

BOARD OF TRUSTEES

Budget and Finance Committee

Thursday, May 8, 2025
9:00 A.M.

BOARD ROOM
4800 Fournace Place, Bellaire, Texas 77401

The meeting may be viewed online at: <http://harrishealthtx.swagit.com/live>.

Notice: Some Board Members may participate by videoconference.

Mission

Harris Health is a community-focused academic healthcare system dedicated to improving the health of those most in need in Harris County through quality care delivery, coordination of care, and education.

AGENDA

- | | | |
|--|------------------|----------|
| I. Call to Order and Record of Attendance | Mr. Jim Robinson | 1 min |
| II. <u>Approval of the Minutes of Previous Meeting</u> | Mr. Jim Robinson | 1 min |
| • <u>Budget and Finance Committee Meeting – February 13, 2025</u> | | |
| III. <u>Update Regarding Harris Health’s Contractor Diversity Annual Report – Mr. Derek Holmes</u> | | 15 min |
| IV. Financial Matters | Mr. Jim Robinson | 30 min |
| A. <u>Consideration of Acceptance of the Harris Health Second Quarter Fiscal Year 2025 Investment Report – Mr. Jay Camp</u> | | (10 min) |
| B. <u>Consideration of Acceptance of the Harris Health First Quarter Fiscal Year 2025 Pension Plan Report – Mr. Jay Camp</u> | | (10 min) |
| C. <u>Consideration of Acceptance of the Harris Health March 2025 Quarterly Financial Report Subject to Audit – Mr. Jay Camp</u> | | (10 min) |
| V. Information Only | Mr. Jim Robinson | 1 min |
| A. <u>Annual Interest Rate Management Agreement Disclosure – Mr. Jay Camp</u> | | |
| B. <u>2024 Annual Report of the 401k and 457b Administrative Committee Activities – Mr. Jay Camp</u> | | |
| C. <u>2024 Annual Report of the Pension and Disability Committee Activities – Mr. Jay Camp</u> | | |

VI.	Executive Session	Mr. Jim Robinson	10 min
	A. <u>Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. Financial Performance for the Three Months Ending March 31, 2025, Pursuant to Tex. Gov't Code Ann. §551.085 – Ms. Lisa Wright, CEO and Ms. Anna Mateja, CFO, Community Health Choice</u>		(10 min)
VII.	Reconvene	Mr. Jim Robinson	1 min
VIII.	Adjournment	Mr. Jim Robinson	1 min

HARRIS HEALTH
MINUTES OF THE BOARD OF TRUSTEES
BUDGET & FINANCE COMMITTEE MEETING
Thursday, February 13, 2025
9:00 AM

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
I. Call to Order and Record of Attendance	Mr. Jim Robinson, Committee Chair, called the meeting to order at 9:00 a.m. It was noted that a quorum was present, and the attendance was recorded. The meeting may be viewed online through the Harris Health website: http://harrishealthtx.swagit.com/live .	
II. Approval of the Minutes of Previous Meeting	<ul style="list-style-type: none"> Budget and Finance Committee Meeting – November 14, 2024 	Moved by Ms. Carol Paret, seconded by Mr. Jim Robinson, and unanimously approved the minutes of the November 14, 2024, meeting.
III. Financial Matters		
A. Consideration of Acceptance of the Harris Health First Quarter Fiscal Year 2025 Investment Report	Ms. Victoria Nikitin, Executive Vice President, Chief Financial Officer, presented the Harris Health First Quarter Fiscal Year 2025 Investment Report. She reported that investment earnings for the first quarter totaled \$15 million, yielding an average monthly return of \$5 million. A copy of the Investment Report is available in the permanent record.	Moved by Ms. Carol Paret, seconded by Mr. Jim Robinson, and unanimously accepted that the Committee recommends that the Board approve item III.A.
B. Consideration of Acceptance of the Harris Health Fourth Quarter Calendar Year 2024 Pension Plan Report	Ms. Nikitin presented the Harris Health Fourth Quarter Calendar Year 2024 Pension Plan Report. Due to various market conditions, the investment return for the quarter ending December 31, 2024, was 9.4%, with a funded ratio of 87.9%. A copy of the Pension Plan Report is available in the permanent record.	Moved by Ms. Carol Paret, seconded by Mr. Jim Robinson, and unanimously accepted that the Committee recommends that the Board approve item III.B.
C. Consideration of Acceptance of the Harris Health December 2024 Financial Report Subject to Audit	Ms. Nikitin presented the Harris Health December 2024 Financial Report, subject to audit. She reported that operating income for the quarter ending December 31, 2024, was \$31 million, which is now \$21 million compared to the budgeted income of \$14.4 million, pending possible audit adjustments. A copy of the Final Report is available in the permanent record.	Moved by Ms. Carol Paret, seconded by Mr. Jim Robinson, and unanimously accepted that the Committee recommends that the Board approve item III.C.

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
D. Brief Update Regarding Upcoming Bond-related Items	Ms. Nikitin provided an update on upcoming bond-related matters, noting that a full presentation will be given at the February Board meeting. She shared that Harris Health, in collaboration with external consultants and attorneys, has been meeting weekly to develop a financing plan for construction and bond funding. The proposed bond sale, scheduled for the end of May, is expected to be approximately \$850 million. Ms. Nikitin also outlined the next steps and the transaction timeline. Mr. Jim Robinson added that there is community concern about rising costs, which could result in insufficient bond funds to make improvements at LBJ and to build additional clinics. In response, Ms. Nikitin emphasized that we must stay within the scope of what the public has approved. Mr. Louis Smith, Senior Executive Vice President, Chief Operating Officer, shared that the System is prioritizing bond funds across facilities, including LBJ, Ben Taub, ambulatory clinics. At this time, no issues are anticipated.	As Presented.
IV. Executive Session	At 9:19 a.m., Mr. Jim Robinson stated that the Budget and Finance Committee of the Board of Trustees would go into Executive Session for item 'A' as permitted by law under Tex. Gov't Code Ann. §§551.071 and 551.085	
A. Presentation Regarding the Boards Fiduciary Responsibility Related to Components Units, Pursuant to Tex. Gov't Code Ann. §§551.071 and 551.085		No Action Taken.
V. Reconvene	At 9:45 a.m., Mr. Jim Robinson reconvened the meeting in open session; he noted that a quorum was present and that no action was taken in Executive Session.	
VI. Adjournment	There being no further business, the meeting adjourned at 9:45 a.m.	

I certify that the foregoing are the Minutes of the Meeting of the Budget and Finance Committee of the Board of Trustees of the Harris Health held on February 13, 2025.

Respectfully submitted,

Jim Robinson, MA, CFE, Committee Chair

Recorded by Cherry A. Joseph, MBA

Thursday, February 13, 2025
Harris Health Board of Trustees Budget & Finance Committee Attendance

COMMITTEE MEMBERS PRESENT	COMMITTEE MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Carol Paret	Ingrid Robinson	
Jim Robinson (<i>Committee Chair</i>)		

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS	
Alexander Barrie	John Matcek
Dr. Amy Smith	Louis Smith
Carolynn Jones	Maria Cowles
Cherry Pierson	Matthew Schlueter
Chris Clark (<i>FORVIS MAZARS</i>)	Nicholas J. Bell
Ebon Swofford (<i>Harris County Attorney's Office</i>)	Olga Rodriguez
Elizabeth Hanshaw Winn (<i>Harris County Attorney's Office</i>)	Randy Manarang
Dr. Esmaeil Porsa (<i>Harris Health System President & CEO</i>)	Dr. Sandeep Markan
Dr. Esperanza "Hope" Galvan	Sara Thomas (<i>Harris County Attorney's Office</i>)
Jack Adger (<i>Harris County Purchasing Office</i>)	Shawn DeCosta
Dr. Jackie Brock	Dr. Steven Brass
Dr. Jennifer Small	Victor Martinez
Jennifer Zarate	Victoria Nikitin

Virtual Attendee Notice: If you joined as a group and would like to be counted as present, please submit an email to: BoardofTrustees@harrishealth.org before close of business the day of the meeting.

Thursday, May 8, 2025

Update Regarding Harris Health's Contractor Diversity Annual Report



Maria M. Cowles
EVP, Chief Strategy Officer and Chief of Staff

HARRISHEALTH

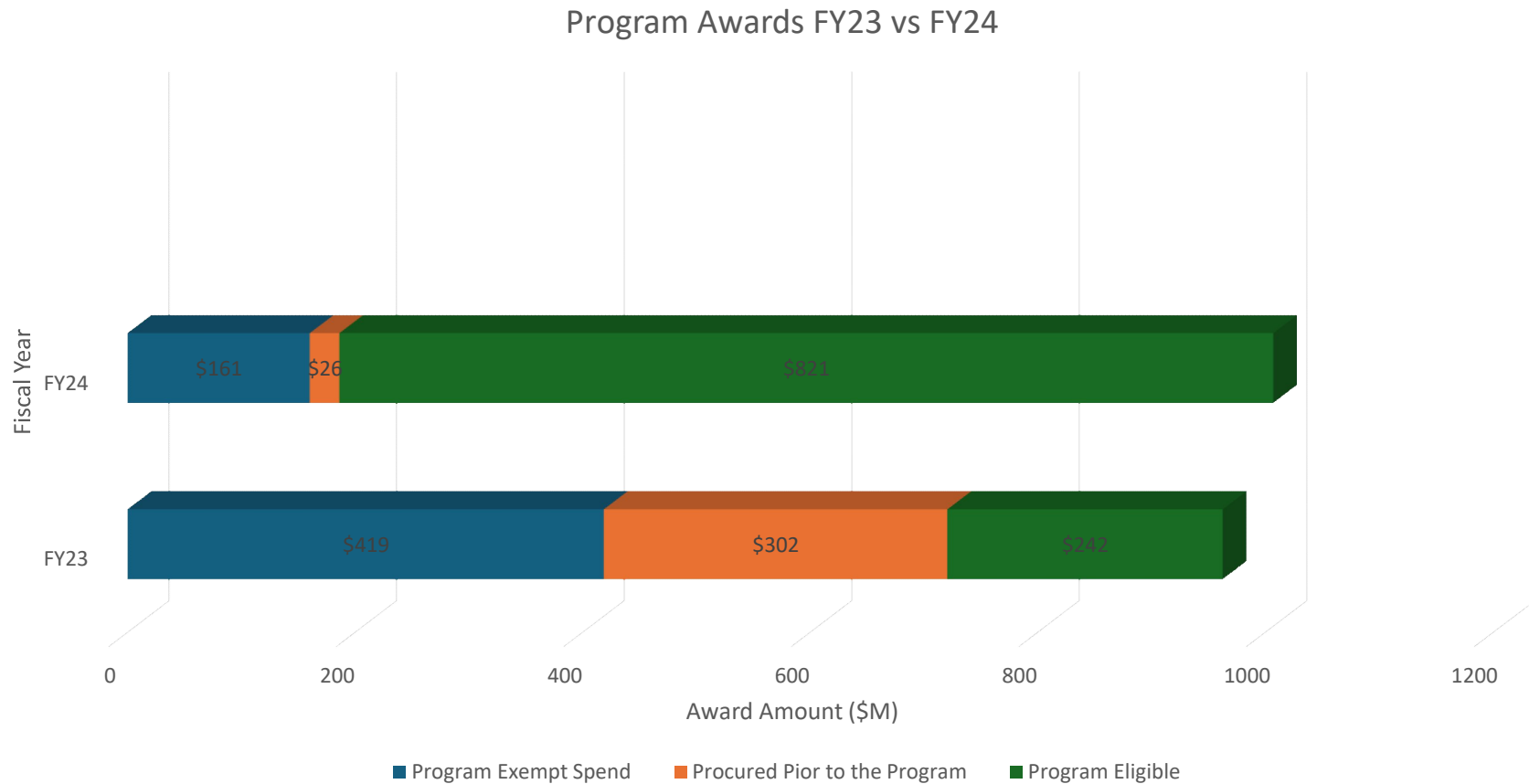
Contractor Diversity Program

ANNUAL REPORT FISCAL YEAR 2024

Derek Holmes

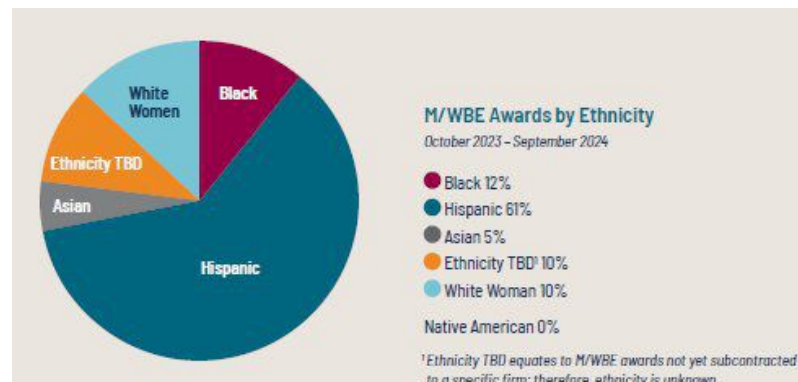
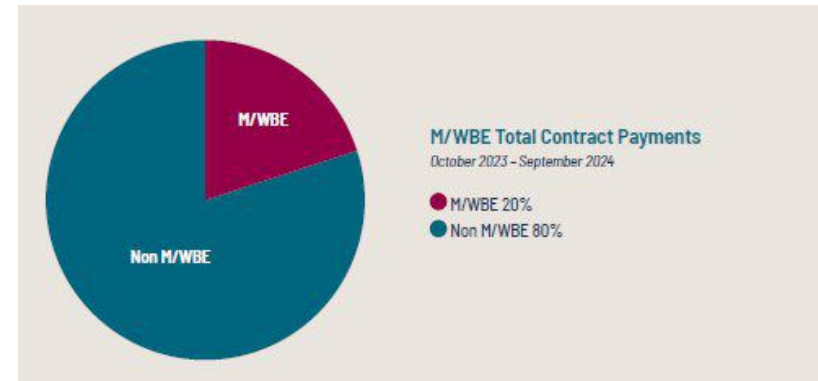
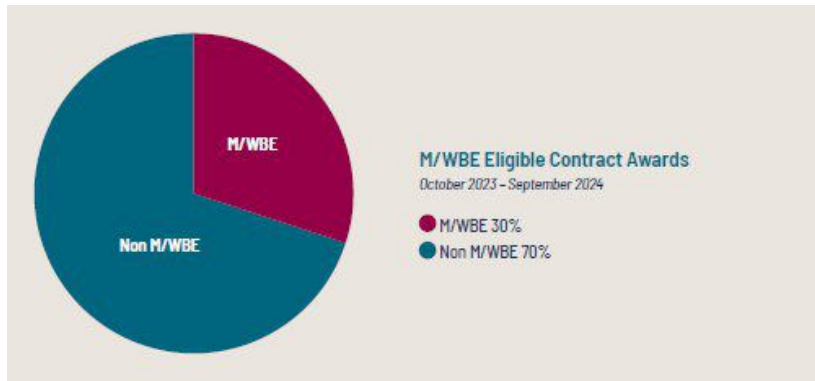
VP, Contract Administration & Contractor Diversity

Summary of Program Exclusions



Awards Summary

Award & Payment Summary



Contract Awards with M/WBE Goals	Contract Count	M/WBE Contract Count	Non M/WBE Amount	M/WBE Amount	Total Amount Awarded	M/WBE %
Construction	32	32	\$420,243,171	\$186,109,802	\$606,352,973	30.7%
Goods & Services	46	46	\$52,927,579	\$23,802,713	\$76,730,292	31.0%
Professional Services	47	47	\$35,101,424	\$35,013,929	\$70,115,353	49.9%
Total	125	125	\$508,272,174	\$244,926,444	\$753,198,618	32.52%

Contract Awards without Subcontracting Opportunities	Contract Count	M/WBE Contract Count	Non M/WBE Amount	M/WBE Amount	Total Amount Awarded	M/WBE %
Co-op	0	0	\$-	\$-	\$-	0.0%
Drop Shipped	19	0	\$7,674,545	\$-	\$7,674,545	0.0%
Emergency	1	0	\$116,572	\$-	\$116,572	0.0%
Minimal M/WBE Availability	5	0	\$1,177,443	\$-	\$1,177,443	0.0%
Non-Divisible	26	0	\$19,046,359	\$-	\$19,046,359	0.0%
Specialized, Technical, or Unique in Nature	77	1	\$39,514,703	\$185,400	\$39,700,103	0.5%
Total	128	1	\$67,529,622	\$185,400	\$67,715,022	0.27%
Total Eligible	253	126	\$575,801,796	\$245,111,844	\$820,913,640	29.86%

FY24 Awards Summary *by Contract Type*

FY23 M/WBE Award Total as 18.9% vs 29.86% in FY24

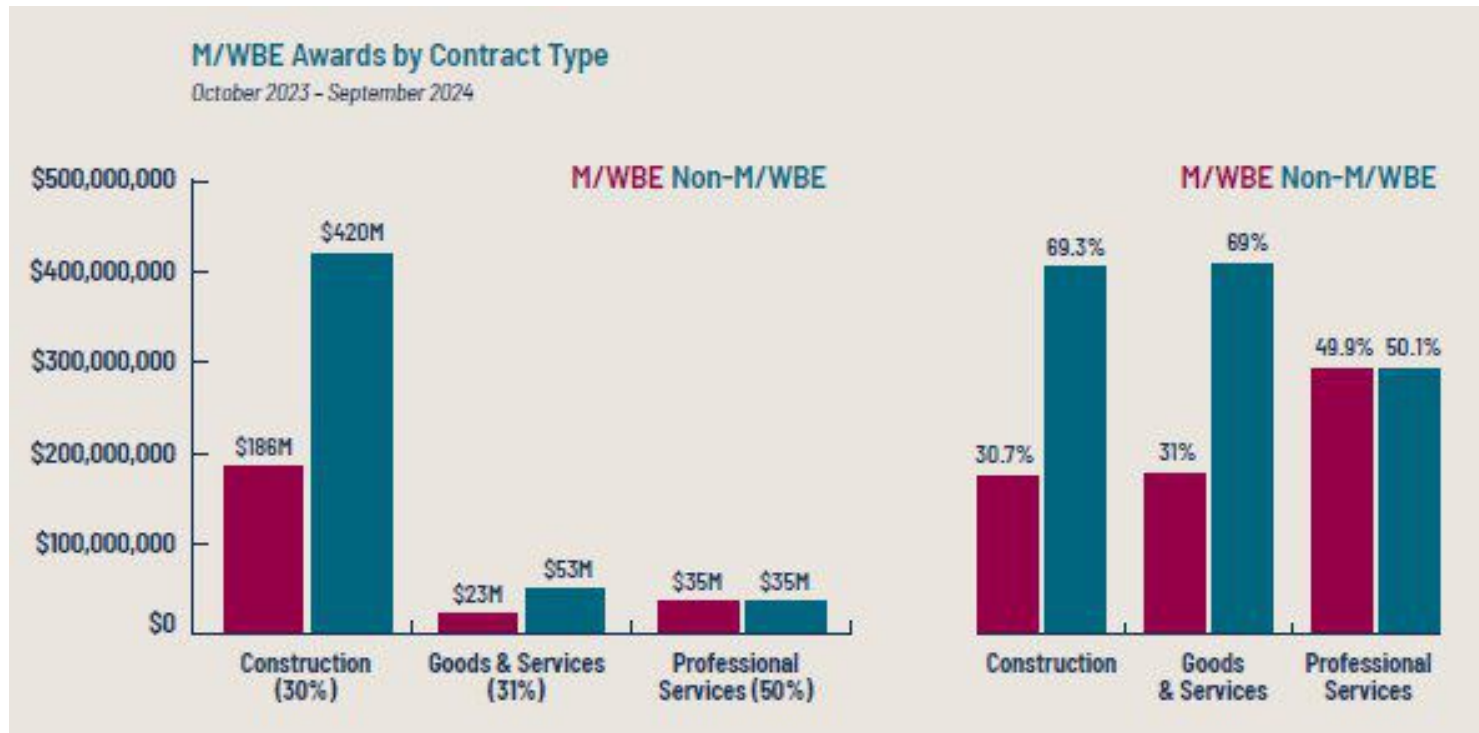
Ethnicity & Gender	Total M/WBE Award Amount	FY23 M/WBE Award %	FY24 M/WBE Award %	Variance FY23/FY24	2022 Disparity Study	Variance FY24/ Disparity Study
Black	\$28,249,928	6.59%	3.44%	-3.15%	0.00%	3.44%
Hispanic	\$149,883,269	4.03%	18.26%	14.23%	2.30%	15.96%
Asian	\$12,628,050	0.92%	1.54%	0.62%	0.30%	1.24%
Native American	\$210,552	0.01%	0.03%	0.01%	0.00%	0.03%
MBE	\$190,971,799	11.55%	23.26%	11.71%	2.60%	20.66%
White Women	\$30,733,969	6.27%	3.74%	-2.53%	5.30%	-1.56%
TBD ¹	\$23,406,076	1.11%	2.85%	1.74%	—	—
M/WBE	\$245,111,844	18.94%	29.86%	10.92%	7.90%	21.96%
Non-M/WBE	\$575,801,796	81.06%	70.14%	-10.92%	92.10%	-21.96%
Total	\$820,913,640	100.00%	100.00%		100.00%	

¹ Ethnicity TBD equates to M/WBE awards not yet subcontracted to a specific firm; therefore, ethnicity is unknown.

FY24 Awards Summary *by Ethnicity & Gender*

Awarded \$46M to M/WBEs in FY23 vs \$245M in FY24

FY24 Awards Summary *by Contract Type*



FY23 126 M/WBE contracts were awarded vs 253 in FY24.

FY24 Awards Summary *by Industry Type*

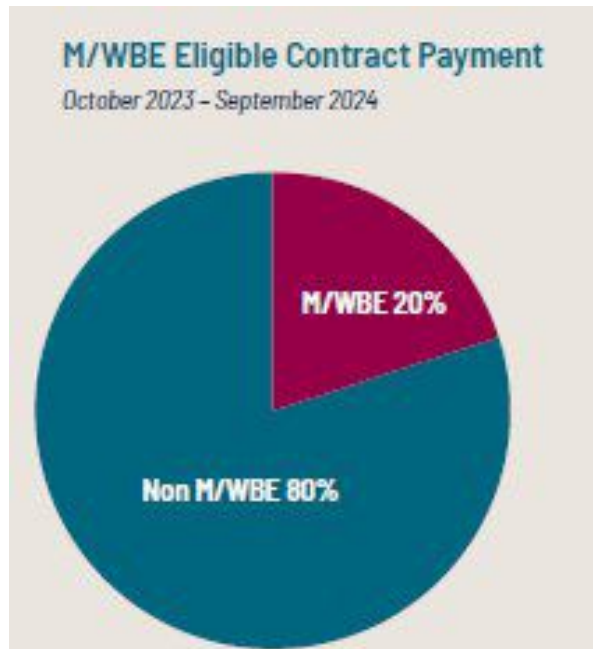
Industry Type	# of M/WBEs Used	% of M/WBE Utilization	M/WBE Total Award \$	Avg. M/WBE Award per Industry Type
Construction	95	64.00%	\$156,896,904	\$1,651,546
Architectural & Engineering	20	9.70%	\$23,845,904	\$1,192,295
Administrative and Support	45	8.70%	\$21,387,212	\$475,271
Wholesale Trade	29	8.40%	\$20,632,712	\$711,473
Arts, Entertainment and Recreation	1	2.20%	\$5,296,700	\$5,296,700
Finance & Insurance	3	1.80%	\$4,379,996	\$1,459,999
Healthcare & Social Assistance	5	1.80%	\$4,377,756	\$875,551
Manufacturing	24	1.30%	\$3,260,062	\$135,836
Information Technology	4	0.90%	\$2,170,108	\$542,527
Professional & Technical Services	15	0.60%	\$1,430,641	\$95,376
Transportation & Warehousing	4	0.40%	\$906,351	\$226,588
Public Administration	5	0.10%	\$252,834	\$50,567
Retail Trade	2	0.10%	\$188,064	\$94,032
Accommodation and Food Services	1	0.00%	\$116,600	\$116,600
Total	253	100%	\$245,141,844	\$968,940

*Note: Of the 253 M/WBEs utilized, 178 represent unique business entities.

A large, teal-colored wooden letter 'V' is positioned diagonally across the middle of the slide. The wood grain is visible on its surface. The text 'III. Payment Summary' is overlaid in white on the left side of the 'V'.

