



Financial Statements

As of September 30, 2022



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Financial Highlights Review

As of September 30, 2022

Operating loss for the short fiscal year ended September 30 was \$145.6 million compared to budgeted income of \$26.2 million.

Total net revenue at September of \$1,095.9 million was \$244.8 million or 18.3% less than budget. Ad valorem tax revenue was \$477.1 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 was 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 is recognized during the stub period of March 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.

On September 1, 2022, the Texas Health and Human Services Commission (HHSC) announced that it received approval from CMS to implement Hospital Augmented Reimbursement Program (HARP) for non-state government-owned and operated hospitals. The approval is retroactive to October 1, 2021 and covers the entire federal fiscal year 2022. As a result, the System posted \$237.6 million in HARP revenues under Medicaid Supplemental programs. Also in September, Provider Relief Funds were recognized and resulted in \$20.9 million in COVID CARES Act income.

At September 30, total expenses of \$1,241.6 million were \$73.0 million or 5.6% less than budget. Due to the fiscal year transition, annual actuarial valuations were recorded for benefit plans (pension plan and post-employment health benefit) resulting in a net decrease of \$38.8 million favorable to budget. Other favorable trends were noted in purchased services and supplies.

Through September of the short fiscal year, total patient days and average daily census increased 2.2% compared to budget. Inpatient case mix index, a measure of patient acuity, was 5.2% lower and length of stay 2.2% lower than planned. Emergency room visits were up 5.4% from budget year-to-date. Total clinic visits, including telehealth, were 11.4% lower compared to budget; however, births were up 14.2%.

The System has \$822.8 million in unrestricted cash, cash equivalents and investments, representing 146.8 days cash on hand. Harris Health System has \$114.9 million in net accounts receivable, representing 62.0 days of outstanding patient accounts receivable at September 30, 2022. The September balance sheet reflects a combined net receivable position of \$467.2 million under the various Medicaid Supplemental programs.

Income Statement

As of September 30, 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	\$ 58.0	\$ 60.3	-3.8%	\$ 396.5	\$ 431.4	-8.1%	\$ 482.1	-17.8%
Medicaid Supplemental Programs	281.8	37.7	647.6%	583.3	341.0	71.1%	380.3	53.4%
Other Operating Revenue	10.2	10.6	-3.4%	67.4	74.6	-9.6%	24.9	171.0%
Total Operating Revenue	\$ 350.0	\$ 108.6	222.3%	\$ 1,047.2	\$ 847.0	23.6%	\$ 887.2	18.0%
Net Ad Valorem Taxes	3.0	68.5	-95.7%	2.2	479.4	-99.5%	459.8	-99.5%
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	23.0	0.2	15045.3%	29.7	1.1	2687.0%	1.2	2331.0%
Total Nonoperating Revenue	\$ 26.0	\$ 68.6	-62.1%	\$ 48.7	\$ 493.7	-90.1%	\$ 474.3	-89.7%
Total Net Revenue	\$ 376.0	\$ 177.2	112.2%	\$ 1,095.9	\$ 1,340.7	-18.3%	\$ 1,361.6	-19.5%
EXPENSE								
Salaries and Wages	\$ 77.8	\$ 77.4	-0.5%	\$ 510.4	\$ 513.2	0.5%	\$ 449.1	-13.7%
Employee Benefits	(15.1)	24.0	163.2%	120.7	167.4	27.9%	152.3	20.8%
Total Labor Cost	\$ 62.6	\$ 101.4	38.2%	\$ 631.1	\$ 680.6	7.3%	\$ 601.3	-4.9%
Supply Expenses	23.2	23.2	0.1%	162.8	171.3	5.0%	158.2	-2.9%
Physician Services	32.6	32.8	0.5%	245.7	241.0	-1.9%	217.3	-13.0%
Purchased Services	19.4	24.8	21.5%	151.6	173.3	12.5%	166.6	9.0%
Depreciation & Interest	8.8	6.9	-27.0%	50.4	48.4	-4.3%	41.0	-23.0%
Total Operating Expense	\$ 146.7	\$ 189.1	22.4%	\$ 1,241.6	\$ 1,314.5	5.6%	\$ 1,184.4	-4.8%
Operating Income (Loss)	\$ 229.3	\$ (11.9)		\$ (145.6)	\$ 26.2		\$ 177.1	
Total Margin %	61.0%	-6.7%		-13.3%	2.0%		13.0%	

Balance Sheet

HARRISHEALTH
SYSTEM

September 30, 2022 and 2021 (In \$ Millions)

	CURRENT YEAR	PRIOR YEAR
<u>CURRENT ASSETS</u>		
Cash, Cash Equivalents and Short Term Investments	\$ 822.8	\$ 852.5
Net Patient Accounts Receivable	114.9	112.1
Net Ad Valorem Taxes, Current Portion	-	454.4
Other Current Assets	578.0	324.8
Total Current Assets	\$ 1,515.7	\$ 1,743.7
<u>CAPITAL ASSETS</u>		
Plant, Property, & Equipment, Net of Accumulated Depreciation	\$ 418.8	\$ 446.6
Construction in Progress	166.3	93.6
Right of Use Assets	46.6	-
Total Capital Assets	\$ 631.8	\$ 540.1
<u>ASSETS LIMITED AS TO USE & RESTRICTED ASSETS</u>		
Debt Service & Capital Asset Funds	\$ 39.9	\$ 50.4
LPPF Restricted Cash	71.0	104.4
Capital Gift Proceeds	45.3	-
Other - Restricted	1.1	1.1
Total Assets Limited As to Use & Restricted Assets	\$ 157.3	\$ 155.9
Other Assets	20.6	11.7
Deferred Outflows of Resources	188.5	179.3
Total Assets & Deferred Outflows of Resources	\$ 2,513.9	\$ 2,630.7
<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Liabilities	\$ 230.9	\$ 300.2
Employee Compensation & Related Liabilities	124.4	136.6
Estimated Third-Party Payor Settlements	13.5	8.6
Current Portion Long-Term Debt and Capital Leases	20.7	12.2
Total Current Liabilities	\$ 389.6	\$ 457.7
Long-Term Debt	333.4	308.1
Net Pension & Post Employment Benefits Liability	600.7	736.2
Other Long-Term Liabilities	8.1	24.3
Deferred Inflows of Resources	218.7	112.4
Total Liabilities	\$ 1,550.5	\$ 1,638.8
Total Net Assets	\$ 963.4	\$ 991.9
Total Liabilities & Net Assets	\$ 2,513.9	\$ 2,630.7

Cash Flow Summary

As of September 30, 2022 (In \$ Millions)

	MONTH-TO-MONTH		YEAR-TO-DATE	
	CURRENT	PRIOR	CURRENT	PRIOR
	YEAR	YEAR	YEAR	YEAR
<u>CASH RECEIPTS</u>				
Collections on Patient Accounts	\$ 68.3	\$ 59.7	\$ 410.2	\$ 470.7
Medicaid Supplemental Programs	(147.1)	2.6	332.7	353.9
Net Ad Valorem Taxes	0.9	1.0	28.8	51.1
Tobacco Settlement	-	-	16.7	13.3
Other Revenue	4.3	5.0	105.7	35.6
Total Cash Receipts	\$ (73.6)	\$ 68.3	\$ 894.2	\$ 924.5
<u>CASH DISBURSEMENTS</u>				
Salaries, Wages and Benefits	\$ 116.2	\$ 84.2	\$ 720.3	\$ 549.5
Supplies	27.1	28.9	169.9	163.7
Physician Services	32.2	29.5	250.3	219.5
Purchased Services	18.8	15.9	131.6	127.6
Capital Expenditures	11.2	5.9	64.5	46.2
Debt and Interest Payments	0.3	0.3	6.6	6.6
Other Uses	(5.8)	9.2	(38.9)	49.6
Total Cash Disbursements	\$ 200.0	\$ 173.9	\$ 1,304.3	\$ 1,162.6
Net Change	\$ (273.5)	\$ (105.6)	\$ (410.1)	\$ (238.1)

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

\$ 1,232.9

Net Change

(410.1)

Unrestricted Cash, Cash Equivalents and Investments - September 30, 2022

\$ 822.8

Performance Ratios

As of September 30, 2022

	MONTH-TO-MONTH		YEAR-TO-DATE		
	CURRENT YEAR	CURRENT BUDGET	CURRENT YEAR	CURRENT BUDGET	PRIOR YEAR
<u>OPERATING HEALTH INDICATORS</u>					
Operating Margin %	61.0%	-6.7%	-13.3%	2.0%	13.0%
Run Rate per Day (In\$ Millions)	\$ 4.6	\$ 6.1	\$ 5.6	\$ 5.9	\$ 5.4
Salary, Wages & Benefit per APD	\$ 1,549	\$ 2,636	\$ 2,324	\$ 2,450	\$ 2,268
Supply Cost per APD	\$ 574	\$ 604	\$ 599	\$ 616	\$ 597
Physician Services per APD	\$ 807	\$ 853	\$ 905	\$ 867	\$ 820
Total Expense per APD	\$ 3,627	\$ 4,917	\$ 4,572	\$ 4,732	\$ 4,467
Overtime as a % of Total Salaries	5.5%	2.8%	3.7%	3.0%	3.6%
Contract as a % of Total Salaries	10.4%	4.8%	9.4%	5.2%	3.7%
Full-time Equivalent Employees	9,840	10,334	9,744	10,149	9,110
<u>FINANCIAL HEALTH INDICATORS</u>					
Quick Ratio			3.8		3.7
Unrestricted Cash (In \$ Millions)			\$ 822.8	\$ 687.4	\$ 852.5
Days Cash on Hand			146.8	115.6	158.5
Days Revenue in Accounts Receivable			62.0	53.8	49.8
Days in Accounts Payable			47.8		41.6
Capital Expenditures/Depreciation & Amortization			174.9%		133.0%
Average Age of Plant(years)			10.7		12.9

