



Financial Statements

As of the Quarter Ended June 30, 2023



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Financial Highlights Review

As of the Quarter Ended June 30, 2023

Operating income for the quarter ended June 30, 2023 was \$39.5 million compared to budgeted income of \$6.5 million.

Total quarterly net revenue for June of \$611.5 million was \$27.8 million or 4.8% more than budget. Net patient revenue was \$10.7 million lower than expected, but offset by improved investment returns of \$23.8 million. Medicaid Supplemental programs were \$18.9 million greater than expected primarily due timing. The Foundation contribution of \$9.5 million received in January 2023 was reclassified to deferred revenue.

Total quarterly expenses of \$572.0 million were \$5.1 million or 0.9% less than budget. Staff costs were \$12.1 million greater than budget due to increased pension expense from declining market performance of investments in the pension plan. Physician services were \$4.5 million less than projected mostly due to the unfilled faculty vacancies. Purchased services for medical insurance subsidies decreased \$9.8 million due to the Marketplace plan pricing effective for calendar year 2023. The change in the Community Health Choice plan pricing, and a corresponding decrease in subsidy, was discussed with the Board of Trustees in November 2022.

For the third quarter, total patient days and average daily census increased 4.2% compared to budget. Inpatient case mix index, a measure of patient acuity, was 1.4% higher while length of stay was 7.7% higher than budget. Emergency room visits were 0.9% lower than planned for the quarter. Total clinic visits, including telehealth, were 2.2% higher compared to budget. Births were up 3.1%.

Total cash receipts for the quarter were \$271.8 million. The System has \$1,486.3 million in unrestricted cash, cash equivalents and investments, representing 252.2 days cash on hand. Harris Health System has \$145.2 million in net accounts receivable, representing 73.7 days of outstanding patient accounts receivable at June 30, 2023. The June balance sheet reflects a combined net liability position of \$90.3 million under the various Medicaid Supplemental programs.

Income Statement

As of the Quarter Ended June 30, 2023 (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	\$ 169.2	\$ 179.9	-5.9%	\$ 538.3	\$ 541.7	-0.6%	\$ 569.9	-5.5%
Medicaid Supplemental Programs	171.9	153.1	12.3%	513.0	459.2	11.7%	323.7	58.5%
Other Operating Revenue	30.6	28.4	7.9%	91.2	85.1	7.3%	56.4	61.8%
Total Operating Revenue	\$ 371.7	\$ 361.3	2.9%	\$ 1,142.6	\$ 1,086.0	5.2%	\$ 950.0	20.3%
Net Ad Valorem Taxes	209.3	207.8	0.7%	626.3	623.3	0.5%	354.0	76.9%
Net Tobacco Settlement Revenue	15.2	13.3	14.2%	15.2	13.3	14.2%	16.7	-9.3%
Capital Gifts & Grants	(9.5)	-	0.0%	-	-	0.0%	45.9	-100.0%
Interest Income & Other	24.8	1.3	1882.5%	59.6	4.8	1155.0%	43.1	38.3%
Total Nonoperating Revenue	\$ 239.7	\$ 222.3	7.8%	\$ 701.1	\$ 641.4	9.3%	\$ 459.7	52.5%
Total Net Revenue	\$ 611.5	\$ 583.7	4.8%	\$ 1,843.7	\$ 1,727.3	6.7%	\$ 1,409.7	30.8%
EXPENSE								
Salaries and Wages	\$ 225.2	\$ 222.0	-1.5%	\$ 654.2	\$ 677.9	3.5%	\$ 633.4	-3.3%
Employee Benefits	81.6	72.7	-12.2%	219.5	218.1	-0.6%	196.9	-11.5%
Total Labor Cost	\$ 306.8	\$ 294.7	-4.1%	\$ 873.7	\$ 895.9	2.5%	\$ 830.2	-5.2%
Supply Expenses	70.3	70.9	0.9%	215.3	210.4	-2.3%	203.9	-5.6%
Physician Services	113.9	118.5	3.8%	318.7	333.4	4.4%	295.5	-7.9%
Purchased Services	61.1	71.3	14.3%	184.4	209.6	12.1%	203.2	9.3%
Depreciation & Interest	19.9	21.7	8.5%	62.8	67.2	6.5%	58.7	-6.9%
Total Operating Expense	\$ 572.0	\$ 577.2	0.9%	\$ 1,654.9	\$ 1,716.6	3.6%	\$ 1,591.6	-4.0%
Operating Income (Loss)	\$ 39.5	\$ 6.5		\$ 188.8	\$ 10.8		\$ (181.8)	
Total Margin %	6.5%	1.1%		10.2%	0.6%		-12.9%	

Balance Sheet

As of June 30, 2023 and 2022 (in \$ Millions)

	CURRENT YEAR	PRIOR YEAR
<u>CURRENT ASSETS</u>		
Cash, Cash Equivalents and Short Term Investments	\$ 1,486.3	\$ 1,228.7
Net Patient Accounts Receivable	145.2	119.2
Net Ad Valorem Taxes, Current Portion	7.4	0.8
Other Current Assets	218.0	139.2
Total Current Assets	\$ 1,857.0	\$ 1,487.9
<u>CAPITAL ASSETS</u>		
Plant, Property, & Equipment, Net of Accumulated Depreciation	\$ 420.8	\$ 426.8
Construction in Progress	213.9	138.4
Right of Use Assets	43.8	45.4
Total Capital Assets	\$ 678.6	\$ 610.5
<u>ASSETS LIMITED AS TO USE & RESTRICTED ASSETS</u>		
Debt Service & Capital Asset Funds	\$ 40.8	\$ 46.2
LPPF Restricted Cash	24.3	11.0
Capital Gift Proceeds	46.9	45.1
Other - Restricted	1.0	1.1
Total Assets Limited As to Use & Restricted Assets	\$ 113.0	\$ 103.3
Other Assets	43.0	24.1
Deferred Outflows of Resources	210.0	152.7
Total Assets & Deferred Outflows of Resources	\$ 2,901.5	\$ 2,378.5
<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Liabilities	\$ 420.6	\$ 243.9
Employee Compensation & Related Liabilities	133.1	118.3
Estimated Third-Party Payor Settlements	13.1	13.5
Current Portion Long-Term Debt and Capital Leases	20.1	20.0
Total Current Liabilities	\$ 586.8	\$ 395.7
Long-Term Debt	316.9	333.8
Net Pension & Post Employment Benefits Liability	642.8	603.3
Other Long-Term Liabilities	7.6	18.0
Deferred Inflows of Resources	197.0	218.7
Total Liabilities	\$ 1,751.2	\$ 1,569.5
Total Net Assets	\$ 1,150.3	\$ 809.0
Total Liabilities & Net Assets	\$ 2,901.5	\$ 2,378.5

Cash Flow Summary

As of the Quarter Ended June 30, 2023 (In \$ Millions)

	QUARTER-TO-DATE		YEAR-TO-DATE	
	CURRENT YEAR	PRIOR YEAR	CURRENT YEAR	PRIOR YEAR
<u>CASH RECEIPTS</u>				
Collections on Patient Accounts	\$ 169.7	\$ 164.1	\$ 520.7	\$ 524.7
Medicaid Supplemental Programs	(0.4)	(4.2)	859.7	517.4
Net Ad Valorem Taxes	13.5	12.5	820.1	805.1
Tobacco Settlement	15.2	16.7	15.2	16.7
Other Revenue	73.8	65.4	181.4	122.2
Total Cash Receipts	\$ 271.8	\$ 254.5	\$ 2,397.1	\$ 1,986.2
<u>CASH DISBURSEMENTS</u>				
Salaries, Wages and Benefits	\$ 308.5	\$ 308.0	\$ 976.9	\$ 823.6
Supplies	78.0	69.2	229.2	205.5
Physician Services	98.3	96.6	297.5	281.1
Purchased Services	67.0	56.9	179.8	158.8
Capital Expenditures	36.9	30.5	101.1	75.9
Debt and Interest Payments	0.8	0.8	19.8	19.3
Other Uses	(16.3)	(8.2)	(70.8)	45.9
Total Cash Disbursements	\$ 573.3	\$ 553.7	\$ 1,733.6	\$ 1,610.1
Net Change	\$ (301.4)	\$ (299.2)	\$ 663.5	\$ 376.1
Unrestricted Cash, Cash Equivalents and Investments - Beginning of year			\$ 822.8	
Net Change			663.5	
Unrestricted Cash, Cash Equivalents and Investments - End of period			\$ 1,486.3	

Performance Ratios

As of the Quarter Ended June 30, 2023 (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 %	6.5%	1.1%	10.2%	0.6%	-12.9%
Run Rate per Day (In\$ Millions)	\$ 6.1	\$ 6.1	\$ 5.9	\$ 6.1	\$ 5.6
Salary, Wages & Benefit per APD	\$ 2,478	\$ 2,381	\$ 2,344	\$ 2,650	\$ 2,509
Supply Cost per APD	\$ 568	\$ 573	\$ 578	\$ 622	\$ 616
Physician Services per APD	\$ 920	\$ 957	\$ 855	\$ 986	\$ 893
Total Expense per APD	\$ 4,621	\$ 4,662	\$ 4,440	\$ 5,077	\$ 4,811
Overtime as a % of Total Salaries	3.4%	1.9%	3.6%	1.9%	3.3%
Contract as a % of Total Salaries	5.1%	7.4%	5.2%	7.4%	8.6%
Full-time Equivalent Employees	10,052	10,018	9,920	10,160	9,455
<u>FINANCIAL HEALTH INDICATORS</u>					
Quick Ratio			3.1		3.7
Unrestricted Cash (In \$ Millions)			\$ 1,486.3	\$ 847.8	\$ 1,228.7
Days Cash on Hand			252.2	145.0	217.0
Days Revenue in Accounts Receivable			73.7	53.6	57.1
Days in Accounts Payable			52.5		50.3
Capital Expenditures/Depreciation & Amortization			187.0%		150.3%
Average Age of Plant(years)			11.8		12.2

