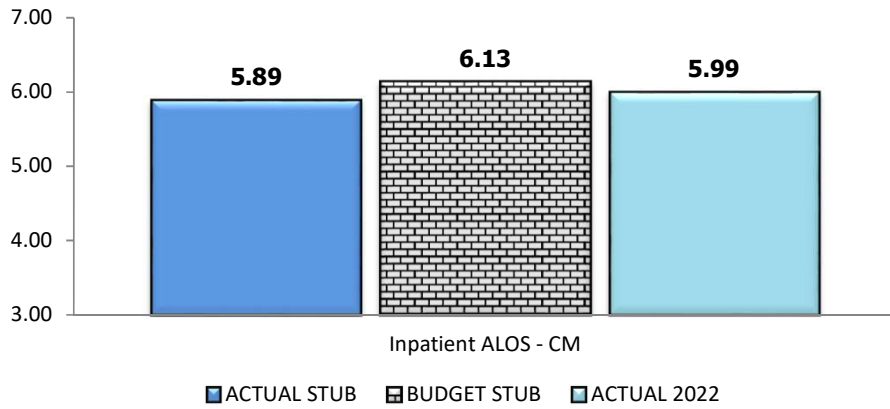
Inpatient ALOS - Current Month



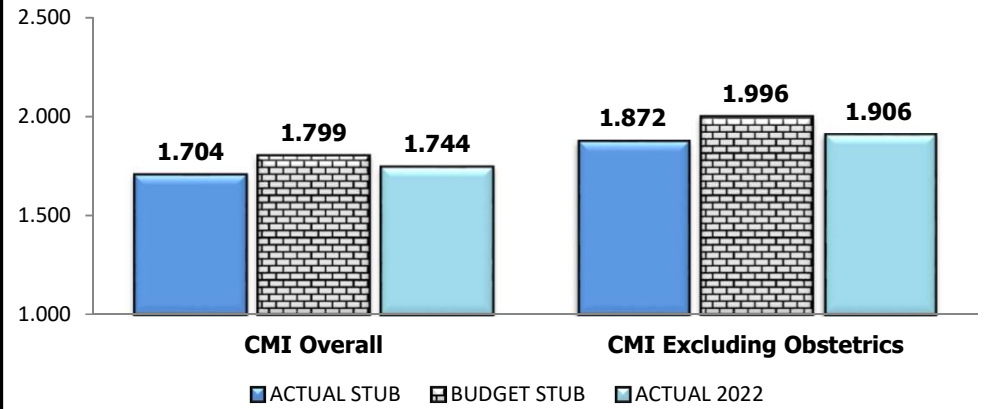
Case Mix Index - Current Month



Inpatient ALOS - YTD



Case Mix Index - YTD



Harris Health System

Statistical Highlights - Cases Occupying Beds

July FY STUB

BT Cases Occupying Beds - CM

Actual	Budget	Prior Year
2,103	2,232	2,132

BT Cases Occupying Beds - YTD

Actual	Budget	Prior Year
10,591	10,570	10,622

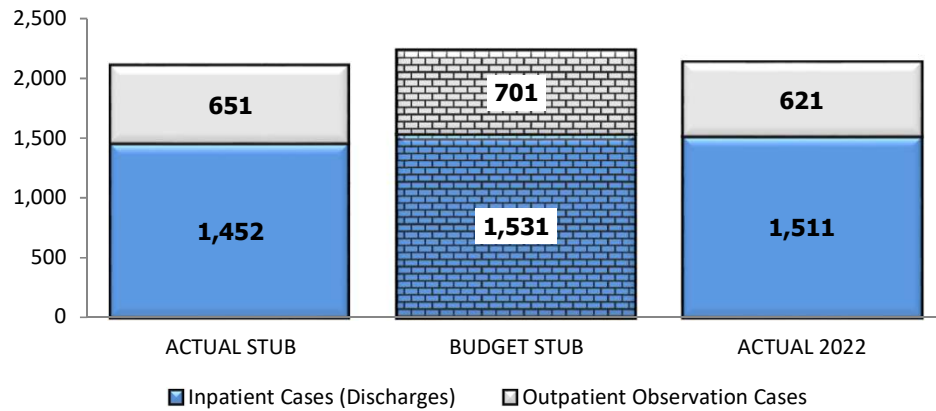
LBJ Cases Occupying Beds - CM

Actual	Budget	Prior Year
1,401	1,418	1,458

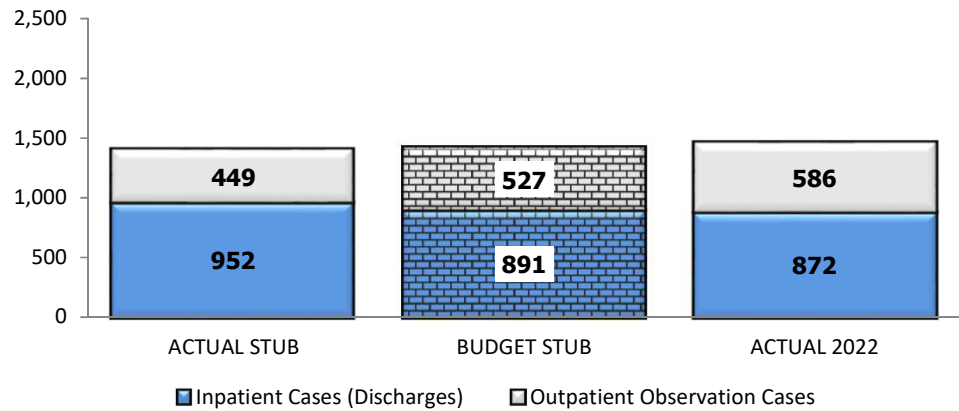
LBJ Cases Occupying Beds - YTD

Actual	Budget	Prior Year
7,367	6,941	6,851

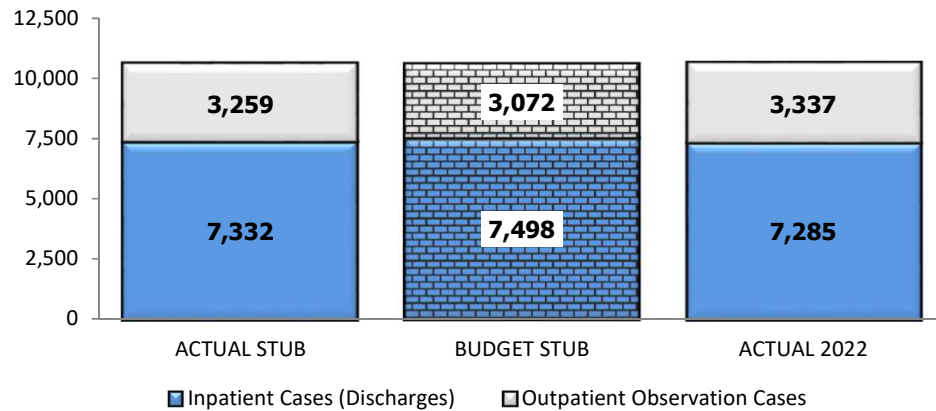
Ben Taub Cases - Current Month