Harris Health System

Key Indicators



Statistical Highlights

As of September 30, 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	40,444	38,468	5.1%	271,573	277,815	-2.2%	265,135	2.4%
Outpatient % of Adjusted Volume	60.5%	63.5%	-4.7%	62.2%	63.5%	-2.1%	62.7%	-0.8%
Primary Care Clinic Visits	47,100	42,977	9.6%	298,122	307,974	-3.2%	242,073	23.2%
Specialty Clinic Visits	20,973	21,675	-3.2%	144,518	154,658	-6.6%	135,995	6.3%
Telehealth Clinic Visits	11,821	18,590	-36.4%	85,398	133,443	-36.0%	162,355	-47.4%
Total Clinic Visits	79,894	83,242	-4.0%	528,038	596,075	-11.4%	540,423	-2.3%
Emergency Room Visits - Outpatient	11,782	9,874	19.3%	80,145	75,989	5.5%	77,405	3.5%
Emergency Room Visits - Admitted	1,750	1,397	25.3%	11,308	10,762	5.1%	10,978	3.0%
Total Emergency Room Visits	13,532	11,271	20.1%	91,453	86,751	5.4%	88,383	3.5%
Surgery Cases - Outpatient	883	1,000	-11.7%	6,425	7,347	-12.5%	5,610	14.5%
Surgery Cases - Inpatient	831	840	-1.1%	5,537	5,853	-5.4%	5,287	4.7%
Total Surgery Cases	1,714	1,840	-6.8%	11,962	13,200	-9.4%	10,897	9.8%
Total Outpatient Visits	132,998	149,544	-11.1%	889,749	1,070,809	-16.9%	1,026,944	-13.4%
Inpatient Cases (Discharges)	2,503	2,301	8.8%	17,223	16,627	3.6%	16,038	7.4%
Outpatient Observation Cases	918	1,177	-22.0%	7,755	7,995	-3.0%	8,034	-3.5%
Total Cases Occupying Patient Beds	3,421	3,478	-1.6%	24,978	24,622	1.4%	24,072	3.8%
Births	508	444	14.4%	3,100	2,715	14.2%	2,724	13.8%
Inpatient Days	15,972	14,056	13.6%	102,756	101,380	1.4%	98,982	3.8%
Outpatient Observation Days	2,890	3,725	-22.4%	24,981	23,637	5.7%	24,037	3.9%
Total Patient Days	18,862	17,781	6.1%	127,737	125,017	2.2%	123,019	3.8%
Average Daily Census	628.7	592.7	6.1%	596.9	584.2	2.2%	574.9	3.8%
Average Operating Beds	680	670	1.5%	681	681	0.0%	659	3.3%
Bed Occupancy %	92.5%	88.5%	4.5%	87.7%	85.8%	2.2%	87.2%	0.5%
Inpatient Average Length of Stay	6.38	6.11	4.5%	5.97	6.10	-2.2%	6.17	-3.3%
Inpatient Case Mix Index (CMI)	1.714	1.799	-4.7%	1.706	1.799	-5.2%	1.772	-3.7%
Payor Mix (% of Charges)								
Charity & Self Pay	46.2%	47.8%	-3.3%	46.7%	47.8%	-2.3%	48.2%	-3.1%
Medicaid & Medicaid Managed	23.5%	20.5%	14.7%	22.7%	20.5%	10.8%	20.6%	10.3%
Medicare & Medicare Managed	11.6%	12.4%	-6.4%	11.0%	12.4%	-11.0%	12.4%	-10.9%
Commercial & Other	18.7%	19.2%	-2.8%	19.5%	19.2%	1.8%	18.9%	3.7%
Total Unduplicated Patients - Rolling 12				247,496			258,613	-4.3%
Total New Patient - Rolling 12				83,189			81,729	1.8%