Harris Health System Key Indicators



Statistical Highlights

As of the Quarter Ended June 30, 2023 (In \$ Millions)

	QUARTER-TO-DATE			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
Adjusted Patient Days	123,789	112,340	10.2%	373,151	338,075	10.4%	330,841	12.8%
Outpatient % of Adjusted Volume	61.3%	61.6%	-0.5%	60.7%	61.7%	-1.7%	62.3%	-2.6%
Primary Care Clinic Visits	128,843	125,400	2.7%	394,671	366,743	7.6%	357,852	10.3%
Specialty Clinic Visits	62,348	62,278	0.1%	184,214	177,390	3.8%	174,916	5.3%
Telehealth Clinic Visits	31,606	30,327	4.2%	97,219	98,069	-0.9%	123,496	-21.3%
Total Clinic Visits	222,797	218,005	2.2%	676,104	642,202	5.3%	656,264	3.0%
Emergency Room Visits - Outpatient	33,473	34,367	-2.6%	98,389	100,923	-2.5%	96,592	1.9%
Emergency Room Visits - Admitted	5,482	4,930	11.2%	16,466	14,781	11.4%	13,424	22.7%
Total Emergency Room Visits	38,955	39,297	-0.9%	114,855	115,704	-0.7%	110,016	4.4%
Surgery Cases - Outpatient	2,902	3,399	-14.6%	8,398	9,769	-14.0%	7,408	13.4%
Surgery Cases - Inpatient	2,322	2,907	-20.1%	7,153	8,352	-14.4%	6,759	5.8%
Total Surgery Cases	5,224	6,306	-17.2%	15,551	18,121	-14.2%	14,167	9.8%
Total Outpatient Visits	368,384	370,004	-0.4%	1,113,716	1,094,470	1.8%	1,137,115	-2.1%
Inpatient Cases (Discharges)	7,548	7,320	3.1%	23,493	21,813	7.7%	20,624	13.9%
Outpatient Observation Cases	2,585	3,537	-26.9%	7,398	10,831	-31.7%	10,320	-28.3%
Total Cases Occupying Patient Beds	10,133	10,857	-6.7%	30,891	32,644	-5.4%	30,944	-0.2%
Births	1,200	1,164	3.1%	4,001	3,615	10.7%	3,748	6.8%
Inpatient Days	47,913	43,132	11.1%	146,641	129,371	13.3%	124,631	17.7%
Outpatient Observation Days	8,177	10,698	-23.6%	23,634	32,850	-28.1%	32,846	-28.0%
Total Patient Days	56,090	53,830	4.2%	170,275	162,221	5.0%	157,477	8.1%
Average Daily Census	616.4	591.5	4.2%	623.7	594.2	5.0%	576.8	8.1%
Average Operating Beds	687	681	0.9%	683	681	0.3%	684	-0.1%
Bed Occupancy %	89.7%	86.9%	3.3%	91.3%	87.3%	4.7%	84.3%	8.3%
Inpatient Average Length of Stay	6.35	5.89	7.7%	6.24	5.93	5.2%	6.04	3.3%
Inpatient Case Mix Index (CMI)	1.730	1.706	1.4%	1.708	1.706	0.1%	1.771	-3.6%
Payor Mix (% of Charges)								
Charity & Self Pay	41.9%	46.2%	-9.2%	44.1%	46.7%	-5.6%	46.4%	-5.0%
Medicaid & Medicaid Managed	22.6%	23.5%	-3.9%	23.2%	22.7%	2.1%	21.9%	5.8%
Medicare & Medicare Managed	12.3%	11.6%	6.4%	11.6%	11.0%	5.0%	11.6%	-0.1%
Commercial & Other	23.1%	18.7%	23.7%	21.2%	19.5%	8.7%	20.1%	5.3%
Total Unduplicated Patients - Rolling 12				248,628			249,924	-0.5%
Total New Patient - Rolling 12				87,459			82,916	5.5%