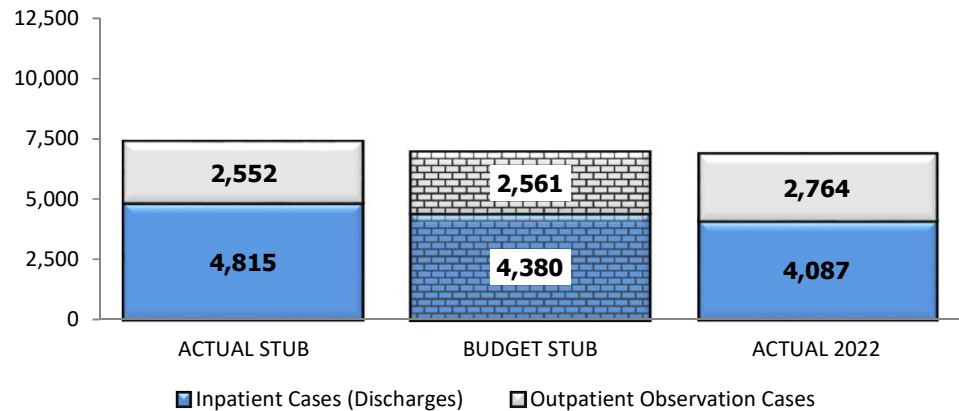
Lyndon B. Johnson Cases - Current Month



Ben Taub Cases - YTD



Lyndon B. Johnson Cases - YTD



Harris Health System

Statistical Highlights - Surgery Cases

July FY STUB

BT Surgery Cases - CM

Actual	Budget	Prior Year
865	1,108	788

BT Surgery Cases - YTD

Actual	Budget	Prior Year
4,477	5,260	3,895

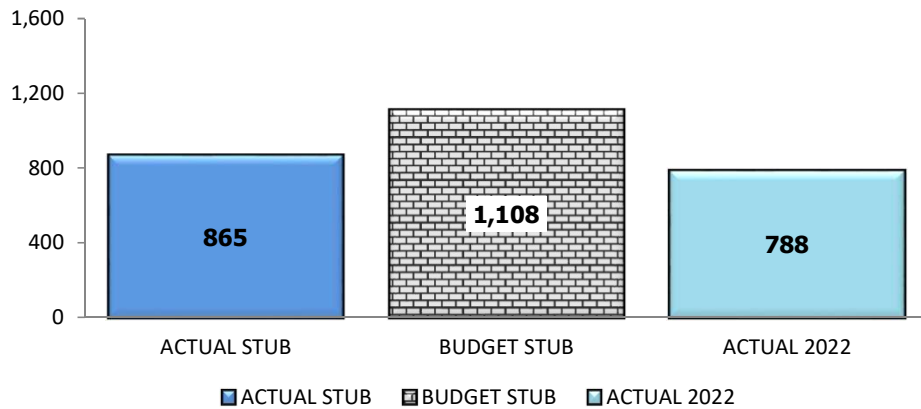
LBJ Surgery Cases - CM

Actual	Budget	Prior Year
719	870	737

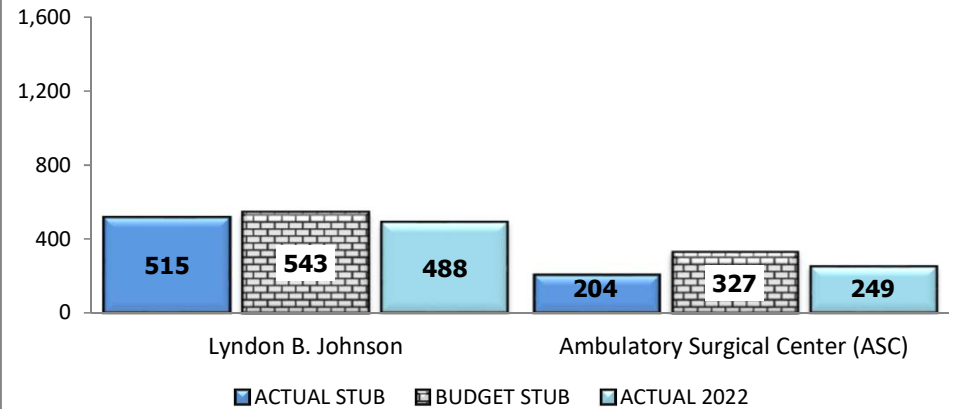
LBJ Surgery Cases - YTD

Actual	Budget	Prior Year
3,964	4,189	4,125

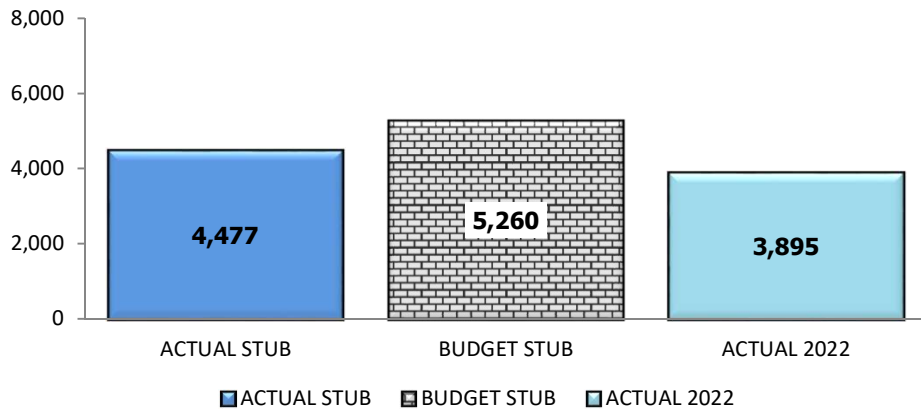
Ben Taub OR Cases - Current Month



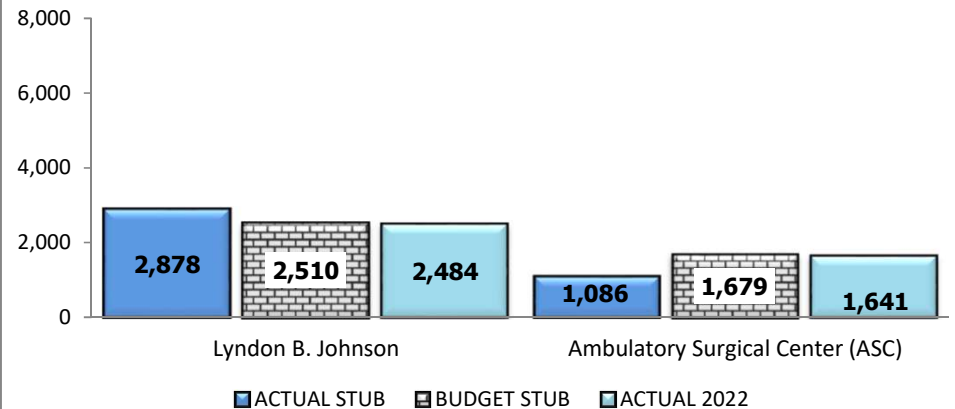
Lyndon B. Johnson OR Cases - Current Month