Harris Health System

Statistical Highlights

September FY STUB

Cases Occupying Beds - CM

Actual	Budget	Prior Year
3,421	3,478	3,331

Cases Occupying Beds - YTD

Actual	Budget	Prior Year
24,978	24,622	24,072

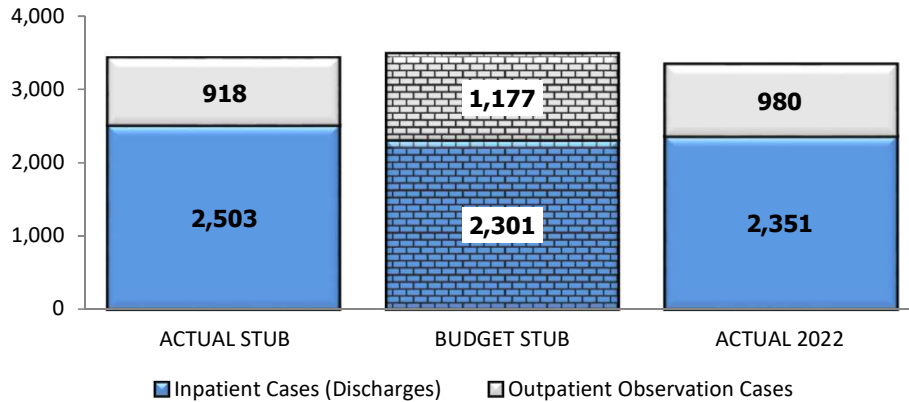
Emergency Visits - CM

Actual	Budget	Prior Year
13,532	11,271	11,323

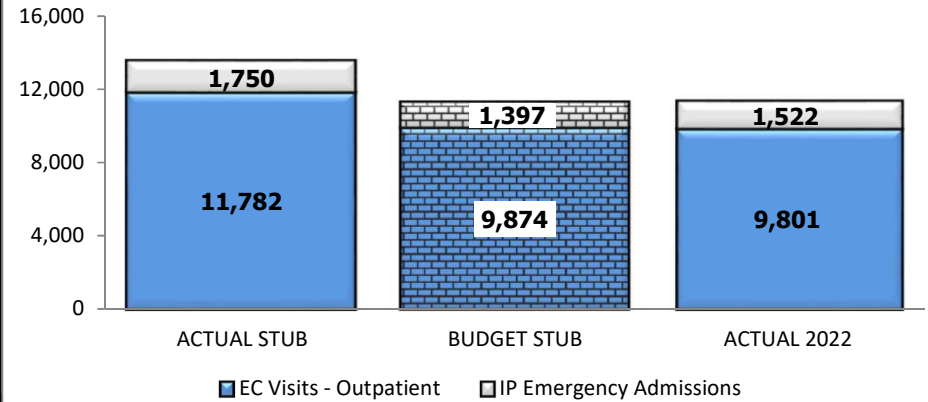
Emergency Visits - YTD

Actual	Budget	Prior Year
91,453	86,751	88,383

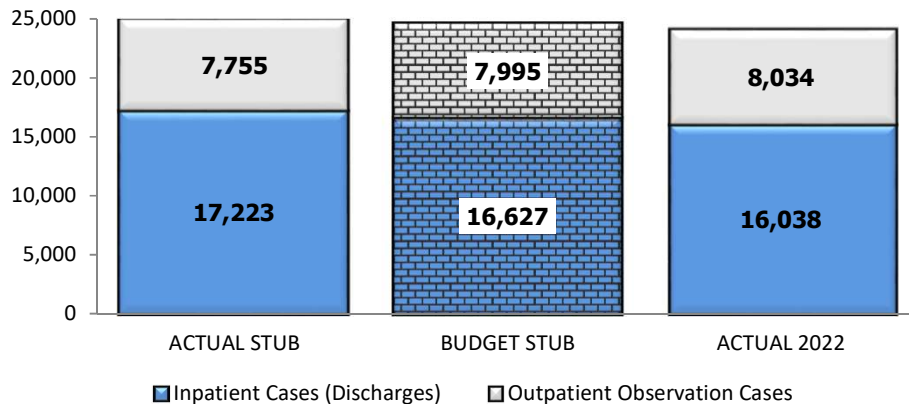
Cases Occupying Beds - Current Month



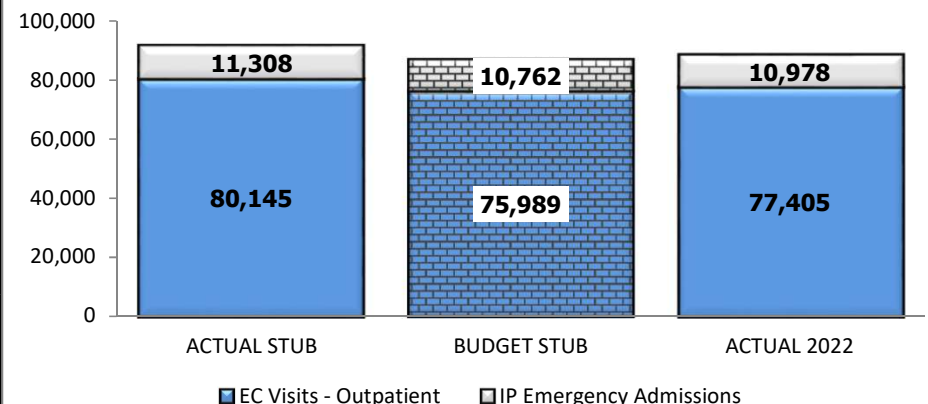
Emergency Visits - Current Month



Cases Occupying Beds - YTD



Emergency Visits - YTD



Harris Health System

Statistical Highlights

September FY STUB

Surgery Cases - CM

Actual	Budget	Prior Year
1,714	1,840	1,387

Surgery Cases - YTD

Actual	Budget	Prior Year
11,962	13,200	10,897

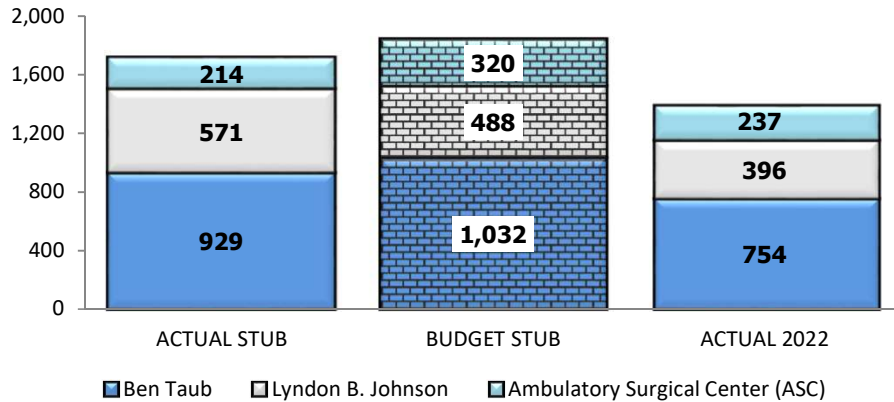
Clinic Visits - CM

Actual	Budget	Prior Year
79,894	83,242	71,179

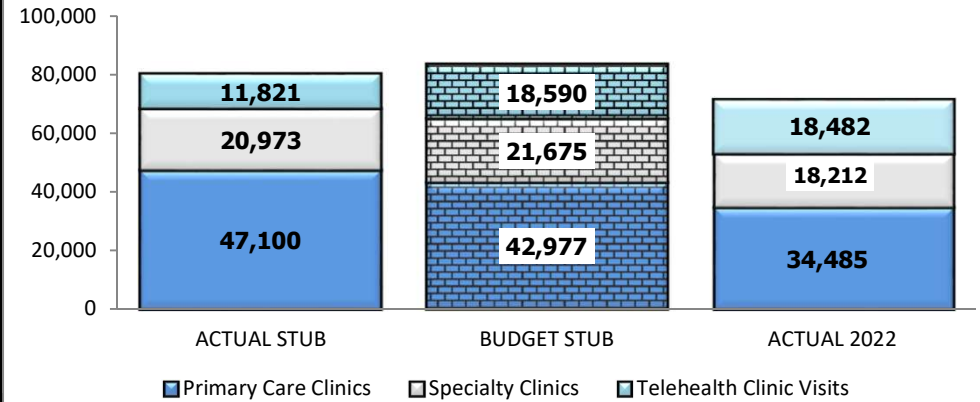
Clinic Visits - YTD

Actual	Budget	Prior Year
528,038	596,075	540,423

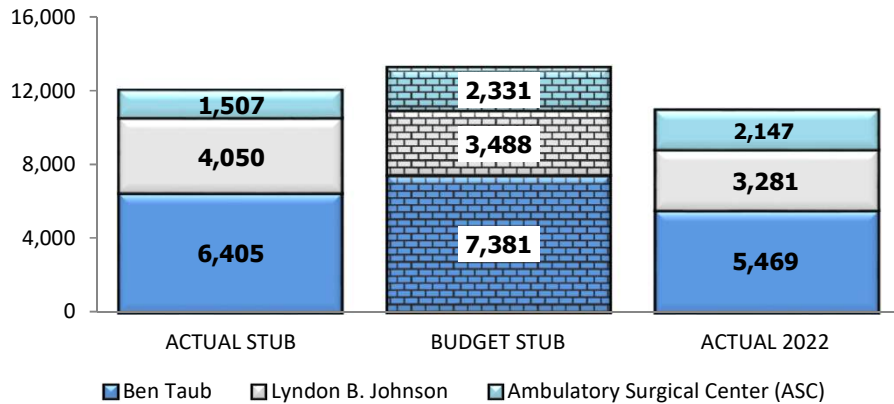
Surgery Cases - Current Month



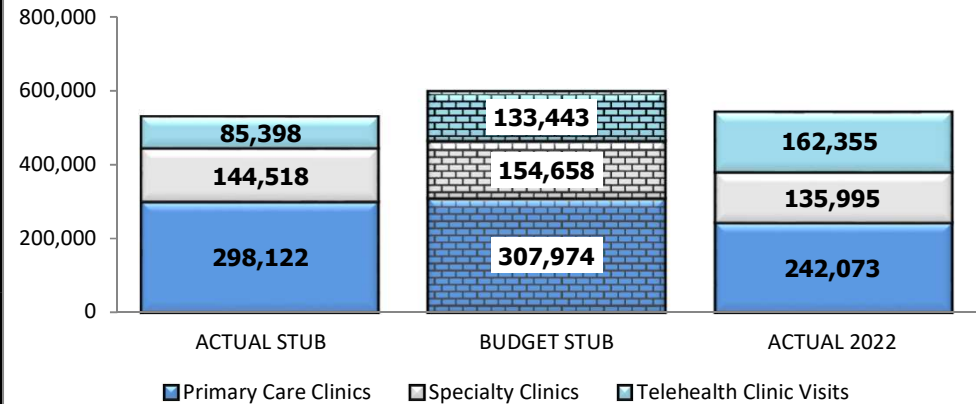
Clinic Visits - Current Month