Harris Health System

Statistical Highlights

As of the Quarter Ended June 30, 2023

Cases Occupying Beds - Q3

Actual	Budget	Prior Year
10,133	10,857	10,677

Cases Occupying Beds - YTD

Actual	Budget	Prior Year
30,891	32,644	30,944

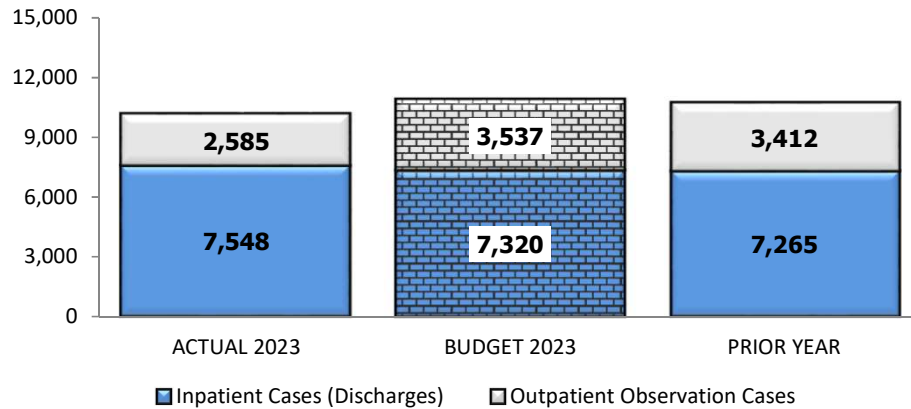
Emergency Visits - Q3

Actual	Budget	Prior Year
38,955	39,297	38,262

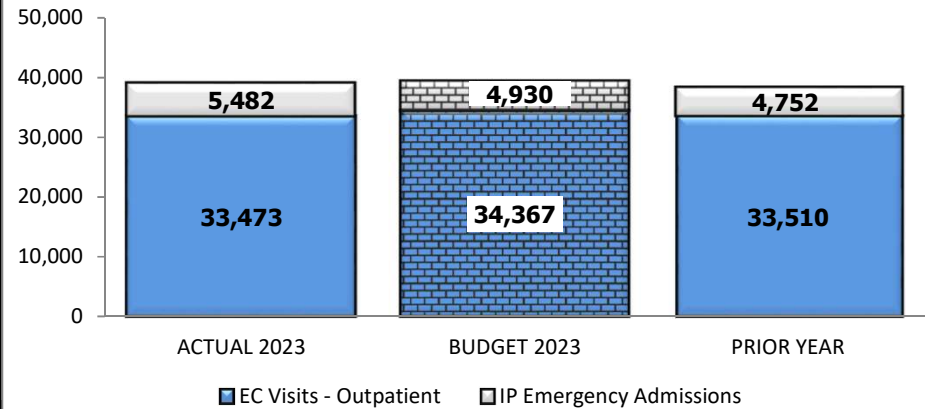
Emergency Visits - YTD

Actual	Budget	Prior Year
114,855	115,704	110,016

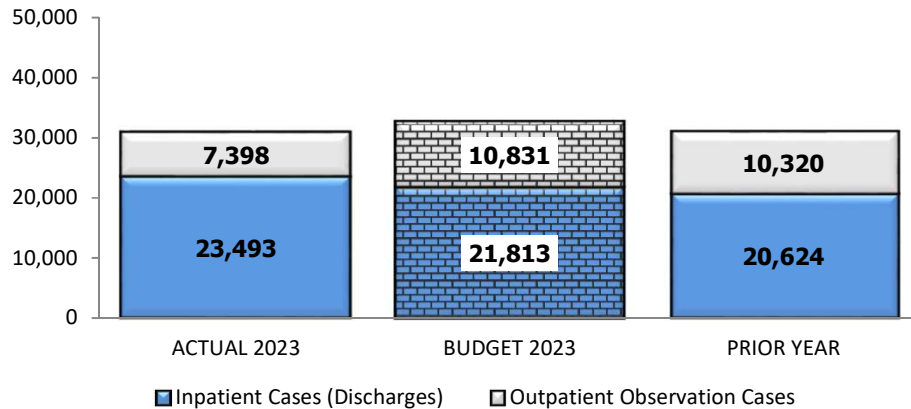
Cases Occupying Beds - Quarter End



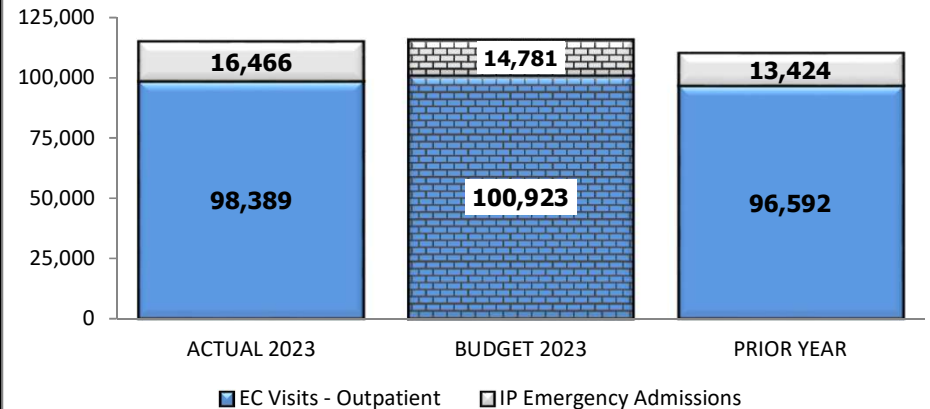
Emergency Visits - Quarter End



Cases Occupying Beds - YTD



Emergency Visits - YTD



Harris Health System

Statistical Highlights

As of the Quarter Ended June 30, 2023

Surgery Cases - Q3

Actual	Budget	Prior Year
5,224	6,306	5,092

Surgery Cases - YTD

Actual	Budget	Prior Year
15,551	18,121	14,167

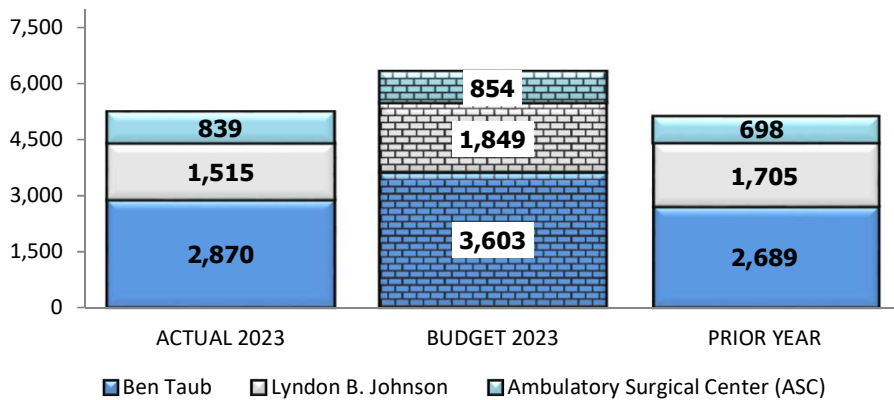
Clinic Visits - Q3

Actual	Budget	Prior Year
222,797	218,005	223,457

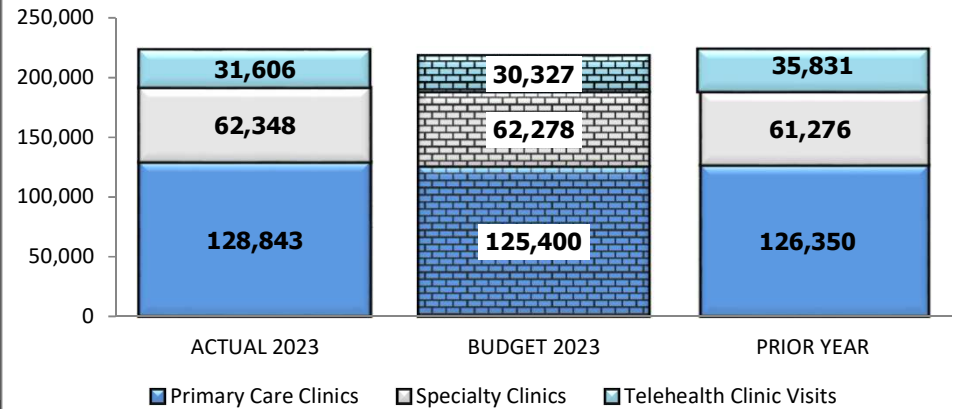
Clinic Visits - YTD

Actual	Budget	Prior Year
676,104	642,202	656,264

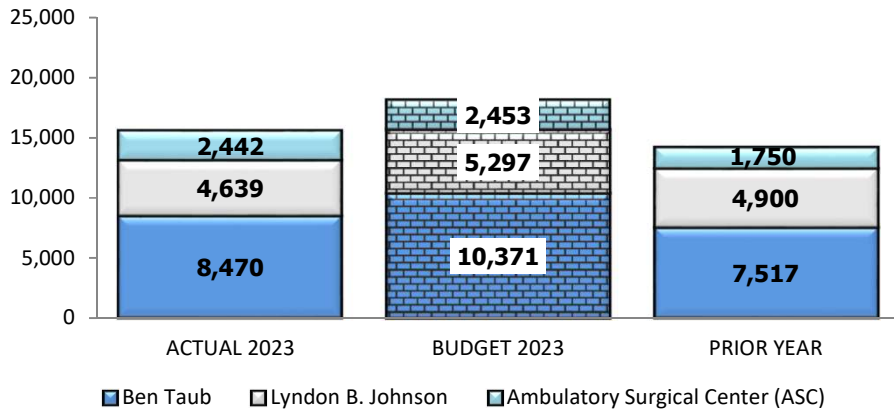
Surgery Cases - Quarter End



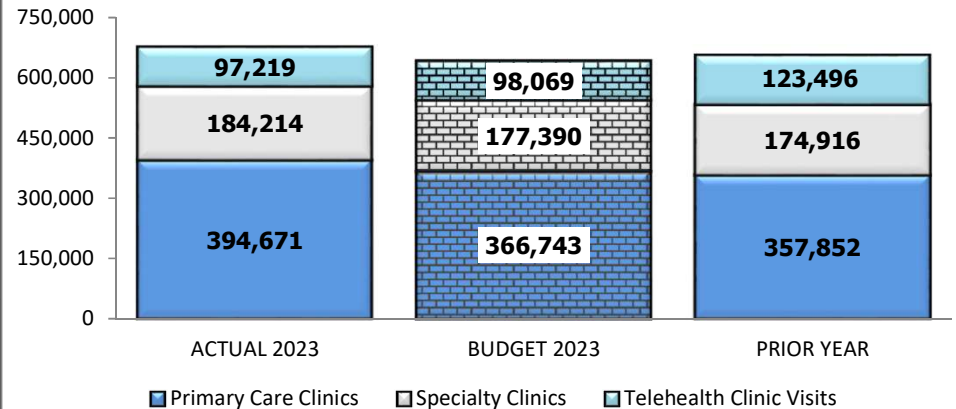