Ben Taub OR Cases - YTD



Lyndon B. Johnson OR Cases - YTD



Harris Health System

Statistical Highlights - Emergency Room Visits

July FY STUB

BT Emergency Visits - CM

Actual	Budget	Prior Year
6,211	6,571	6,708

BT Emergency Visits - YTD

Actual	Budget	Prior Year
30,968	31,512	31,983

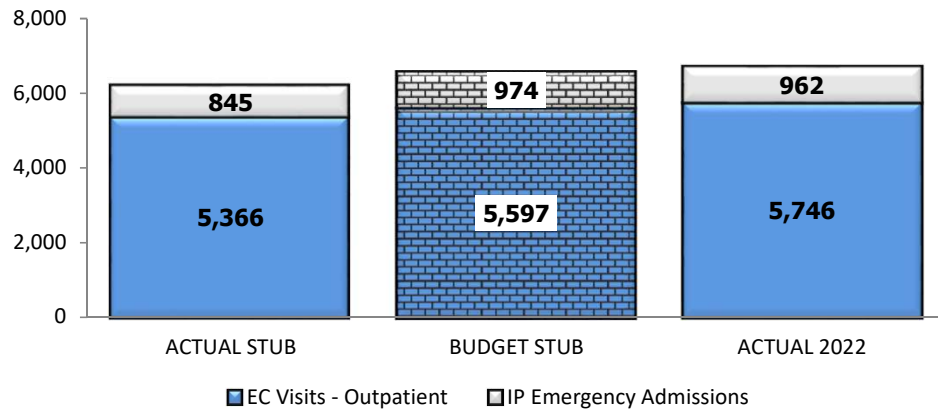
LBJ Emergency Visits - CM

Actual	Budget	Prior Year
6,621	6,614	6,975

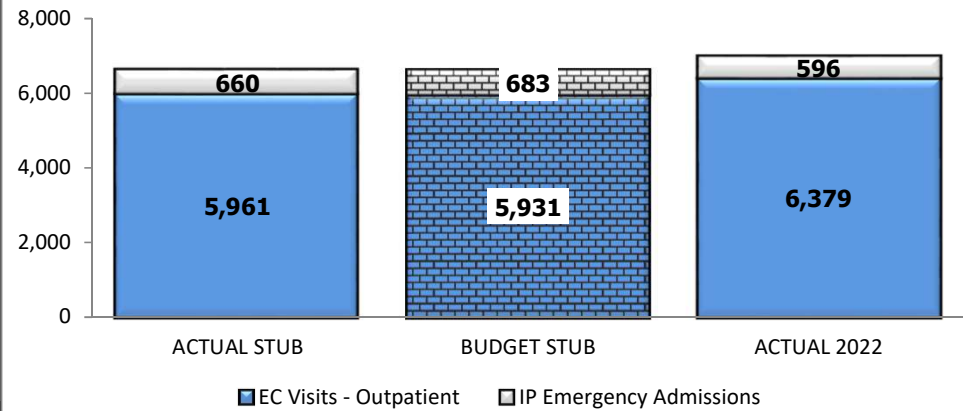
LBJ Emergency Visits - YTD

Actual	Budget	Prior Year
32,767	31,640	33,078

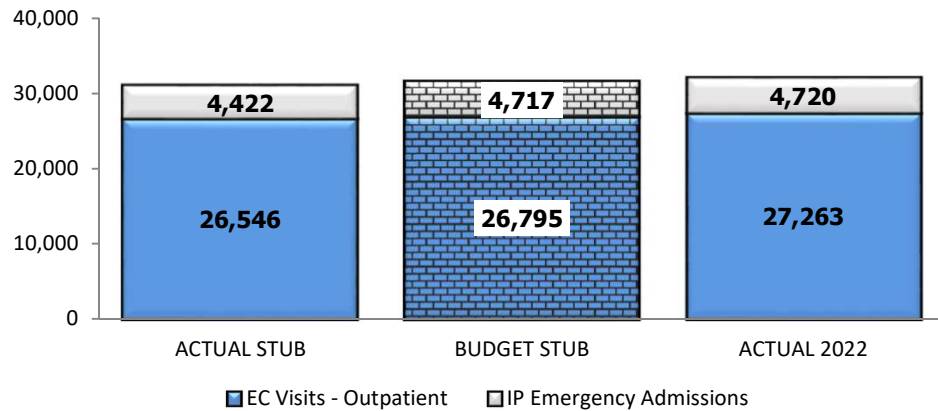
Ben Taub EC Visits - Current Month



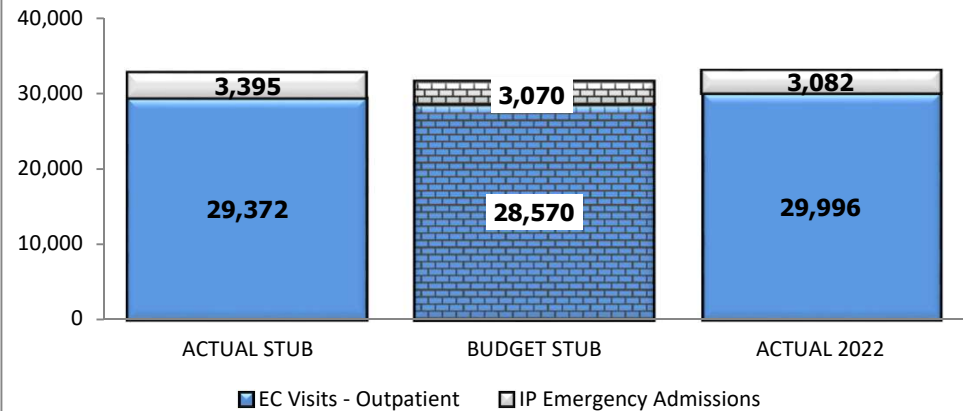
Lyndon B. Johnson EC Visits - Current Month