Surgery Cases - YTD



Clinic Visits - YTD



Harris Health System

Statistical Highlights

September FY STUB

Adjusted Patient Days - CM

40,444

Adjusted Patient Days - YTD

271,573

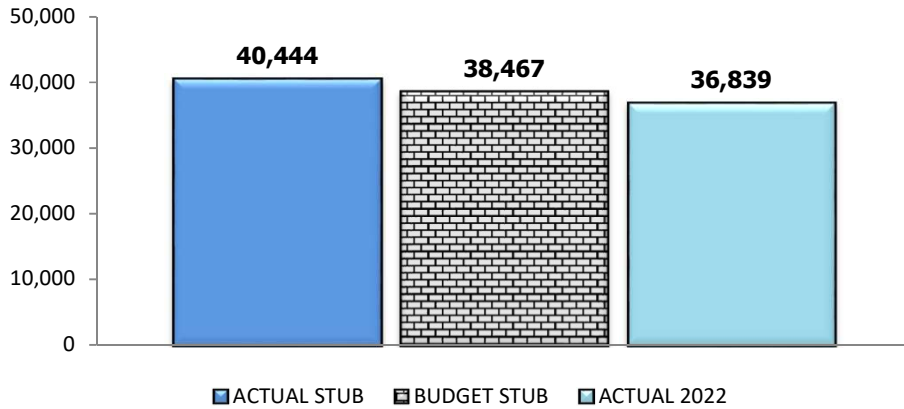
Average Daily Census - CM

628.7

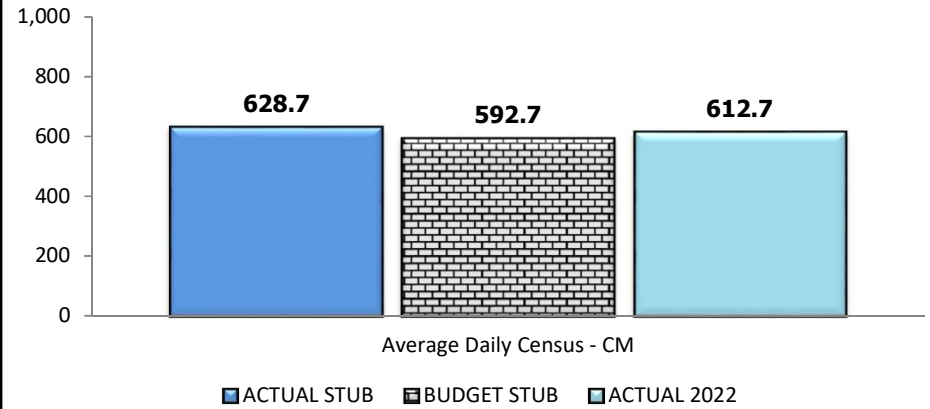
Average Daily Census - YTD

596.9

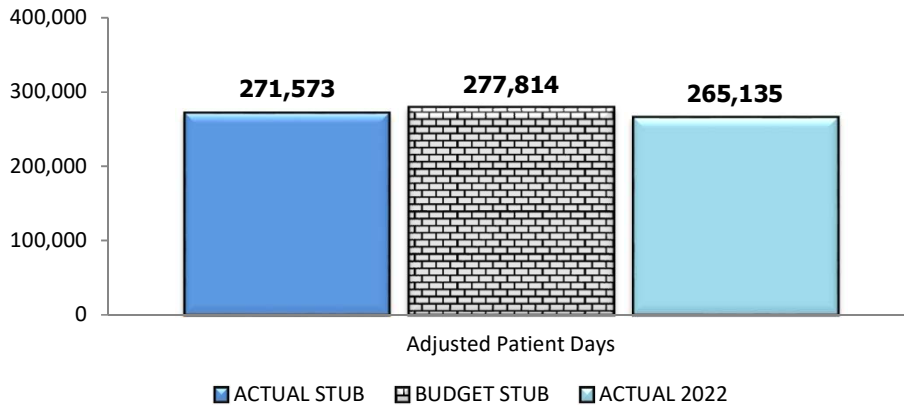
Adjusted Patient Days - Current Month



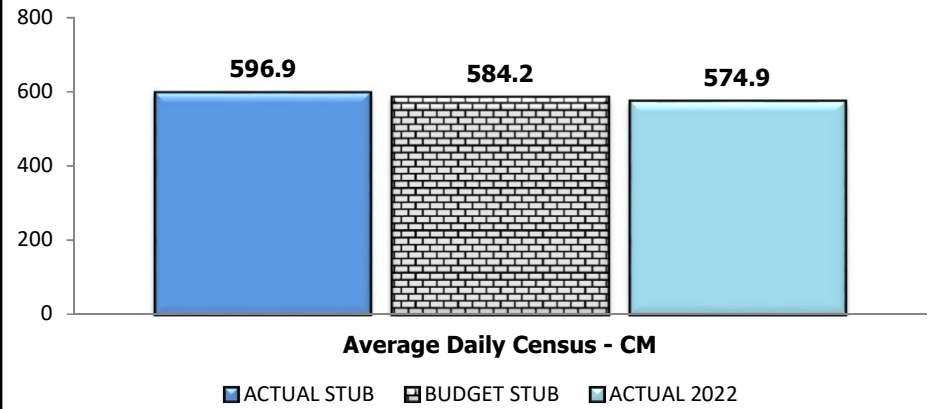
Average Daily Census - Current Month



Adjusted Patient Days - YTD



Average Daily Census - YTD



Harris Health System

Statistical Highlights

September FY STUB

Inpatient ALOS - CM

6.38

Inpatient ALOS - YTD

5.97

Case Mix Index (CMI) - CM

Overall

Excl. Obstetrics

1.714

1.924

Case Mix Index (CMI) - YTD

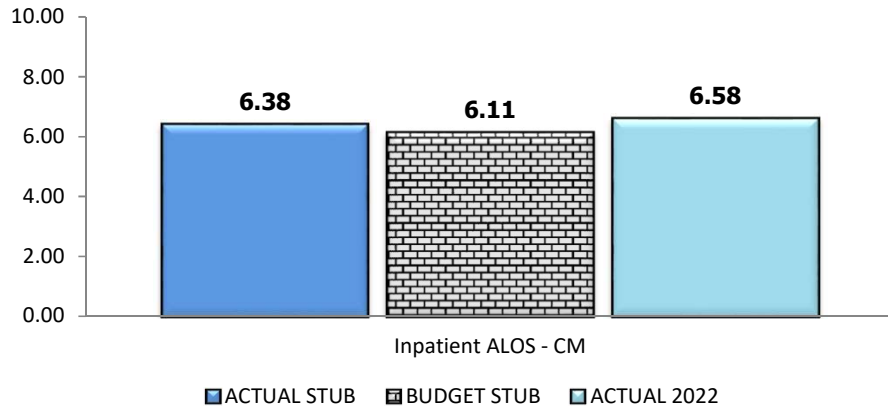
Overall

Excl. Obstetrics

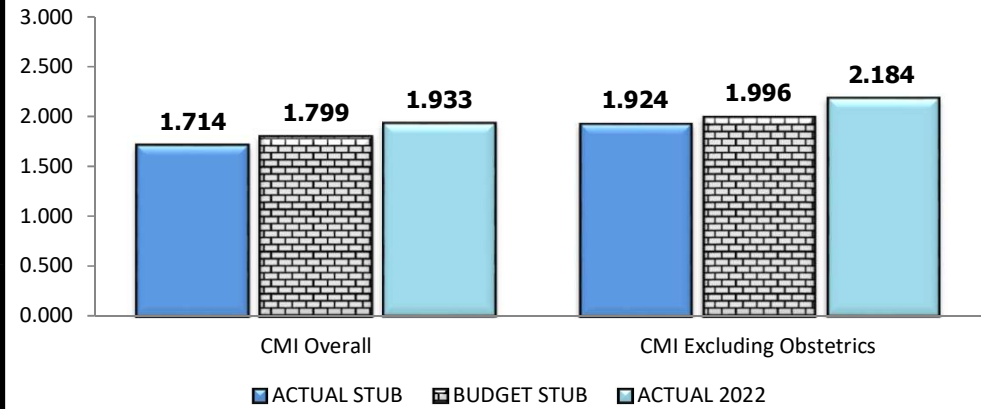
1.706

1.885

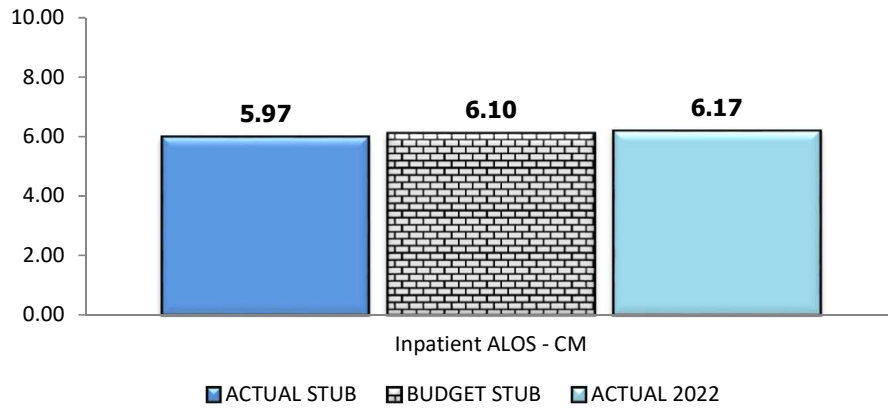
Inpatient ALOS - Current Month



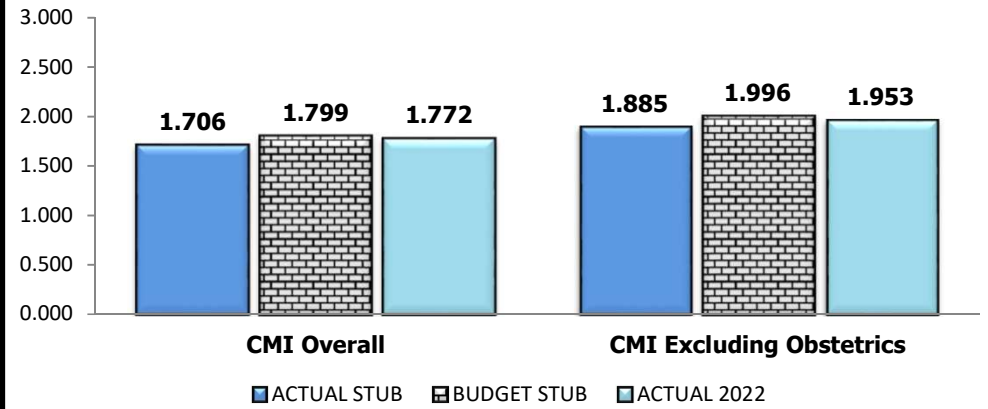
Case Mix Index - Current Month



Inpatient ALOS - YTD



Case Mix Index - YTD



Harris Health System

Statistical Highlights - Cases Occupying Beds

September FY STUB