Clinic Visits - Quarter End



Surgery Cases - YTD



Clinic Visits - YTD



Harris Health System

Statistical Highlights

As of the Quarter Ended June 30, 2023

Adjusted Patient Days - Q3

123,789

Adjusted Patient Days - YTD

373,151

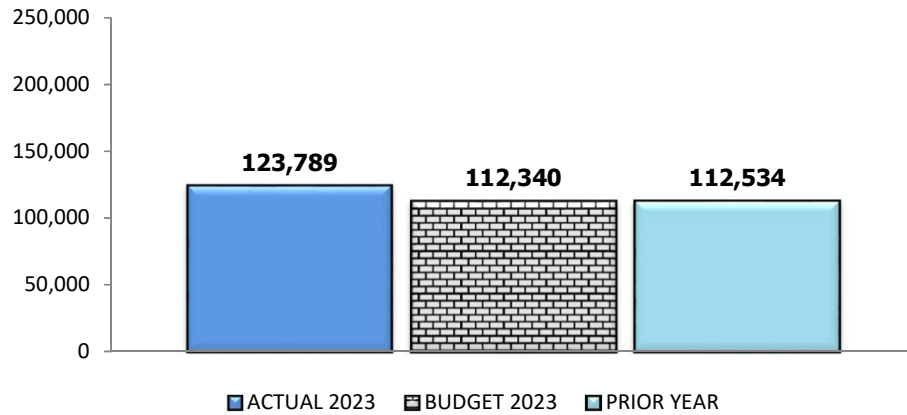
Average Daily Census - Q3

616.4

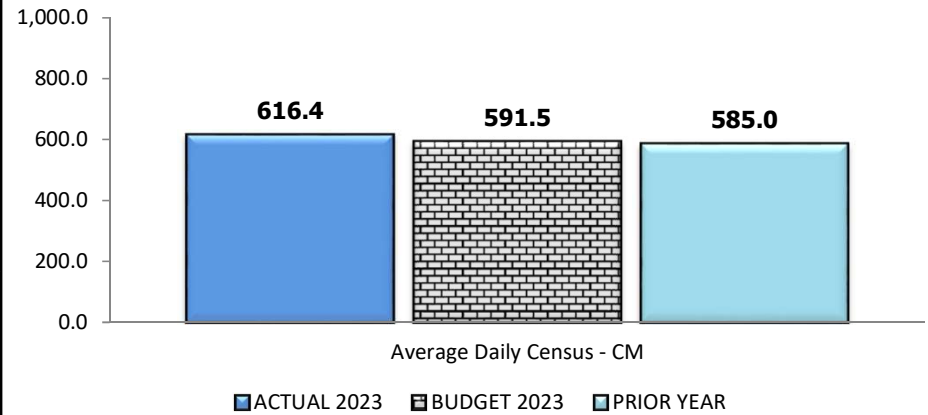
Average Daily Census - YTD

623.7

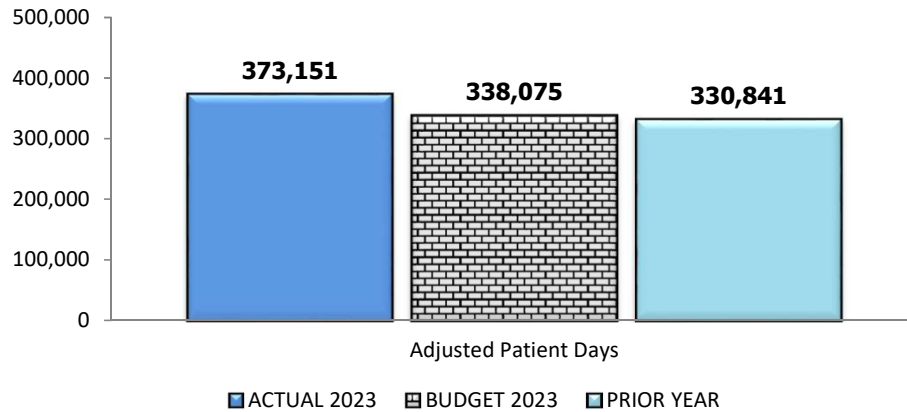
Adjusted Patient Days - Quarter End



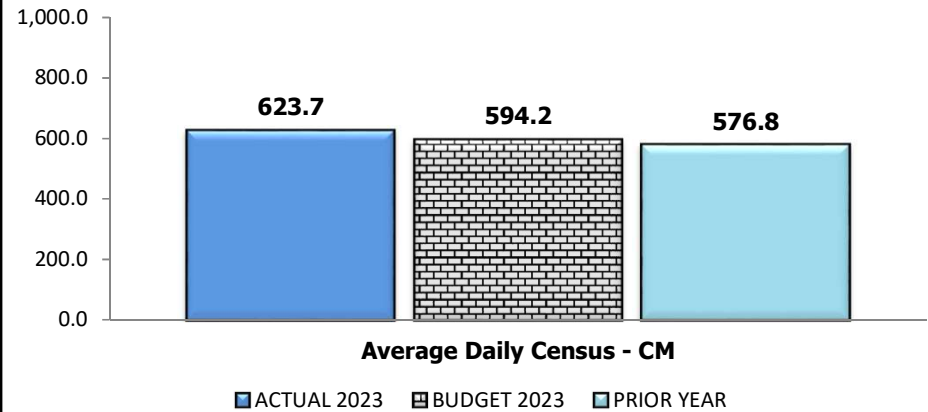
Average Daily Census - Quarter End



Adjusted Patient Days - YTD



Average Daily Census - YTD



Harris Health System

Statistical Highlights

As of the Quarter Ended June 30, 2023

Inpatient ALOS - Q3

6.35

Inpatient ALOS - YTD

6.24

Case Mix Index - Q3

Overall

1.730

Excl. Obstetrics

1.891

Case Mix Index (CMI) - YTD

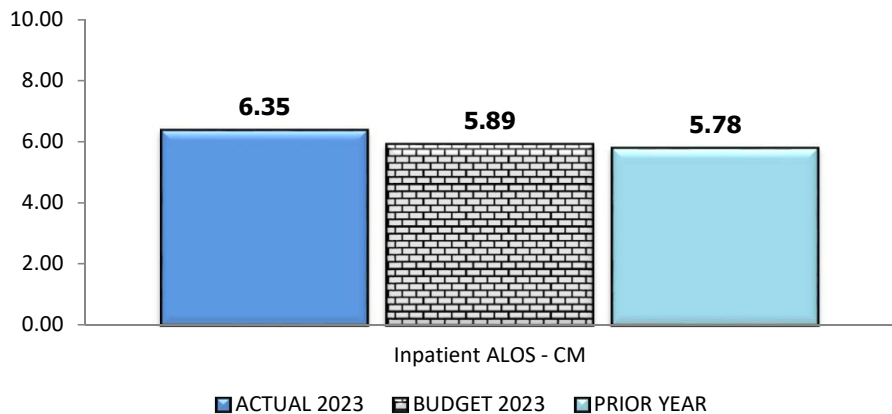
Overall

1.708

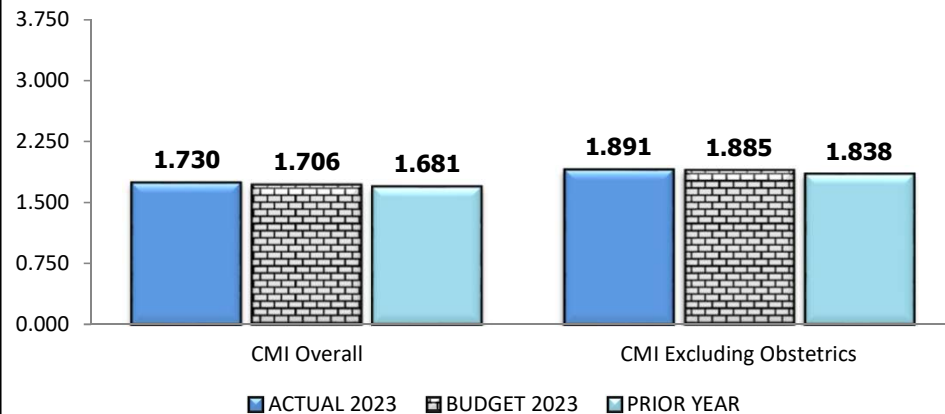
Excl. Obstetrics

1.881

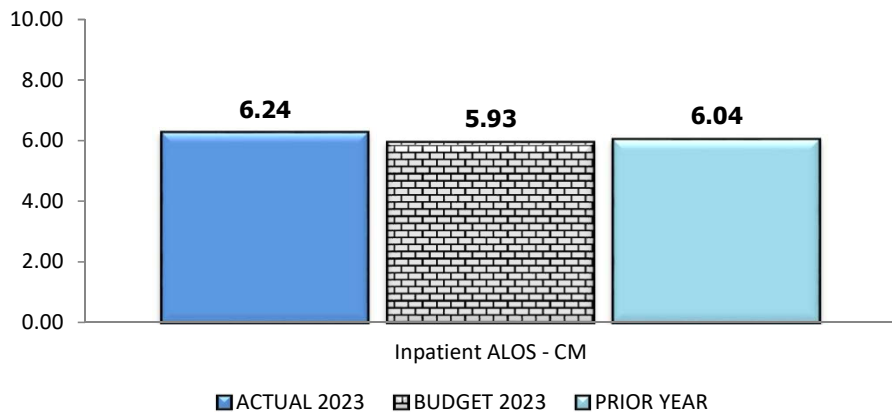
Inpatient ALOS - Quarter End



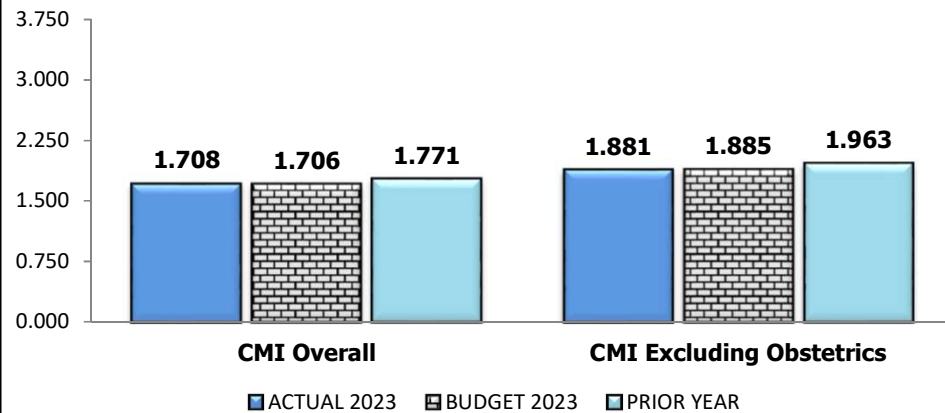
Case Mix Index - Quarter End



Inpatient ALOS - YTD



Case Mix Index - YTD



Harris Health System

Statistical Highlights - Cases Occupying Beds

As of the Quarter Ended June 30, 2023