Ben Taub EC Visits - YTD



Lyndon B. Johnson EC Visits - YTD



Harris Health System

Statistical Highlights - Births

July FY STUB

BT Births - CM

Actual	Budget	Prior Year
251	281	233

BT Births - YTD

Actual	Budget	Prior Year
1,187	1,174	1,079

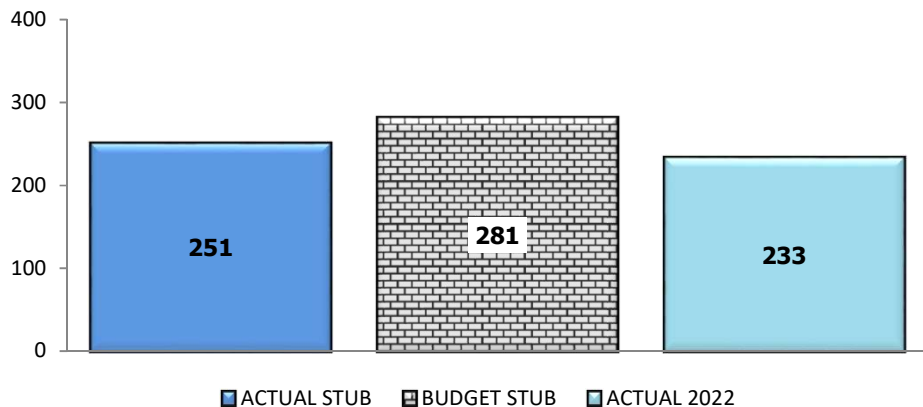
LBJ Births - CM

Actual	Budget	Prior Year
197	157	171

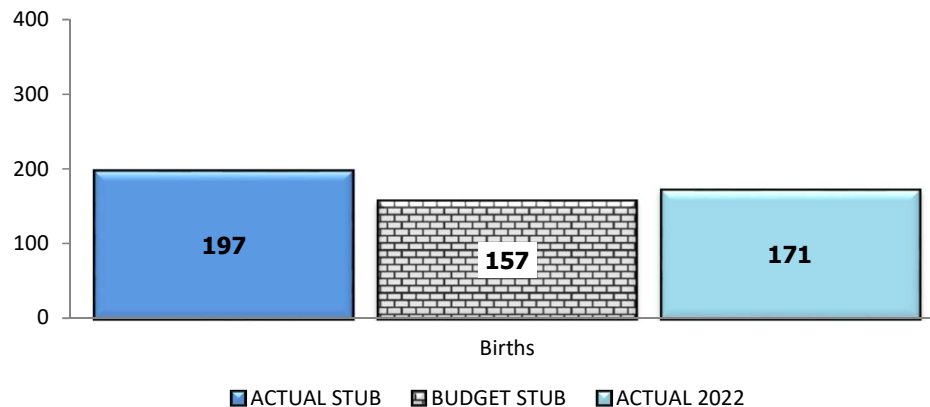
LBJ Births - YTD

Actual	Budget	Prior Year
894	672	736

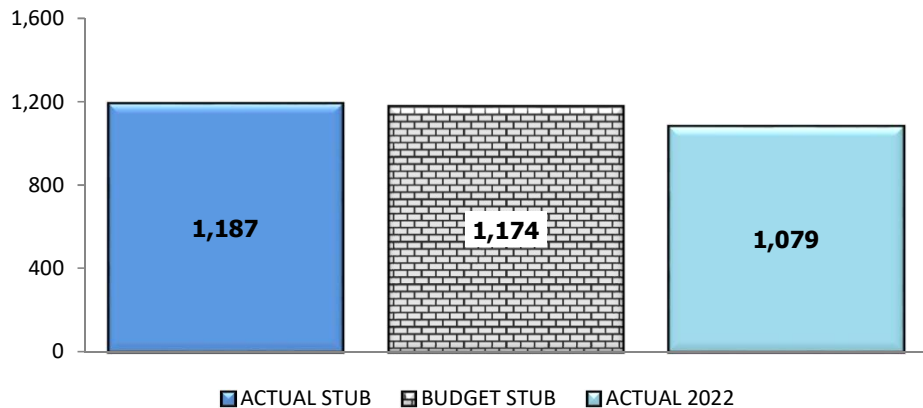
Ben Taub Births - Current Month



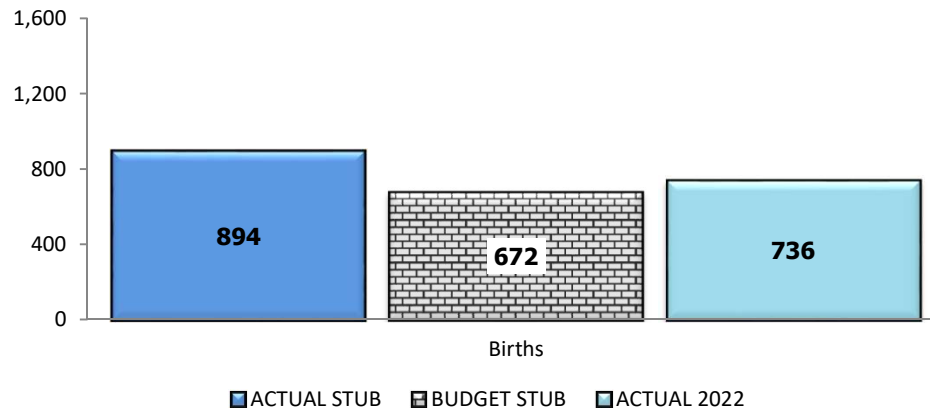
Lyndon B. Johnson Births - Current Month