BT Cases Occupying Beds - CM

Actual	Budget	Prior Year
2,050	2,084	2,038

BT Cases Occupying Beds - YTD

Actual	Budget	Prior Year
14,819	14,930	14,731

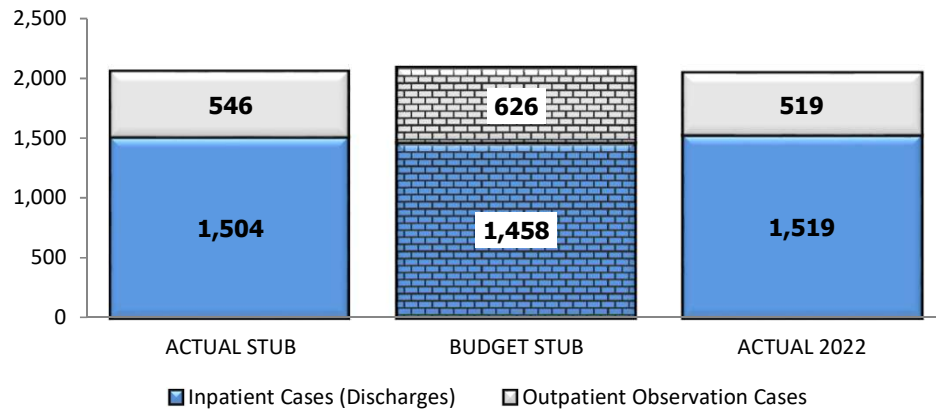
LBJ Cases Occupying Beds - CM

Actual	Budget	Prior Year
1,371	1,394	1,293

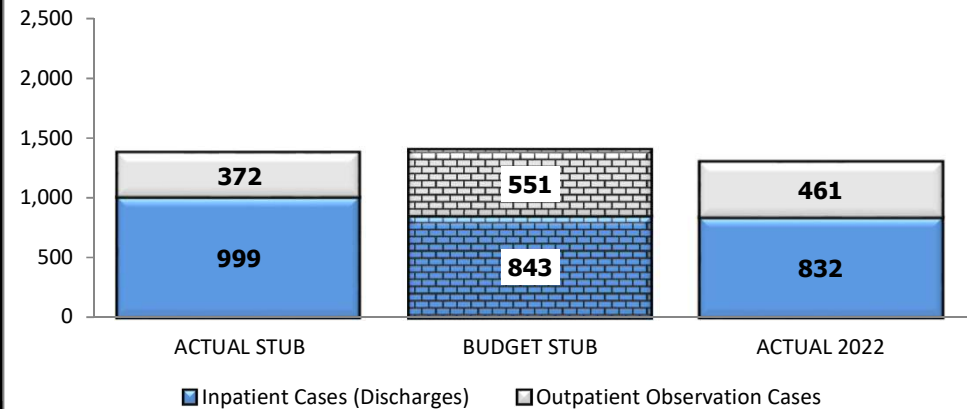
LBJ Cases Occupying Beds - YTD

Actual	Budget	Prior Year
10,159	9,692	9,341

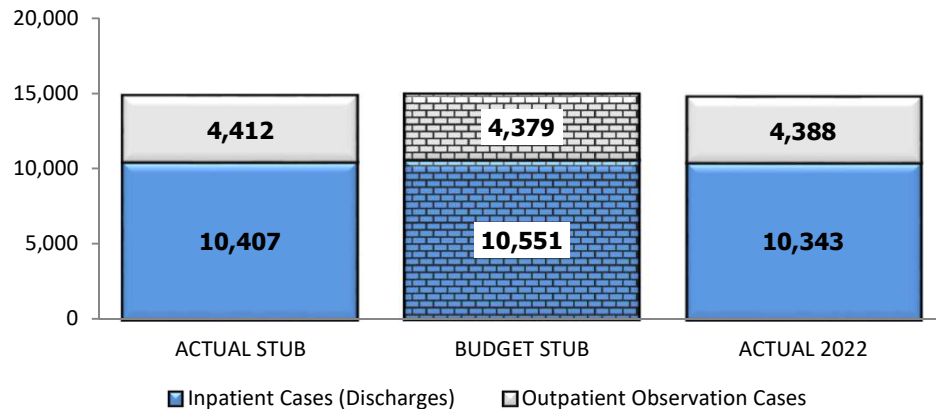
Ben Taub Cases - Current Month



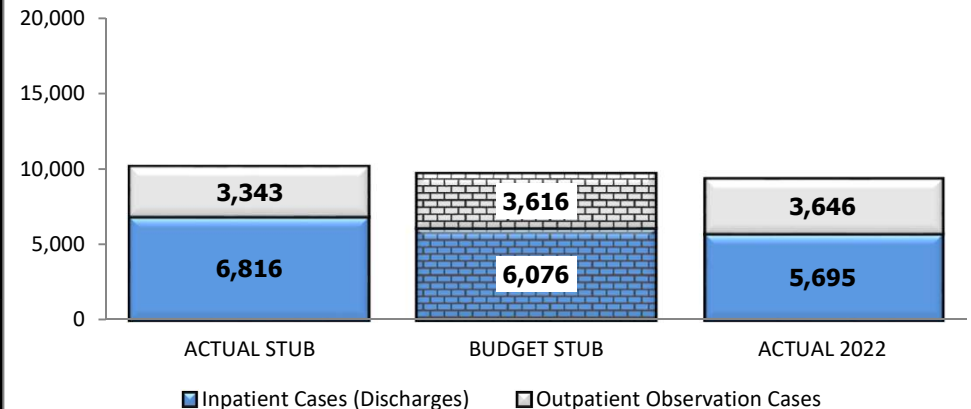
Lyndon B. Johnson Cases - Current Month



Ben Taub Cases - YTD



Lyndon B. Johnson Cases - YTD



Harris Health System

Statistical Highlights - Surgery Cases

September FY STUB

BT Surgery Cases - CM

Actual	Budget	Prior Year
929	1,032	754

BT Surgery Cases - YTD

Actual	Budget	Prior Year
6,405	7,381	5,469

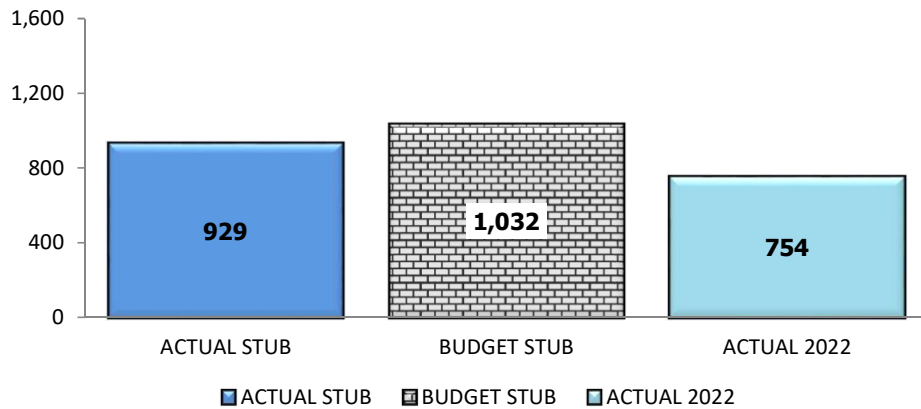
LBJ Surgery Cases - CM

Actual	Budget	Prior Year
785	808	633

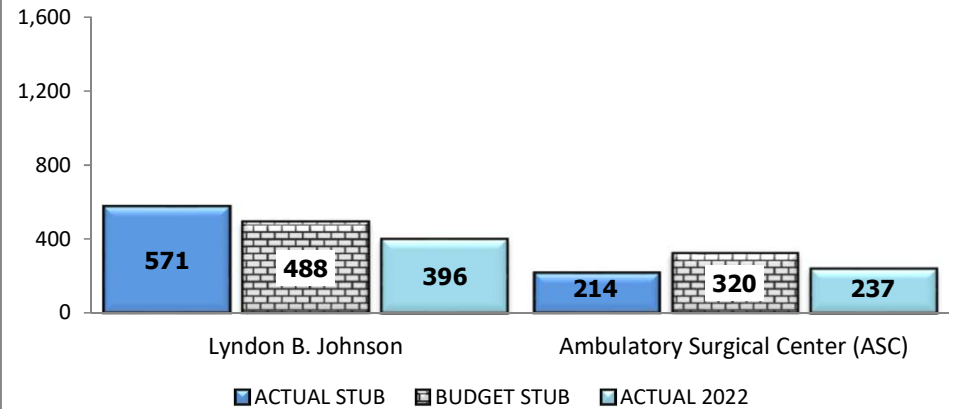
LBJ Surgery Cases - YTD

Actual	Budget	Prior Year
5,557	5,819	5,428

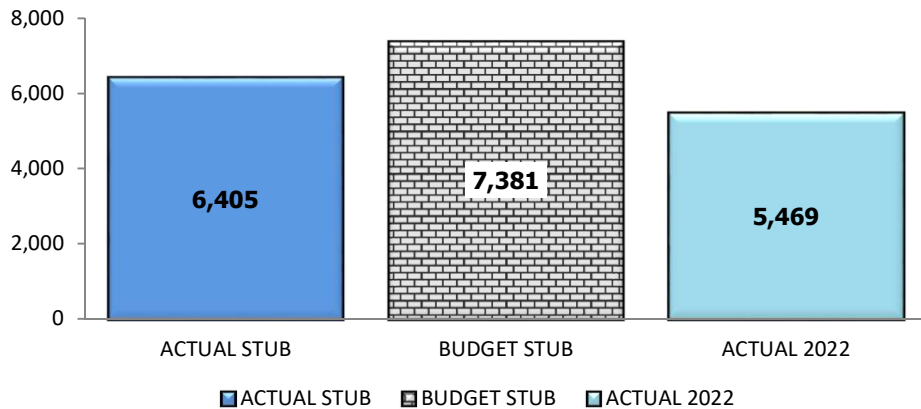
Ben Taub OR Cases - Current Month



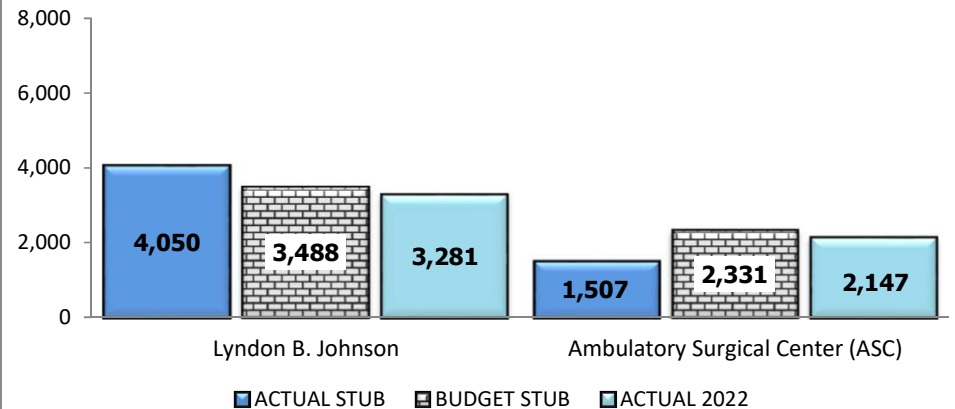
Lyndon B. Johnson OR Cases - Current Month