III. Payment Summary

FY24 Payment Summary



M/WBE Payments by Ethnicity and Gender
October 2023 - September 2024

Ethnicity & Gender	Total Payments	Payment %
Black	\$7,763,581	5.64%
Hispanic	\$3,854,297	2.80%
Asian	\$1,499,499	1.09%
Native American	\$-	0.00%
MBE	\$13,117,378	9.52%
White Women	\$14,852,603	10.78%
M/WBE	\$27,969,981	20.30%
Non-M/WBE	\$109,782,340	79.70%
Total	\$137,752,321	100%

7% of Payments were made to M/WBEs in FY23 vs 20% in FY24

Payment Summary *by Contract Type*

M/WBE Payments by Contract Type

October 2023 - September 2024

Contract Type	Non - M/WBE Amount	M/WBE Amount	Total Amount	M/WBE %
Goods & Services	\$26,711,762	\$6,681,070	\$33,392,832	20%
Construction	\$18,128,011	\$3,477,752	\$21,605,762	16%
Professional Services	\$64,942,567	\$17,811,159	\$82,753,727	22%
Total	\$109,782,340	\$27,969,981	\$137,752,321	20%

M/WBE Payments by Contract Type

October 2022 - September 2023

Contract Type	Non - M/WBE Amount	M/WBE Amount	Total Amount	M/WBE %
Goods & Services	\$109,952,615	\$5,007,222	\$114,959,837	9%
Construction*	\$46,058,500	\$-	\$46,058,500	0%
Professional Services	\$82,302,075	\$12,665,776	\$94,967,851	8%
Total	\$238,313,190	\$17,672,998	\$255,986,188	7%

*Most Construction contracts with payments during this period were awarded prior to the M/WBE Program. Subcontractor data was not available at the time of this report.

Awards are a leading indicator, while payments are a lagging indicator.

A large, teal-colored wooden letter 'V' is positioned diagonally across the frame. The wood grain is visible on its surface. The background is a light, textured surface, possibly concrete or stone.

IV. Outreach and Training Summary

FY24 Outreach & Training Summary

Outreach Event Type	# of Events	Approx. # of Attendees
In-Person Events	48	11,570
Virtual Events	17	782
Electronic Communications	41	89,884
Focus Groups	10	218

The primary objectives of these outreach and training efforts were:

- Raise awareness of the Harris Health Contractor Diversity Program.
- Inform M/WBEs about upcoming opportunities.
- Provide training on solicitation publication and bid submission requirements.
- Support M/WBEs in obtaining certifications.
- Collect contact information for future communications.



Community
Partners



RideMETRO.org • Call or text 713-635-4000



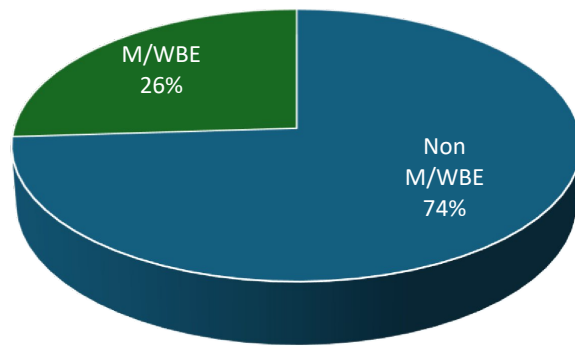
YTD Program Update

OCT24 – MAR25



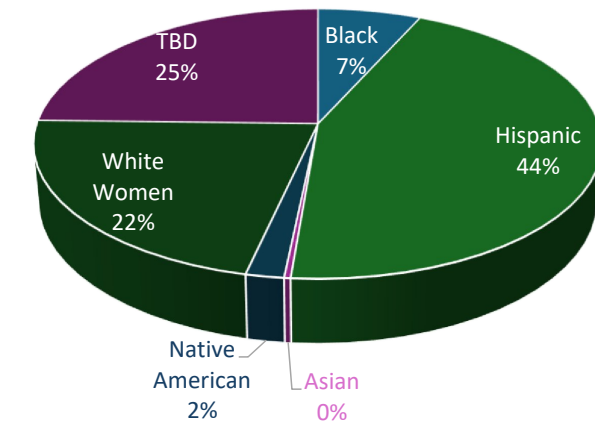
FY25 YTD Awards Summary

Contract Awards
OCT24 – MAR25



■ Non M/WBE ■ M/WBE

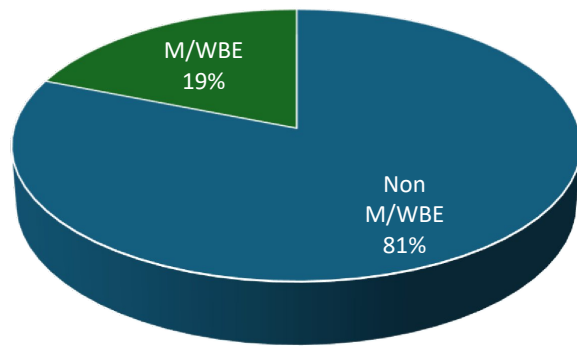
Contract Awards by Ethnicity
OCT24 – MAR25



■ Black ■ Hispanic ■ Asian
■ Native American ■ White Women ■ TBD

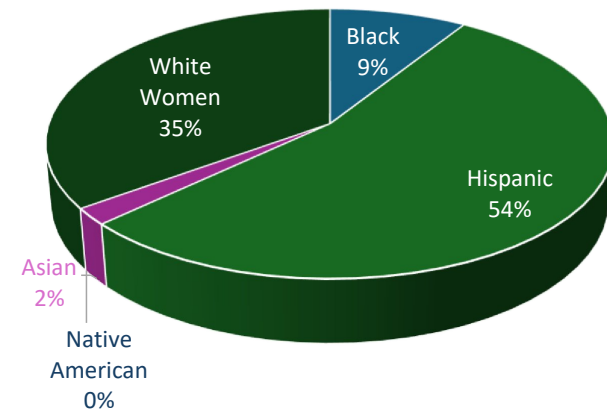
FY25 YTD Payment Summary

Contract Payments
OCT24 – MAR25



■ Non M/WBE ■ M/WBE

Contract Payments by
Ethnicity OCT24 – MAR25



■ Black ■ Hispanic ■ Asian
■ Native American ■ White Women

Questions?

Stories of Success



Phylicia Hill, CEO and managing director, H5 Strategic Alliances

Our partnership with Harris Health has been greatly enhanced by the support of Derek Holmes and Tamala Austin from the Diversity Outreach team. Their commitment to inclusive business opportunities has led to valuable meetings and expos, helping us understand Harris Health's needs.

As an M/WBE, H5 is grateful for Harris Health's proactive efforts in keeping us informed. Thanks to their support, we're excited to be selected as a subcontractor on five upcoming projects, highlighting the importance of diversity in the procurement process.



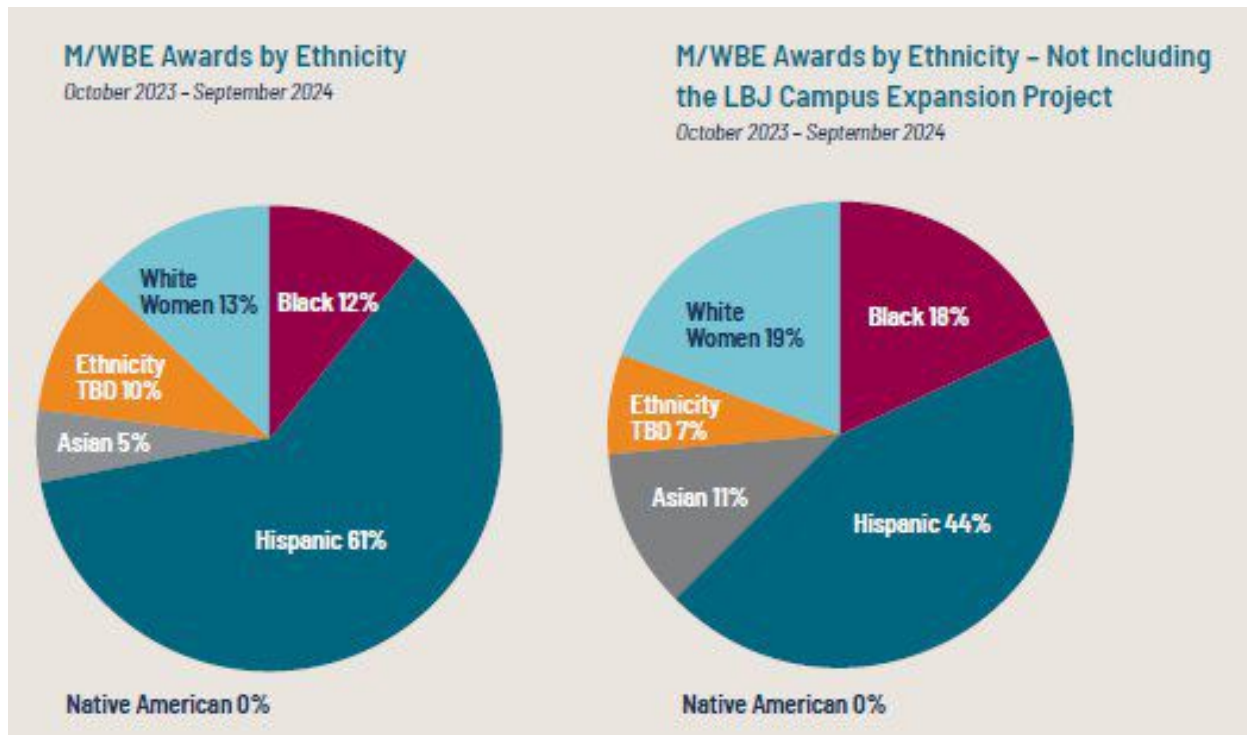
Josue Zamarron, founder, Zamco

Zamco Directional Drilling, a minority veteran-owned company, secured a contract with Harris Health performing electrical work through McCarthy on the LBJ Hospital campus expansion project. This project, which powers cranes for construction, represents a full-circle moment for founder Josue Zamarron, who once received care at LBJ Hospital.

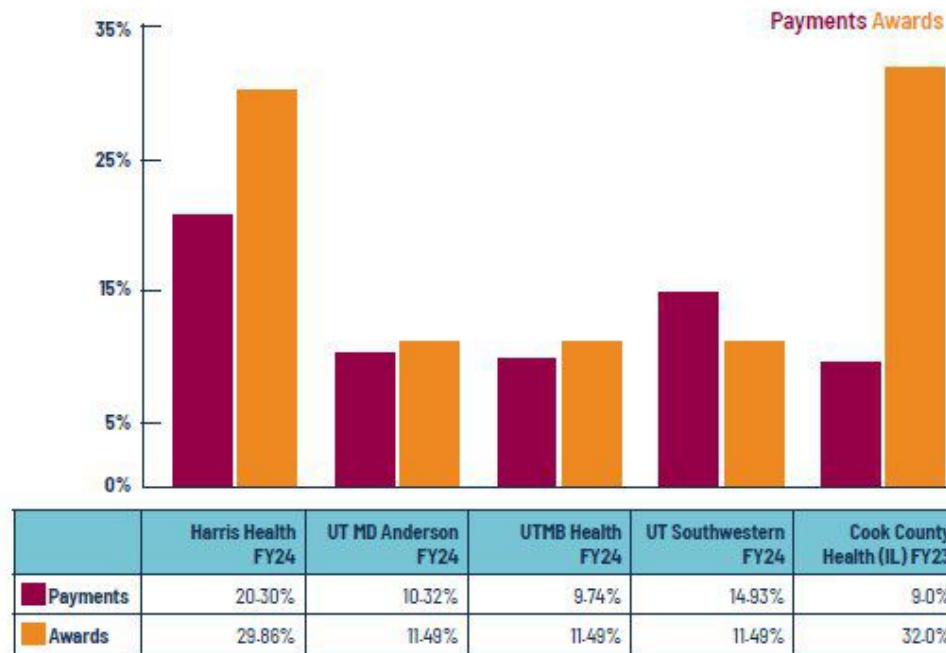
The company navigated a straightforward onboarding process through the electrical contractor, Fisk. This achievement underscores the perseverance of a small business owner and the importance of community support. Zamco's success demonstrates how a dedicated, veteran-owned business can make a meaningful impact.

Appendix A: FY24 Awards Summary

Comparison of Total vs Excluding LBJ Campus Expansion



Appendix B: FY24 Diversity Program Comparison



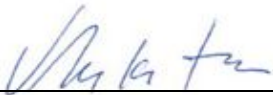
The Texas Comptroller publishes individual agency Historically Underutilized Business (HUB) payment information, while illustrating a collective statewide HUB award percentage, including other state agencies like TxDOT.

Thursday, May 8, 2025

Consideration of Acceptance of the Harris Health Second Quarter Fiscal Year 2025
Investment Report

Attached for your review and acceptance is the Second Quarter Fiscal Year 2025 Investment Report for the period January 2025 to March 2025.

Administration recommends that the Board accept the Second Quarter Investment Report for the period ended March 31, 2025.



Victoria Nikitin
Executive Vice President – Chief Financial Officer

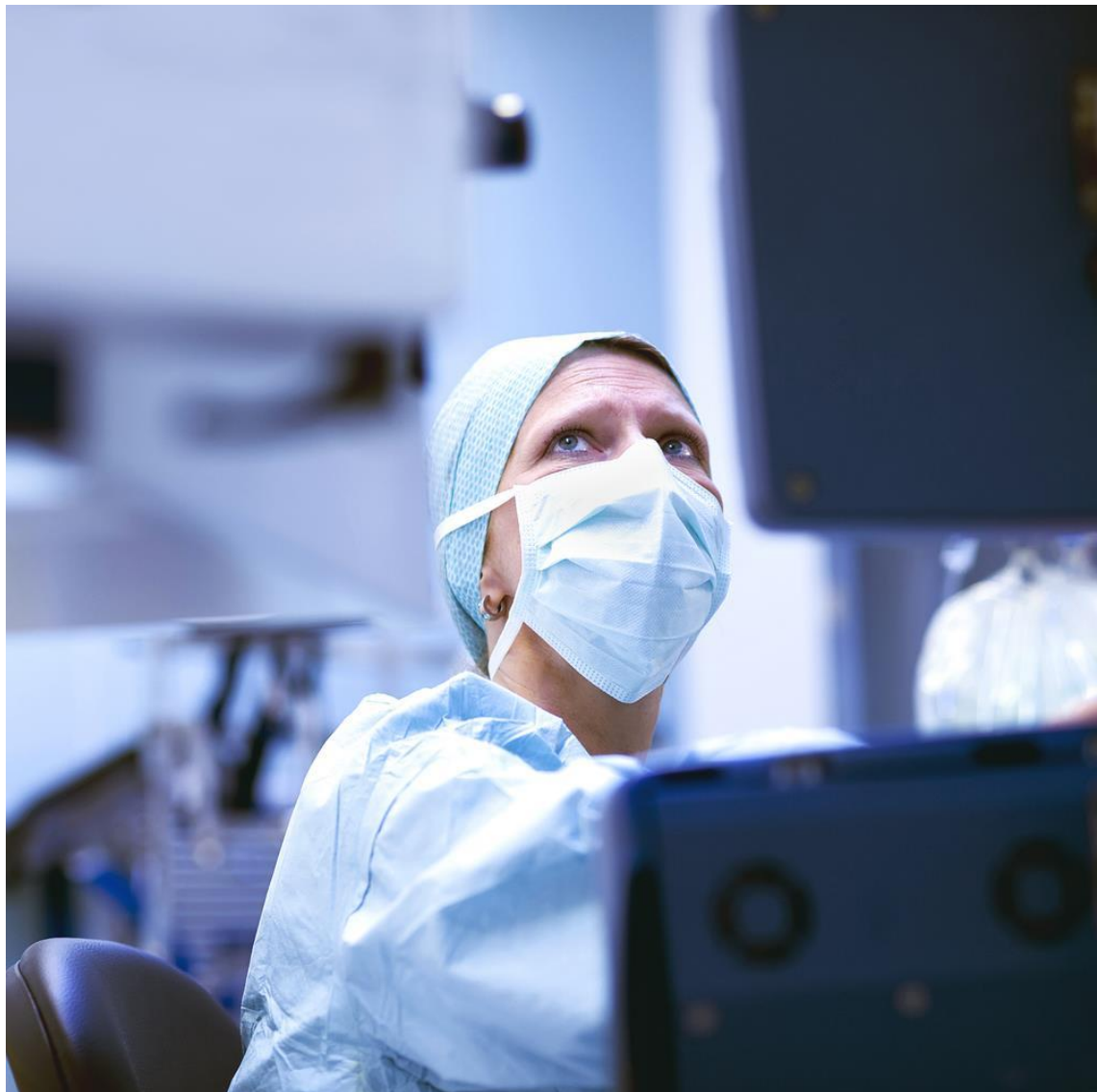


Quarterly Investment Summary

Harris Health

As of March 31, 2025

Investment advice and consulting services provided by Aon Investments USA, Inc.
To protect the confidential and proprietary information included in this material, it
may not be disclosed or provided to any third parties without the approval of Aon.



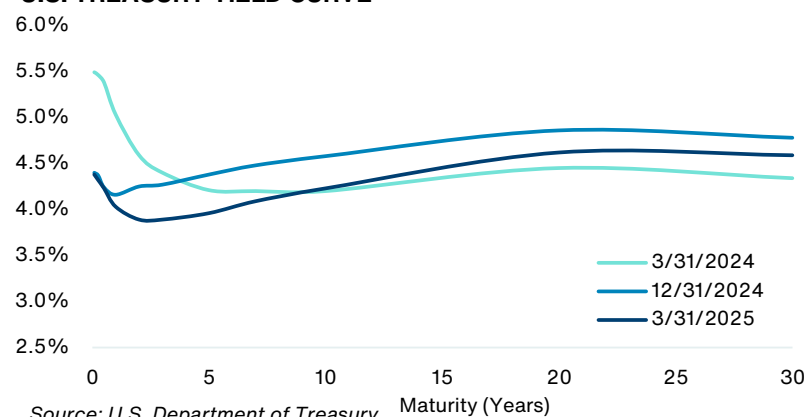
Financial Highlights

As of March 31, 2025

Review of Capital Markets

- During the quarter, the short end of the yield curve became more inverted as yields fell across maturities and the Federal Reserve held short term rates the same.
- As a result, short-term commercial paper and money market funds continued to outperform longer dated bonds.
- The investment strategy in place for Harris Health was targeted to take advantage of the current interest rate horizon.

U.S. TREASURY YIELD CURVE



Financial Highlights

As of March 31, 2025

Portfolio Balances

- Total Assets equaled \$1.86 billion on March 31, 2025.
- Assets increased nearly \$630 million over the beginning market value of \$1.23 billion on December 31, 2024.
 - The increase was due to the receipt of \$900 million in ad valorem tax collections during the quarter, partially offset by the quarterly operating and cash needs of the organization.
- Balances by Account:

Account	March 31, 2025	
	Market Value	%
General Fund	\$1,768,972,738	95.0%
Debt Service	\$33,087,089	1.8%
Other Fund Accounts	\$59,245,725	3.2%
Total	\$1,861,305,552	100.0%

Portfolio Returns

- During the quarter, the portfolio generated investment income \$15.7 million.
- The portfolio produced an investment return of 1.02% for the quarter, performing in-line with the 90-Day U.S. Treasury Bill return.
- For the 12-month period ending March 31, 2025, the portfolio returned 4.68%, falling shy of the 90-Day U.S. Treasury Bill's 4.97% return.

Financial Highlights

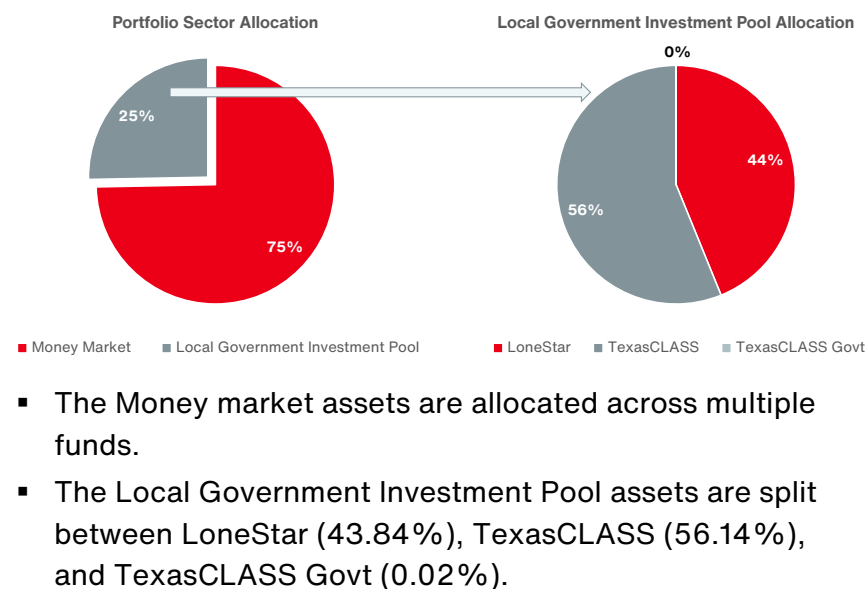
As of March 31, 2025

Portfolio Sector Allocation

- Money Market funds accounted for 75% of the portfolio, followed by Local Government Investment Pool (25%).

Portfolio Maturity Allocation

- As of March 31, 2025, the portfolio was 100% invested in money market funds and short-term pools that all maintained a short duration of approximately 0 – 30 days.
- Based on the current strategy, there are no individual securities in the portfolio with longer maturities.



Compliance Statement

Harris County Financial Management certifies that to the best of their knowledge, based on the investment statements and reporting provided to them, that Harris Health is in compliance with the provisions of Texas Government Code - Public Funds Investment Act, Section 2256.023 and with the stated policies and strategies of Harris Health.

HARRISHEALTH SYSTEM

MONTHLY INVESTMENT REPORT MARCH 2025

PREPARED BY:
OFFICE OF MANAGEMENT AND BUDGET
FINANCIAL MANAGEMENT

The report is presented in accordance with the Texas Government Code - Public Funds Investment Act, Section 2256.023. Financial Management certifies that to the best of our knowledge that the Harris Health System (HHS) is in compliance with the provisions of Government Code 2256 and with the stated policies and strategies of HHS.