BT Cases Occupying Beds - Q3

Actual	Budget	Prior Year
6,060	6,322	6,217

BT Cases Occupying Beds - YTD

Actual	Budget	Prior Year
18,369	19,134	18,329

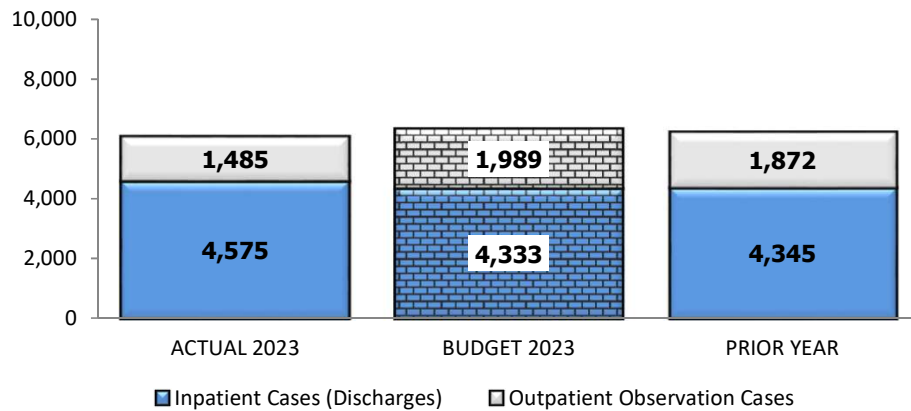
LBJ Cases Occupying Beds - Q3

Actual	Budget	Prior Year
4,073	4,535	4,460

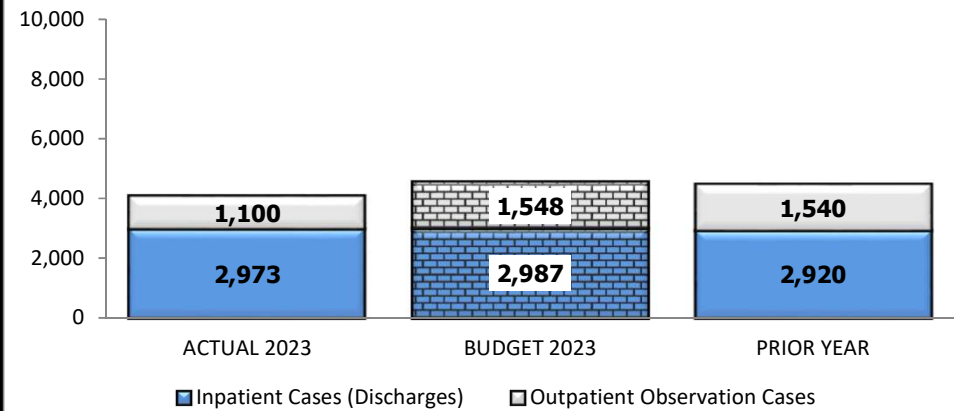
LBJ Cases Occupying Beds - YTD

Actual	Budget	Prior Year
12,522	13,510	12,615

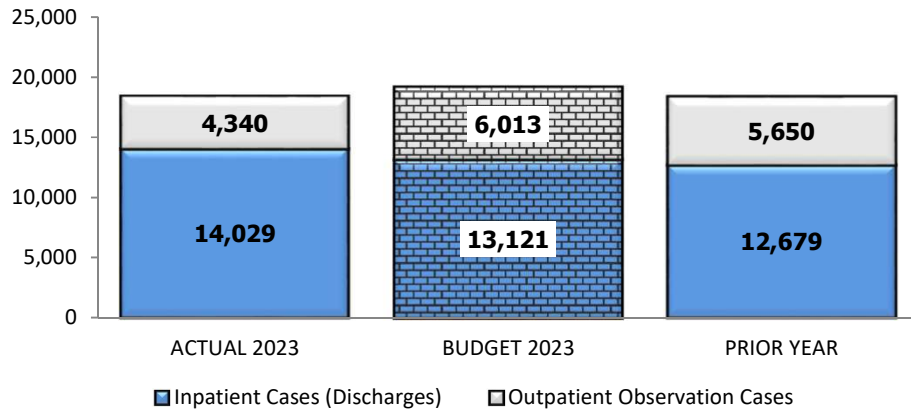
Ben Taub Cases - Quarter End



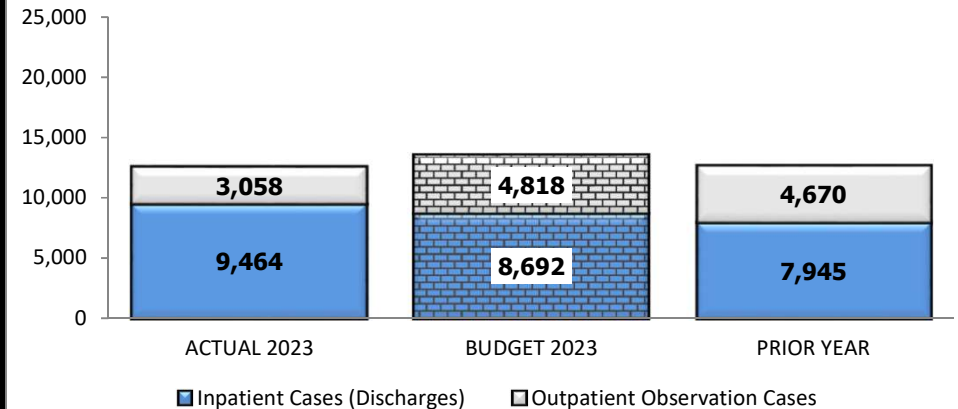
Lyndon B. Johnson Cases - Quarter End



Ben Taub Cases - YTD



Lyndon B. Johnson Cases - YTD



Harris Health System

Statistical Highlights - Surgery Cases

As of the Quarter Ended June 30, 2023

BT Surgery Cases - Q3

Actual	Budget	Prior Year
2,870	3,603	2,689

BT Surgery Cases - YTD

Actual	Budget	Prior Year
8,470	10,371	7,517

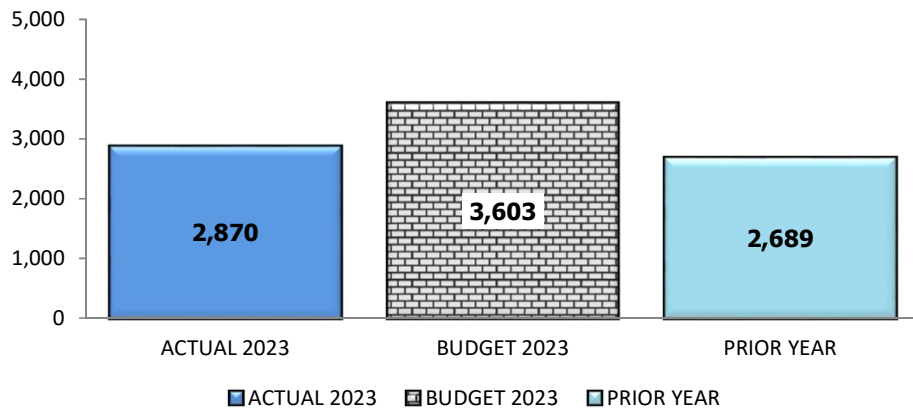
LBJ Surgery Cases - Q3

Actual	Budget	Prior Year
2,354	2,703	2,403

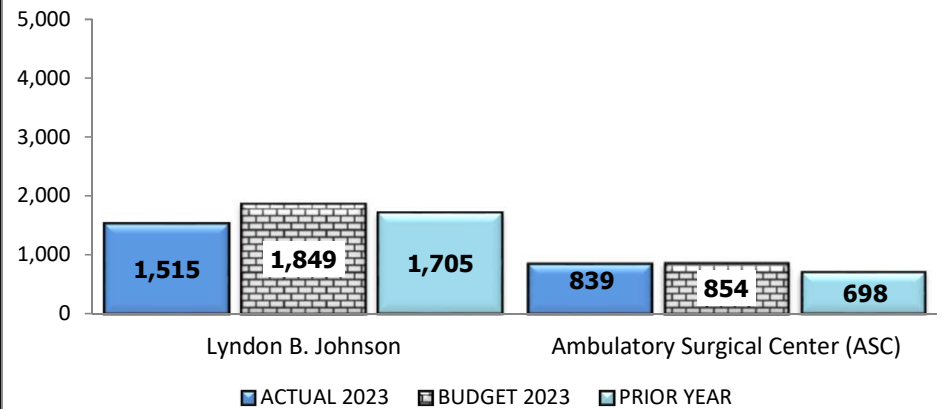
LBJ Surgery Cases - YTD

Actual	Budget	Prior Year
7,081	7,750	6,650

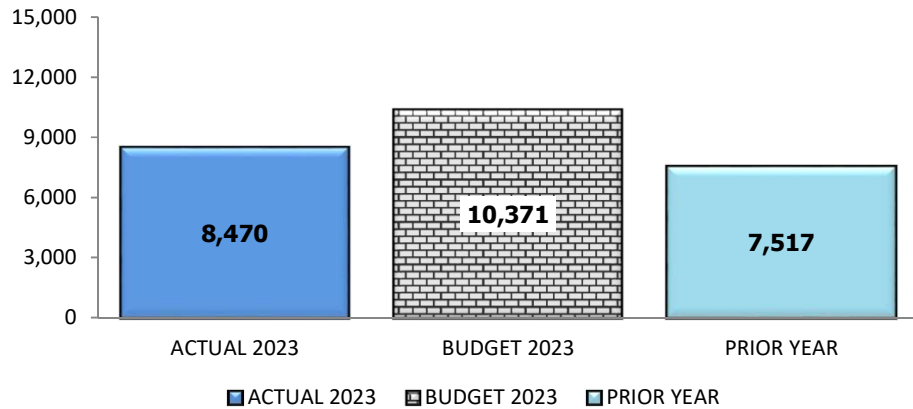
Ben Taub OR Cases - Quarter End



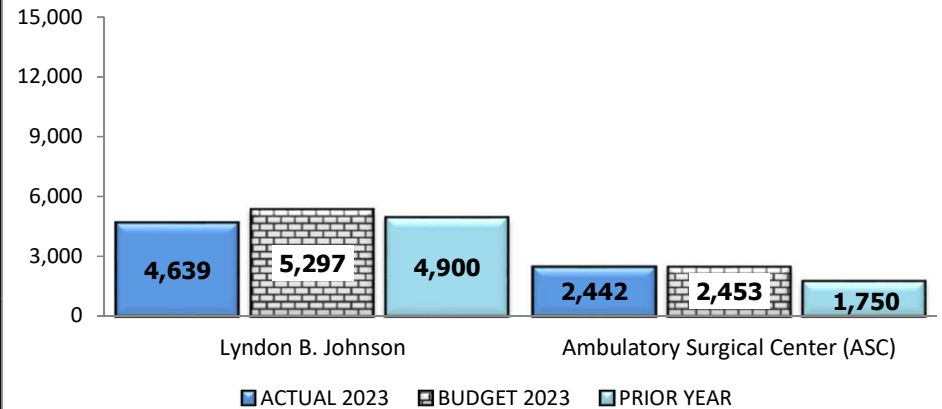
Lyndon B. Johnson OR Cases - Quarter End