Ben Taub Births - YTD



Lyndon B. Johnson Births - YTD



Harris Health System

Statistical Highlights - Adjusted Patient Days

July FY STUB

BT Adjusted Patient Days - CM

19,490

BT Adjusted Patient Days - YTD

95,289

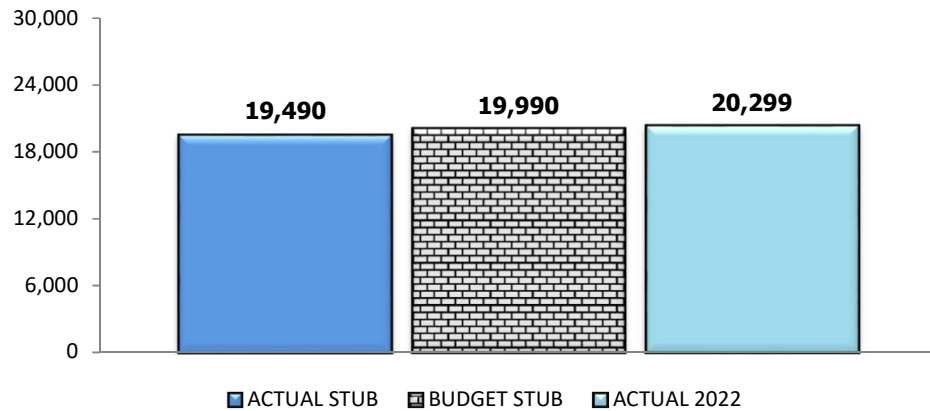
LBJ Adjusted Patient Days - CM

13,219

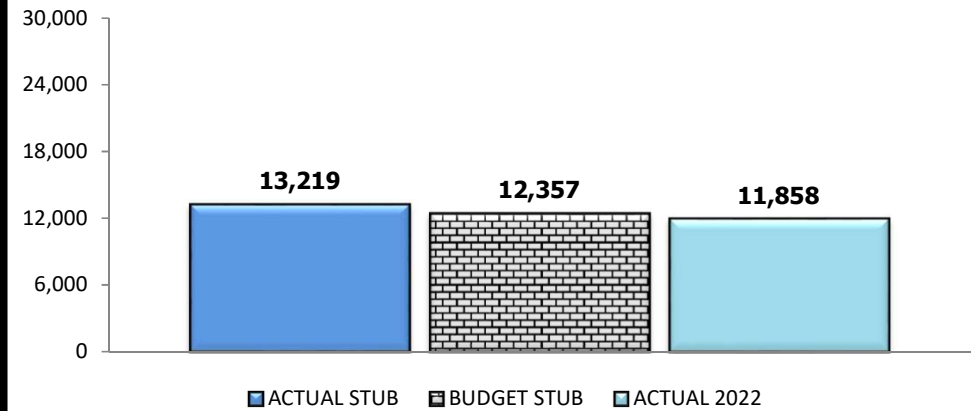
LBJ Adjusted Patient Days - YTD

62,953

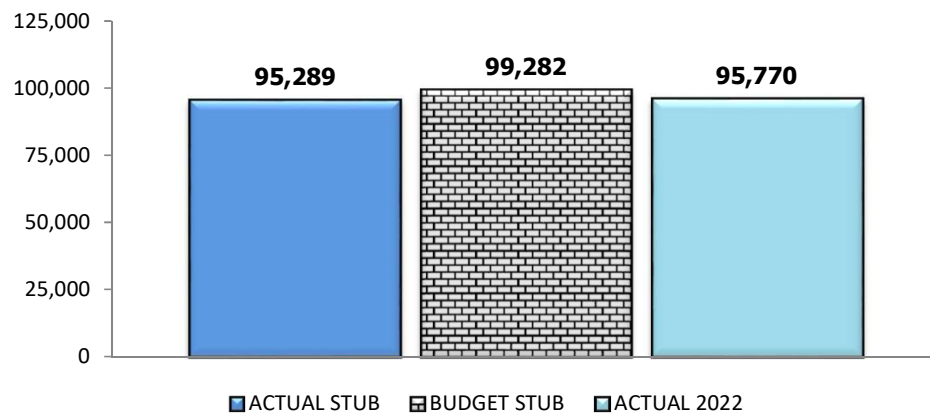
Ben Taub APD - Current Month



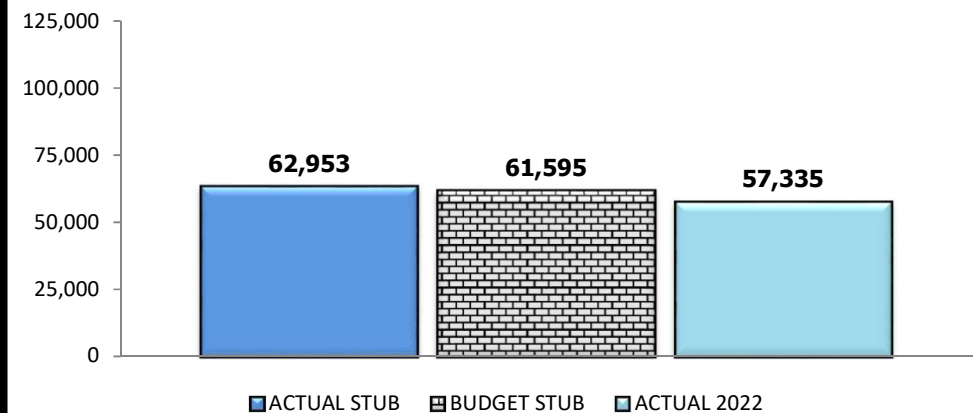
Lyndon B. Johnson APD - Current Month



Ben Taub APD - YTD



Lyndon B. Johnson APD - YTD



Harris Health System

Statistical Highlights - Average Daily Census (ADC)