Amy Perez
Deputy Executive Director, OMB



Diana Elizondo
Investment Director



Mark LaRue
Investment Manager

SECTION 1
INVESTMENT BALANCES

Harris County
Date To Date
ML - Harris Health Syst Portfolio Holdings
Report Format: By Transaction
Group By: Portfolio Name
Portfolio / Report Group: Harris Health System
Begin Date: 2/28/2025, End Date: 3/31/2025

Description	CUSIP/Ticker	Credit Rating 1	Credit Rating 2	Ending Face Amount/Shares	Beginning MV	Ending MV	Ending BV	Investment Income-BV	Ending YTM @ Cost	Maturity Date
H9902 Hospital - General Fund										
H9902 Hospital - Unrestricted Donations DDA MM	CADE-D1359	None	None	82.67	167,629.82	82.67	82.67	82.67	0.750	N/A
H9902 Hospital - Cadence General Funds DDA MM	CADE-D3837	NR	NR	87,878,340.86	100,326,111.47	87,878,340.86	87,878,340.86	350,506.96	4.250	N/A
H9902 HHS General Funds JPM MM	D5375-HHSJPM	None	None	665,284,550.77	484,695,506.18	665,284,550.77	665,284,550.77	1,611,395.65	3.500	N/A
H9902 Unresr Donations JPM MM	D6757-HHSJPM	None	None	167,707.89	0.00	167,707.89	167,707.89	78.07	3.400	N/A
LoneStar H9902 LGIP	LONESTARH9902	S&P-AAA	NR	206,626,400.70	205,848,602.79	206,626,400.70	206,626,400.70	777,797.91	4.446	N/A
H9902 Hospital - Cadence General Funds MMF MM	M3837-OGVXX	NR	NR	0.00	782,888,584.23	0.00	0.00	2,370,904.01		N/A
H9902 Hospital - HRA Sweep MMF MM	M3845-FIGXX	NR	NR	1,107,001.15	1,132,710.94	1,107,001.15	1,107,001.15	4,057.49	4.250	N/A
H9902 Hospital - Cigna Health Benefits MMF MM	M3944-FIGXX	NR	NR	-2,047,009.39	9,454,288.45	-2,047,009.39	-2,047,009.39	0.00	4.250	N/A
H9902 Hospital - FSA Plan MMF MM	M3951-FIGXX	NR	NR	1,597,677.44	1,989,992.62	1,597,677.44	1,597,677.44	6,553.53	4.250	N/A
H9902 HHS Gen Fd CJTXX MM	M5375-HHSCJTX	None	None	300,000,000.00	0.00	300,000,000.00	300,000,000.00	34,363.20	4.180	N/A
H9902 HHS Gen Funds OGVXX MMF MM	M5375-HHSOGVXX	None	None	300,000,000.00	0.00	300,000,000.00	300,000,000.00	34,992.60	4.260	N/A
H9902 Hospital - Donations Sweep MM	M5899-FIGXX	None	None	0.00	1,296,361.10	0.00	0.00	3,791.89		N/A
H9902 Restr Donations JPM MMF MM	M7157-HHSOGVXX	None	None	1,302,354.91	0.00	1,302,354.91	1,302,354.91	151.91	4.260	N/A
TexasCLASS H9902 LGIP	TXCLASSH9902	S&P-AAA	NR	207,055,630.91	206,276,765.70	207,055,630.91	207,055,630.91	778,865.21	4.439	N/A
Sub Total/Average H9902 Hospital - General Fund				1,768,972,737.91	1,794,076,553.30	1,768,972,737.91	1,768,972,737.91	5,973,541.10	4.003	
H9906 Hospital - SPFC										
H9906 SPFC JPM MM	D2538-HHSJPM	None	None	16.29	0.00	16.29	16.29	0.00	0.000	N/A
H9906 SPFC JPM MMF MM	M2538-HHSOGVXX	None	None	58,275.78	0.00	58,275.78	58,275.78	6.80	4.260	N/A
H9906 Hospital - SPFC Money Market MM	M3936-FIGXX	NR	NR	0.00	58,086.00	0.00	0.00	169.55		N/A

Description	CUSIP/Ticker	Credit Rating 1	Credit Rating 2	Ending Face Amount/Shares	Beginning MV	Ending MV	Ending BV	Investment Income-BV	Ending YTM @ Cost	Maturity Date
TexasCLASS H9906 LGIP	TXCLASSH9906	S&P-AAA	NR	997,331.33	993,579.75	997,331.33	997,331.33	3,751.58	4.439	N/A
Sub Total/Average H9906 Hospital - SPFC				1,055,623.40	1,051,665.75	1,055,623.40	1,055,623.40	3,927.93	4.429	
H9917 Hospital - Ser 2010 DS										
H9917 Ser 2010 DS MM	D2565-HHSJPM	None	None	1,693.37	0.00	1,693.37	1,693.37	0.00	0.000	N/A
H9917 Ser 2010 DS MMF MM	M2565-HHSOGVXX	None	None	6,059,659.61	0.00	6,059,659.61	6,059,659.61	706.81	4.260	N/A
H9917 Hospital - Series 2010 DS Sweep MMF MM	M3993-FIGXX	NR	NR	0.00	6,041,315.59	0.00	0.00	17,630.90		N/A
TexasCLASS H9917 LGIP	TXCLASSH9917	S&P-AAA	NR	67,199.64	66,946.87	67,199.64	67,199.64	252.77	4.439	N/A
Sub Total/Average H9917 Hospital - Ser 2010 DS				6,128,552.62	6,108,262.46	6,128,552.62	6,128,552.62	18,590.48	4.261	
H9918 Hospital - Ser 2010 DSR										
H9918 Ser 2010 DSR MM	D2763-HHSJPM	None	None	1,128.91	0.00	1,128.91	1,128.91	0.00	0.000	N/A
H9918 Ser 2010 DSR MMF MM	M2763-HHSOGVXX	None	None	6,059,659.61	0.00	6,059,659.61	6,059,659.61	706.81	4.260	N/A
H9918 Hospital - Series 2010 DSR Sweep MMF MM	M4017-FIGXX	NR	NR	0.00	6,041,315.59	0.00	0.00	17,630.90		N/A
TexasCLASS H9918 LGIP	TXCLASSH9918	S&P-AAA	NR	65,475.14	65,228.85	65,475.14	65,475.14	246.29	4.439	N/A
Sub Total/Average H9918 Hospital - Ser 2010 DSR				6,126,263.66	6,106,544.44	6,126,263.66	6,126,263.66	18,584.00	4.261	
H9920 Hospital - Rev & Ref Ser 2016 DS										
H9920 Ser 2016 DS MM	D1898-HHSJPM	None	None	1,909.75	0.00	1,909.75	1,909.75	0.00	0.000	N/A
H9920 Ser 2016 DS MMF MM	M1898-HHSOGVXX	None	None	10,250,924.16	0.00	10,250,924.16	10,250,924.16	1,195.69	4.260	N/A
H9920 Hospital - Series 2016 DS Sweep MMF MM	M4009-FIGXX	NR	NR	0.00	10,219,892.19	0.00	0.00	29,825.61		N/A
TexasCLASS H9920 LGIP	TXCLASSH9920	S&P-AAA	NR	90,377.29	90,037.34	90,377.29	90,377.29	339.95	4.439	N/A
Sub Total/Average H9920 Hospital - Rev & Ref Ser 2016 DS				10,343,211.20	10,309,929.53	10,343,211.20	10,343,211.20	31,361.25	4.261	
H9921 Hospital - Rev & Ref Ser 2016 DSR										
H9921 Ser 2016 DSR MM	D2078-HHSJPM	None	None	2,878.73	0.00	2,878.73	2,878.73	0.00	0.000	N/A
H9921 Ser 2016 DSR MMF MM	M2078-HHSOGVXX	None	None	10,301,421.32	0.00	10,301,421.32	10,301,421.32	1,201.58	4.260	N/A
H9921 Hospital - Series 2016 DSR Sweep MMF MM	M4033-FIGXX	NR	NR	0.00	10,270,236.49	0.00	0.00	29,972.54		N/A
TexasCLASS Govt H9921 LGIP	TXCLASSGH9921	S&P-AAA	None	71,910.89	71,651.52	71,910.89	71,910.89	259.37	4.262	N/A

Description	CUSIP/Ticker	Credit Rating 1	Credit Rating 2	Ending Face Amount/Shares	Beginning MV	Ending MV	Ending BV	Investment Income-BV	Ending YTM @ Cost	Maturity Date
TexasCLASS H9921 LGIP	TXCLASSH9921	S&P-AAA	None	112,850.77	112,426.25	112,850.77	112,850.77	424.52	4.439	N/A
Sub Total/Average H9921 Hospital - Rev & Ref Ser 2016 DSR				10,489,061.71	10,454,314.26	10,489,061.71	10,489,061.71	31,858.01	4.261	
H9924 Hospital - Capital Assets Series 2020										
H9924 Capital Assets Ser 2020 MM	D9218-HHSJPM	None	None	2,000,295.84	0.00	2,000,295.84	2,000,295.84	0.00	0.000	N/A
TexasCLASS H9924 LGIP	TXCLASSH9924	S&P-AAA	NR	1,246,494.23	1,241,805.38	1,246,494.23	1,246,494.23	4,688.85	4.439	N/A
Sub Total/Average H9924 Hospital - Capital Assets Series 2020				3,246,790.07	1,241,805.38	3,246,790.07	3,246,790.07	4,688.85	1.704	
H9925 Hospital - Capital Gift Proceeds										
H9925 HCHD - Capital Gift Proceeds MM	M1367-FIGXX	None	None	180.14	179.55	180.14	180.14	0.65	4.240	N/A
TexasCLASS H9925 LGIP	TXCLASSH9925	S&P-AAA	NR	54,943,131.76	54,736,456.43	54,943,131.76	54,943,131.76	206,675.33	4.439	N/A
Sub Total/Average H9925 Hospital - Capital Gift Proceeds				54,943,311.90	54,736,635.98	54,943,311.90	54,943,311.90	206,675.98	4.439	
Total / Average				1,861,305,552.47	1,884,085,711.10	1,861,305,552.47	1,861,305,552.47	6,289,227.60	4.016	

SECTION 2
FISCAL YEAR TO DATE INVESTMENT EARNINGS

Harris County
Date To Date
ML - Portfolio Earnings for Monthly Report
Report Format: By Transaction
Group By: Portfolio Name
Portfolio / Report Group: Harris Health System
Begin Date: 9/30/2024, End Date: 3/31/2025

Description	CUSIP/Ticker	Buy Accrued Interest	Sell Accrued Interest	Interest/Dividends	Amortized Discount	Amortized Premium	Difference in Accrued Interest	Realized Gain/Loss-BV	Investment Income-BV
H9902 Hospital - General Fund									
BARCLAYS US CCP DISC CP 0 11/26/2024	06741FLS4	0.00	0.00	0.00	180,718.64	0.00	0.00	0.00	180,718.64
DNB BANK ASA DISC CP 0 10/25/2024	2332K0KR2	0.00	0.00	0.00	318,235.56	0.00	0.00	0.00	318,235.56
H9902 HHS Gen Fd CJTXX MM	M5375-HHSCJTX	0.00	0.00	34,363.20	0.00	0.00	0.00	0.00	34,363.20
H9902 HHS Gen Funds OGVXX MMF	M5375-HHSOGVXX	0.00	0.00	34,992.60	0.00	0.00	0.00	0.00	34,992.60
H9902 HHS General Funds JPM MM	D5375-HHSJPM	0.00	0.00	5,158,846.47	0.00	0.00	0.00	0.00	5,158,846.47
H9902 Hospital - Cadence General Funds DDA MM	CADE-D3837	0.00	0.00	2,160,616.94	0.00	0.00	0.00	0.00	2,160,616.94
H9902 Hospital - Cadence General Funds MMF MM	M3837-OGVXX	0.00	0.00	11,458,791.07	0.00	0.00	0.00	0.00	11,458,791.07
H9902 Hospital - Cigna Health Benefits MMF MM	M3944-FIGXX	0.00	0.00	250,167.59	0.00	0.00	0.00	0.00	250,167.59
H9902 Hospital - Donations Sweep MM	M5899-FIGXX	0.00	0.00	29,094.17	0.00	0.00	0.00	0.00	29,094.17
H9902 Hospital - FSA Plan MMF MM	M3951-FIGXX	0.00	0.00	44,161.83	0.00	0.00	0.00	0.00	44,161.83
H9902 Hospital - HRA Sweep MMF MM	M3845-FIGXX	0.00	0.00	27,851.35	0.00	0.00	0.00	0.00	27,851.35
H9902 Hospital - Unrestricted Donations DDA MM	CADE-D1359	0.00	0.00	600.96	0.00	0.00	0.00	0.00	600.96
H9902 Restr Donations JPM MMF MM	M7157-HHSOGVXX	0.00	0.00	151.91	0.00	0.00	0.00	0.00	151.91
H9902 Unrestr Donations JPM MM	D6757-HHSJPM	0.00	0.00	78.07	0.00	0.00	0.00	0.00	78.07
LoneStar H9902 LGIP	LONESTARH9902	0.00	0.00	4,768,445.03	0.00	0.00	0.00	0.00	4,768,445.03
T-Bill 0 10/22/2024	912797LU9	0.00	0.00	0.00	150,204.60	0.00	0.00	0.00	150,204.60
T-Bill 0 11/19/2024	912797MC8	0.00	0.00	0.00	574,719.15	0.00	0.00	0.00	574,719.15
T-Bill 0 12/26/2024	912796ZV4	0.00	0.00	0.00	390,430.44	0.00	0.00	0.00	390,430.44
TexasCLASS H9902 LGIP	TXCLASSH9902	0.00	0.00	4,782,113.03	0.00	0.00	0.00	0.00	4,782,113.03
Sub Total/Average H9902 Hospital - General Fund		0.00	0.00	28,750,274.22	1,614,308.39	0.00	0.00	0.00	30,364,582.61
H9906 Hospital - SPFC									
H9906 Hospital - SPFC Money Market MM	M3936-FIGXX	0.00	0.00	1,231.61	0.00	0.00	0.00	0.00	1,231.61

Description	CUSIP/Ticker	Buy Accrued Interest	Sell Accrued Interest	Interest/Dividends	Amortized Discount	Amortized Premium	Difference in Accrued Interest	Realized Gain/Loss-BV	Investment Income-BV
H9906 SPFC JPM MM	D2538-HHSJPM	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
H9906 SPFC JPM MMF MM	M2538-HHSOGVXX	0.00	0.00	6.80	0.00	0.00	0.00	0.00	6.80
TexasCLASS H9906 LGIP	TXCLASSH9906	0.00	0.00	23,034.16	0.00	0.00	0.00	0.00	23,034.16
Sub Total/Average H9906 Hospital - SPFC		0.00	0.00	24,272.57	0.00	0.00	0.00	0.00	24,272.57
H9917 Hospital - Ser 2010 DS									
H9917 Hospital - Series 2010 DS Sweep MMF MM	M3993-FIGXX	0.00	0.00	35,975.88	0.00	0.00	0.00	0.00	35,975.88
H9917 Ser 2010 DS MM	D2565-HHSJPM	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
H9917 Ser 2010 DS MMF MM	M2565-HHSOGVXX	0.00	0.00	706.81	0.00	0.00	0.00	0.00	706.81
TexasCLASS H9917 LGIP	TXCLASSH9917	0.00	0.00	1,552.03	0.00	0.00	0.00	0.00	1,552.03
T-Note 1.375 1/31/2025	912828Z52	0.00	0.00	41,250.00	64,650.15	0.00	-13,675.27	0.00	92,224.88
Sub Total/Average H9917 Hospital - Ser 2010 DS		0.00	0.00	79,484.72	64,650.15	0.00	-13,675.27	0.00	130,459.60
H9918 Hospital - Ser 2010 DSR									
H9918 Hospital - Series 2010 DSR Sweep MMF MM	M4017-FIGXX	0.00	0.00	35,975.88	0.00	0.00	0.00	0.00	35,975.88
H9918 Ser 2010 DSR MM	D2763-HHSJPM	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
H9918 Ser 2010 DSR MMF MM	M2763-HHSOGVXX	0.00	0.00	706.81	0.00	0.00	0.00	0.00	706.81
TexasCLASS H9918 LGIP	TXCLASSH9918	0.00	0.00	1,512.19	0.00	0.00	0.00	0.00	1,512.19
T-Note 1.375 1/31/2025	912828Z52	0.00	0.00	41,250.00	64,650.15	0.00	-13,675.27	0.00	92,224.88
Sub Total/Average H9918 Hospital - Ser 2010 DSR		0.00	0.00	79,444.88	64,650.15	0.00	-13,675.27	0.00	130,419.76
H9920 Hospital - Rev & Ref Ser 2016 DS									
H9920 Hospital - Series 2016 DS Sweep MMF MM	M4009-FIGXX	0.00	0.00	60,859.23	0.00	0.00	0.00	0.00	60,859.23
H9920 Ser 2016 DS MM	D1898-HHSJPM	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
H9920 Ser 2016 DS MMF MM	M1898-HHSOGVXX	0.00	0.00	1,195.69	0.00	0.00	0.00	0.00	1,195.69
TexasCLASS H9920 LGIP	TXCLASSH9920	0.00	0.00	2,087.29	0.00	0.00	0.00	0.00	2,087.29
T-Note 1.375 1/31/2025	912828Z52	0.00	0.00	69,781.25	109,366.51	0.00	-23,134.00	0.00	156,013.76
Sub Total/Average H9920 Hospital - Rev & Ref Ser 2016 DS		0.00	0.00	133,923.46	109,366.51	0.00	-23,134.00	0.00	220,155.97
H9921 Hospital - Rev & Ref Ser 2016 DSR									
H9921 Hospital - Series 2016 DSR Sweep MMF MM	M4033-FIGXX	0.00	0.00	61,159.03	0.00	0.00	0.00	0.00	61,159.03
H9921 Ser 2016 DSR MM	D2078-HHSJPM	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
H9921 Ser 2016 DSR MMF MM	M2078-HHSOGVXX	0.00	0.00	1,201.58	0.00	0.00	0.00	0.00	1,201.58
TexasCLASS H9921 LGIP	TXCLASSH9921	0.00	0.00	2,606.37	0.00	0.00	0.00	0.00	2,606.37
TexasCLASS Govt H9921 LGIP	TXCLASSGH9921	0.00	0.00	1,572.65	0.00	0.00	0.00	0.00	1,572.65
T-Note 1.375 1/31/2025	912828Z52	0.00	0.00	70,125.00	109,905.26	0.00	-23,247.96	0.00	156,782.30

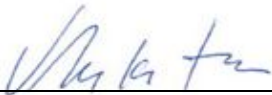
Description	CUSIP/Ticker	Buy Accrued Interest	Sell Accrued Interest	Interest/Dividends	Amortized Discount	Amortized Premium	Difference in Accrued Interest	Realized Gain/Loss-BV	Investment Income-BV
Sub Total/Average H9921 Hospital - Rev & Ref Ser 2016 DSR		0.00	0.00	136,664.63	109,905.26	0.00	-23,247.96	0.00	223,321.93
H9924 Hospital - Capital Assets Series 2020									
H9924 Capital Assets Ser 2020 MM	D9218-HHSJPM	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TexasCLASS H9924 LGIP	TXCLASSH9924	0.00	0.00	28,788.82	0.00	0.00	0.00	0.00	28,788.82
Sub Total/Average H9924 Hospital - Capital Assets Series 2020		0.00	0.00	28,788.82	0.00	0.00	0.00	0.00	28,788.82
H9925 Hospital - Capital Gift Proceeds									
H9925 HCHD - Capital Gift Proceeds MM	M1367-FIGXX	0.00	0.00	180.77	0.00	0.00	0.00	0.00	180.77
TexasCLASS H9925 LGIP	TXCLASSH9925	0.00	0.00	1,270,086.88	0.00	0.00	0.00	0.00	1,270,086.88
Sub Total/Average H9925 Hospital - Capital Gift Proceeds		0.00	0.00	1,270,267.65	0.00	0.00	0.00	0.00	1,270,267.65
Total / Average		0.00	0.00	30,503,120.95	1,962,880.46	0.00	-73,732.50	0.00	32,392,268.91

Thursday, May 8, 2025

Consideration of Acceptance of the Harris Health First Quarter Calendar Year 2025
Pension Plan Report

Attached for your review and acceptance is the First Quarter Calendar Year 2025 Pension Plan Report for the period January 2025 to March 2025.

Administration recommends that the Board accept the First Quarter Pension Plan Report for the period ended March 31, 2025.



Victoria Nikitin
Executive Vice President – Chief Financial Officer

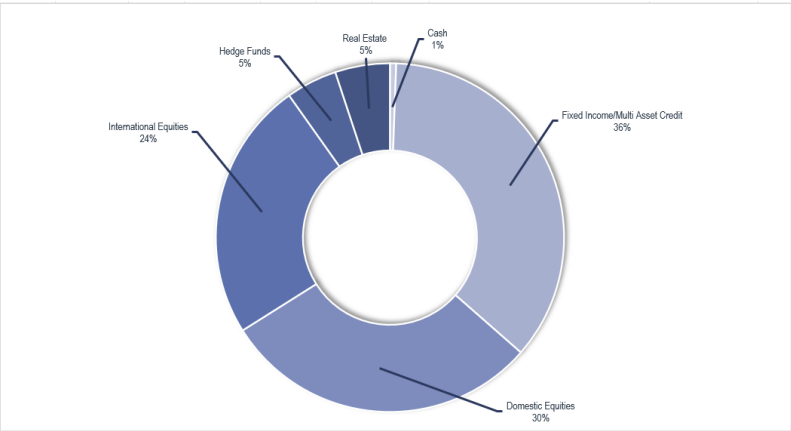
Pension Plan Summary



For the Quarter Ended and Year to Date March 31, 2025

	YEAR-TO-DATE 12/31/24	QUARTERLY 03/31/25	YEAR-TO-DATE 12/31/25
Investment Return	9.4%	-0.1%	-0.1%
Market Value of Assets (in millions)	\$ 1,043.6	\$ 1,042.6	\$ 1,042.6
Employer Contributions (in millions)	\$ 69.0	\$ 16.7	\$ 16.7
Benefit Payments (in millions)	\$ 65.3	\$ 16.6	\$ 16.6
Funded Ratio	86.4%	84.6%	84.6%

Current Asset Allocation:



*The Plan was in compliance with target asset allocations per the Board approved Pension Plan Investment Policy.

Market Updates:

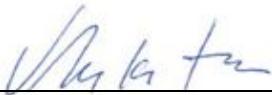
- The market value of the Plan assets decreased \$1.0 million this quarter and decreased \$1.0 million since the beginning of the calendar year. Investment return was -0.1% for the quarter ended March 31, 2025, due to the following market conditions:
- In first quarter of 2025, global equity markets experienced mixed performance throughout the quarter, ultimately closing in the red. Early in the quarter, a global sell-off in AI and tech stocks significantly impacted U.S. markets. Moreover, concerns about potential tariff wars and uncertainty over a slowdown in economic growth further undermined performance, casting doubt on U.S. leadership.
 - The U.S. economy grew at an annualized rate of 2.4% in the fourth quarter of 2024, slightly higher than the economists' expected 2.3% but lower than the previous quarter's annualized growth rate of 3.1%. The growth in consumer and government spending was tempered by a decline in private investment.
 - The S&P 500 index fell by 4.3% over the quarter, delivering its worst quarterly performance since third quarter of 2022. The MSCI All Country World Index fell 1.2% over the quarter and has risen by 7.6% over the trailing one-year. While value delivered positive returns over the quarter, growth was negative.
 - U.S. Treasury yields fell across maturities as the yield curve shifted downwards over the quarter. Medium-term bond yields fell more than the long and short-dated bond yields. Credit markets delivered positive returns over the quarter.

Thursday, May 8, 2025

Consideration of Acceptance of the Harris Health March 2025 Quarterly Financial Report
Subject to Audit

Attached for your review and consideration is the March 2025 Financial Report for the quarter and six months fiscal year-to-date ended March 31, 2025.

Administration recommends that the Board accept the financial report for the period ended March 31, 2025, subject to final audit.



Victoria Nikitin
Executive Vice President – Chief Financial Officer



Financial Statements

As of Quarter Ended March 31, 2025
Subject to Audit



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Financial Highlights Review **HARRISHEALTH**

As of March 31, 2025

Operating income for the quarter ended March 31, 2025 was \$91.4 million compared to budgeted income of \$21.1 million.

Total quarterly net revenue for March 31, 2025 of \$714.0 million was \$51.7 million or 7.8% more than budget. Net patient revenue and ad valorem taxes were \$26.8 million and \$7.9 million, respectively, higher than budget. Medicaid Supplemental programs were \$18.7 million more than expected primarily due to prior years' DSH refunds received from the State.

Total quarterly expenses of \$622.6 million were \$18.6 million or 2.9% less than budget. Total labor costs were \$8.9 million lower than anticipated while supplies and purchased services were \$15.0 million lower than anticipated. The favorable variances were driven primarily by the timing of strategic projects' implementation compared to plan resulting in a delay in the onboarding of incremental FTEs, as well as supplies and outside services required to meet project demands.

Through the quarter ended March 31, 2025, total patient days and average daily census increased 3.4% compared to budget. Inpatient case mix index, a measure of patient acuity, and length of stay were 1.6% and 14.7% higher, respectively, than budget. Emergency room visits were 1.5% lower than planned for the quarter. Total clinic visits, including telehealth, were 1.8% lower compared to budget. Births were down 6.8%.

Total cash receipts for the quarter were \$1,393 million. The System has \$1,763.9 million in unrestricted cash, cash equivalents and investments, representing 268.7 days cash on hand. Harris Health has \$136.8 million in net accounts receivable, representing 62.7 days of outstanding patient accounts receivable at March 31, 2025. The March balance sheet reflects a combined net receivable position of \$100.0 million under the various Medicaid Supplemental programs. The current portion of ad valorem taxes receivable is \$31.5 million, which is offset by ad valorem tax collections as received. Accrued liabilities include \$527.9 million in deferred ad valorem tax revenues that are released as ad valorem tax revenue is recognized. As of March 31, 2025, \$1,008.0 million in ad valorem tax collections were received and \$519.6 million in current ad valorem tax revenue was recognized.