Ben Taub OR Cases - YTD



Lyndon B. Johnson OR Cases - YTD



Harris Health System

Statistical Highlights - Emergency Room Visits

As of the Quarter Ended June 30, 2023

BT Emergency Visits - Q3

Actual	Budget	Prior Year
19,358	18,910	18,353

BT Emergency Visits - YTD

Actual	Budget	Prior Year
56,053	56,803	54,526

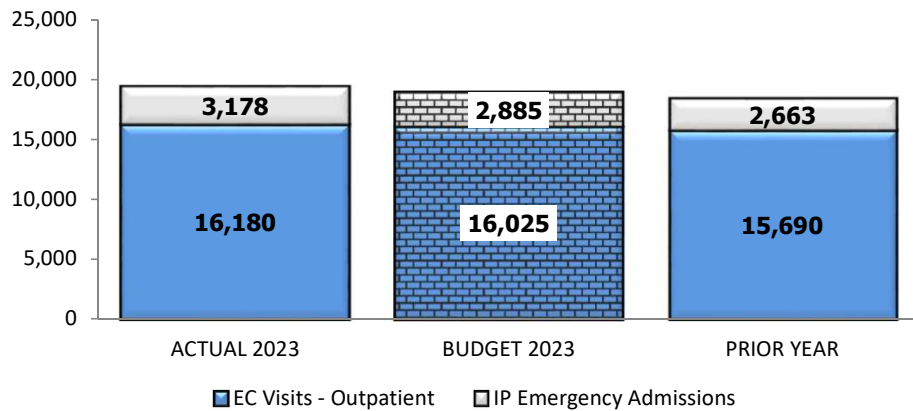
LBJ Emergency Visits - Q3

Actual	Budget	Prior Year
19,597	20,387	19,909

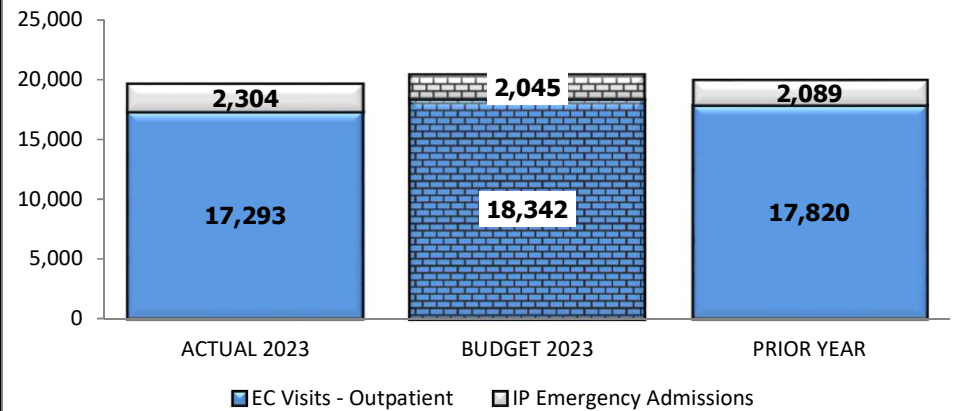
LBJ Emergency Visits - YTD

Actual	Budget	Prior Year
58,802	58,901	55,490

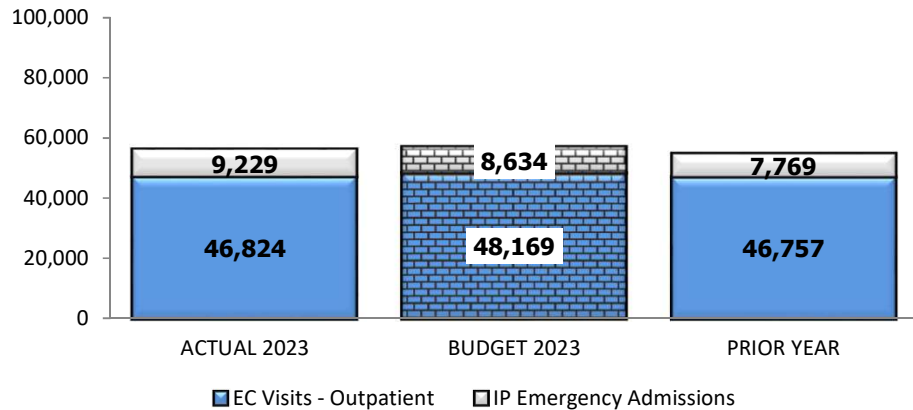
Ben Taub EC Visits - Quarter End



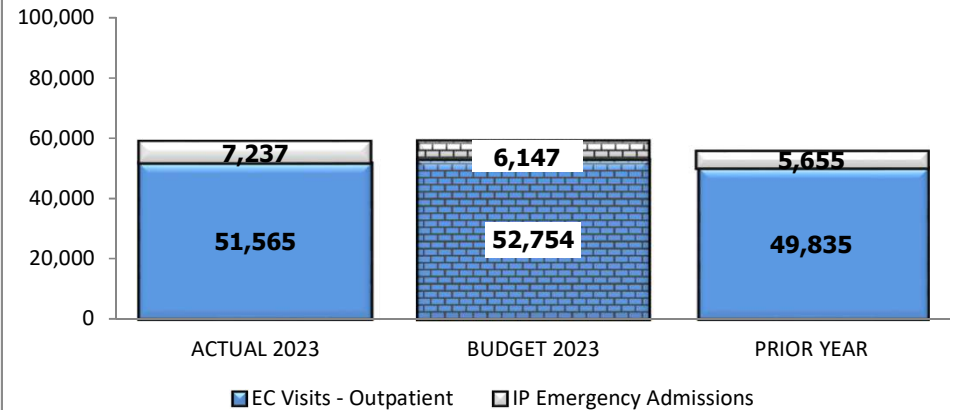
Lyndon B. Johnson EC Visits - Quarter End