Ben Taub OR Cases - YTD



Lyndon B. Johnson OR Cases - YTD



Harris Health System

Statistical Highlights - Emergency Room Visits

September FY STUB

BT Emergency Visits - CM

Actual	Budget	Prior Year
6,766	5,516	5,714

BT Emergency Visits - YTD

Actual	Budget	Prior Year
44,756	43,175	43,917

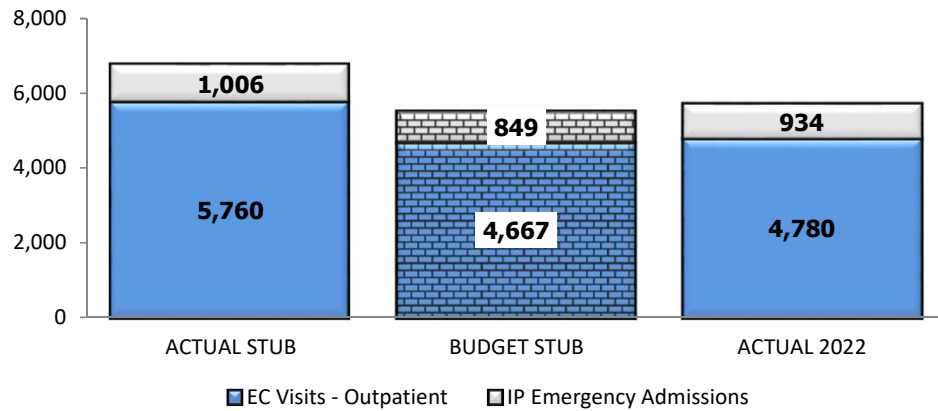
LBJ Emergency Visits - CM

Actual	Budget	Prior Year
6,766	5,755	5,609

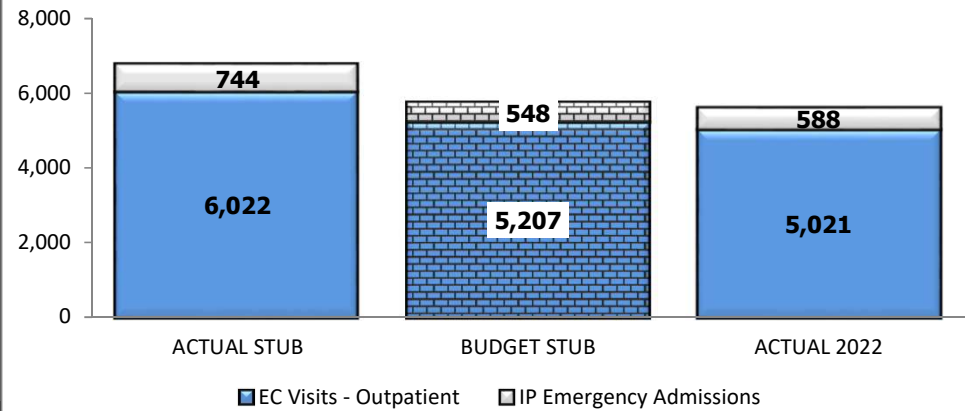
LBJ Emergency Visits - YTD

Actual	Budget	Prior Year
46,697	43,576	44,466

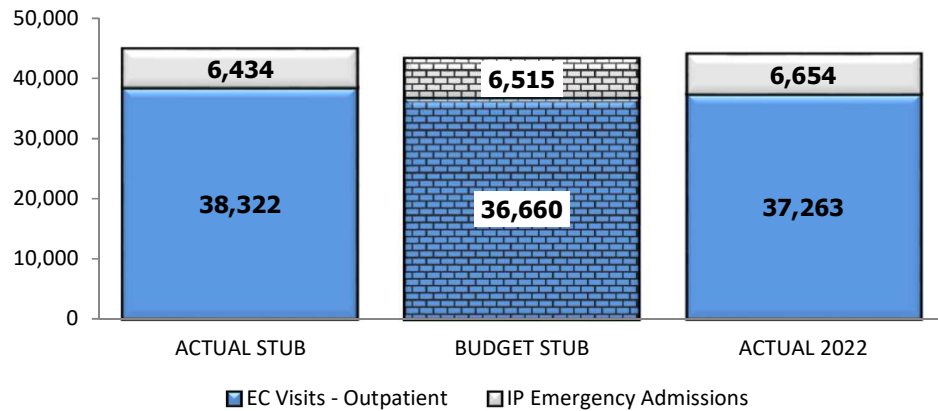
Ben Taub EC Visits - Current Month



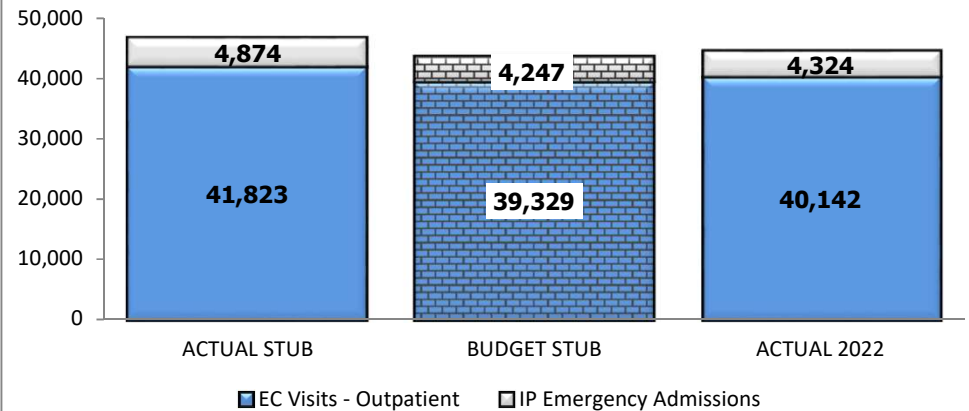
Lyndon B. Johnson EC Visits - Current Month



Ben Taub EC Visits - YTD



Lyndon B. Johnson EC Visits - YTD



Harris Health System

Statistical Highlights - Births

September FY STUB

BT Births - CM

Actual	Budget	Prior Year
320	292	274

BT Births - YTD

Actual	Budget	Prior Year
1,817	1,757	1,632

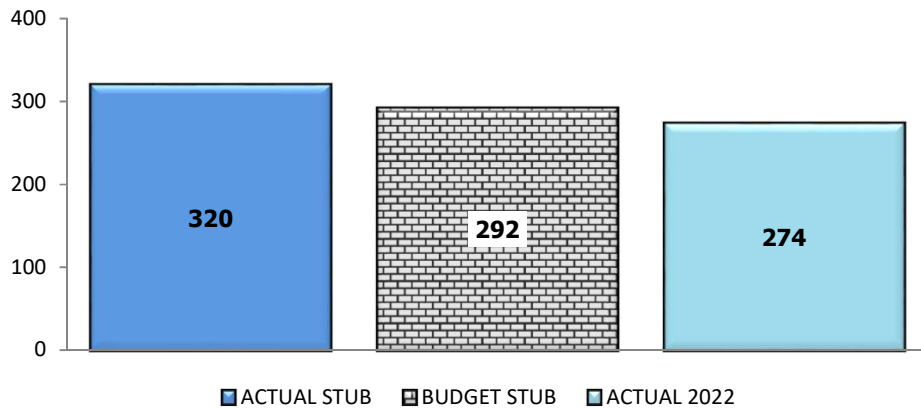
LBJ Births - CM

Actual	Budget	Prior Year
188	152	193

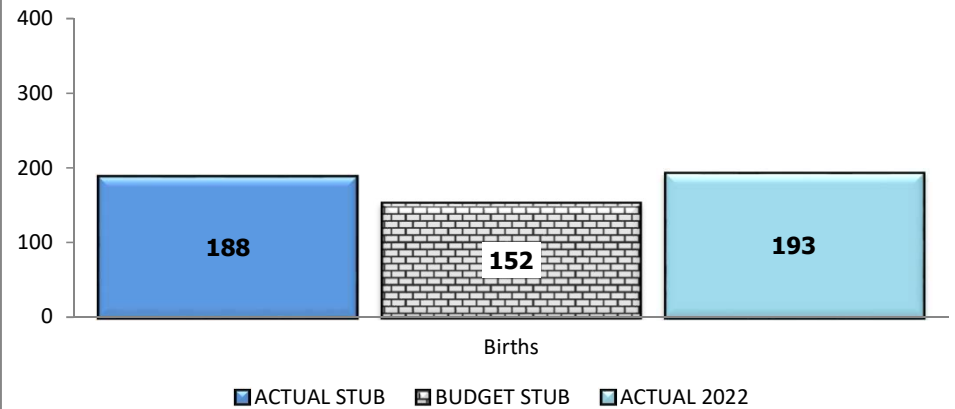
LBJ Births - YTD

Actual	Budget	Prior Year
1,283	958	1,092

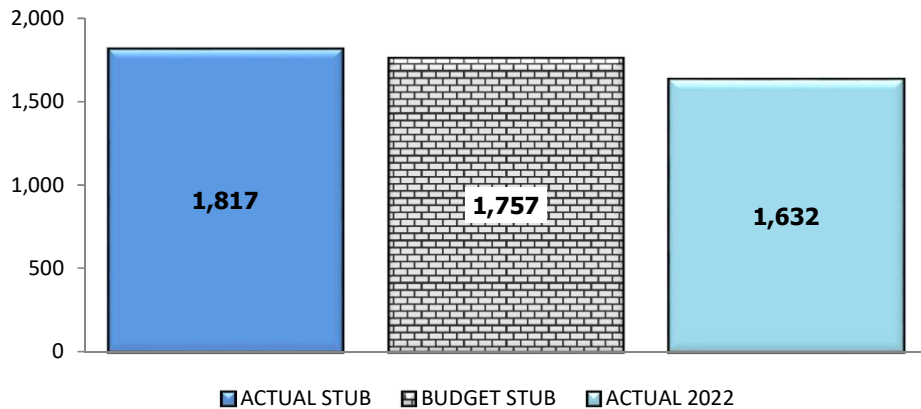
Ben Taub Births - Current Month



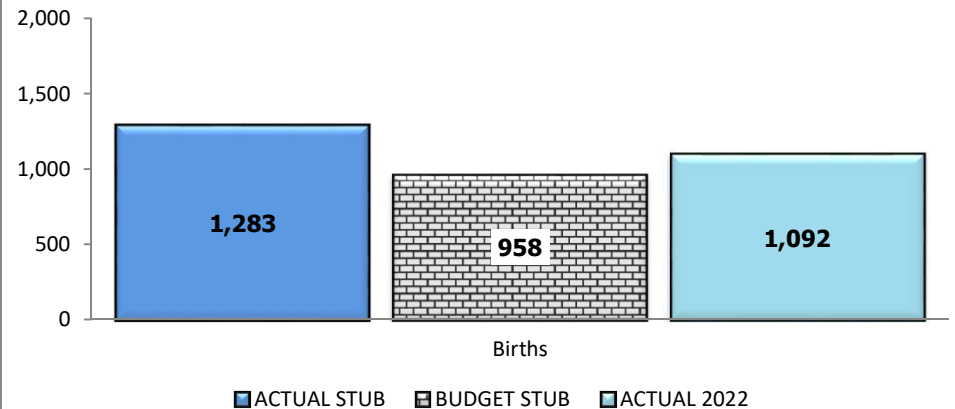
Lyndon B. Johnson Births - Current Month