Income Statement

HARRISHEALTH

As of the Quarter Ended March 31, 2025 and 2024 (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	\$ 214.2	\$ 187.4	14.3%	\$ 397.3	\$ 374.2	6.2%	\$ 365.8	8.6%
Medicaid Supplemental Programs	180.5	161.8	11.5%	334.8	323.6	3.5%	327.9	2.1%
Other Operating Revenue	40.0	36.0	11.2%	74.8	72.2	3.6%	66.0	13.4%
Total Operating Revenue	\$ 434.7	\$ 385.2	12.9%	\$ 807.0	\$ 770.0	4.8%	\$ 759.7	6.2%
Net Ad Valorem Taxes	263.1	255.2	3.1%	512.5	510.4	0.4%	452.9	13.1%
Net Tobacco Settlement Revenue	-	-	0.0%	-	-	0.0%	-	0.0%
Capital Gifts & Grants	2.0	2.5	0.0%	2.0	5.0	-60.0%	-	0.0%
Interest Income & Other	14.2	19.4	-27.0%	29.9	38.8	-22.8%	35.8	-16.4%
Total Nonoperating Revenue	\$ 279.3	\$ 277.1	0.8%	\$ 544.4	\$ 554.2	-1.8%	\$ 488.7	11.4%
Total Net Revenue	\$ 714.0	\$ 662.3	7.8%	\$ 1,351.3	\$ 1,324.2	2.0%	\$ 1,248.5	8.2%
EXPENSE								
Salaries and Wages	\$ 244.6	\$ 252.2	3.0%	\$ 488.9	\$ 502.3	2.7%	\$ 472.7	-3.4%
Employee Benefits	81.6	83.0	1.7%	157.5	166.0	5.1%	165.0	4.5%
Total Labor Cost	\$ 326.2	\$ 335.2	2.7%	\$ 646.4	\$ 668.2	3.3%	\$ 637.7	-1.4%
Supply Expenses	78.5	88.1	10.9%	159.0	175.1	9.2%	144.2	-10.3%
Physician Services	117.1	116.2	-0.7%	230.1	232.5	1.0%	217.0	-6.0%
Purchased Services	74.6	80.0	6.7%	150.8	168.7	10.6%	132.7	-13.6%
Depreciation & Interest	26.3	21.8	-20.5%	52.7	44.2	-19.0%	50.4	-4.5%
Total Operating Expense	\$ 622.6	\$ 641.3	2.9%	\$ 1,239.0	\$ 1,288.8	3.9%	\$ 1,182.0	-4.8%
Operating Income (Loss)	\$ 91.4	\$ 21.1		\$ 112.3	\$ 35.4		\$ 66.5	
Total Margin %	12.8%	3.2%		8.3%	2.7%		5.3%	

Balance Sheet

HARRISHEALTH

March 2025 and 2024 (in \$ Millions)

	CURRENT YEAR	PRIOR YEAR
<u>CURRENT ASSETS</u>		
Cash, Cash Equivalents and Short Term Investments	\$ 1,763.9	\$ 1,739.3
Net Patient Accounts Receivable	136.8	183.2
Net Ad Valorem Taxes, Current Portion	31.5	32.7
Other Current Assets	206.0	217.1
Total Current Assets	\$ 2,138.3	\$ 2,172.3
<u>CAPITAL ASSETS</u>		
Plant, Property, & Equipment, Net of Accumulated Depreciation	\$ 577.3	\$ 554.4
Construction in Progress	344.7	142.9
Right of Use Assets	34.5	40.3
Total Capital Assets	\$ 956.5	\$ 737.5
<u>ASSETS LIMITED AS TO USE & RESTRICTED ASSETS</u>		
Debt Service & Capital Asset Funds	\$ 37.6	\$ 38.9
LPPF Restricted Cash	0.0	26.5
Capital Gift Proceeds	54.9	54.8
Other - Restricted	1.1	1.0
Total Assets Limited As to Use & Restricted Assets	\$ 93.6	\$ 121.2
Other Assets	50.4	51.7
Deferred Outflows of Resources	182.3	234.8
Total Assets & Deferred Outflows of Resources	\$ 3,421.2	\$ 3,317.5
<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Liabilities	\$ 154.7	\$ 194.2
Employee Compensation & Related Liabilities	143.6	140.5
Deferred Revenue - Ad Valorem	527.9	454.5
Estimated Third-Party Payor Settlements	30.7	24.8
Current Portion Long-Term Debt and Capital Leases	36.7	37.3
Total Current Liabilities	\$ 893.6	\$ 851.3
Long-Term Debt	263.4	282.7
Net Pension & Post Employment Benefits Liability	680.6	781.5
Other Long-Term Liabilities	8.0	6.8
Deferred Inflows of Resources	110.4	115.3
Total Liabilities	\$ 1,955.9	\$ 2,037.6
Total Net Assets	\$ 1,465.3	\$ 1,279.9
Total Liabilities & Net Assets	\$ 3,421.2	\$ 3,317.5

Cash Flow Summary

HARRISHEALTH

As of the Quarter Ended March 31, 2025 and 2024 (in \$ Millions)

	QUARTER-TO-QUARTER		YEAR-TO-DATE	
	CURRENT YEAR	PRIOR YEAR	CURRENT YEAR	PRIOR YEAR
<u>CASH RECEIPTS</u>				
Collections on Patient Accounts	\$ 218.4	\$ 185.0	\$ 424.0	\$ 395.8
Medicaid Supplemental Programs	241.8	190.9	251.1	603.5
Net Ad Valorem Taxes	912.1	751.9	1,008.0	866.2
Tobacco Settlement	-	-	-	-
Other Revenue	20.6	85.3	50.4	127.0
Total Cash Receipts	\$ 1,393.0	\$ 1,213.1	\$ 1,733.6	\$ 1,992.5
<u>CASH DISBURSEMENTS</u>				
Salaries, Wages and Benefits	\$ 359.4	\$ 340.2	\$ 660.1	\$ 670.2
Supplies	82.9	78.3	179.2	157.8
Physician Services	110.5	108.4	216.2	208.0
Purchased Services	81.6	67.6	155.5	135.1
Capital Expenditures	116.5	39.3	205.7	80.6
Debt and Interest Payments	18.6	5.1	19.4	5.9
Other Uses	(2.6)	15.9	(2.9)	8.2
Total Cash Disbursements	\$ 766.8	\$ 654.8	\$ 1,433.1	\$ 1,265.8
Net Change	\$ 626.2	\$ 558.3	\$ 300.5	\$ 726.7
Unrestricted cash, cash equivalents and investments - Beginning of year			\$ 1,463.4	
Net Change			\$ 300.5	
Unrestricted cash, cash equivalents and investments - End of period			\$ 1,763.9	

Performance Ratios

HARRISHEALTH

As of the Quarter Ended March 31, 2025 and 2024 (in \$ Millions)

	QUARTER-TO-DATE		YEAR-TO-DATE		
	CURRENT YEAR	CURRENT BUDGET	CURRENT YEAR	CURRENT BUDGET	PRIOR YEAR
<u>OPERATING HEALTH INDICATORS</u>					
Operating Margin %	12.8%	3.2%	8.3%	2.7%	5.3%
Run Rate per Day (In\$ Millions)	\$ 6.7	\$ 6.9	\$ 6.5	\$ 6.9	\$ 6.2
Salary, Wages & Benefit per APD	\$ 2,455	\$ 2,547	\$ 2,417	\$ 2,539	\$ 2,428
Supply Cost per APD	\$ 591	\$ 670	\$ 595	\$ 665	\$ 549
Physician Services per APD	\$ 881	\$ 883	\$ 860	\$ 883	\$ 826
Total Expense per APD	\$ 4,686	\$ 4,873	\$ 4,633	\$ 4,896	\$ 4,500
Overtime as a % of Total Salaries	3.8%	3.0%	3.5%	3.0%	3.3%
Contract as a % of Total Salaries	3.2%	2.8%	3.3%	2.8%	4.5%
Full-time Equivalent Employees	10,478	10,594	10,463	10,639	10,334
<u>FINANCIAL HEALTH INDICATORS</u>					
Quick Ratio			2.3		2.5
Unrestricted Cash (In \$ Millions)			\$ 1,763.9	\$ 1,827.3	\$ 1,739.3
Days Cash on Hand			268.3	266.4	278.6
Days Revenue in Accounts Receivable			62.7	74.5	91.6
Days in Accounts Payable			39.7		42.0
Capital Expenditures/Depreciation & Amortization			430.3%		189.7%
Average Age of Plant(years)			9.8		10.4

Harris Health Key Indicators



Statistical Highlights



As of the Quarter Ended March 31, 2025 and 2024

	QUARTER-TO-DATE			YEAR-TO-DATE				
	CURRENT QUARTER	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
Adjusted Patient Days	132,884	131,192	1.3%	267,427	263,915	1.3%	262,659	1.8%
Outpatient % of Adjusted Volume	62.8%	62.6%	0.4%	63.0%	62.1%	1.3%	62.3%	1.1%
Primary Care Clinic Visits	133,501	137,224	-2.7%	270,719	270,251	0.2%	264,504	2.3%
Specialty Clinic Visits	60,259	61,504	-2.0%	123,573	121,251	1.9%	120,559	2.5%
Telehealth Clinic Visits	30,756	29,827	3.1%	60,661	59,337	2.2%	57,558	5.4%
Total Clinic Visits	224,516	228,555	-1.8%	454,953	450,839	0.9%	442,621	2.8%
Emergency Room Visits - Outpatient	34,619	34,759	-0.4%	70,132	69,367	1.1%	68,821	1.9%
Emergency Room Visits - Admitted	5,151	5,625	-8.4%	10,417	11,120	-6.3%	10,889	-4.3%
Total Emergency Room Visits	39,770	40,384	-1.5%	80,549	80,487	0.1%	79,710	1.1%
Surgery Cases - Outpatient	3,000	2,986	0.5%	5,941	5,772	2.9%	5,629	5.5%
Surgery Cases - Inpatient	2,549	2,553	-0.2%	5,304	5,082	4.4%	4,793	10.7%
Total Surgery Cases	5,549	5,539	0.2%	11,245	10,854	3.6%	10,422	7.9%
Total Outpatient Visits	378,553	377,927	0.2%	765,673	743,898	2.9%	729,914	4.9%
Inpatient Cases (Discharges)	7,171	8,173	-12.3%	15,023	16,205	-7.3%	15,575	-3.5%
Outpatient Observation Cases	3,102	2,843	9.1%	6,108	5,433	12.4%	5,675	7.6%
Total Cases Occupying Patient Beds	10,273	11,016	-6.7%	21,131	21,638	-2.3%	21,250	-0.6%
Births	1,292	1,387	-6.8%	2,771	2,744	1.0%	2,578	7.5%
Inpatient Days	49,384	49,053	0.7%	99,024	99,896	-0.9%	99,096	-0.1%
Outpatient Observation Days	10,884	9,237	17.8%	21,858	17,714	23.4%	19,321	13.1%
Total Patient Days	60,268	58,290	3.4%	120,882	117,610	2.8%	118,417	2.1%
Average Daily Census	669.6	647.7	3.4%	664.2	646.2	2.8%	647.1	2.6%
Average Operating Beds	701	700	0.1%	700	700	0.0%	698	0.3%
Bed Occupancy %	95.5%	92.5%	3.3%	94.9%	92.3%	2.8%	92.7%	2.3%
Inpatient Average Length of Stay	6.89	6.00	14.7%	6.59	6.16	6.9%	6.36	3.6%
Inpatient Case Mix Index (CMI)	1.739	1.712	1.6%	1.716	1.712	0.2%	1.687	1.7%
<u>Payor Mix (% of Charges)</u>								
Charity & Self Pay	41.0%	43.4%	-5.5%	41.5%	43.4%	-4.3%	43.6%	-4.8%
Medicaid & Medicaid Managed	19.4%	19.4%	0.1%	19.6%	19.4%	1.1%	19.7%	-0.2%
Medicare & Medicare Managed	11.6%	11.4%	1.5%	11.3%	11.4%	-1.4%	11.9%	-5.0%
Commercial & Other	28.0%	25.8%	8.6%	27.6%	25.8%	6.9%	24.9%	10.9%
Total Unduplicated Patients - Rolling 12				245,602			247,463	-0.8%
Total New Patient - Rolling 12				88,862			89,075	-0.2%