July FY STUB

BT Average Daily Census - CM

385.8

BT Average Daily Census - YTD

374.1

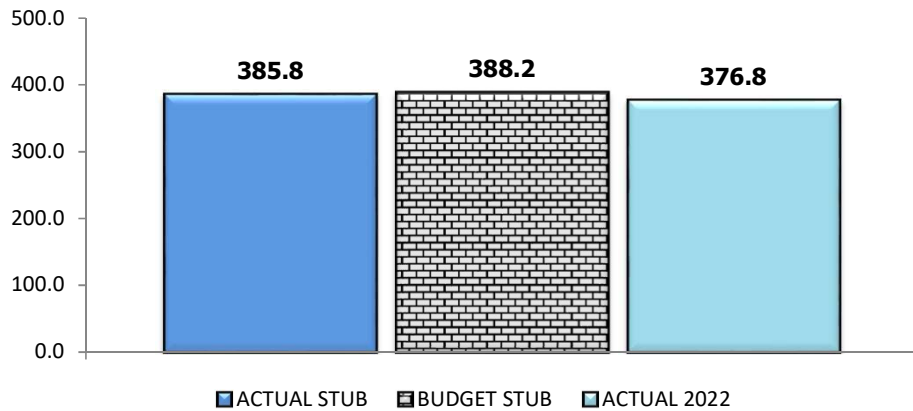
LBJ Average Daily Census - CM

221.0

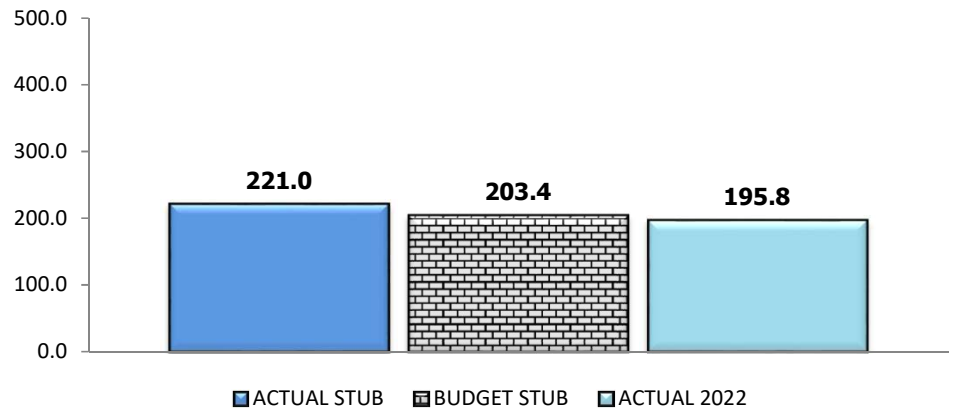
LBJ Average Daily Census - YTD

215.3

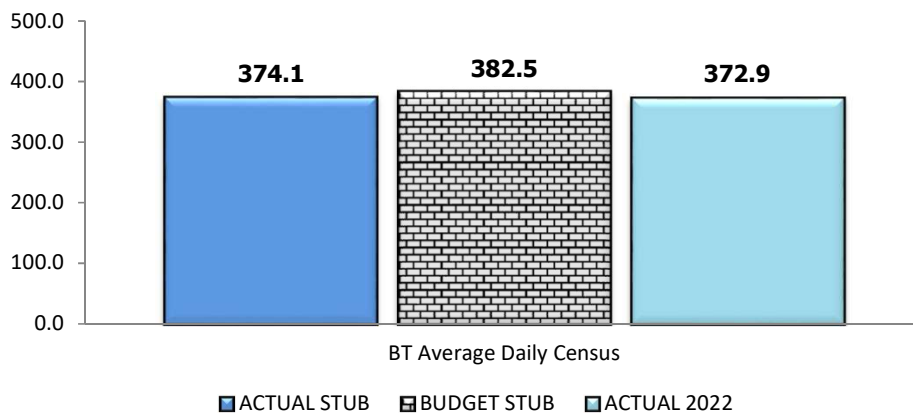
Ben Taub ADC - Current Month



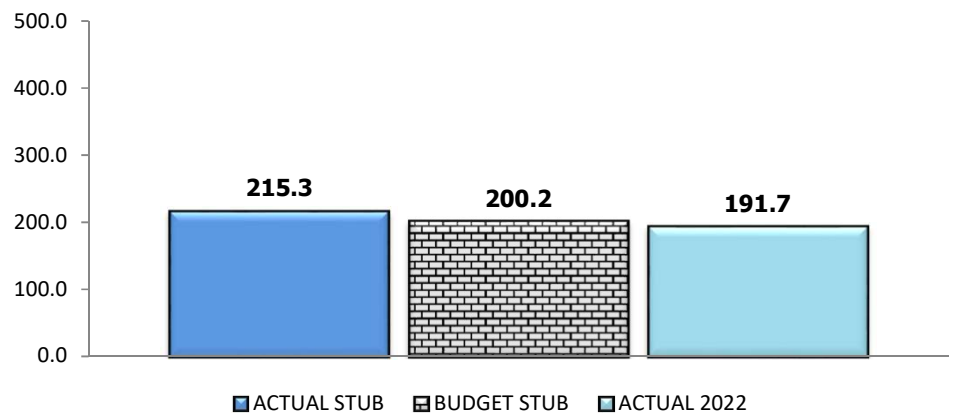
Lyndon B. Johnson ADC - Current Month



Ben Taub ADC - YTD



Lyndon B. Johnson ADC - YTD



Harris Health System

Statistical Highlights - Inpatient Average Length of Stay (ALOS)