Ben Taub Births - YTD



Lyndon B. Johnson Births - YTD



Harris Health System

Statistical Highlights - Adjusted Patient Days

September FY STUB

BT Adjusted Patient Days - CM

20,090

BT Adjusted Patient Days - YTD

134,890

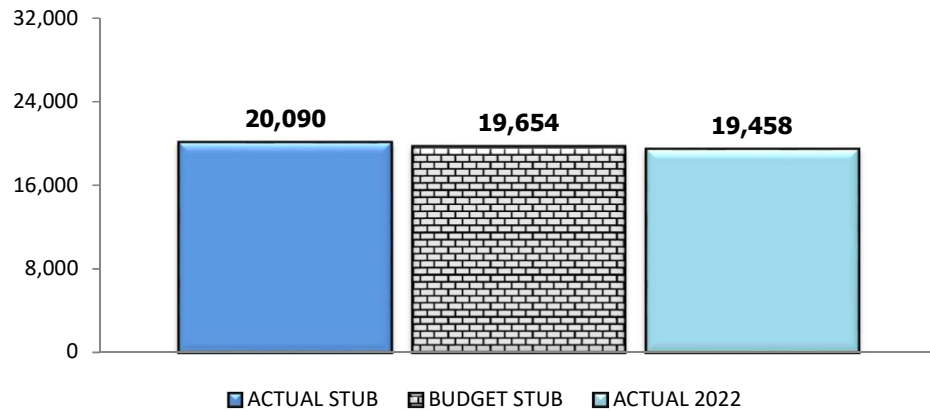
LBJ Adjusted Patient Days - CM

13,213

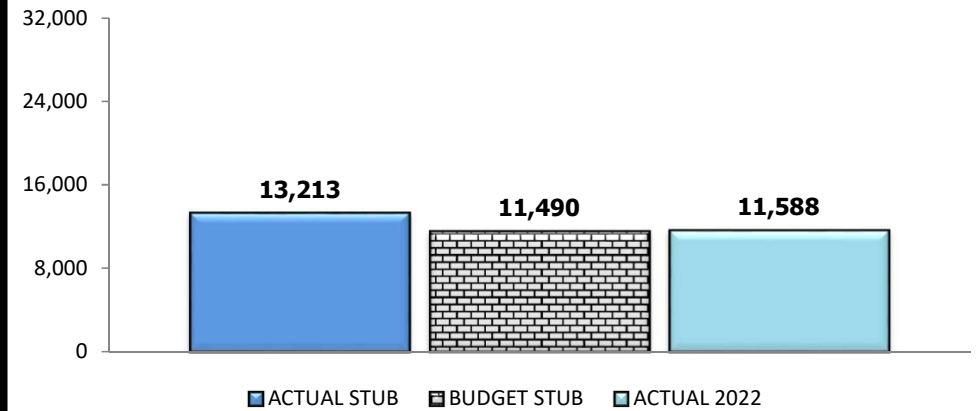
LBJ Adjusted Patient Days - YTD

89,854

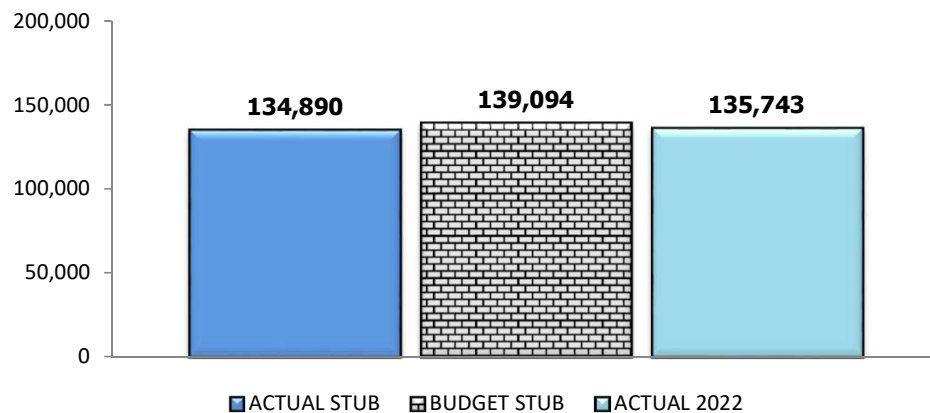
Ben Taub APD - Current Month



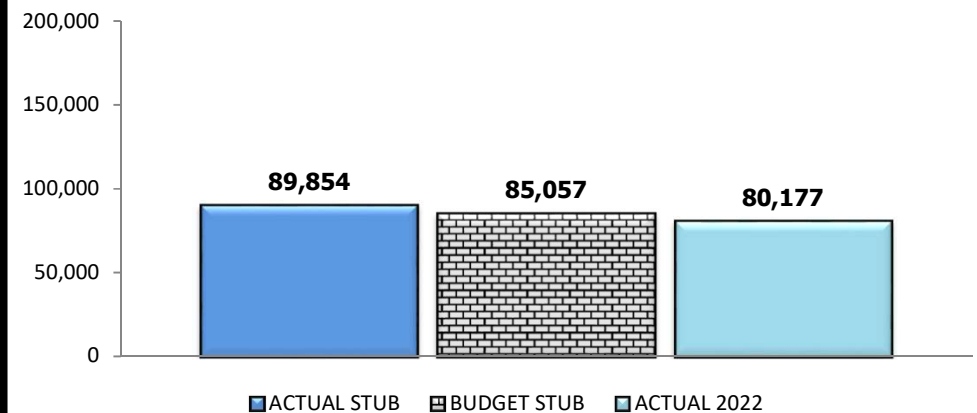
Lyndon B. Johnson APD - Current Month



Ben Taub APD - YTD



Lyndon B. Johnson APD - YTD



Harris Health System

Statistical Highlights - Average Daily Census (ADC)

September FY STUB

BT Average Daily Census - CM

401.7

BT Average Daily Census - YTD

378.9

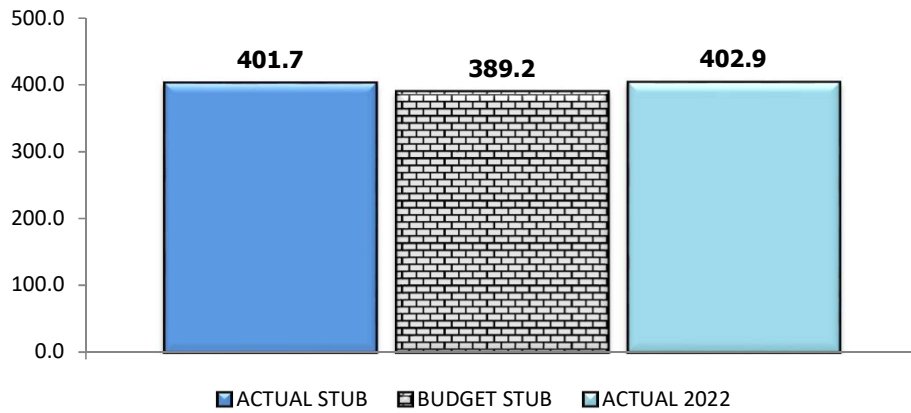
LBJ Average Daily Census - CM

227.0

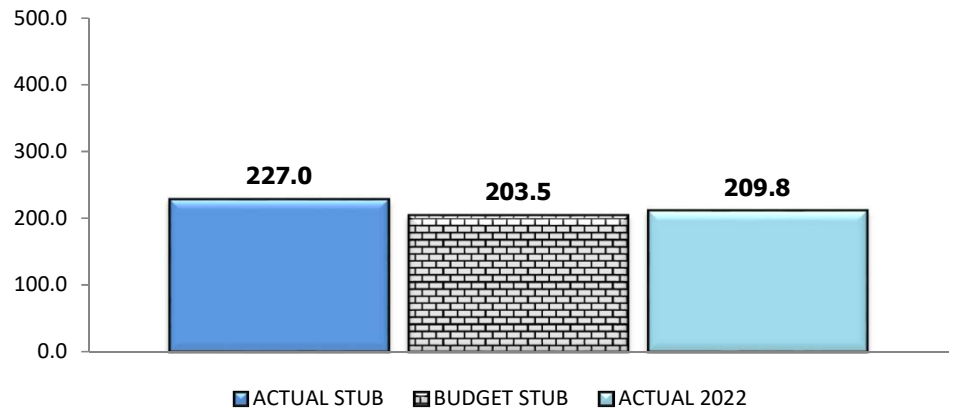
LBJ Average Daily Census - YTD

218.0

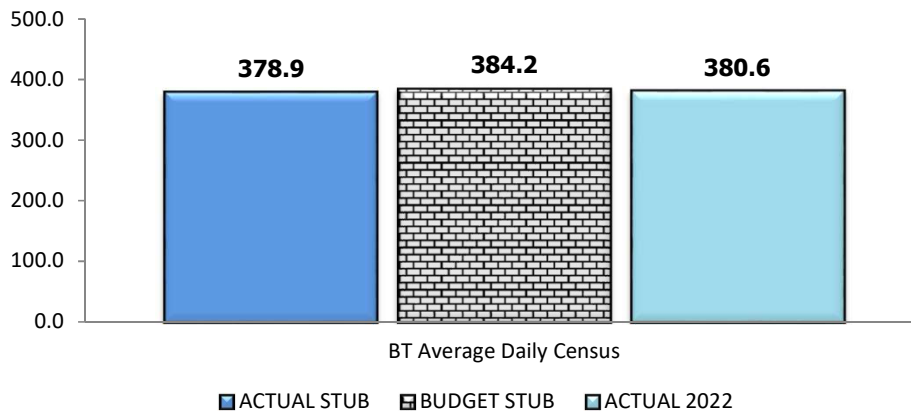
Ben Taub ADC - Current Month



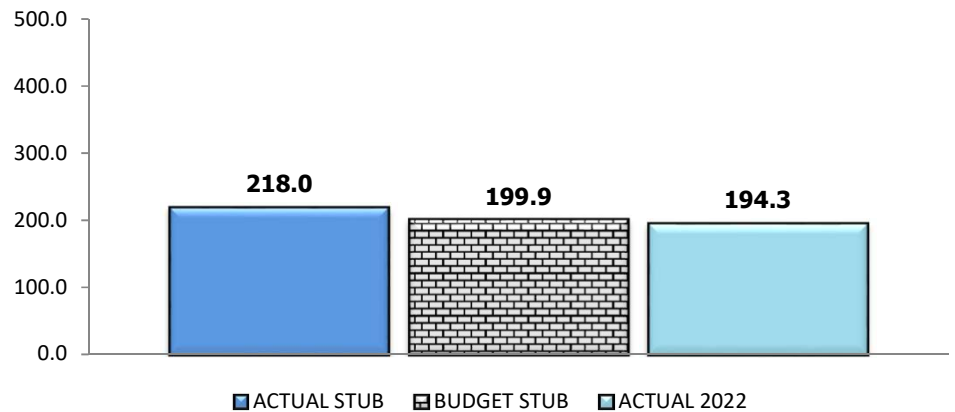
Lyndon B. Johnson ADC - Current Month



Ben Taub ADC - YTD



Lyndon B. Johnson ADC - YTD



Harris Health System

Statistical Highlights - Inpatient Average Length of Stay (ALOS)