Harris Health

Statistical Highlights

As of the Quarter Ended March 31, 2025

Cases Occupying Beds - Q2

Actual	Budget	Prior Year
10,273	11,016	10,405

Cases Occupying Beds - YTD

Actual	Budget	Prior Year
21,131	21,638	21,250

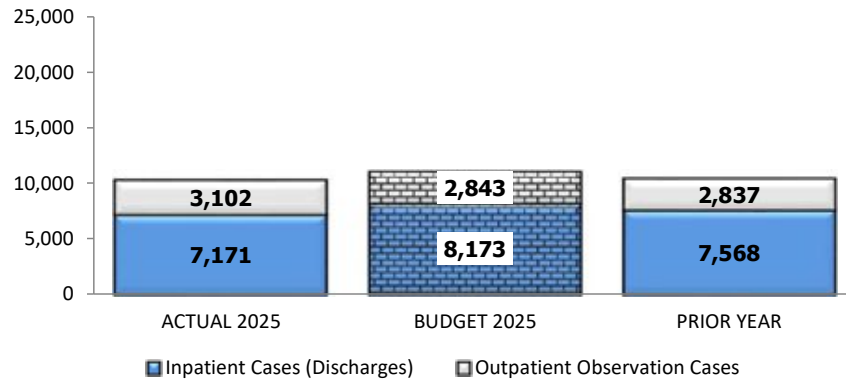
Emergency Visits - Q2

Actual	Budget	Prior Year
39,770	40,384	40,793

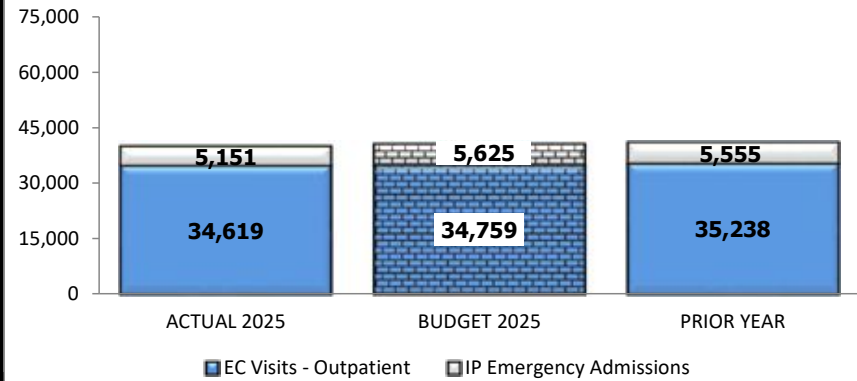
Emergency Visits - YTD

Actual	Budget	Prior Year
80,549	80,487	79,710

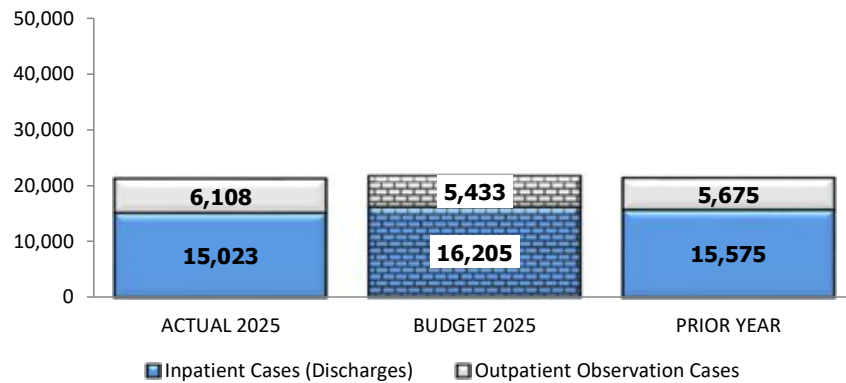
Cases Occupying Beds - Quarter End



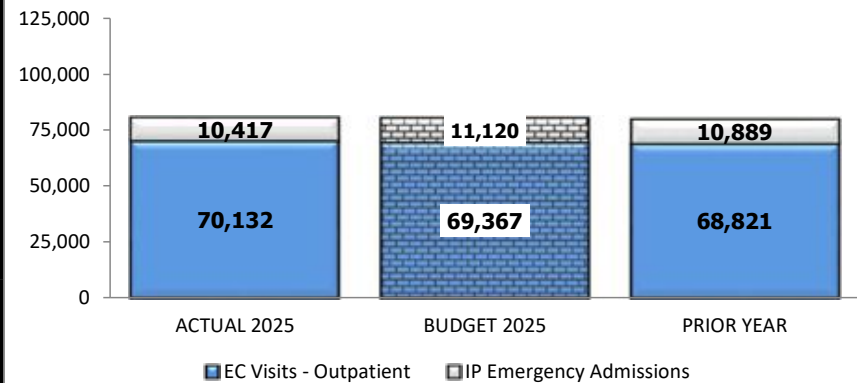
Emergency Visits - Quarter End



Cases Occupying Beds - YTD



Emergency Visits - YTD



Harris Health

Statistical Highlights

As of the Quarter Ended March 31, 2025

Surgery Cases - Q2

Actual	Budget	Prior Year
5,549	5,539	5,197

Surgery Cases - YTD

Actual	Budget	Prior Year
11,245	10,854	10,422

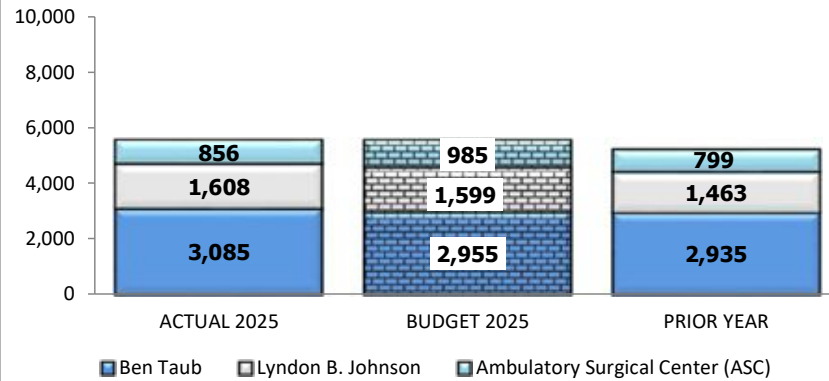
Clinic Visits - Q2

Actual	Budget	Prior Year
224,516	228,555	225,401

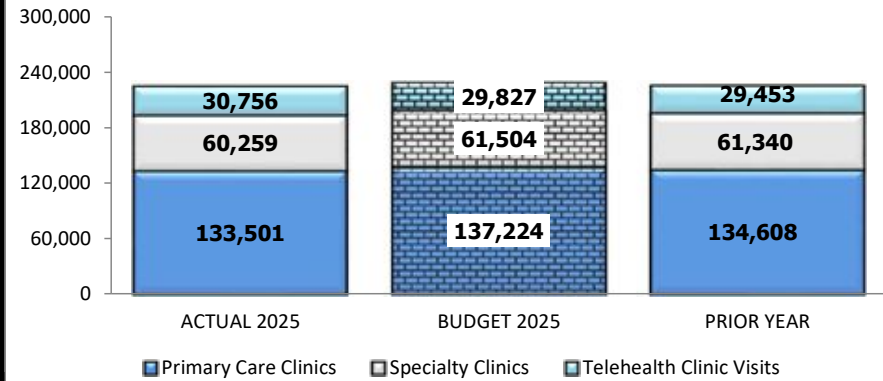
Clinic Visits - YTD

Actual	Budget	Prior Year
454,953	450,839	442,621

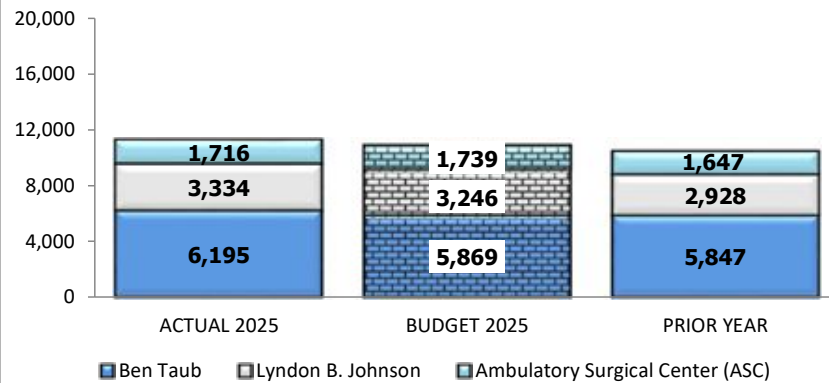
Surgery Cases - Quarter End



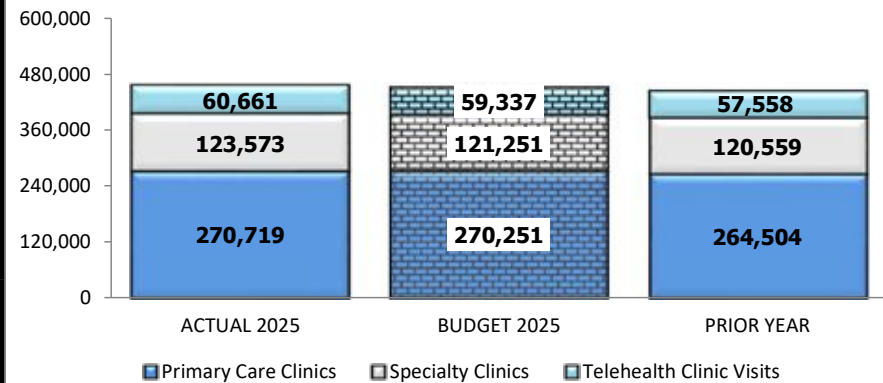
Clinic Visits - Quarter End



Surgery Cases - YTD



Clinic Visits - YTD



Harris Health

Statistical Highlights

As of the Quarter Ended March 31, 2025

Adjusted Patient Days - Q2

132,884

Adjusted Patient Days - YTD

267,427

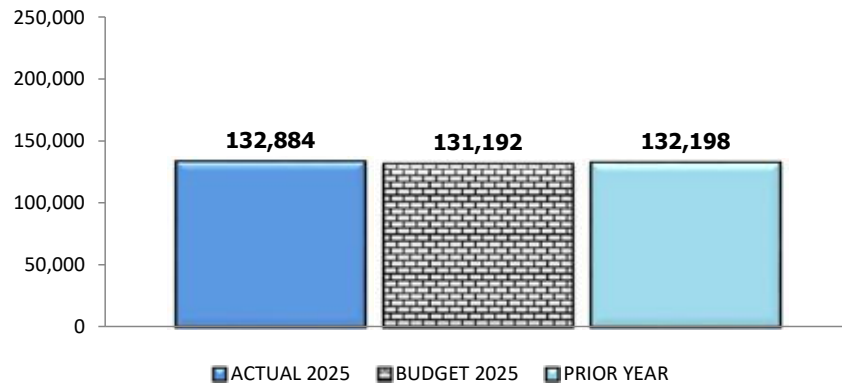
Average Daily Census - Q2

669.6

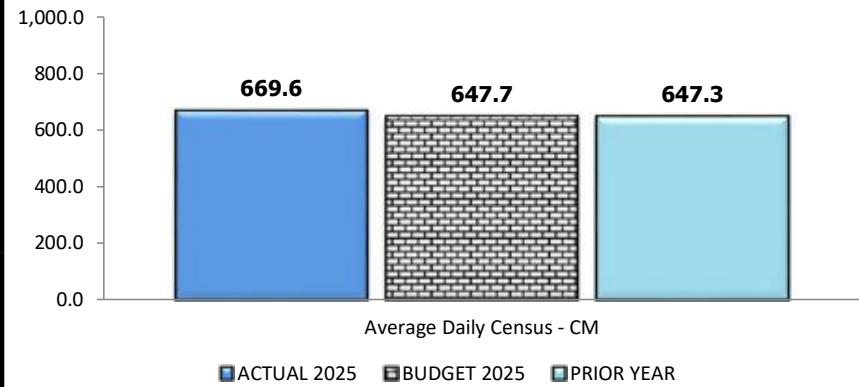
Average Daily Census - YTD

664.2

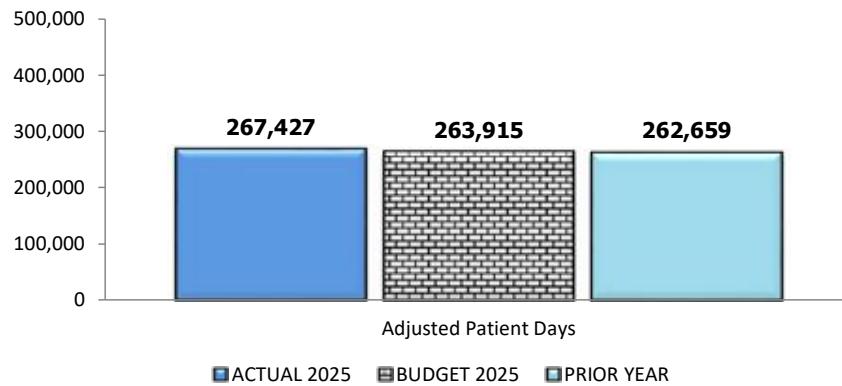
Adjusted Patient Days - Quarter End



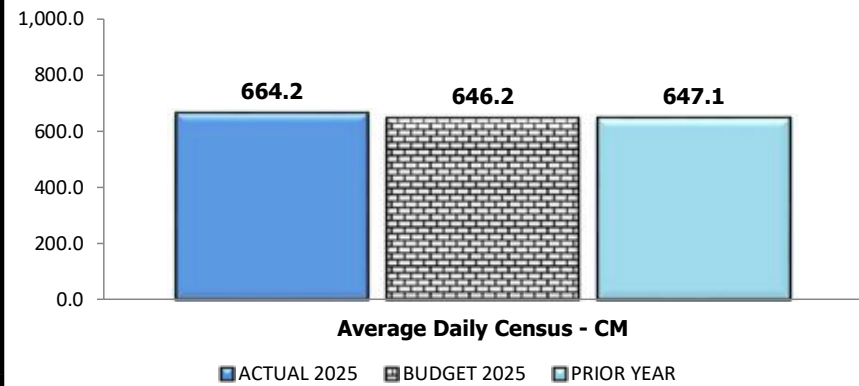
Average Daily Census - Quarter End



Adjusted Patient Days - YTD



Average Daily Census - YTD



Harris Health

Statistical Highlights

As of the Quarter Ended March 31, 2025

Inpatient ALOS - Q2

6.89

Inpatient ALOS - YTD

6.59

Case Mix Index - Q2

Overall

1.739

Excl. Obstetrics

1.926

Case Mix Index (CMI) - YTD

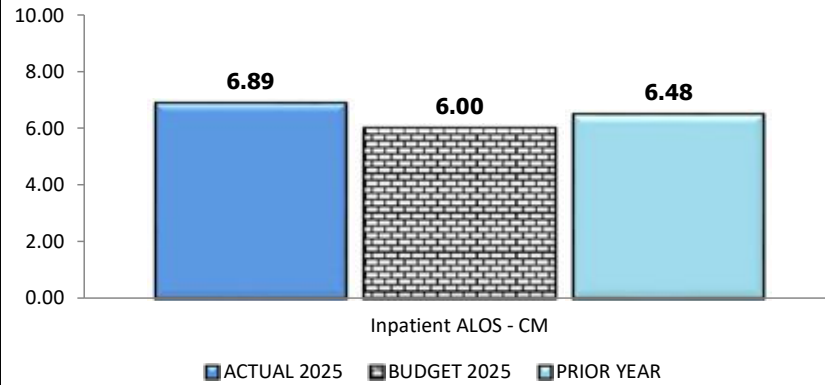
Overall

1.716

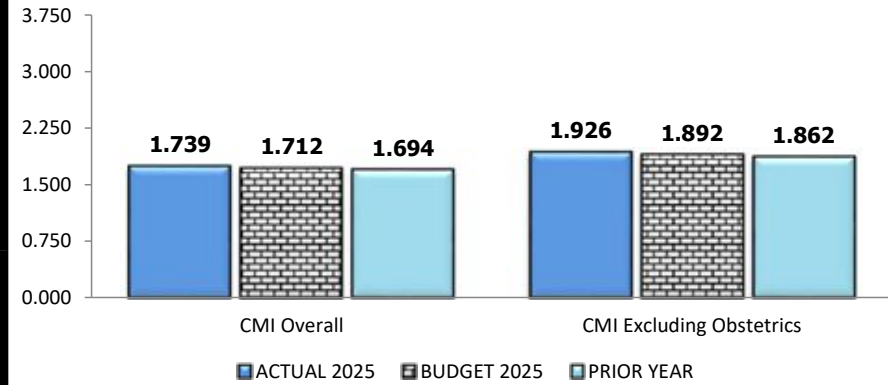
Excl. Obstetrics

1.909

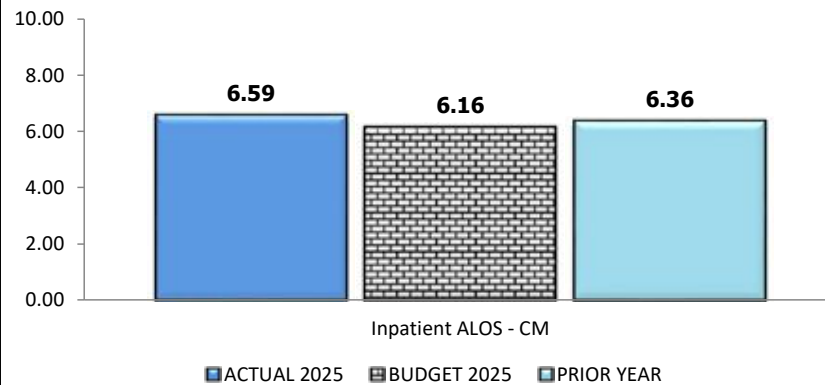
Inpatient ALOS - Quarter End



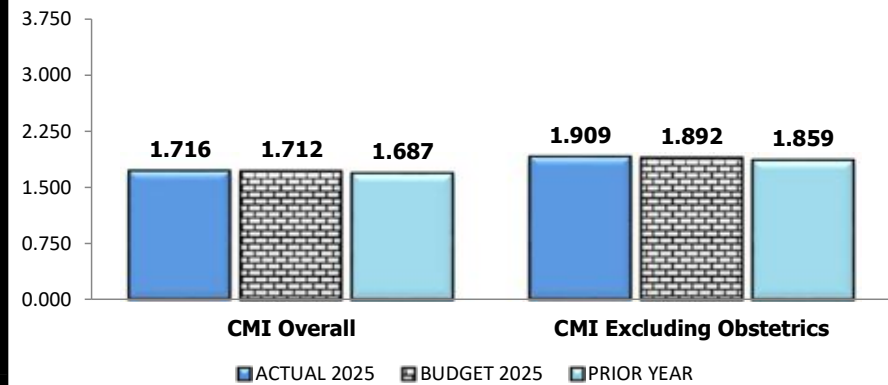
Case Mix Index - Quarter End



Inpatient ALOS - YTD



Case Mix Index - YTD



Harris Health

Statistical Highlights - Cases Occupying Beds

As of the Quarter Ended March 31, 2025

BT Cases Occupying Beds - Q2

Actual	Budget	Prior Year
5,963	6,673	6,150

BT Cases Occupying Beds - YTD

Actual	Budget	Prior Year
12,296	12,986	12,627

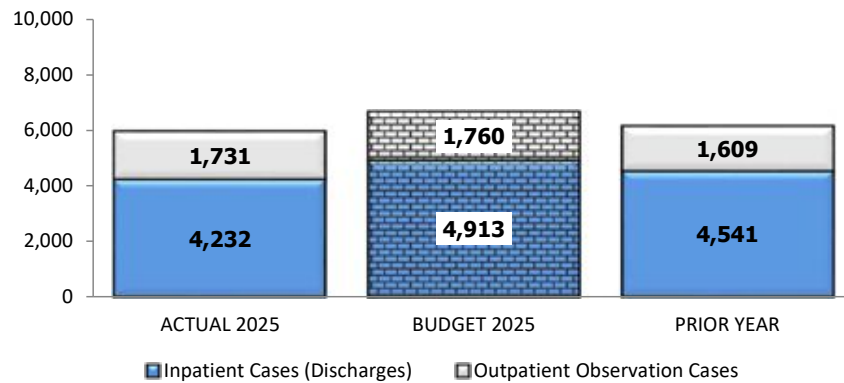
LBJ Cases Occupying Beds - Q2

Actual	Budget	Prior Year
4,266	4,296	4,251

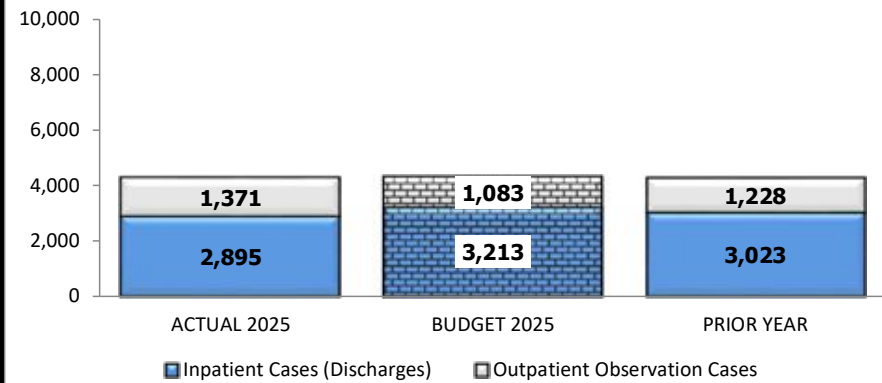
LBJ Cases Occupying Beds - YTD

Actual	Budget	Prior Year
8,746	8,558	8,619

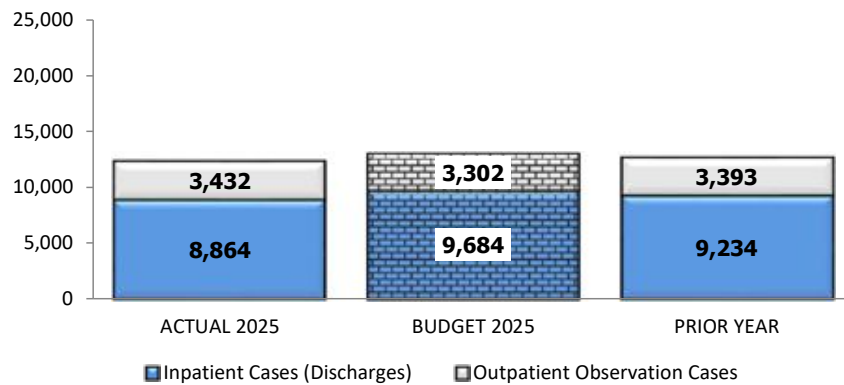
Ben Taub Cases - Quarter End



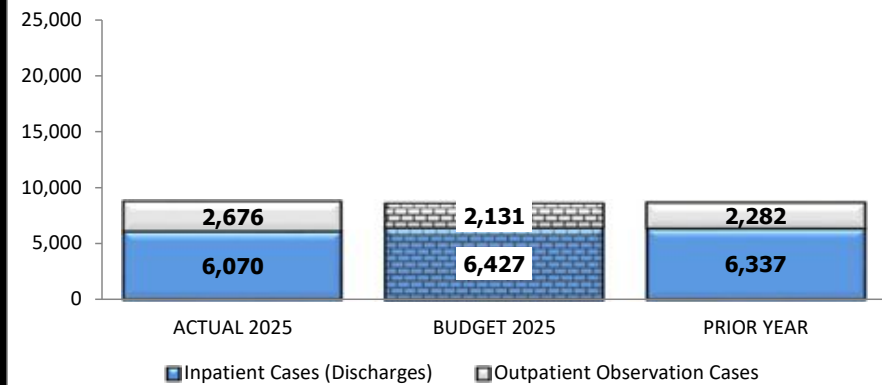
Lyndon B. Johnson Cases - Quarter End



Ben Taub Cases - YTD



Lyndon B. Johnson Cases - YTD



Harris Health

Statistical Highlights - Surgery Cases

As of the Quarter Ended March 31, 2025

BT Surgery Cases - Q2

Actual	Budget	Prior Year
3,085	2,955	2,935

BT Surgery Cases - YTD

Actual	Budget	Prior Year
6,195	5,869	5,847

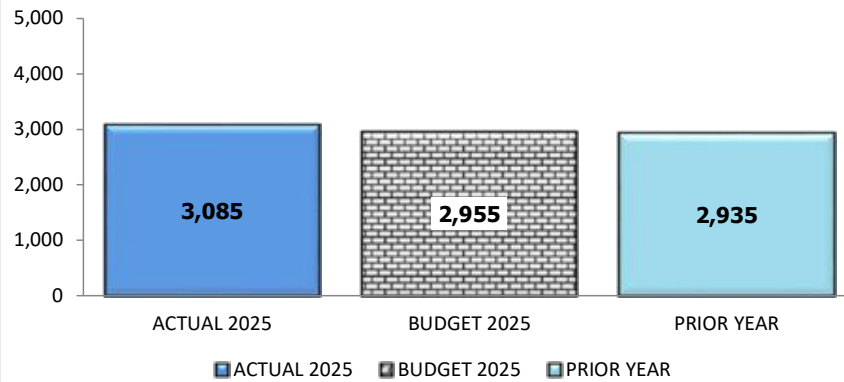
LBJ Surgery Cases - Q2

Actual	Budget	Prior Year
2,464	2,584	2,262

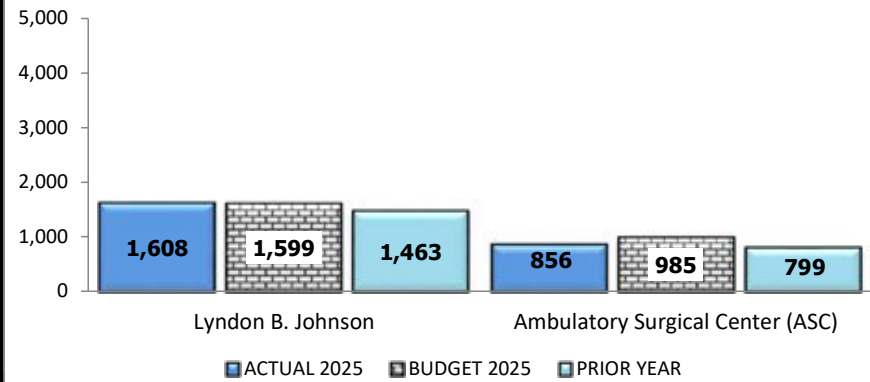
LBJ Surgery Cases - YTD

Actual	Budget	Prior Year
5,050	4,985	4,575

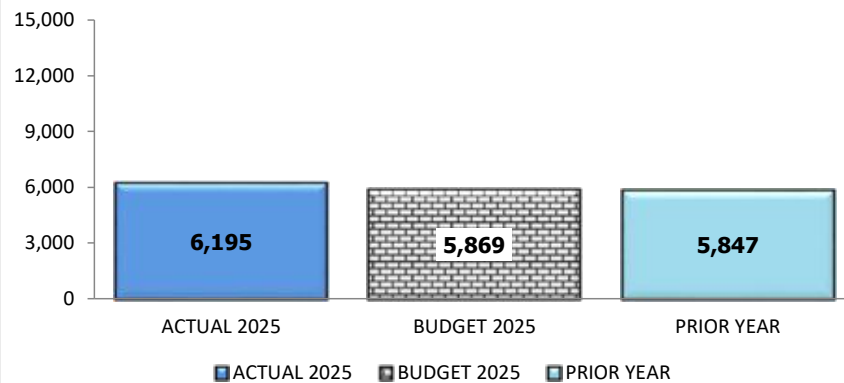
Ben Taub OR Cases - Quarter End



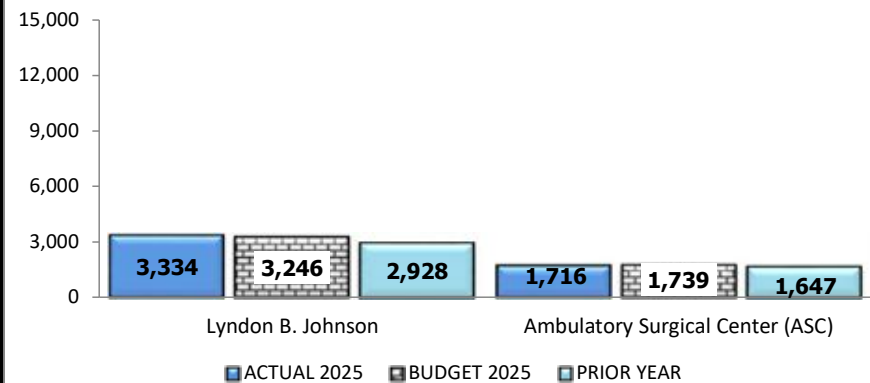
Lyndon B. Johnson OR Cases - Quarter End



Ben Taub OR Cases - YTD



Lyndon B. Johnson OR Cases - YTD



Harris Health

Statistical Highlights - Emergency Room Visits

As of the Quarter Ended March 31, 2025

BT Emergency Visits - Q2

Actual	Budget	Prior Year
20,586	21,178	20,352

BT Emergency Visits - YTD

Actual	Budget	Prior Year
41,225	42,159	41,060

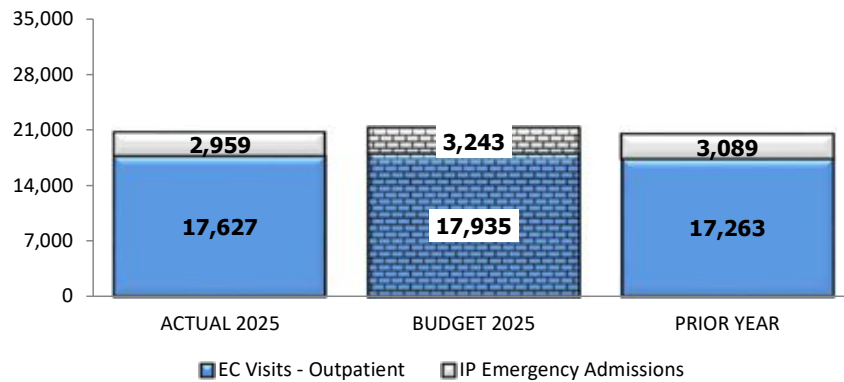
LBJ Emergency Visits - Q2

Actual	Budget	Prior Year
19,184	19,206	20,441

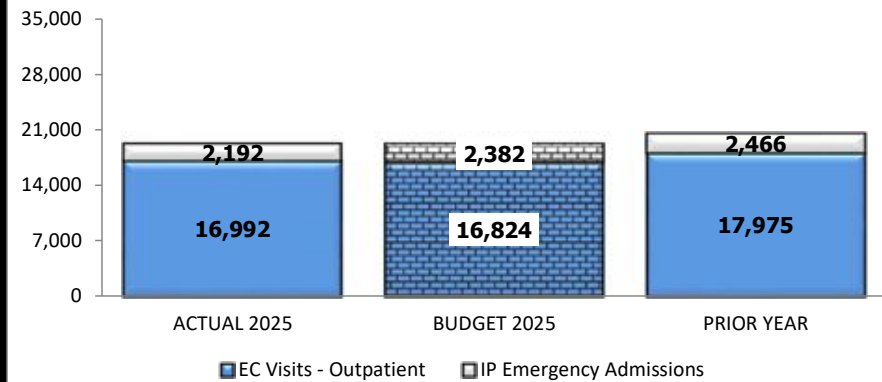
LBJ Emergency Visits - YTD

Actual	Budget	Prior Year
39,324	38,328	38,650

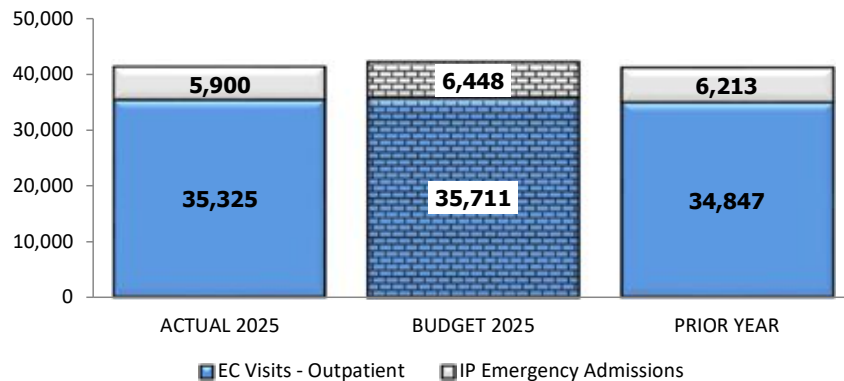
Ben Taub EC Visits - Quarter End



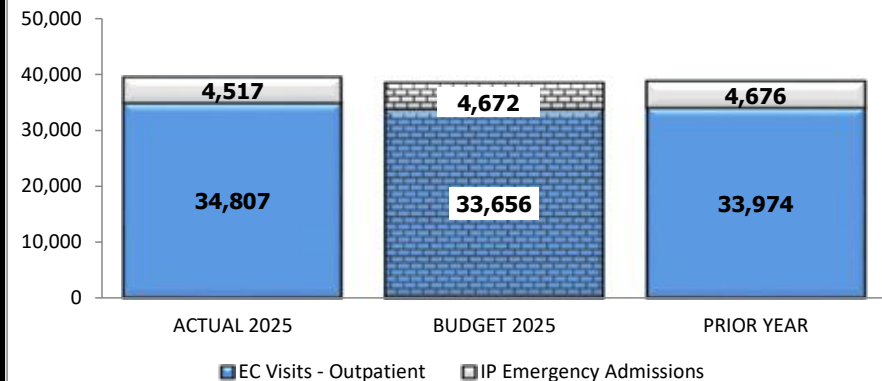
Lyndon B. Johnson EC Visits - Quarter End