Ben Taub EC Visits - YTD



Lyndon B. Johnson EC Visits - YTD



Harris Health System

Statistical Highlights - Births

As of the Quarter Ended June 30, 2023

BT Births - Q3

Actual	Budget	Prior Year
706	659	696

BT Births - YTD

Actual	Budget	Prior Year
2,369	2,092	2,147

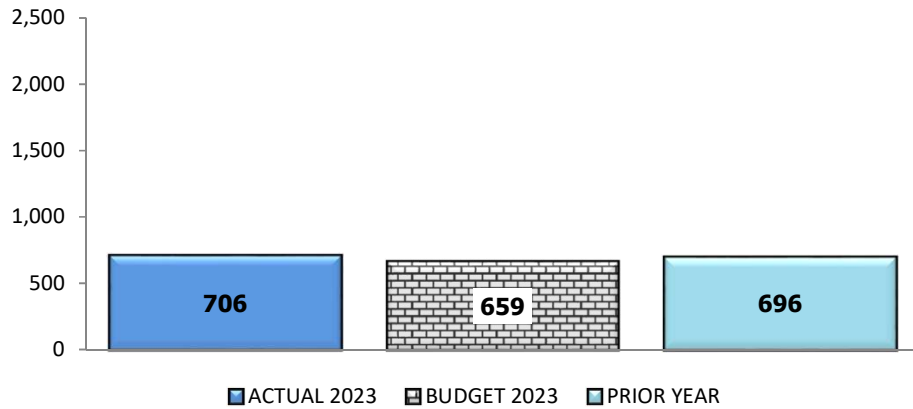
LBJ Births - Q3

Actual	Budget	Prior Year
494	505	507

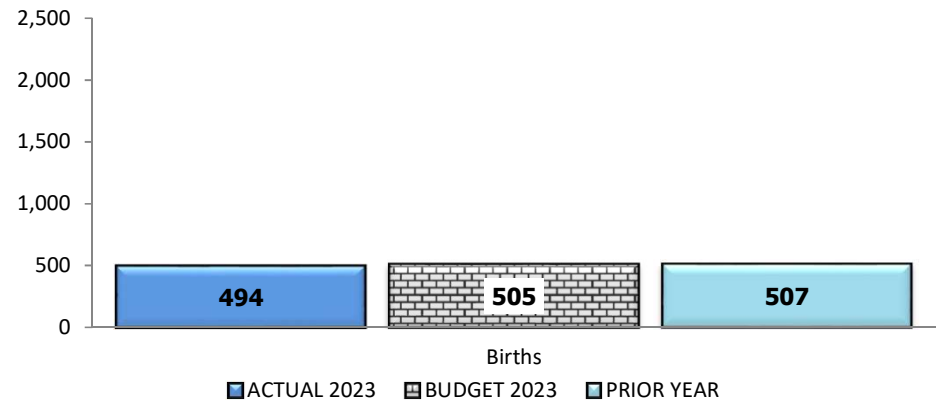
LBJ Births - YTD

Actual	Budget	Prior Year
1,632	1,523	1,601

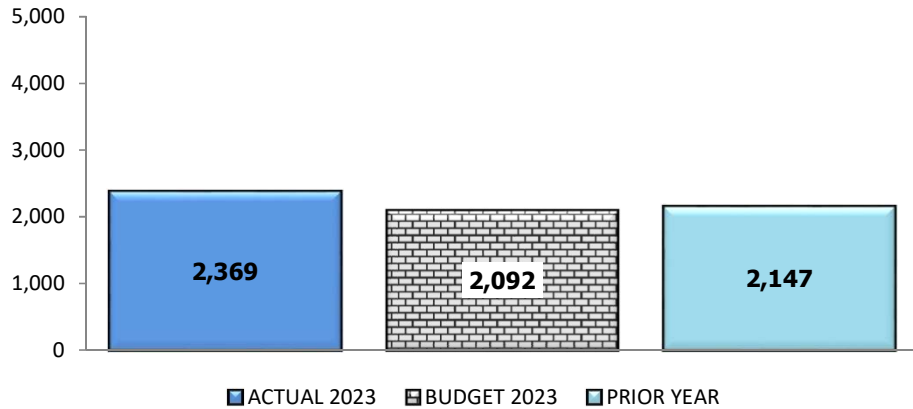
Ben Taub Births - Quarter End



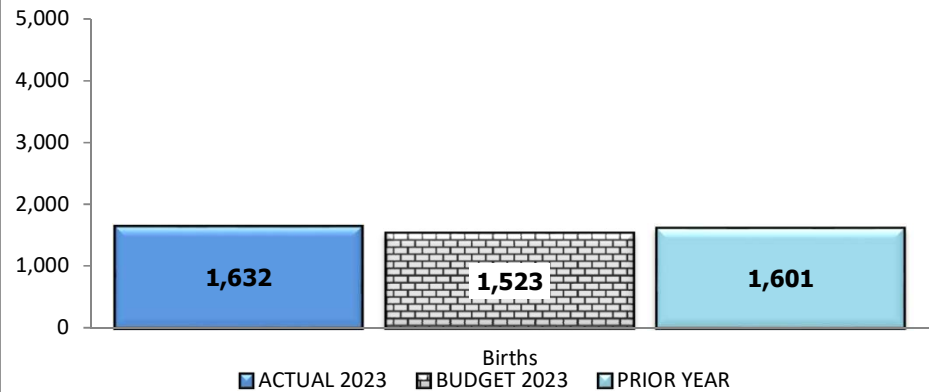
Lyndon B. Johnson Births - Quarter End



Ben Taub Births - YTD



Lyndon B. Johnson Births - YTD



Harris Health System

Statistical Highlights - Adjusted Patient Days

As of the Quarter Ended June 30, 2023

BT Adjusted Patient Days - Q3

61,335

BT Adjusted Patient Days - YTD

184,722

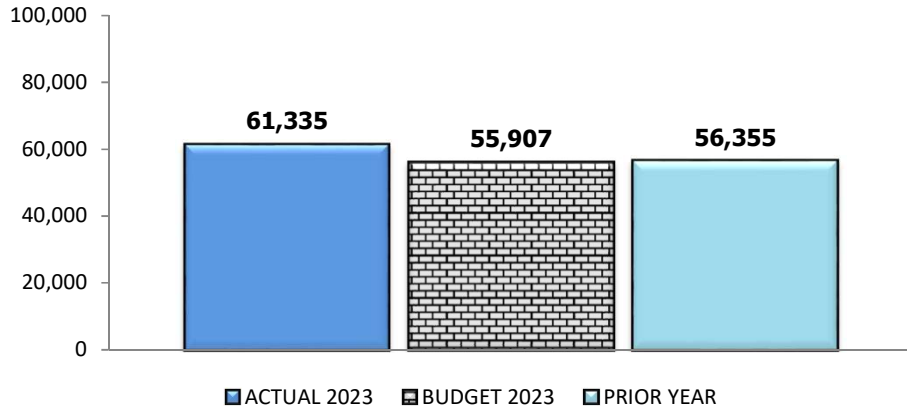
LBJ Adjusted Patient Days - Q3

39,151

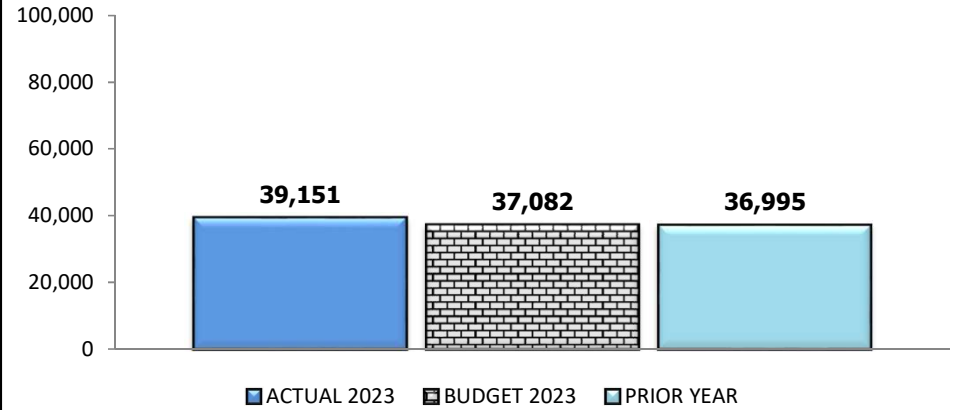
LBJ Adjusted Patient Days - YTD

117,557

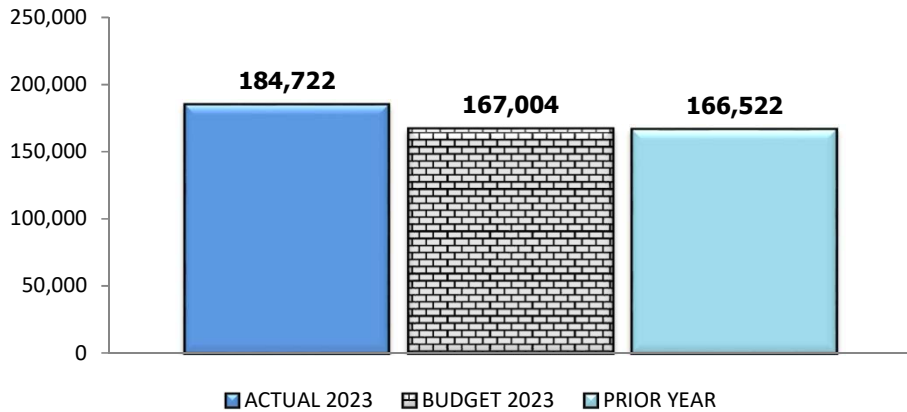
Ben Taub APD - Quarter End



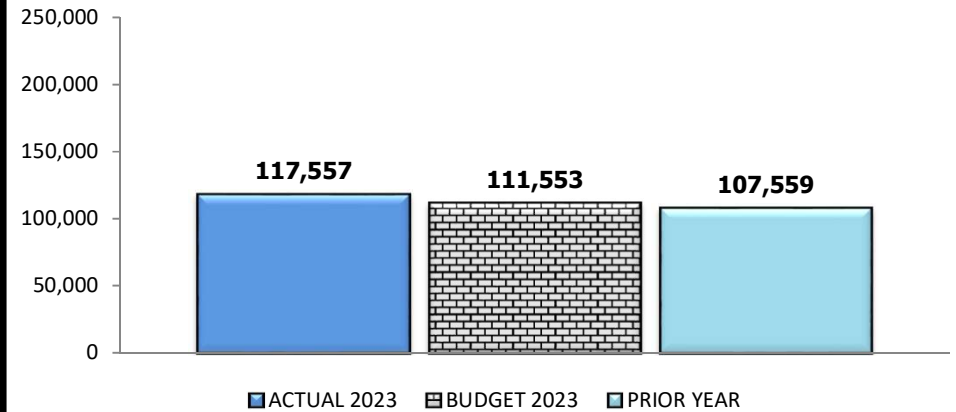
Lyndon B. Johnson APD - Quarter End



Ben Taub APD - YTD



Lyndon B. Johnson APD - YTD



Harris Health System

Statistical Highlights - Average Daily Census (ADC)

As of the Quarter Ended June 30, 2023

BT Average Daily Census - Q3

397.6

BT Average Daily Census - YTD

401.4

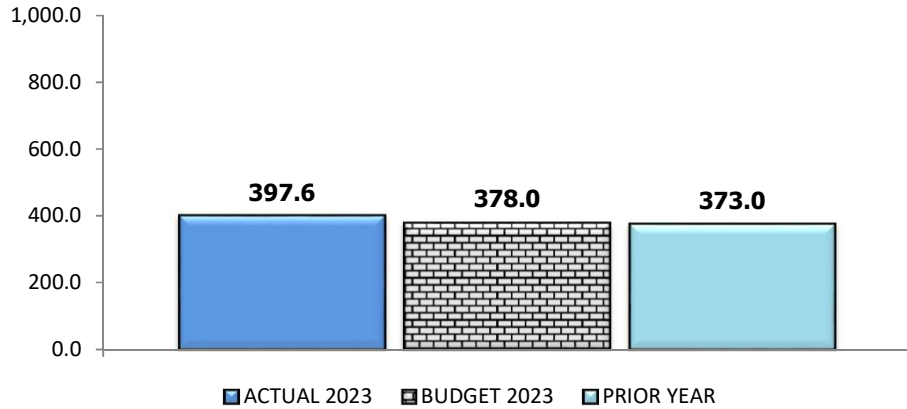
LBJ Average Daily Census - YTD

218.8

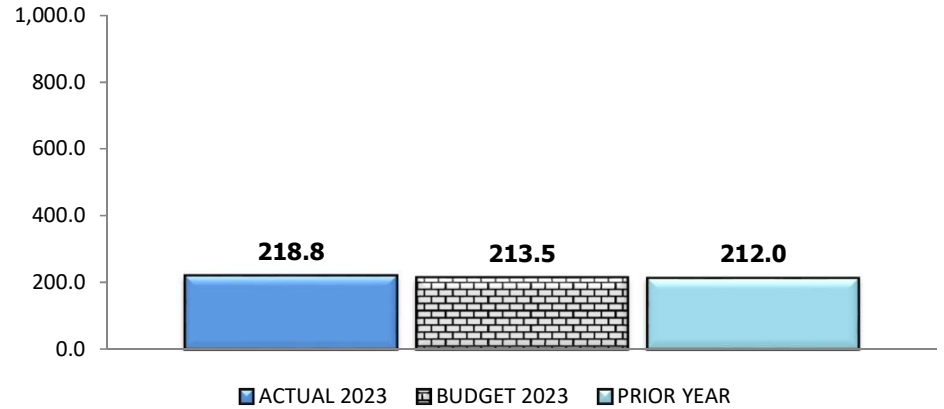
LBJ Average Daily Census - YTD

222.3

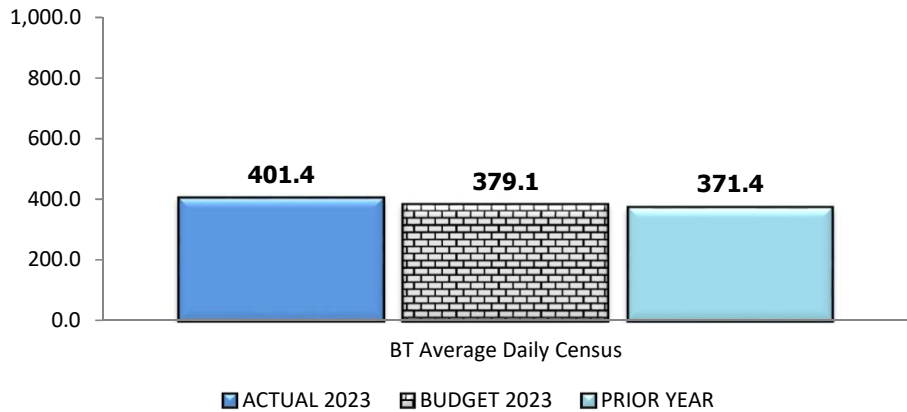
Ben Taub ADC - Quarter End



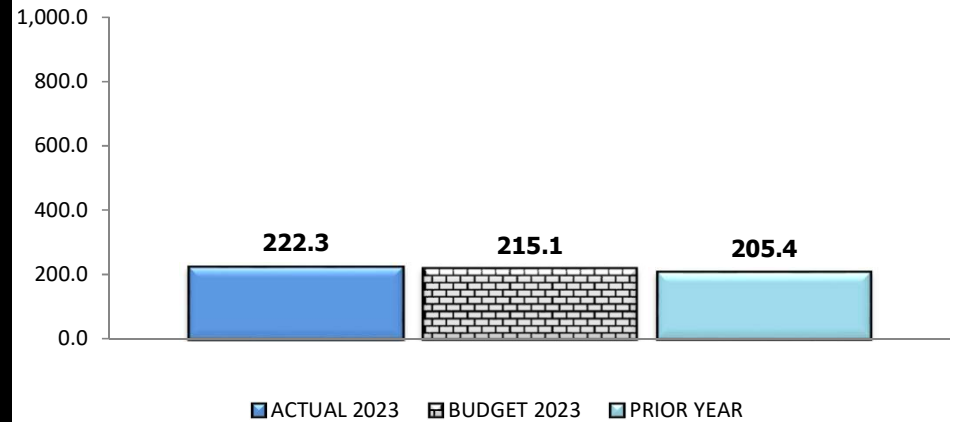
Lyndon B. Johnson ADC - Quarter End



Ben Taub ADC - YTD



Lyndon B. Johnson ADC - YTD



Harris Health System

Statistical Highlights - Inpatient Average Length of Stay (ALOS)