September FY STUB

BT Inpatient ALOS - CM

6.79

BT Inpatient ALOS - YTD

6.34

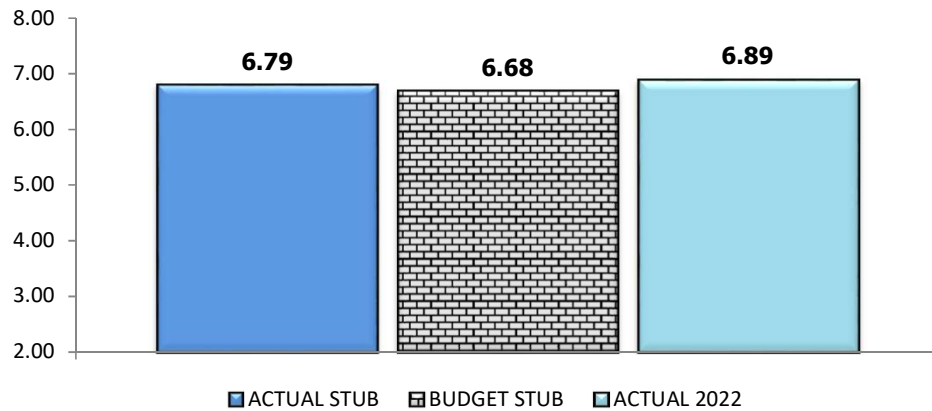
LBJ Inpatient ALOS - CM

5.76

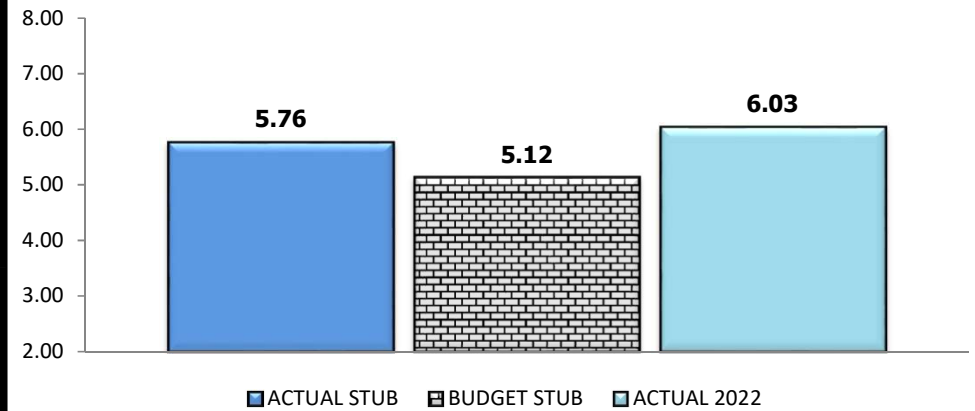
LBJ Inpatient ALOS - YTD

5.40

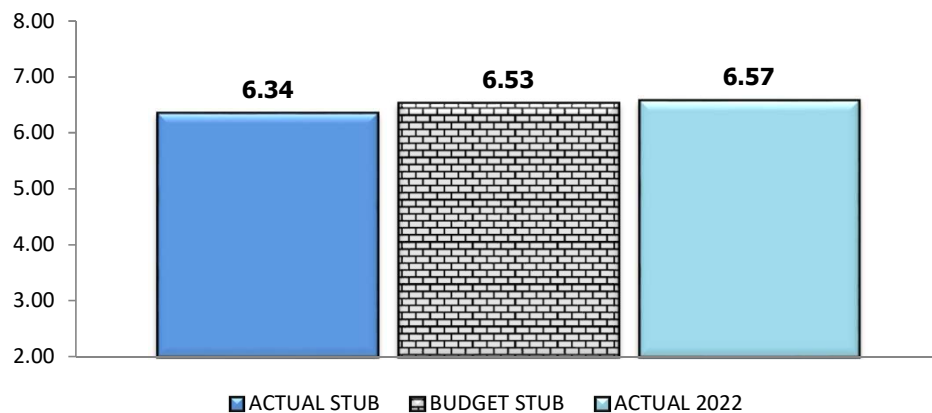
Ben Taub ALOS - Current Month



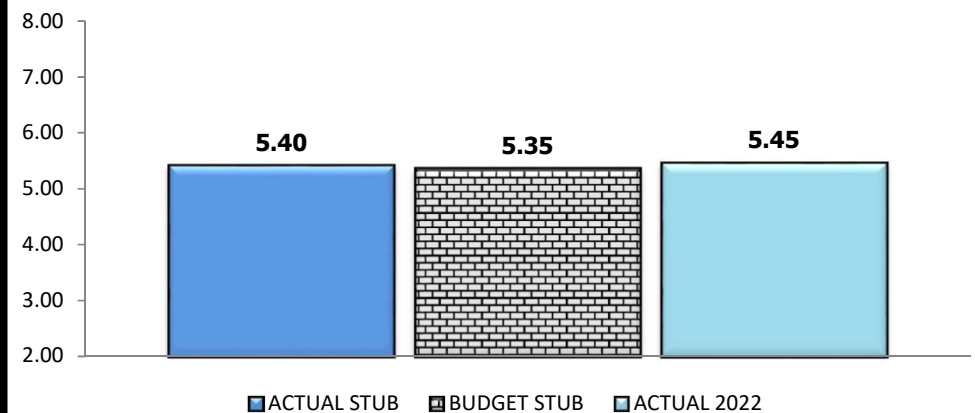
Lyndon B. Johnson ALOS - Current Month



Ben Taub ALOS - YTD



Lyndon B. Johnson ALOS - YTD



Harris Health System

Statistical Highlights - Case Mix Index (CMI)

September FY STUB

BT Case Mix Index (CMI) - CM

Overall	Excl. Obstetrics
1.784	2.021

BT Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.800	1.987

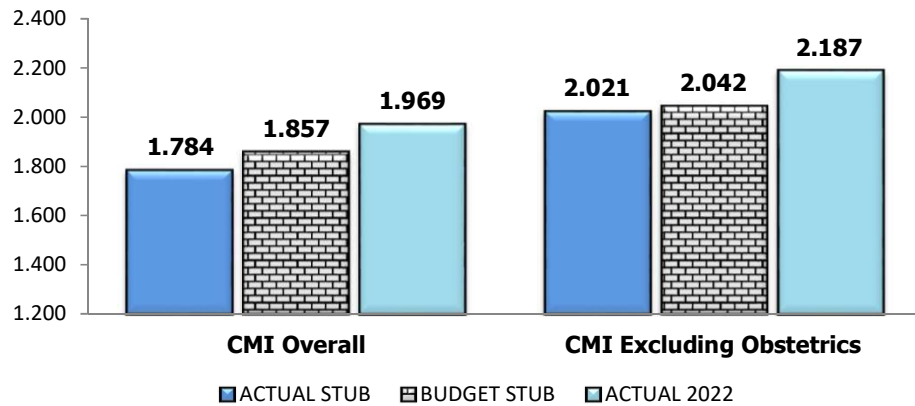
LBJ Case Mix Index (CMI) - CM

Overall	Excl. Obstetrics
1.609	1.783

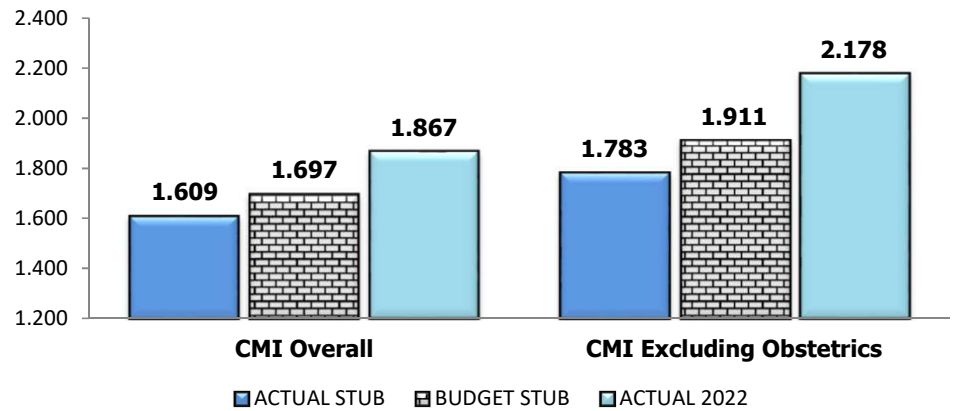
LBJ Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.563	1.727

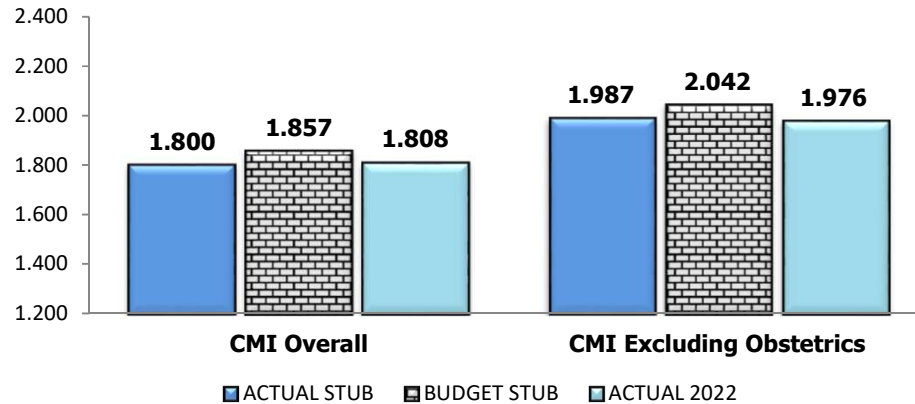
Ben Taub CMI - Current Month



Lyndon B. Johnson CMI - Current Month



Ben Taub CMI - YTD



Lyndon B. Johnson CMI - YTD