Ben Taub EC Visits - YTD



Lyndon B. Johnson EC Visits - YTD



Harris Health

Statistical Highlights - Births As of the Quarter Ended March 31, 2025

BT Births - Q2

Actual	Budget	Prior Year
740	829	710

BT Births - YTD

Actual	Budget	Prior Year
1,573	1,565	1,421

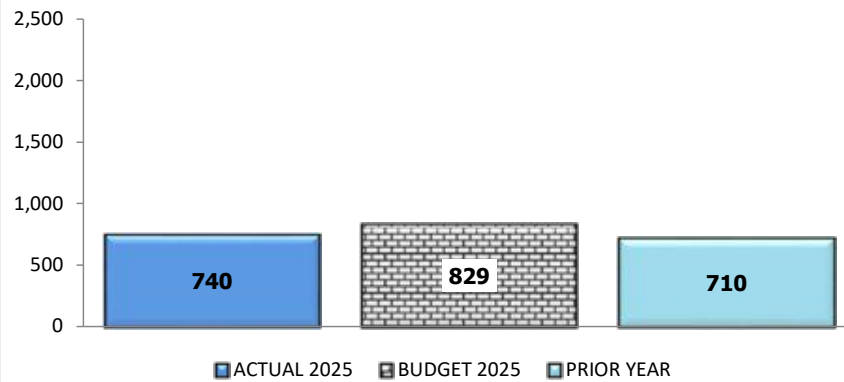
LBJ Births - Q2

Actual	Budget	Prior Year
552	558	551

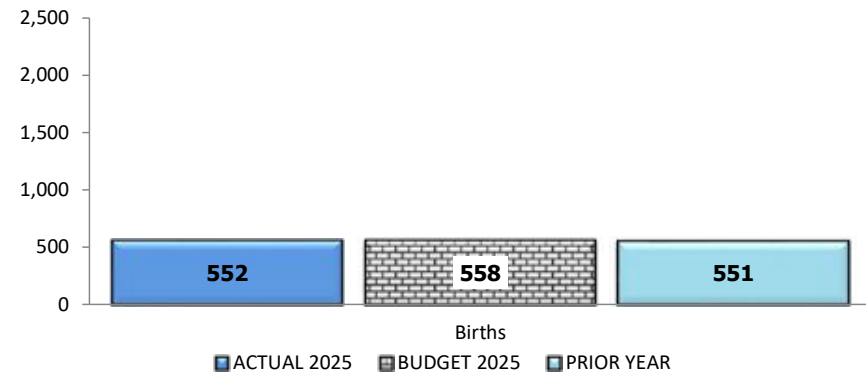
LBJ Births - YTD

Actual	Budget	Prior Year
1,198	1,179	1,157

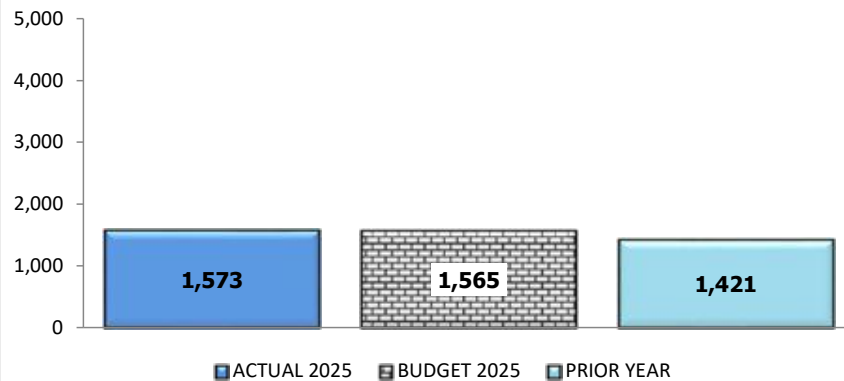
Ben Taub Births - Quarter End



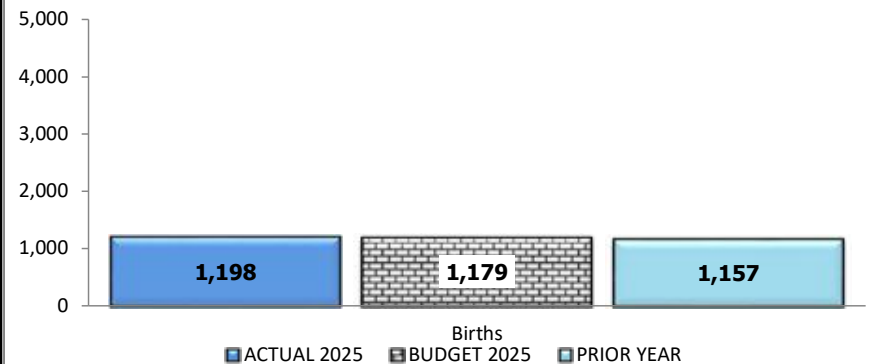
Lyndon B. Johnson Births - Quarter End



Ben Taub Births - YTD



Lyndon B. Johnson Births - YTD



Harris Health

Statistical Highlights - Adjusted Patient Days

As of the Quarter Ended March 31, 2025

BT Adjusted Patient Days - Q2

64,855

BT Adjusted Patient Days - YTD

129,517

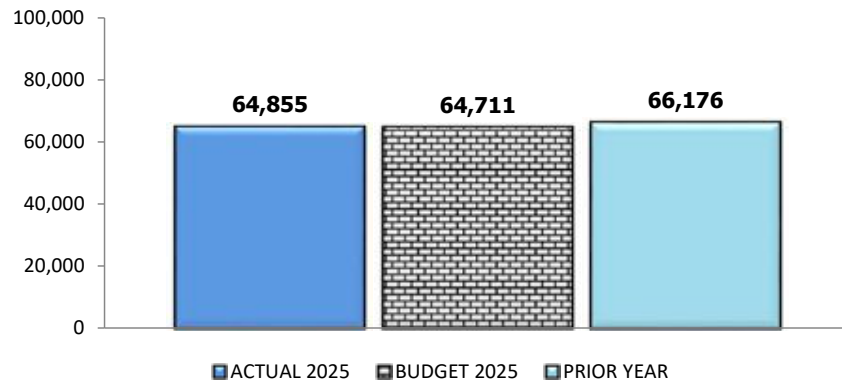
LBJ Adjusted Patient Days - Q2

40,418

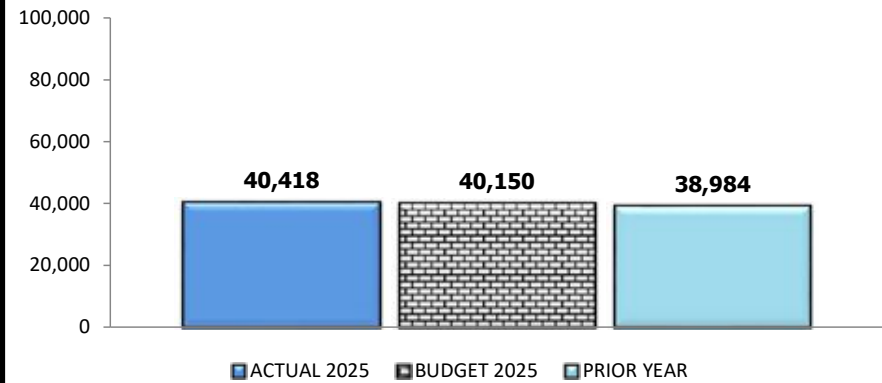
LBJ Adjusted Patient Days - YTD

82,067

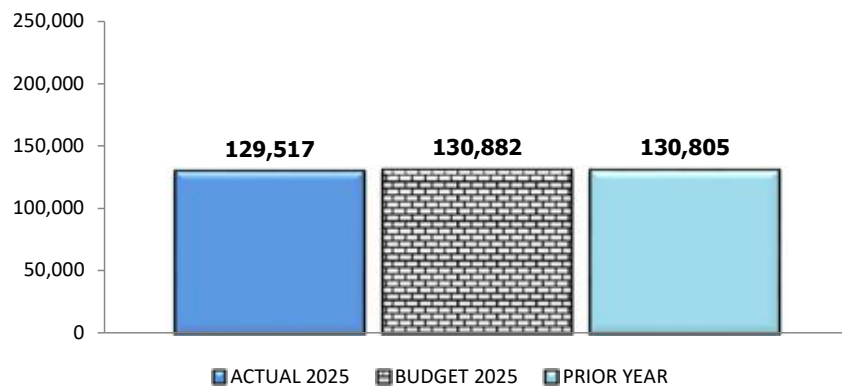
Ben Taub APD - Quarter End



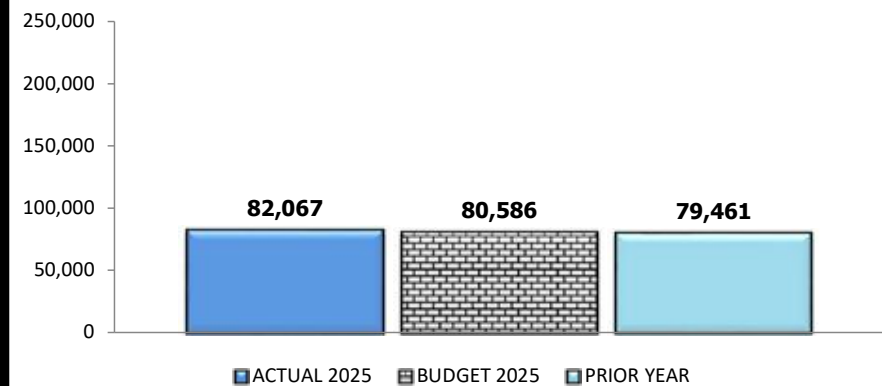
Lyndon B. Johnson APD - Quarter End



Ben Taub APD - YTD



Lyndon B. Johnson APD - YTD



Harris Health

Statistical Highlights - Average Daily Census (ADC)

As of the Quarter Ended March 31, 2025

BT Average Daily Census - Q2

438.1

BT Average Daily Census - YTD

430.8

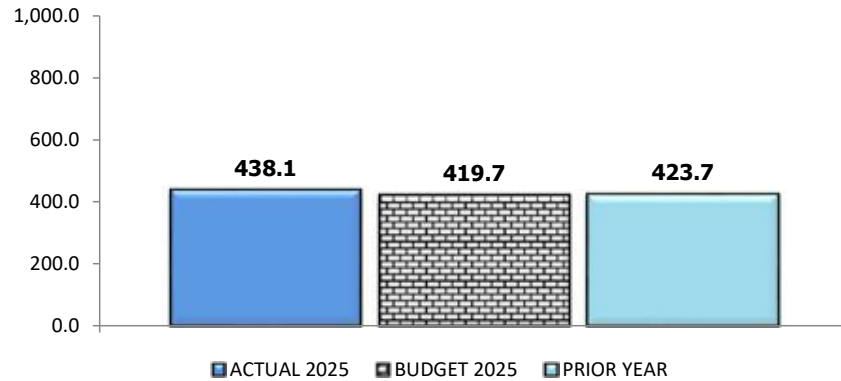
LBJ Average Daily Census - YTD

229.9

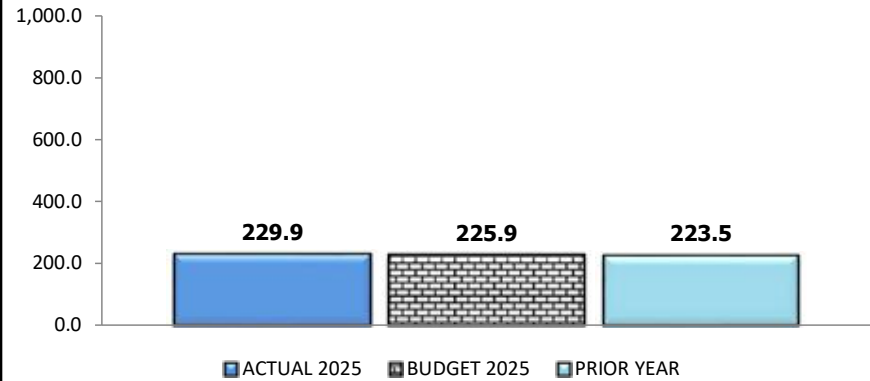
LBJ Average Daily Census - YTD

231.7

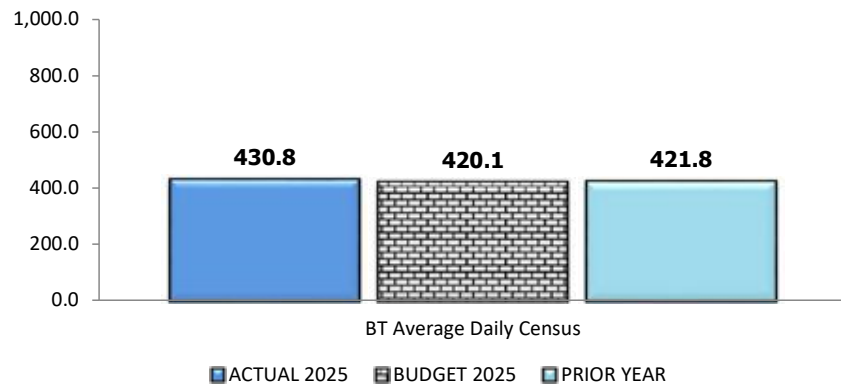
Ben Taub ADC - Quarter End



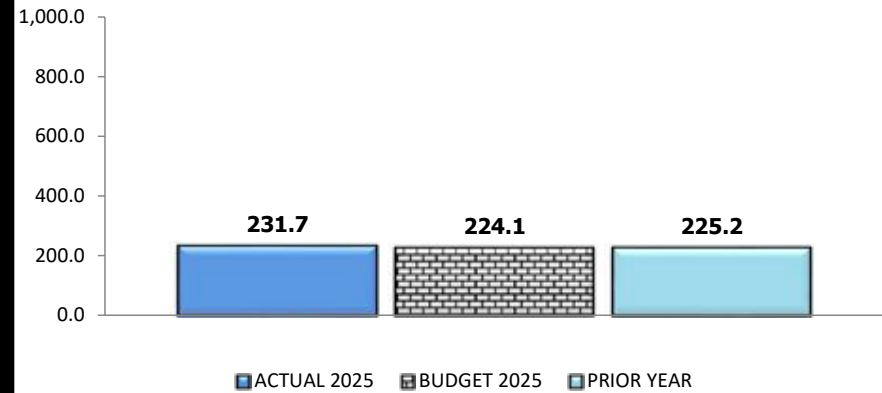
Lyndon B. Johnson ADC - Quarter End



Ben Taub ADC - YTD



Lyndon B. Johnson ADC - YTD



Harris Health

Statistical Highlights - Inpatient Average Length of Stay (ALOS)

As of the Quarter Ended March 31, 2025

BT Inpatient ALOS - Q2

7.66

BT Inpatient ALOS - YTD

7.27

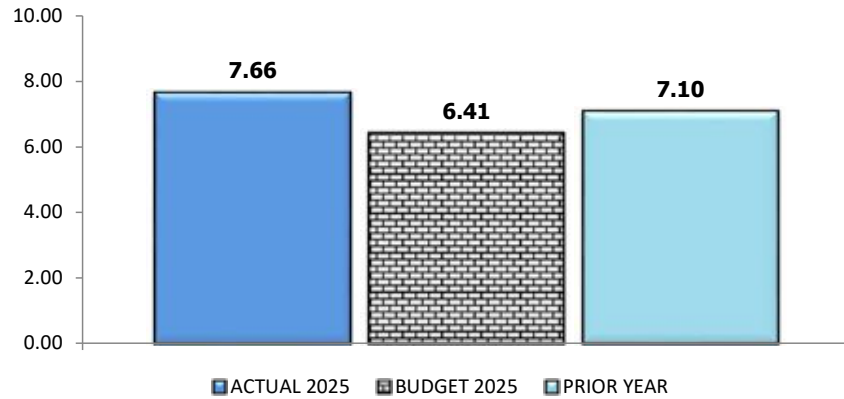
LBJ Inpatient ALOS - Q2

5.82

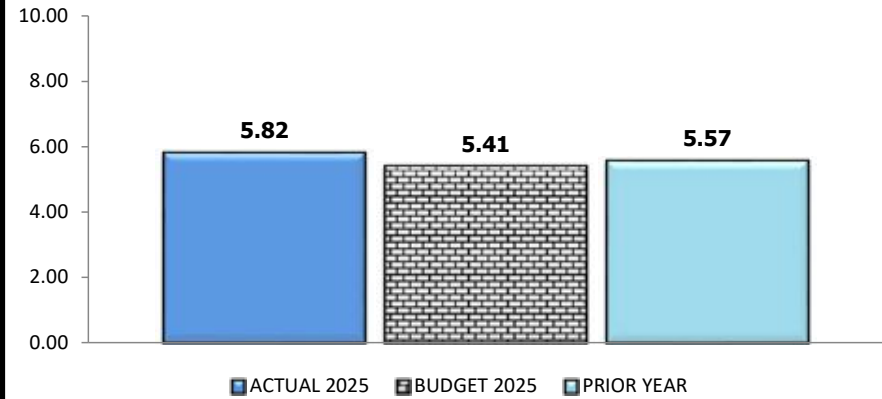
LBJ Inpatient ALOS - YTD

5.64

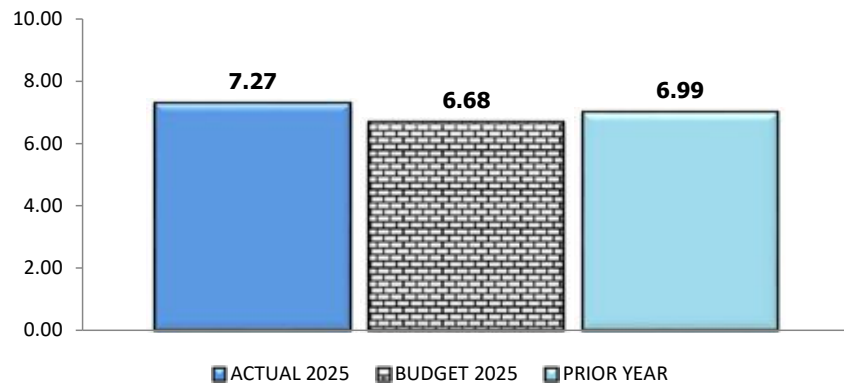
Ben Taub ALOS - Quarter End



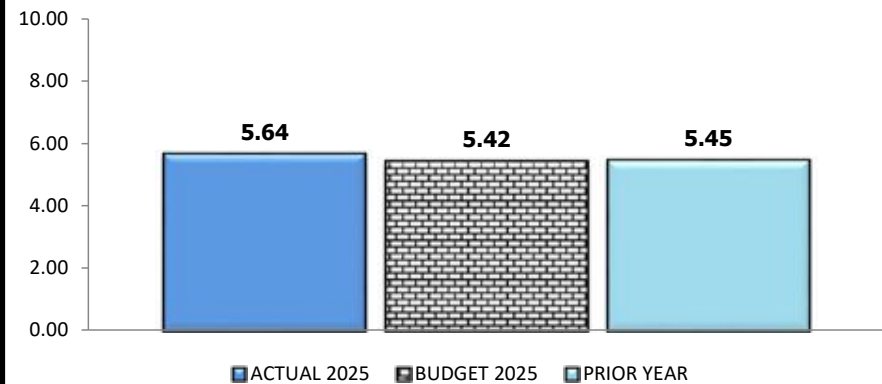
Lyndon B. Johnson ALOS - Quarter End



Ben Taub ALOS - YTD



Lyndon B. Johnson ALOS - YTD



Harris Health

Statistical Highlights - Case Mix Index (CMI)

As of the Quarter Ended March 31, 2025

BT Case Mix Index (CMI) - Q2

Overall	Excl. Obstetrics
1.868	2.070

BT Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.847	2.055

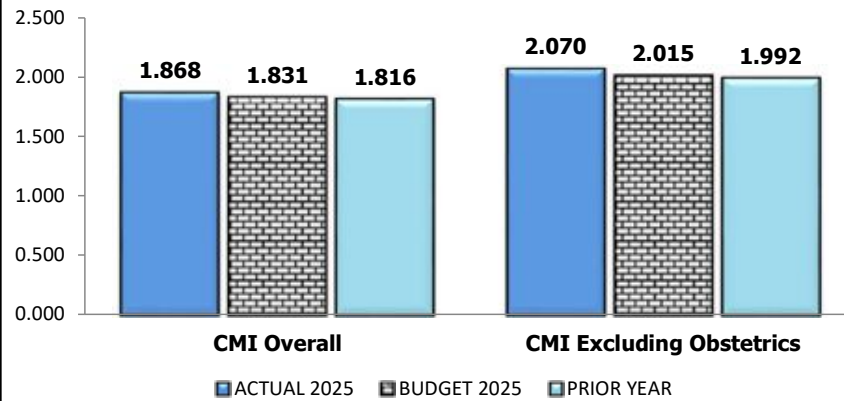
LBJ Case Mix Index (CMI) - Q2

Overall	Excl. Obstetrics
1.560	1.726

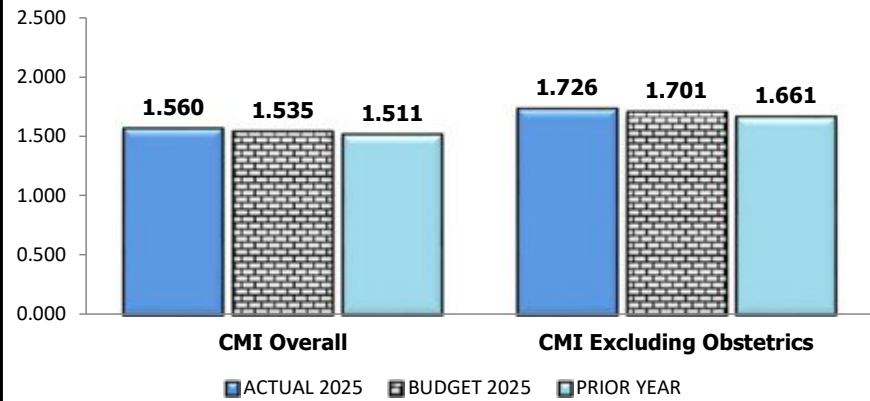
LBJ Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.534	1.705

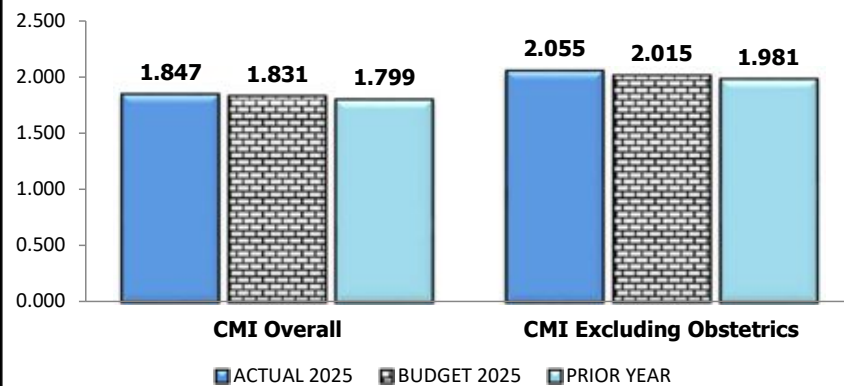
Ben Taub CMI - Quarter End



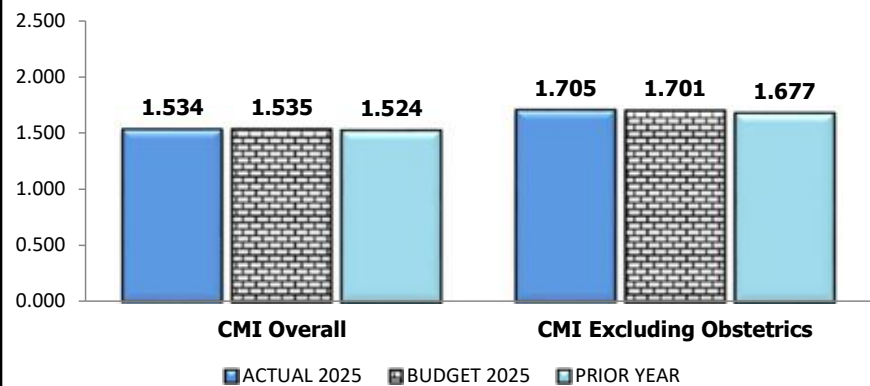
Lyndon B. Johnson CMI - Quarter End



Ben Taub CMI - YTD



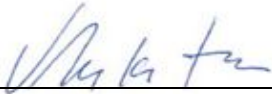
Lyndon B. Johnson CMI - YTD



Thursday, May 8, 2025

Annual Interest Rate Management Agreement Disclosure [Information Only]

Texas Government Code 1371.061 requires an annual Management Report regarding any interest rate management agreement (swap) that the governing body has authorized. The requirement applies to the swap agreement that is associated with the Series 2010 Variable Rate Demand Bonds issued by the Hospital District.



Victoria Nikitin
Executive Vice President – Chief Financial Officer

Harris Health
Interest Rate Management Agreement (Swap) Management Report
September 30, 2024

Texas Government Code 1371.061 requires an annual Management Report regarding any interest rate management agreement (swap) that the governing body has authorized. The requirement applies to the swap agreement that is associated with the Series 2010 Variable Rate Demand Bonds issued by the Harris Health (the System).

On September 25, 2007, the System entered into an interest rate swap agreement in connection with the Series 2007B Bonds with the settlement date on October 3, 2007. When the System refunded and refinanced the Series 2007B Bonds by issuing Series 2010 Bonds, the interest rate swap was redesignated and associated with the new debt. The derivative contained an off market element equal to the value of the swap associated with the Series 2007B Bonds on August 12, 2010. This off-market element is recorded as a borrowing payable and is amortized as an adjustment to interest expense over the life of the swap agreement. No collateral is required under the agreement.

The intention of the swap was to effectively reduce the impact of the System's variable interest rate exposure on the related bonds to a synthetic fixed rate of 4.218 percent. The termination date of the swap is February 15, 2042; the same as the Series 2010 Bonds. The System pays the Counterparty, Deutsche Bank, the difference between the fixed interest rate of 4.218 percent and the floating SIFMA Municipal Swap Index, on the 15th calendar day of every month. The effectiveness of the interest rate swap has been measured using the regression analysis method. The System has concluded that the transactions are effective.

The redesignated swap had a zero fair value at its inception date and a fair value of \$1.6 million at September 30, 2024, and is reported as a derivative liability in the statements of net position. The fair value of the swap was determined by calculating the present value of the anticipated future cash flows for both the floating portion and the stated fixed rate portion using discount factors derived from the London Interbank Offered Rate (LIBOR) swap curve.

The System's swap agreement does not contain any out-of-the-ordinary termination events that would expose it to significant termination risk. In keeping with market standards, the System or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. In addition, the swap documents allow either party to terminate in the event of a significant loss of creditworthiness. If at the time of the termination the swap has a negative value, the System would be liable to the counterparty for a payment equal to the fair value of such swap. As of September 30, 2024, termination of the original swap agreement would create a liability of \$9 million and would result in a reversal of the derivative liability, the borrowing payable amount and the unamortized loss on refunding. Any resulting net change would be recorded through nonoperating expenses.

At September 30, 2024 the swap counterparty was rated A by Standards & Poor's, A1 by Moody's Investor Services, and A- by Fitch.

The continuation of the transaction is in compliance with the System's interest rate management policy which is included in the Investment Policy.

DocuSigned by:

Victoria Nikitin

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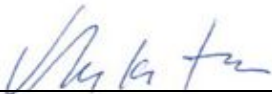
Victoria Nikitin, Chief Financial Officer

Thursday, May 8, 2025

2024 Annual Report of the 401k and 457b Administrative Committee Activities
[Information Only]

Harris Health maintains two defined contribution plans (the Plans) – a 401K Plan and a 457B Plan – that employees may contribute to on a pre-tax basis to help meet their individual retirement goals. The 401K Plan added an employer matching feature in July, 2007, following the closure of the Pension Plan to new participants. For eligible participants hired after December 31, 2006, Harris Health will match the employee contribution to the 401K Plan, up to 5 percent of the employee's salary. The 2024 Annual Report to the Board of the 401k & 457b Administrative Committee Activities for the Plan years ended December 31, 2024 is attached, reflecting key information about the Plans, the management of Plans assets and the monitoring of Plans performance.

The report is for information only.



Victoria Nikitin
Executive Vice President – Chief Financial Officer

**2024 Calendar Year Report to the Board of Trustees
Concerning Activities of the
Harris Health System 401K & 457(b) Administrative Committee**

Pursuant to the terms of the Harris County Hospital District 401K Plan (the “401K Plan”) and the Harris County Hospital District Employees’ Deferred Compensation Plan (the “457(b) Plan”) (collectively the “Plans”), the Board of Trustees of the Harris Health System (the “Board”) appointed the Harris Health System 401K & 457(b) Administrative Committee (the “Committee”). This report is intended to inform the Board of the Committee’s activities over the 12-month period ending December 31, 2024 (“Report Period”).