July FY STUB

BT Inpatient ALOS - CM

6.69

BT Inpatient ALOS - YTD

6.29

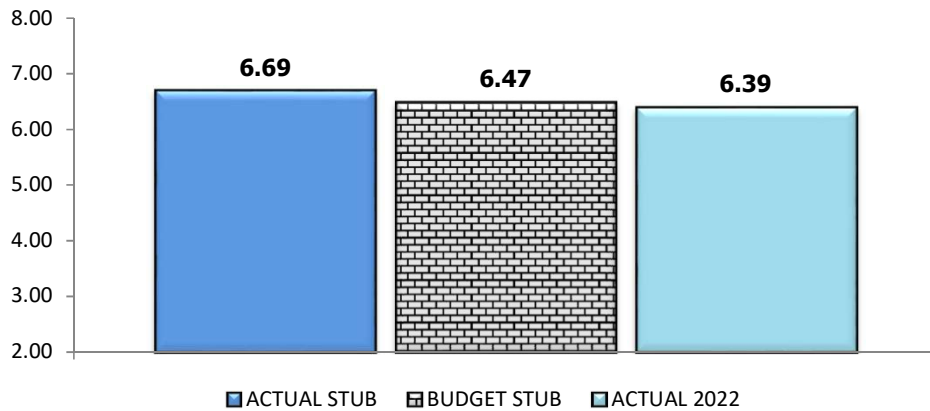
LBJ Inpatient ALOS - CM

5.81

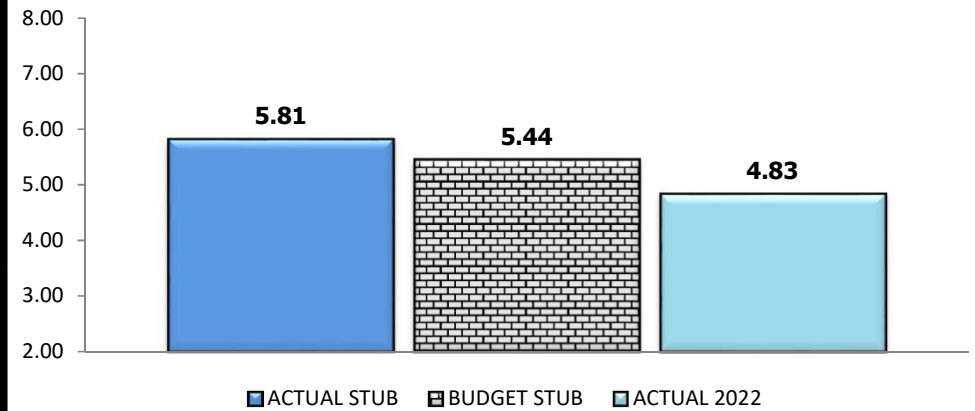
LBJ Inpatient ALOS - YTD

5.27

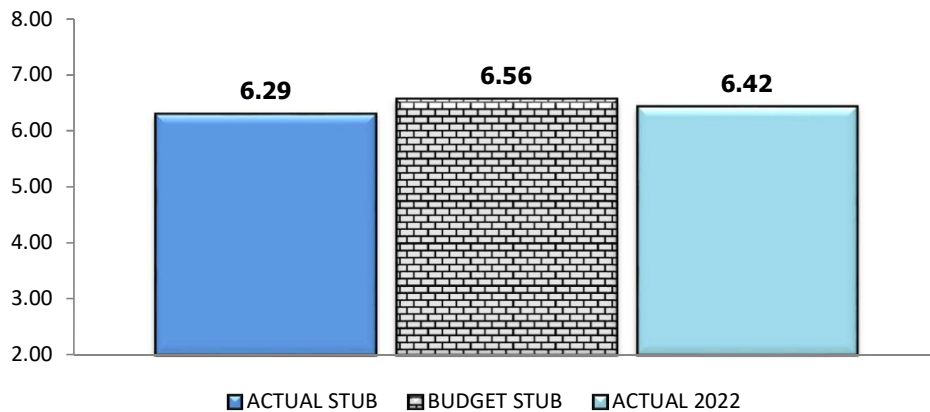
Ben Taub ALOS - Current Month



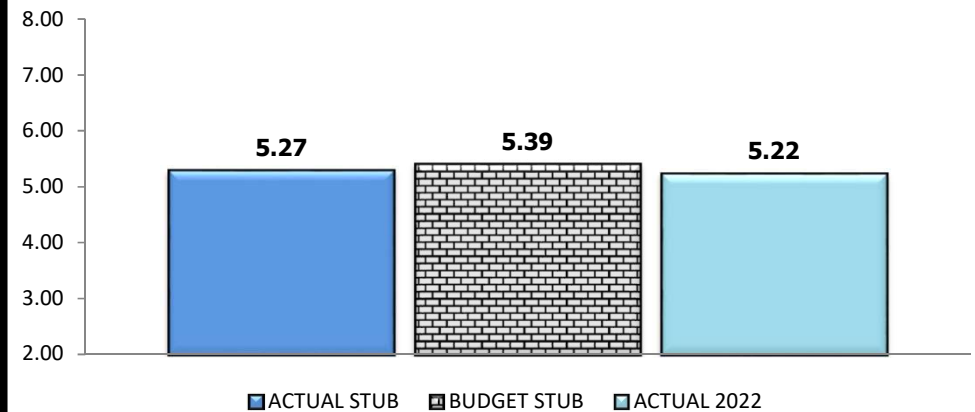
Lyndon B. Johnson ALOS - Current Month



Ben Taub ALOS - YTD



Lyndon B. Johnson ALOS - YTD



Harris Health System

Statistical Highlights - Case Mix Index (CMI)

July FY STUB