As of the Quarter Ended June 30, 2023

BT Inpatient ALOS - Q3

6.80

BT Inpatient ALOS - YTD

6.76

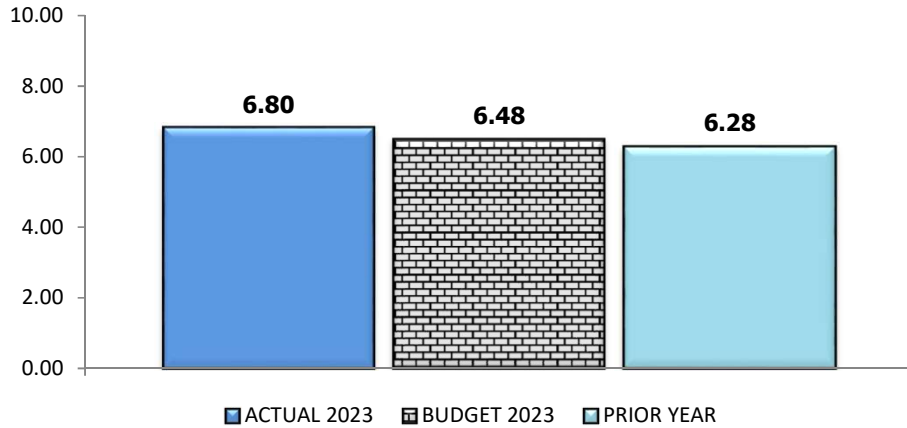
LBJ Inpatient ALOS - Q3

5.65

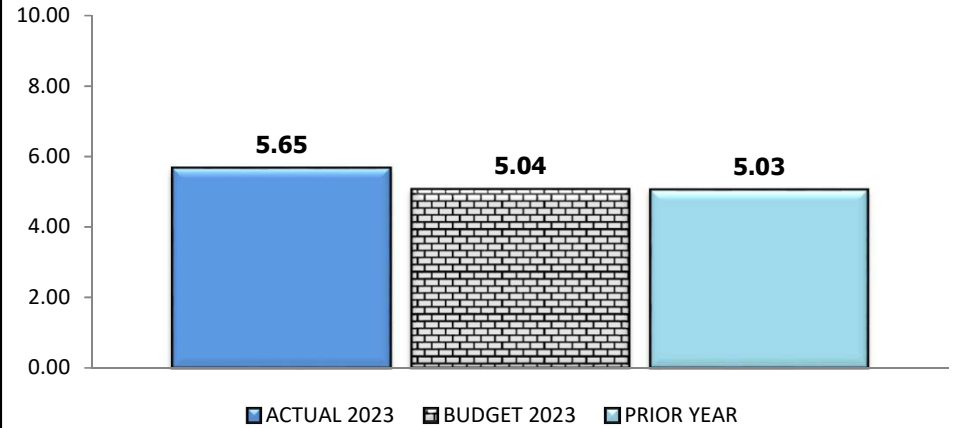
LBJ Inpatient ALOS - YTD

5.48

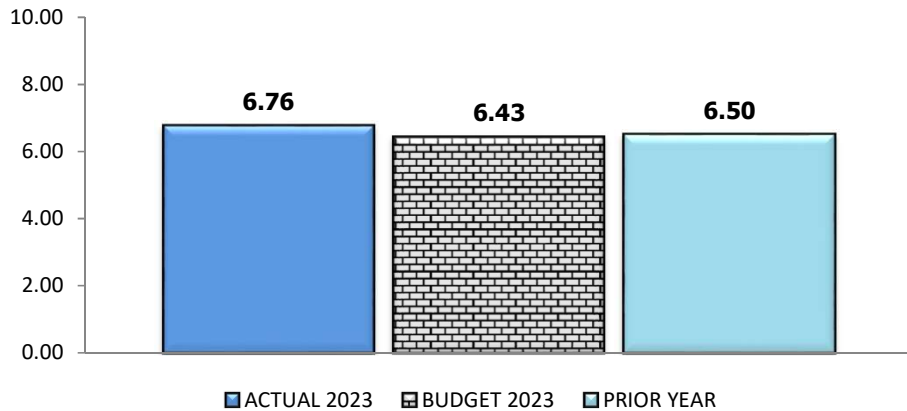
Ben Taub ALOS - Quarter End



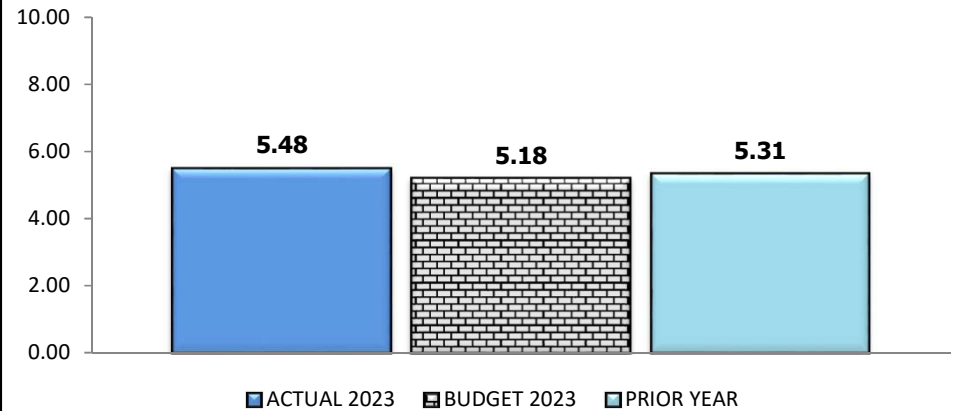
Lyndon B. Johnson ALOS - Quarter End



Ben Taub ALOS - YTD



Lyndon B. Johnson ALOS - YTD



Harris Health System

Statistical Highlights - Case Mix Index (CMI)

As of the Quarter Ended June 30, 2023

BT Case Mix Index (CMI) - Q3

Overall	Excl. Obstetrics
1.844	2.013

BT Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.823	2.012

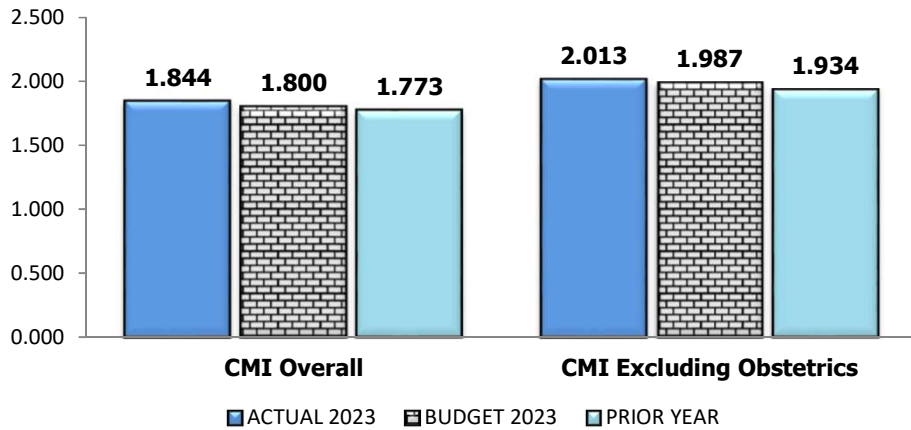
LBJ Case Mix Index (CMI) - Q3

Overall	Excl. Obstetrics
1.555	1.699

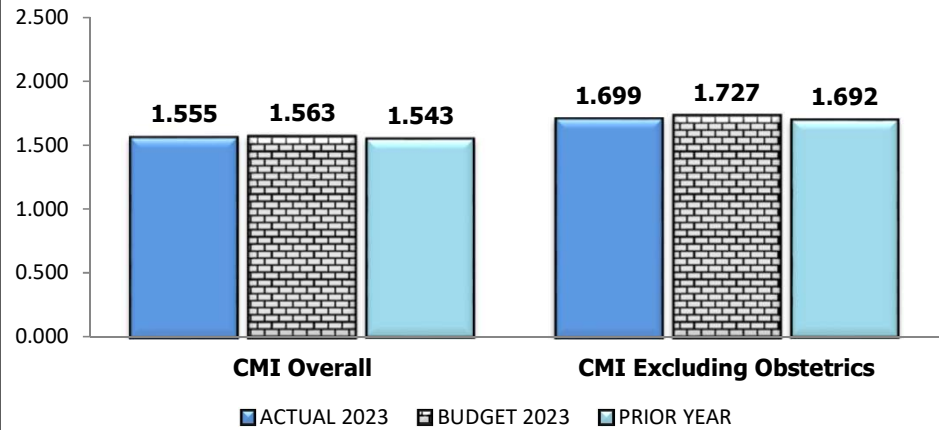
LBJ Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.537	1.684

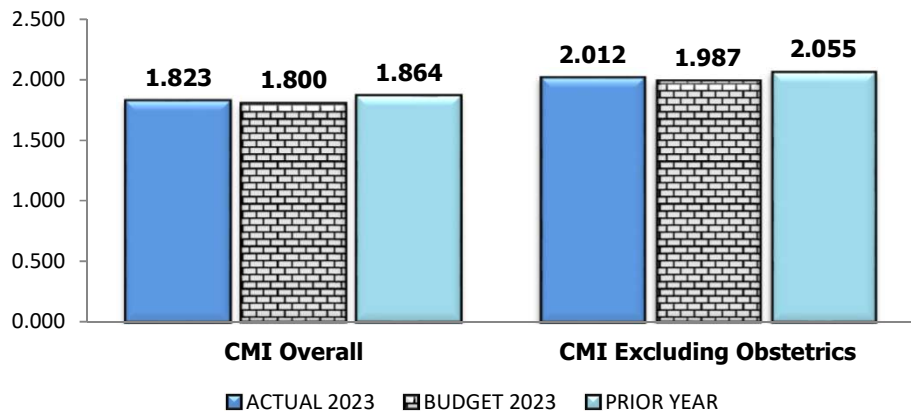
Ben Taub CMI - Quarter End



Lyndon B. Johnson CMI - Quarter End



Ben Taub CMI - YTD



Lyndon B. Johnson CMI - YTD