The Committee actively performed its duties during the Report Period. During this period the Committee oversaw the Plans’ operations, carefully monitored the investment offerings in the Plans and the performance of service providers to the Plans and the Committee, and managed other relevant matters, including but not limited to the following specific activities:

1. Met four times during the year;
2. Assessed the quarterly reports of the investments in the Plans as provided by the Committee’s independent investment advisor, reviewing the following criteria among others: performance on a rolling and trailing return basis relative to benchmarks and appropriate universes, changes in the management teams of investment managers, significant issues affecting the firms within which the investment managers operate, investment quality of fixed income investments, diversification of holdings, the amount of risk taken, changes in investment style and cost;
3. Reviewed market environment and market outlook reports provided by the Committee’s independent investment advisor;
4. Approved changes to the Statement of Investment Guidelines for the Plans as recommended by the Committee’s independent investment advisor;
5. Reviewed an evaluation by the Committee’s independent investment advisor of the stable value fund offered in the Plans;
6. Reviewed an evaluation by the Committee’s independent investment advisor of the target-date retirement funds offered in the Plans;
7. Assessed a share class analysis presented by the Plans’ independent investment advisor to determine whether Plan funds were being offered in the least expensive share class or vehicle available;
8. Approved the conversion of the target date fund series and two other funds in the Plans to a lower cost share class or investment vehicle;
9. Approved the addition of a new vintage to the Plans’ target date fund series;
10. Reviewed quarterly reports prepared by the Plans’ recordkeeper reflecting demographic and financial information, including activities that were undertaken to educate the Plans’ participants about Plan features

and improve Plan participation, investment diversification and deferral rates, with a goal of improving outcomes for the Harris Health System employees that participate in the Plans;

11. Reviewed an independent analysis of the Plans' administrative fees as compared to a "Best-fit" subset of similar plans;
12. Negotiated with the 457(b) Plan's recordkeeper to reduce administrative fees;
13. Completed an Annual Strategic Plan for Committee activities;
14. Received notice that an independent audit of the 401K Plan had been completed;
15. Completed a review of the Plans' fiduciary governance and administrative operations;
16. Received training related to defined contribution retirement plan fiduciary governance best practices;
17. Received investment education and fiduciary updates related to defined contribution retirement plans and other developments that could affect the Plans and the Committee's work; and
18. Kept minutes of each Committee meeting, including copies of materials considered by the Committee.


Committee Chair

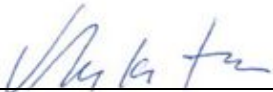
02/06/2025
Date Signed

Thursday, May 8, 2025

2024 Annual Report to the Board of the Pension and Disability Committee Activities
[Information Only]

The Harris County Hospital District Pension Plan is a defined benefit plan that provides a guaranteed monthly retirement income for eligible participants who were employed prior to January 1, 2007. The 2024 Annual Report to the Board of the Pension and Disability Committee Activities for the Pension Plan year ended December 31, 2024 is attached, reflecting key information about the Plan, the management of Plan assets and the monitoring of Plan performance.

The report is for information only.



Victoria Nikitin
Executive Vice President – Chief Financial Officer

2024 Calendar Year Report to the Board of Trustees Concerning Activities of the Harris Health System Pension & Disability Committee

Pursuant to the terms of the Harris County Hospital District Pension Plan (the “Plan”), the Board of Trustees of the Harris Health System (the “Board”) appointed the Harris Health System Pension & Disability Committee (the “Committee”). This report is intended to inform the Board of the Committee’s activities over the 12-month period ending December 31, 2024 (“Report Period”).

The Committee actively performed its duties during the Report Period. During this period the Committee oversaw the Plan’s operations, carefully monitored the investment offerings in the Plan and the performance of certain service providers to the Plan and the Committee, and managed other relevant matters, including but not limited to the following specific activities:

1. Met four times during the year;
2. Assessed the quarterly reports of the investments in the Plan as provided by the Committee’s independent investment advisor, reviewing the following criteria among others: performance on a rolling and trailing return basis relative to benchmarks and appropriate universes, changes in the portfolio management teams of investment managers, significant issues affecting the firms within which the investment managers operate, investment quality of fixed income investments, diversification of holdings, certain risk statistics, changes in investment style and cost, as well as asset allocation versus targets as outlined in the Statement of Investment Objectives and Guidelines;
3. Reviewed market environment and market outlook reports provided by the Committee’s independent investment advisor;
4. Reviewed reports of retirement statistics;
5. Completed an Annual Strategic Plan for Committee activities;
6. Reviewed an evaluation by the Committee’s independent investment advisor of the Plan’s fixed income portfolio structure;
7. Approved the replacement of an existing fund in one asset class with a fund determined by the Committee to be better suited for inclusion in the Plan;
8. Received notice that an independent audit of the Plan had been completed;
9. Received training related to defined benefit retirement plan fiduciary governance best practices;
10. Received investment education and fiduciary updates related to defined benefit retirement plans and other developments that could affect the Plan and the Committee’s work; and

11. Kept minutes of each Committee meeting, including copies of materials considered by the Committee.


Committee Chair

02/06/2025
Date Signed

BOARD OF TRUSTEES

HARRISHEALTH

Budget and Finance Committee

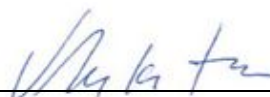
Thursday, May 8, 2025

Executive Session

Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. Financial Performance for the Three Months Ending March 31, 2025, Pursuant to Tex. Gov't Code Ann. §551.085.



Anna Mateja
Chief Financial Officer
Community Health Choice, Inc.
Community Health Choice Texas, Inc.



Victoria Nikitin
EVP & Chief Financial Officer
Harris Health

- Pages 73-80 Were Intentionally Left Blank -

BOARD OF TRUSTEES

Compliance and Audit Committee

Thursday, May 8, 2025
10:15 A.M.

(or immediately following the Budget and Finance Committee meeting)

BOARD ROOM
4800 Fournace Place, Bellaire, Texas 77401

The meeting may be viewed online at: <http://harrishealthtx.swagit.com/live>.

Notice: Some Board Members may participate by videoconference.

Mission

Harris Health is a community-focused academic healthcare system dedicated to improving the health of those most in need in Harris County through quality care delivery, coordination of care, and education.

AGENDA

- | | | |
|---|-----------------|--------|
| I. Call to Order and Record of Attendance | Ms. Carol Paret | 1 min |
| II. Approval of the Minutes of Previous Meeting | Ms. Carol Paret | 1 min |
| <ul style="list-style-type: none"> • Compliance and Audit Committee Meeting – February 13, 2025 | | |
| III. Presentation of the Harris Health Independent Auditor's Planning Communication Regarding the Harris County Hospital District 401(k) and the Harris County Hospital District Pension Benefit Plans for the Year Ended December 31, 2024 – Mr. Ryan Singleton, FORVIS MAZARS | | 5 min |
| IV. Information Only | Ms. Carol Paret | 1 min |
| A. Independent Auditor's Pre-audit Communication for the Harris County Hospital District 401(k) Plan Year Ended December 31, 2024 – Mr. Ryan Singleton, FORVIS MAZARS | | |
| B. Independent Auditor's Pre-audit Communication for the Harris County Hospital District Pension Plan Year Ended December 31, 2024 – Mr. Ryan Singleton, FORVIS MAZARS | | |
| V. Presentation Regarding the Harris Health Quarterly Internal Audit Update as of May 8, 2025 – Mr. Mike Post, Harris County Auditor and Ms. Sharon Brantley Smith, Chief Assistant County Auditor | | 10 min |

VI. Executive Session	Ms. Carol Paret	70 min
<p>A. <u>Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. Audit Results and Audited Financial Statements for the Twelve Months Ending December 31, 2024, Pursuant to Tex. Gov't Code Ann. §551.085 – Ms. Lisa Wright, CEO, Ms. Anna Mateja, CFO, Community Health Choice and Mr. Matt Howell, FORVIS MAZARS</u></p> <p>B. <u>Presentation Regarding Harris County Auditor's Report on High-priority Management Action Plan (MAP) Related to Vendor Payments, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §418.183 – Mr. Mike Post, Harris County Auditor and Ms. Sharon Brantley Smith, Chief Assistant County Auditor</u></p> <p>C. <u>Presentation Regarding Harris County Auditor's Report Related to Summary Results of Privileged Engagement, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §418.183 – Mr. Mike Post, Harris County Auditor and Ms. Sharon Brantley Smith, Chief Assistant County Auditor</u></p> <p>D. <u>Report by the Executive Vice President, Chief Compliance and Risk Officer, Regarding Compliance with Medicare, Medicaid, HIPAA and Other Federal and State Health Care Program Requirements, Including Status of Fraud and Abuse Investigations, Pursuant to Tex. Health & Safety Code Ann. §161.032 – Ms.Carolynn Jones, Mr. Anthony Williams and Ms. Vivian Ho-Nguyen</u></p>		<p>(10 min)</p> <p>(10 min)</p> <p>(10 min)</p> <p>(40 min)</p>
VII. Reconvene	Ms. Carol Paret	1 min
VIII. Adjournment	Ms. Carol Paret	1 min

HARRIS HEALTH SYSTEM
MINUTES OF THE BOARD OF TRUSTEES
COMPLIANCE & AUDIT COMMITTEE MEETING
Thursday, February 13, 2025 | 10:15 AM

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
I. Call to Order and Record of Attendance	Ms. Carol Paret, Committee Chair, called the meeting to order at 9:54 a.m. It was noted there was a quorum present and the attendance was recorded. The meeting may be viewed online through the Harris Health website: http://harrishealthtx.swagit.com/live .	
II. Approval of the Minutes of the Previous Meeting	<ul style="list-style-type: none"> Compliance and Audit Committee Meeting – November 14, 2024 	Moved by Mr. Jim Robinson, seconded by Ms. Carol Paret, and unanimously approved the minutes of the November 14, 2024 meeting. Motion carried.
III. Presentation Regarding the Harris Health Independent Auditor's Report and Overview for the Year Ended September 30, 2024	Mr. Chris Clark, Managing Partner, Forvis Mazars, delivered a presentation regarding the Harris Health Independent Audit Report and Overview for the Year Ended September 30, 2024. He highlighted the Board required communications, financial results and key disclosures, shared industry highlights, and discussed upcoming accounting standards effective for the year ending September 30, 2025. A copy of the presentation is available in the permanent record.	As Presented.
IV. Consideration of Acceptance of the Harris Health Single Audit Report of Federal and State Award Programs for the Year Ended September 30, 2024		Moved by Mr. Jim Robinson, seconded by Ms. Carol Paret, and unanimously accepted that the Committee recommends that the Board accept item IV., Harris Health Single Audit Report of Federal and State Award Programs for the Year Ended September 30, 2024. Motion carried.
V. Consideration of Acceptance of the Harris Health Independent Auditor's Report and Financial Statements for the Year Ended September 30, 2024		Moved by Mr. Jim Robinson, seconded by Ms. Carol Paret, and unanimously accepted that the Committee recommends that the Board accept item V., Harris Health Independent Auditor's Report and Financial Statements for the Year Ended September 30, 2024. Motion carried.

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
VI. Presentation Regarding the Harris Health Quarterly Internal Audit Update as of February 13, 2025	Ms. Sharon Brantley Smith, Chief Assistant County Auditor, Harris County Auditor's Office, presented the Harris Health Quarterly Internal Audit Quarterly Update. She reported three (3) completed, four (4) in progress, and nine (9) not – yet – started engagements for the FY2025 Internal Audit Plan. Reports on completed engagements were provided, with one (1) final report pending. In-progress engagements include contract payments and cybersecurity reviews. She also noted twenty (20) outstanding management action plans from seven (7) engagements, including one (1) past-due, high-priority item to be discussed in Executive Session. A copy of the presentation is available in the permanent record.	As Presented.
VII. Executive Session	At 10:24 a.m., Ms. Carol Paret stated that the Compliance & Audit Committee would go into Executive Session for Items VII 'A and B' as permitted by law under Tex. Occ. Code Ann. §151.002, Tex. Gov't Code §418.183, and Tex. Health & Safety Code Ann. §161.032.	
A. Presentation Regarding Harris County Auditor's Report on High-priority Management Action Plans (MAPs) Related to Vendor Payments, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §418.183		No Action Taken.
B. Report by the Executive Vice President, Chief Compliance and Risk Officer, Regarding Compliance with Medicare, Medicaid, HIPAA and Other Federal and State Health Care Program Requirements,		No Action Taken.

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
Including Status of Fraud and Abuse Investigations, Pursuant to Tex. Health & Safety Code Ann. §161.032		
VIII. Reconvene	At 11:13 a.m., Ms. Carol Paret reconvened the meeting in open session; she noted that a quorum was present and that no action was taken in Executive Session.	
IX. Adjournment	There being no further business, the meeting adjourned at 11:14 a.m.	

I certify that the foregoing are the Minutes of the Meeting of the Compliance and Audit Committee of the Board of Trustees of the Harris Health System held on February 13, 2025.

Respectfully submitted,

Ms. Carol Paret, BS, Committee Chair

Recorded by Cherry A. Joseph, MBA

Thursday, February 13, 2025
Harris Health Board of Trustees Compliance & Audit Committee Attendance

COMMITTEE MEMBERS PRESENT	COMMITTEE MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Carol Paret (<i>Committee Chair</i>)	Afsheen Davis	
Jim Robinson		

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS	
Alexander Barrie	Louis Smith
Dr. Amy Smith	Maria Cowles
Anthony Williams	Dr. Matasha Russell
Carolynn Jones	Matthew Schlueter
Catherine Walther	Micah Rodriguez
Cherry Pierson	Dr. Michael Nnadi
Chris Clark (<i>FORVIS MAZARS</i>)	Nicholas J. Bell
Ebon Swofford (<i>Harris County Attorney's Office</i>)	Randy Manarang
Elizabeth Hanshaw Winn (<i>Harris County Attorney's Office</i>)	Dr. Sandeep Markan
Dr. Esmaeil Porsa (<i>Harris Health System President & CEO</i>)	Sara Thomas (<i>Harris County Attorney's Office</i>)
Dr. Esperanza "Hope" Galvan	Sharon Brantley Smith (<i>Harris County Auditor's Office</i>)
Jack Adger	Shawn DeCosta
Dr. Jackie Brock	Dr. Steven Brass
Dr. Jennifer Small	Victor Martinez
Jennifer Zarate	Victoria Nikitin
John Matcek	Vivian Ho-Nguyen

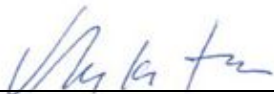
Virtual Attendee Notice: If you joined as a group and would like to be counted as present, please submit an email to: BoardofTrustees@harrishealth.org before close of business the day of the meeting.

Thursday, May 8, 2025

Presentation of the Harris Health Independent Auditor's Planning Communication
Regarding the Harris County Hospital District 401(k) and the Harris County Hospital District
Pension Benefit Plans for the Year Ended December 31, 2024

Representatives from the external audit firm, FORVIS MAZARS, will provide planning communication of the risk assessment and audit plan for the year ended December 31, 2024.

A copy of the presentation is attached.



Victoria Nikitin
Executive Vice President – Chief Financial Officer

Planning Communication to the Board of Trustees, 401(k) and 457(b) Administrative Committee and to the Board of Trustees, Pension and Disability Committee

- Scope – Forvis Mazars is engaged to audit the Harris County Hospital District 401(k) and Harris County Hospital District Pension benefit plans for the year ended December 31, 2024.
- Audit standards – Forvis Mazars will conduct audit in accordance with auditing standards generally accepted in United States. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.
- Planned timing – Forvis Mazars proposes to have a draft of the 401(k) and a draft of the pension plan to management by June 11th. Expected final issuance date for both plans will be June 26th.
- Significant risks of material misstatement as noted in planning for audit engagements:

401(k) Plan

- Risk of plan management override of controls
- Misstatement of investments

Pension Plan


- Risk of plan management override of controls
- Misstatement of investments
- Pension liability

Thursday, May 8, 2025

Independent Auditor's Pre-audit Communication for the Harris County Hospital District
401(k) Plan Year Ended December 31, 2024 (Information Only)

The pre-audit communication from the external audit firm, FORVIS MAZARS, provides an overview of the risk assessment and audit plan for the Harris County Hospital District 401(k) Plan year ended December 31, 2024.

A copy of the letter is attached.



Victoria Nikitin
Executive Vice President – Chief Financial Officer

Forvis Mazars Planning Communication to Board of Trustees, 401(k) and 457(b) Administrative Committee, Plan Administrator, and Management

Harris County Hospital District, d/b/a Harris Health System

December 31, 2024

Thank You for Selecting Forvis Mazars

We are grateful for the opportunity to serve Harris County Hospital District 401(k) Plan and gain insight into your employee benefit plan (Plan). This communication provides useful information relevant to your role as those charged with governance of the Plan, including summarized information required by professional standards, such as the planned scope and timing of the audit.

Our goal is to establish a foundation for effective two-way communication throughout the audit. We are available at your convenience to discuss this information and answer questions as we begin our audit.

Contacts During the Engagement

Your audit leader for any questions or communications is:

- Ryan Singleton, Managing Director | Ryan.Singleton@us.forvismazars.com | 972.788.1229

Overview & Responsibilities

Matter	Description of Audit Area
Scope of Our Audit	<p>We have been engaged to audit the financial statements of Harris County Hospital District 401(k) Plan for the year ended December 31, 2024.</p> <p>Please refer to our contract for additional information and the terms of our engagement.</p>
Audit Standards & Materiality	<p>We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.</p> <p>References to items that are material refer to misstatements, including omissions, that could, in our professional judgment, reasonably be expected to influence the economic decisions of users made on the basis of the financial statements.</p>
Our Responsibilities	<p>We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework.</p>
Your Responsibilities	<p>Our audit of the financial statements does not relieve you or management of your responsibilities.</p>



Matter	Description of Audit Area
Distribution Restriction	This communication is intended solely for the information and use of those charged with governance, the Board of Trustees, and, if appropriate, management of the Plan and is not intended to be, and should not be, used by anyone other than these specified parties.

Planned Timing of the Engagement

We succeed in our engagements by collaborating with management through frequent communication. We require the assistance of management and staff to prepare supporting documents, schedules, and analysis and depend on those items to be ready no later than the dates that we mutually agree will meet your deadlines.

We expect to begin our audit on approximately April 14, 2025. We anticipate that our team will be performing activities remotely during these dates.

Draft financial statements are expected to be ready June 11, 2025, and we will issue our report on approximately June 26, 2025.

Planned Audit Scope

We welcome any input you may have regarding the information discussed below. We also welcome any insight you have related to any other risk areas or other significant risk areas you believe warrant particular attention.

Extent of Testing

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Establishing Our Understanding

An audit also includes obtaining an understanding of the Plan and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we will express no such opinion.

Communicating Deficiencies or Significant Matters

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate internal control related matters that are required to be communicated under professional standards.

We will also communicate significant matters arising during the audit of the financial statements that are relevant to you in overseeing the financial reporting process as required by professional standards.

Significant Risks of Material Misstatement

We have preliminarily identified the following areas of significant risks of material material misstatement due to error or fraud and propose to address these areas as described:

Risk Area(s)	Audit Approach
Risk of Plan Management Override of Controls	Evaluate the annual statements for unusual activity and document and walk-through Plan level controls.

Misstatement of Investments

Obtain confirmation of investments.

Other Procedures to be Performed

We may also request written representations from the Plan's attorneys as part of the engagement, and they may bill the Plan or Plan sponsor for responding to this inquiry.

At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

We may identify additional significant risks as we complete our procedures.

Consideration of Error or Fraud

One of the most common questions we receive from governing bodies is, "How do you address fraud in a financial statement audit?" Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.

Our audit approach includes such procedures as:

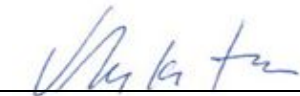
- Engagement team brainstorming
- Inquiries of management and others
- Reviewing accounting estimates for bias

Thursday, May 8, 2025

Independent Auditor's Pre-audit Communication for the Harris County Hospital District
Pension Plan Year Ended December 31, 2024 (Information Only)

The pre-audit communication from the external audit firm, FORVIS MAZARS, provides an overview of the risk assessment and audit plan for the Harris County Hospital District Pension Plan year ended December 31, 2024.

A copy of the letter is attached.



Victoria Nikitin
Executive Vice President – Chief Financial Officer

Forvis Mazars Planning Communication to Board of Trustees, Pension and Disability Committee, Plan Administrator, and Management

Harris County Hospital District d/b/a Harris Health System

December 31, 2024

Thank You for Selecting Forvis Mazars

We are grateful for the opportunity to serve Harris County Hospital District Pension Plan and gain insight into your employee benefit plan (Plan). This communication provides useful information relevant to your role as those charged with governance of the Plan, including summarized information required by professional standards, such as the planned scope and timing of the audit.

Our goal is to establish a foundation for effective two-way communication throughout the audit. We are available at your convenience to discuss this information and answer questions as we begin our audit.

Contacts During the Engagement

Your audit leader for any questions or communications is:

- Ryan Singleton, Managing Director | Ryan.Singleton@us.forvismazars.com | 972.788.1229

Overview & Responsibilities

Matter	Description of Audit Area
Scope of Our Audit	<p>We have been engaged to audit the financial statements of Harris County Hospital District Pension Plan for the year ended December 31, 2024.</p> <p>Please refer to our contract for additional information and the terms of our engagement.</p>
Audit Standards & Materiality	<p>We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.</p> <p>References to items that are material refer to misstatements, including omissions, that could, in our professional judgment, reasonably be expected to influence the economic decisions of users made on the basis of the financial statements.</p>
Our Responsibilities	<p>We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework.</p>
Your Responsibilities	<p>Our audit of the financial statements does not relieve you or management of your responsibilities.</p>



Matter	Description of Audit Area
Distribution Restriction	This communication is intended solely for the information and use of those charged with governance, the Board of Trustees and, if appropriate, management of the Plan and is not intended to be, and should not be, used by anyone other than these specified parties.

Planned Timing of the Engagement

We succeed in our engagements by collaborating with management through frequent communication. We require the assistance of management and staff to prepare supporting documents, schedules, and analysis and depend on those items to be ready no later than the dates that we mutually agree will meet your deadlines.

We expect to begin our audit on approximately April 14, 2025. We anticipate that our team will be performing activities remotely during these dates.

Draft financial statements are expected to be ready June 11, 2025, and we will issue our report on approximately June 26, 2025.

Planned Audit Scope

We welcome any input you may have regarding the information discussed below. We also welcome any insight you have related to any other risk areas or other significant risk areas you believe warrant particular attention.

Extent of Testing

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Establishing Our Understanding

An audit also includes obtaining an understanding of the Plan and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we will express no such opinion.

Communicating Deficiencies or Significant Matters

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate internal control related matters that are required to be communicated under professional standards.

We will also communicate significant matters arising during the audit of the financial statements that are relevant to you in overseeing the financial reporting process as required by professional standards.

Significant Risks of Material Misstatement

We have preliminarily identified the following areas of significant risks of material material misstatement due to error or fraud and propose to address these areas as described:

Risk Area(s)	Audit Approach
Risk of Plan Management Override of Controls	Evaluate the annual statements for unusual activity and document and walk-through Plan level controls.

Misstatement of Investments

Obtain confirmation of investments.

Pension Liability

Obtain actuarial data for estimated obligation from independent actuary, as applicable. Confirm selected participants data directly with actuary

Other Procedures to be Performed

We may also request written representations from the Plan's attorneys as part of the engagement, and they may bill the Plan or Plan sponsor for responding to this inquiry.

At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

We may identify additional significant risks as we complete our procedures.

Consideration of Error or Fraud

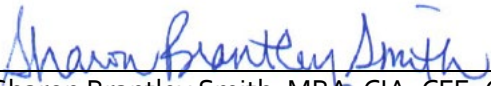
One of the most common questions we receive from governing bodies is, "How do you address fraud in a financial statement audit?" Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.

Our audit approach includes such procedures as:

- Engagement team brainstorming
- Inquiries of management and others
- Evaluating business rationale for significant unusual transactions

Thursday, May 8, 2025

Presentation Regarding the Harris Health Quarterly Internal Audit Update
as of May 8, 2025



Sharon Brantley Smith, MBA, CIA, CFE, CISA, CGAP
Executive Vice President – Chief Financial Officer
Chief Assistant County Auditor, Harris Health
Harris County Auditor's Office

Harris County Auditor's Office



MEMORANDUM

To: Louis Smith, Senior Executive Vice President & Chief Operating Office
Dr. Michael Nhadi, Senior Vice President and Chief Pharmacy & Lab Officer

From: Michael Post, Harris County Auditor *MP*
Sharon Brantley Smith, Chief Assistant County Auditor - Harris Health

CC: Dr. Esmail Porsa
Dr. Steven Brass
Dr. Jacqueline Brock
Carolynn Jones
Victoria Nikitin
Ronald Fuschillo
Dr. Maureen Padilla
Jabeen John
Catina Brimmer
Ana Couriel
Dr. Alicia Kowalchuk
Dr. Soraira Pacheco
Anna Vaughn
Sara Thomas

RE: Drug Oversight Assessment

Date: February 27, 2025

EXECUTIVE SUMMARY

The objective of the Drug Oversight Assessment was to assess whether the Controlled Substances Oversight Committee (CSOC) and the Opioid Task Force are fulfilling their responsibilities in preventing and detecting irregularities in medication management. The scope included processes and information for the period September 2023 through September 2024.