BT Case Mix Index (CMI) - CM

Overall	Excl. Obstetrics
1.869	2.069

BT Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.804	1.974

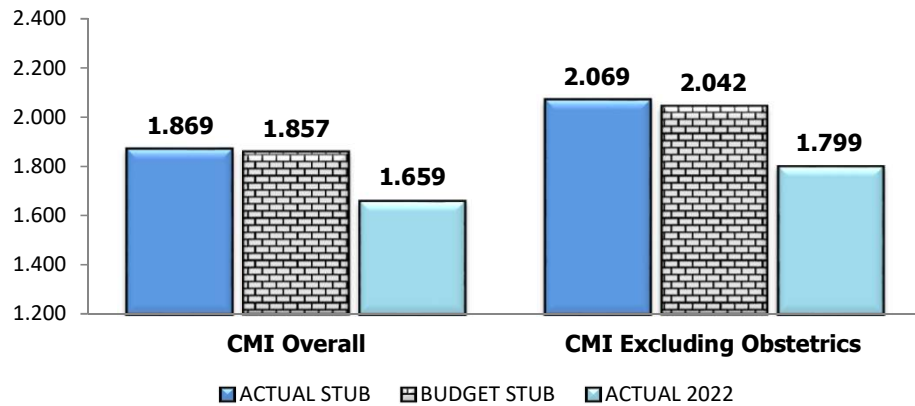
LBJ Case Mix Index (CMI) - CM

Overall	Excl. Obstetrics
1.543	1.713

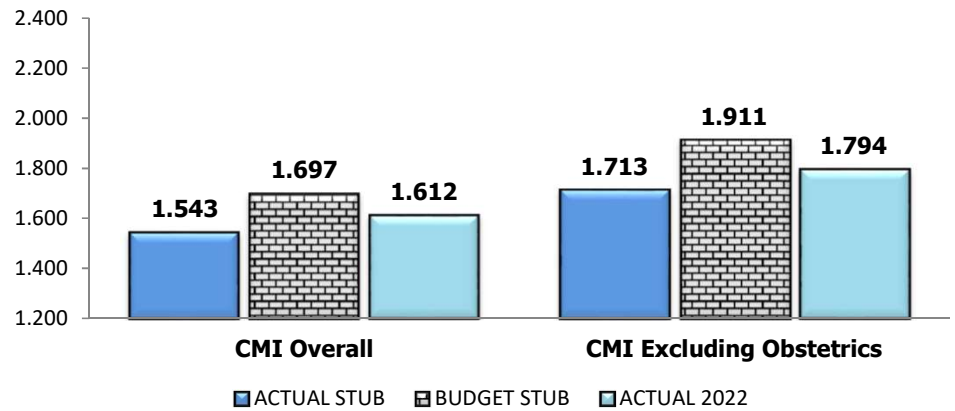
LBJ Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.552	1.712

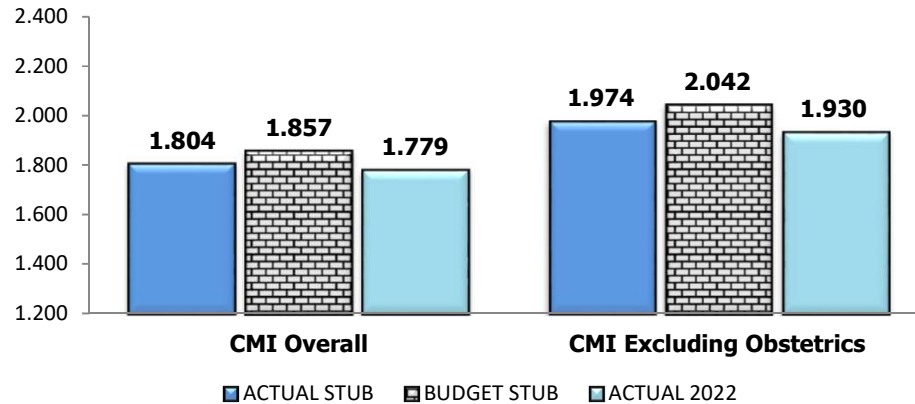
Ben Taub CMI - Current Month



Lyndon B. Johnson CMI - Current Month



Ben Taub CMI - YTD



Lyndon B. Johnson CMI - YTD