Based on the assessment, Internal Audit recommends process improvements related to automation and reporting of medication monitoring activities, medication waste management, and Opioid Task Force member attendance.

BACKGROUND

The CSOC, established in 2019, is a multidisciplinary committee dedicated to detecting and minimizing controlled substance diversion. It focuses on oversight, risk identification, diversion response, monitoring, awareness initiatives, employee training, and policy development.

The Opioid Task Force was created by the Central Nervous System Subcommittee on behalf of the Pharmacy & Therapeutics Committees and formalized in 2024. This multidisciplinary committee develops and executes initiatives to prevent opioid addiction and promote safe prescribing practices. Their efforts include optimizing pain management and reducing opioid misuse.

Harris Health's Senior Vice President and Chief Pharmacy & Lab Officer co-chairs the CSOC with the Senior Vice President of Nursing Affairs & Support Services. Other Pharmacy members actively participate in the CSOC and the Opioid Task Force. With expertise in medication management and regulatory compliance, they help identify and address diversion incidents and implement strategies for safe prescribing practices and opioid stewardship. These initiatives relate to Harris Health's Quality and Patient Safety strategic pillar and the Clinical/Patient Safety enterprise risk domain.

RESULTS

The Drug Oversight Assessment concluded that the CSOC and the Opioid Task Force are diligently and effectively fulfilling their responsibilities, with a system and process in place to prevent and detect irregularities in medication management. While their proactive measures have significantly contributed to maintaining high standards of compliance and ensuring the safe and proper use of controlled substances, opportunities for improvement were identified for leadership's consideration. The opportunities relate to key objectives of the CSOC and Opioid Task Force, as outlined below.

OBJECTIVE 1: Provide Oversight of Controlled Substances Management (Controlled Substances Oversight Committee)

OBSERVATION 1: Manual Monitoring of Medication Activities

1. A manual review is conducted to identify instances when the nurse took more than one hour to administer medication. Each instance requires further evaluation to identify the cause of the delay and determine if it is justifiable. According to leadership, automating the review in the HealthSight medication management application is challenging because the causes of the delays vary, and it is difficult to set a reasonable threshold.
2. The Pharmacy Quality Manager reconciles anesthesia administration by manually comparing the medication removals noted in HealthSight to Epic. The Pharmacy Quality Manager is exploring the Operating Room (OR) module within Epic to assess its potential for streamlining the reconciliation and replacing the manual review.

RECOMMENDATION 1: Harris Health Pharmacy should continue exploring options for automating and streamlining the manual medication monitoring processes. This should include confirming whether HealthSight and/or Epic metrics can be used to efficiently track delays in medication administration and utilizing the OR module to reconcile anesthesia administration as appropriate. Pharmacy should select and implement a viable solution.

OBJECTIVE 2: Identify Diversion Risk Points and Potential Causes (Controlled Substances Oversight Committee)

OBSERVATION 2.1: Reporting of Medication Monitoring Activities

Review of the HealthSight Compliance Indicator Summary report indicated:

- The metrics for *Controlled Substance Dispense on Override*, *Undocumented Waste Past 24 Hours*, and *Waste Delay Past 30 Minutes* are **tracked and reported** to the CSOC.
- The metric for *Administration Delay Past 30 Minutes* is **tracked but not reported** to the CSOC.

- The metrics for *Controlled Substance Medication Cancelled Transaction*, *Controlled Substance Medication Dispense after Patient Discharge*, *Controlled Substance Dispense to a Temporary Patient*, and *Whole Dose Waste* **are tracked in HealthSight and are only reported if the review results in a Drug Diversion Response Team investigation.**

RECOMMENDATION 2.1: Harris Health Pharmacy should review the metrics that are not consistently reported to determine whether they indicate trends or significant risks that warrant closer monitoring and routine reporting. Monitoring and reporting should be enhanced accordingly.

OBSERVATION 2.2: Medication Waste Management

Controlled substance waste is being monitored, but there is no assessment of how frequently an individual requests the same person to act as the independent witness for medication wasting.

RECOMMENDATION 2.2: Harris Health Pharmacy should enhance the controlled substance monitoring procedure to assess how frequently the same person is being asked to serve as the witness by the same individual for medication wasting and implement a process to ensure witnesses are rotated as appropriate.

OBJECTIVE 3: Evaluate and Proactively Respond to Trends in Opioid Prescribing and Patient Use (Opioid Task Force)

OBSERVATION 3: Monitoring of Provider Prescribing Habits

Review of the Opioid Task Force's current prescribing metrics revealed there is no analysis of provider prescribing volume by service line. The Opioid Task Force is currently considering this metric as part of initiatives to enhance current performance measures.

RECOMMENDATION 3: The Opioid Task Force should continue the efforts to enhance current performance measures. A method for effective monitoring of opioid prescribing habits should be implemented.

OBJECTIVE 4: The Committee Will Have Voting and Non-Voting Members (Opioid Task Force)

OBSERVATION 4: Committee Member Attendance

Review of the Opioid Task Force meeting minutes for November 2023, January 2024, and March 2024 revealed that individuals from certain operational areas and clinical specialties were not present at the meetings. This makes it difficult for the committee to meet quorum. The Opioid Task Force charter, established in September 2024, addressed this observation by requiring a 50% annual attendance rate for voting members and 75% annual attendance for co-chairs.

RECOMMENDATION 4: The Opioid Task Force should track meeting attendance to ensure compliance with the charter and ensure individuals from the various clinical specialties and operational areas are consistently present.

INTERNAL AUDIT STANDARDS

We conducted our engagement in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). The Standards require that we comply with the Code of Ethics and obtain reasonable assurance that significant risks to the activity are minimized to an acceptable level.



Harris Health Internal Audit

Quarterly Update as of May 8, 2025

Sharon Brantley Smith, Chief Assistant County Auditor – Harris Health

HARRISHEALTH



Our Purpose

Provide independent, risk-based, and objective assurance, advice, insight, and foresight.

Our Mission

Add value by helping Harris Health:

- Improve operations and enhance its ability to achieve objectives
- Ensure effective governance, risk management, and control processes
- Improve decision-making and oversight
- Protect its reputation and credibility with stakeholders

Our Goal

Complete at least 75% of the annual Audit Plan by fiscal year-end and achieve at least a 4.5 average rating on the Post-Engagement Surveys.

What's New?



In December 2024 and February 2025, Internal Audit parted ways with two long-time Senior Auditors. Two new Senior Auditors were recently hired to fill the positions:

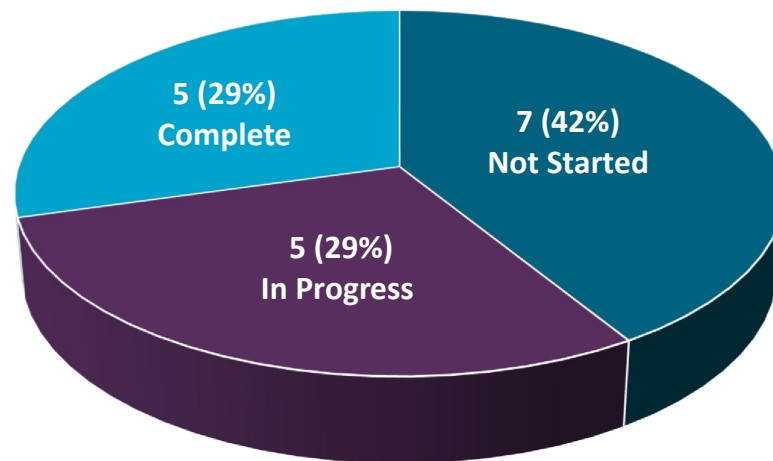
Christina Ljuca (CIA) – formerly with Baylor College of Medicine (*joined January 2025*)

Chad Sussen (CPA, CIA, MBA) – formerly with the Harris County Auditor's Office Assurance & Advisory Services team (*joined May 2025*)

Audit Plan Status

HARRISHEALTH

Summary Status of FY25 Audit Plan



Total Projects: **17**

Summary Status of FY25 Audit Plan



5 Completed (29%)

1. Outpatient Appointment Utilization
2. Drug Oversight Assessment
3. Inpatient Non-formulary Process
4. MOVEit Incident Response Assessment
5. Correctional Health Provider Invoices



5 In Progress (29%)

1. Outsourced Medical Services Contract Payments *(Fieldwork)*
2. Contractor Onboarding & Security *(Fieldwork)*
3. ECRI Follow-up – Sterile Processing Department Assessment *(Planning)*
4. Hospital at Home Program Evaluation *(Planning)*
5. Management Action Plan Follow-up *(Ongoing)*



7 Not Started (42%)

1. Clinical Staff Licenses & Certification
2. Referral Process
3. Vaccine Management
4. Capital Asset Management
5. Cybersecurity Training Compliance
6. Cash Handling – Hospitals & Clinics
7. Cash Handling – Parking*

*At leadership's request, the **Cash Handling – Food & Nutrition Services Audit** was delayed to FY26 quarter 1. It was replaced by the **Cash Handling – Parking Audit**.

Recently Completed Engagements

Audit	Objective	Overall Conclusion
Drug Oversight Assessment	Determine whether the Controlled Substances Oversight Committee (CSOC) and the Opioid Task Force are fulfilling their responsibilities in preventing or detecting irregularities in medication management.	<p>The CSOC and the Opioid Task Force are diligently and effectively fulfilling their responsibilities, with a system and process in place to prevent and detect irregularities in medication management. Their proactive measures have significantly contributed to maintaining high standards of compliance and ensuring the safe and proper use of controlled substances. However, opportunities for improvement were identified related to automation and reporting of medication monitoring activities, medication waste management, and Opioid Task Force member attendance.</p> <p><i>The full report is included separately in the meeting packet. This engagement was initially mentioned at the February 2025 Compliance and Audit Committee meeting.</i></p>
Correctional Health Provider Invoicing Audit	Evaluate controls for ensuring provider invoices are complete and accurate prior to payment and providers worked their scheduled time.	<i>This was an attorney-client privileged engagement. The overall conclusion will be discussed in Executive Session.</i>
MOVEit Incident Response Assessment	Evaluate the organization's response to the MOVEit incident and identify any opportunities to enhance the overall IT major incident response process.	<i>This was an attorney-client privileged engagement performed at Corporate Compliance's request. The audit report was issued to Corporate Compliance, Information Technology, and Information Security leadership. The report and management's action plans will be presented as part of an overall technology and security update to the Compliance and Audit Committee in September 2025.</i>

Follow-up on Management Action Plans

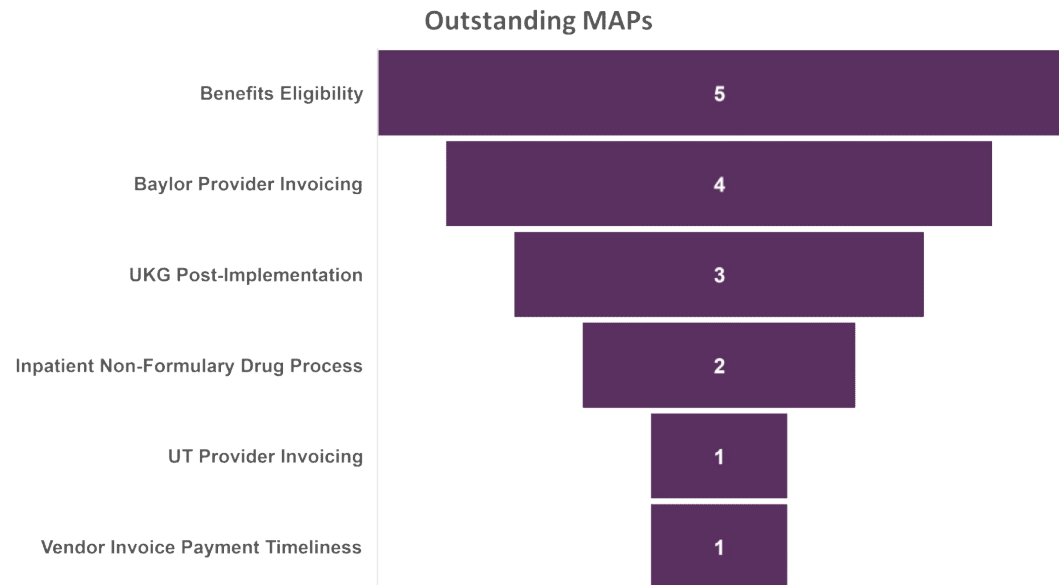
At the end of each engagement, Internal Audit requests action plans and implementation dates from management to remediate the risks identified during the audit. Internal Audit follows up to confirm implementation of management's action plans (MAPs) and provides a monthly update on all outstanding MAPs to the responsible Executive Vice Presidents. Additionally, Internal Audit provides updates to the Compliance and Audit Committee on any past-due MAPs with a high priority for implementation.

A total of **16** MAPs are outstanding for six engagements (*Figure 1*). Due dates for the 20 MAPs range from March 1 to December 31, 2025. Internal Audit is still validating the four MAPs that were due on March 1.

The table below indicates **one** of the 16 MAPs is high-priority and past-due. The due date was revised to June 30, 2025, to allow time for activity and reporting to be generated for Internal Audit's validation. Details of this MAP will be discussed in Executive Session.

Project Name	High-Priority Past-Due MAPs
Vendor Payment Timeliness Review	1
Total	1

Figure 1



What's Next?



- ✓ Complete fieldwork for the Outsourced Medical Services Contract Payments and Contractor Onboarding and Security engagements and draft the reports.
- ✓ Finalize the *Harris Health Internal Audit Strategic Plan 2026-2029* and prepare to present it to the Executive Corporate Compliance and Enterprise Risk committee and the Compliance and Audit Committee for feedback and approval before 2025 fiscal year-end. **

***The Institute of Internal Auditors new Global Internal Audit Standards, effective January 9, 2025, require the chief audit executive to develop and implement an internal audit strategy. The strategy should support the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders.*

Thank You

Michael Post, CPA, CIA

Harris County Auditor

Mike.Post@aud.hctx.net

Phone: 832-927-4560

Sharon Brantley Smith, MBA, CIA, CFE, CISA

Chief Assistant County Auditor, Harris Health

Sharon.BrantleySmith@harrishealth.org

Phone: 713-274-5689

BOARD OF TRUSTEES

HARRISHEALTH

Compliance and Audit Committee

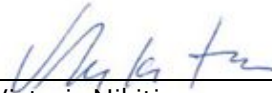
Thursday, May 8, 2025

Executive Session

Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. Audit Results and Audited Financial Statements for the Twelve Months Ending December 31, 2024, Pursuant to Tex. Gov't Code Ann. §551.085.



Anna Mateja
Chief Financial Officer
Community Health Choice, Inc.
Community Health Choice Texas, Inc.



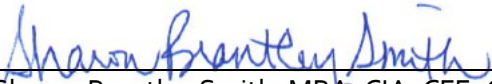
Victoria Nikitin
EVP & Chief Financial Officer
Harris Health

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Thursday, May 8, 2025

Executive Session

Presentation Regarding Harris County Auditor's Report on High-priority Management Action Plan (MAP) Related to Vendor Payments, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §418.183.



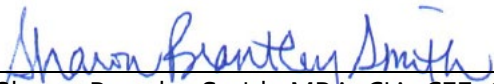
Sharon Brantley Smith, MBA, CIA, CFE, CISA, CGAP
Executive Vice President – Chief Financial Officer
Chief Assistant County Auditor, Harris Health
Harris County Auditor's Office

- Pages 90-91 Were Intentionally Left Blank -

Thursday, May 8, 2025

Executive Session

Presentation Regarding Harris County Auditor's Report Related to Summary Results of Privileged Engagement, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §418.183.




Sharon Brantley Smith, MBA, CIA, CFE, CISA, CGAP
Executive Vice President – Chief Financial Officer
Chief Assistant County Auditor, Harris Health
Harris County Auditor's Office

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Thursday, May 8, 2025

Executive Session

Report by the Executive Vice President, Chief Compliance and Risk Officer, Regarding Compliance with Medicare, Medicaid, HIPAA and Other Federal and State Health Care Program Requirements, Including Status of Fraud and Abuse Investigations, Pursuant to Tex. Health & Safety Code Ann. §161.032.



Carolynn Jones, JD, CHC
Executive Vice President, Chief Compliance and Risk Officer

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BOARD OF TRUSTEES

Joint Conference Committee

Thursday, May 8, 2025
12:00 P.M.

(or immediately following the Compliance & Audit Committee meeting)

The meeting will be conducted via Zoom and may be viewed online at:
<http://harrishealthtx.swagit.com/live>.

Mission

Harris Health is a community-focused academic healthcare system dedicated to improving the health of those most in need in Harris County through quality care delivery, coordination of care, and education.

AGENDA

I. Call to Order and Record of Attendance	Dr. Andrea Caracostis	2 min
II. Approval of the Minutes of Previous Meeting	Dr. Andrea Caracostis	2 min
• Joint Conference Committee Meeting – March 13, 2025		
III. Physician Leadership Reports	Dr. Andrea Caracostis	25 min
A. Medical Executive Board (MEB) Chair/Vice Chair	Dr. Kunal Sharma and Dr. Asim Shah	(5 min)
B. Chiefs of Staff		
• LBJ Hospital	Dr. Tien Ko	(5 min)
• Ben Taub Hospital	Dr. Sandeep Markan	(5 min)
C. Assistant Chiefs of Staff		
• UT	Dr. Mohammad Zare	(5 min)
• BCM	Dr. Fareed Khan	(5 min)
IV. Adjournment	Dr. Andrea Caracostis	1 min

HARRIS HEALTH SYSTEM
MINUTES OF THE BOARD OF TRUSTEES
JOINT CONFERENCE COMMITTEE MEETING
Thursday, March 13, 2025
12:00 PM

AGENDA ITEM		DISCUSSION	ACTION/RECOMMENDATIONS
I.	Call to Order and Record of Attendance	Ms. Sima Ladjevardian, Presiding Officer, called the meeting to order at 12:00 p.m. It was noted there was a quorum present, and the attendance was recorded. The meeting may be viewed online through the Harris Health website: http://harrishealthtx.swagit.com/live .	
II.	Approval of the Minutes of Previous Meeting •	<ul style="list-style-type: none"> Joint Conference Committee Meeting – January 9, 2025 	Moved by Dr. Kunal Sharma, seconded by Dr. Sandeep Markan, and unanimously approved the minutes of the January 9, 2025 meeting. Motion carried.
III.	Physician Leadership Reports		
	A. Medical Executive Board Chair/Vice Chair	Dr. Kunal Sharma, Chair of the Medical Executive Board (MEB), welcomed Dr. Glorimar Medina as the new Chief Executive Officer (CEO) for Hospital Campuses, and Dr. Jennifer Small as the CEO for Harris Health Ambulatory Care Services. He provided the following updates: He highlighted the significant effort involved in completing the bi-annual review of the medical staff bylaws, rules, and regulations. He noted that the medical staff is undergoing High Reliability Organization (HRO) training and engaging in discussions to help set the tone and focus for the organization. Dr. Sharma expressed excitement about the future expansion at Lyndon B. Johnson (LBJ) Hospital and various pavilions, while also acknowledging the physical challenges associated with taking on a larger role in correctional health, offering the medical staff's full support. Lastly, he shared plans to hold the annual medical staff meeting in person and to extend an invitation to Board members and the community; an announcement will be made once details are finalized. Dr. Asim Shah, Vice Chair of the MEB, echoed these sentiments and had no further updates.	As Presented.

	<p>B. Chief of Staffs</p> <ul style="list-style-type: none"> • Ben Taub Hospital • LBJ Hospital 	<p>Dr. Sandeep Markan, Chief of Staff at BT, congratulated Harris Health leadership Dr. Medina and Dr. Small, in addition to Ms. Kiki Teal, CEO for Harris Health Correctional Health Services. He touched upon important surveys such as the American College of Surgeons (ACoS) surveyed the Ben Taub Hospital (BT) Trauma program, and the College of American Pathologists' (CAP) surveyors arrived at BT and LBJ, both surveys went remarkable well. Dr. Markan highlighted the HRO trainings and collaborative efforts with the cardiology departments, and stroke programs, emergency center, internal medicine departments, and hospital at home program, improving processes and optimizing proficiencies. Dr. Tien Ko, Chief of Staff at LBJ Hospital, recognized the promotions of Dr. Medina, Dr. Small, and Ms. Teal. He also announced that Dr. LaTanya Love was named Interim President of UTHealth Houston, effective March 1, 2025. Dr. Ko highlighted the successful CAP survey and the American College of Obstetricians and Gynecologists (ACOG) survey at LBJ, noting zero deficiencies, placing LBJ in the top 10% of all maternal centers in Texas. Dr. Ko commended the staff for this accomplishment. He also noted that Harris Health welcomed the Nursing Magnet Program Appraisers for a site visit at LBJ.</p>	<p>As Presented.</p>
	<p>C. Assistant Chiefs of Staff</p> <ul style="list-style-type: none"> • BCM • UT 	<p>Dr. Fareed Khan, Assistant Chief of Staff at Baylor College of Medicine, announced that the Northwest Health Center celebrated 50 years of service and achieved continued accreditation with zero citations. He also noted the 10-year anniversary of the center's same-day clinics. Dr. Khan shared that Harris Health recently opened a Food Pharmacy at Gulfgate Health Center, with plans to open another at the Martin Luther King Health Center. He stated that their goal was to reduce A1C levels in the uncontrolled cohort by one point, a goal they have exceeded for the past three years. Dr. Khan acknowledged challenges with patient satisfaction, specifically around doctor communication, but emphasized ongoing efforts to improve. Dr. Mohammad Zare, Assistant Chief of Staff at UTHealth, congratulated Harris Health leaders on their recent promotions and provided updates on ambulatory care services, including HRO training participation, the success of Food Pharmacies at Settegast and El Franco Lee Health Centers, and the initiation of urgent care services at the Outpatient Center next to LBJ Hospital. Regarding patient satisfaction, he reported that 90.1% of patients recommend the facilities and 89% recommend the providers.</p>	<p>As Presented.</p>

IV. New Items for Discussion			
	A. Consideration of Recommendation for Approval of Revisions to the Harris Health Medical Staff Rules and Regulations	The Committee recommended for approval revisions to the Harris Health Medical Staff Rules and Regulations. An executive summary and a copy of the revisions were provided in the permanent record.	Moved by Dr. Sandeep Markan, seconded by Dr. Asim Shah, and unanimously accepted that the Committee recommends that the Board approve item IV., Revisions to the Harris Health Medical Staff Rules and Regulations. Motion carried.
V.	Adjournment	There being no further business, the meeting adjourned at 12:29 p.m.	

I certify that the foregoing are the Minutes of the Meeting of the Joint Conference Committee of the Board of Trustees of the Harris Health System held on March 13, 2025.

Respectfully submitted,

Ms. Sima Ladjevardian, JD, Presiding Officer
 In lieu of, Andrea Caracostis, MD, MPH, Committee Chair,

Recorded by Cherry A. Joseph, MBA

Thursday, March 13, 2025

Harris Health Board of Trustees Joint Conference Committee Attendance

COMMITTEE MEMBERS PRESENT	COMMITTEE MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Sima Ladjevardian (<i>Presiding Committee Chair</i>)	Dr. Andrea Caracostis (<i>Committee Chair</i>)	
Dr. Sandeep Markan, Chief of Staff (<i>BT Hospital</i>)		
Dr. Tien Ko, Chief of Staff (<i>LBJ Hospital</i>)		
Dr. Fareed Khan, Assistant Chief of Staff (<i>BCM</i>)		
Dr. Mohammad Zare, Assistant Chief of Staff (<i>UT</i>)		
Dr. Kunal Sharma, Medical Executive Board Chair		
Dr. Asim Shah, Medical Executive Board Vice Chair		
Dr. Esmaeil Porsa, Harris Health Chief Executive Officer		
Louis Smith, Harris Health Chief Operating Officer		
Dr. Steven Brass, Harris Health Chief Medical Executive Officer		
Dr. Matasha Russell, Chief Medical Executive (<i>ACS</i>)		

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS	
Alexander Barrie	John Matcek
Daniel Smith	Maria Cowles
Ebon Swofford (<i>Harris County Attorney's Office</i>)	Matthew Schlueter
Elizabeth Hanshaw Winn (<i>Harris County Attorney's Office</i>)	Micah Rodriguez
Dr. Glorimar Medina	Olga Rodriguez
Jennifer Zarate	Shawn DeCosta

Virtual Attendee Notice: If you joined as a group and would like to be counted as present, please submit an email to: BoardofTrustees@harrishealth.org before close of business the day of the meeting.