



THE UNIVERSITY OF TEXAS SYSTEM

**PHYSICIAN/DENTAL
PRACTICE PLANS**

QUARTERLY FINANCIAL REPORT
(unaudited)

NOVEMBER 30, 2007

The University of Texas System

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Quarterly Financial Report

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For the Three Months Ending November 30, 2007

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The University of Texas System
Physician/Dental Practice Plans Year-to-Date Summary of Operations
For the Three Months Ending November 30, 2007

	<u>Year-to-Date FY 2008</u>	<u>Year-to-Date FY 2007</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 728,349,858	672,515,349	55,834,509	8.3%
Less:				
Un-sponsored Charity Care:				
Charity Care	120,168,953	119,904,217	264,736	0.2%
Medicaid Contractual Allowances	72,721,711	74,087,803	(1,366,092)	-1.8%
Total Un-sponsored Charity Care	192,890,664	193,992,020	(1,101,356)	-0.6%
Other Contractual Allowances	272,303,806	246,755,468	25,548,338	10.4%
Other Unreimbursed Medical Costs	24,828,398	21,165,647	3,662,751	17.3%
Bad Debt Expense	16,380,029	15,017,679	1,362,350	9.1%
Net Patient Revenue	221,946,961	195,584,536	26,362,425	13.5%
Contractual Revenues	94,756,260	84,707,751	10,048,509	11.9%
Other Operating Revenues	4,074,016	4,592,932	(518,916)	-11.3%
Total Operating Revenues Included in Monthly Financial Report	<u>320,777,237</u>	<u>284,885,219</u>	<u>35,892,018</u>	<u>12.6%</u>
Operating Expenses:				
Faculty Salaries	128,710,437	114,222,630	14,487,806	12.7%
Staff Salaries	55,182,361	51,597,259	3,585,102	6.9%
Resident Salaries	2,356,121	2,180,138	175,983	8.1%
Fringe Benefits	60,303,122	56,448,343	3,854,779	6.8%
Maintenance and Operations	58,299,284	48,758,280	9,541,004	19.6%
Professional Liability Insurance	2,659,264	4,331,799	(1,672,535)	-38.6%
Travel	3,862,544	4,090,386	(227,842)	-5.6%
Official Functions	686,499	649,357	37,142	5.7%
Other Operating Expenses	7,134,359	6,179,159	955,200	15.5%
Total Operating Expenses Included in Monthly Financial Report	<u>319,193,992</u>	<u>288,457,352</u>	<u>30,736,640</u>	<u>10.7%</u>
Operating Income (Loss)	1,583,245	(3,572,133)	5,155,378	144.3%
Investment Income	4,662,505	2,833,234	1,829,271	64.6%
Interest Expense on Debt Service	(1,392,673)	(655,851)	(736,822)	-112.3%
Adjusted Income (Loss)	4,853,077	(1,394,750)	6,247,827	448.0%
Adjusted Income (Loss) - as a percentage	1.5%	-0.5%		
Other Nonoperating Revenues (Expenses)	7,193,016	1,741,172	5,451,844	313.1%
Income (Loss) Before Other Items	12,046,093	346,422	11,699,671	3,377.3%
Transfers In	4,729,163	3,393,064	1,336,099	39.4%
Transfers Out	(3,861,478)	(4,594,479)	733,001	16.0%
Debt Service	(1,934,081)	(1,468,029)	(466,052)	-31.7%
Capital Outlay	(1,278,837)	(1,643,966)	365,129	22.2%
Change in Net Assets	9,700,860	(3,966,988)	13,667,849	344.5%
Beginning Net Assets - As Previously Reported	610,205,289	406,765,428	203,439,861	50.0%
Ending Net Assets	<u>\$ 619,906,149</u>	<u>402,798,440</u>	<u>217,107,710</u>	<u>53.9%</u>

**The University of Texas System
Physician/Dental Practice Plans
Comparison of Adjusted Income (Loss)
For the Three Months Ending November 30, 2007**

	<u>Year-to-Date FY 2008</u>	<u>Year-to-Date FY 2007</u>	<u>Variance</u>	<u>Variance Percentage</u>
UT Southwestern Medical Center - Dallas (Physician)	\$ 10,312,538	6,630,971	3,681,567 (1)	55.5%
UT Southwestern Medical Center - Dallas (Allied Health)	134,569	119,823	14,746	12.3%
UT Medical Branch - Galveston	(5,632,288)	(3,103,378)	(2,528,910) (2)	-81.5%
UT Health Science Center - Houston (Physician)	3,179,777	(1,222,568)	4,402,345 (3)	360.1%
UT Health Science Center - Houston (Dental)	(28,601)	(7,790)	(20,811)	-267.2%
UT Health Science Center - San Antonio (Physician)	(4,983,955)	(3,080,902)	(1,903,053) (4)	-61.8%
UT Health Science Center - San Antonio (Dental)	517,606	422,595	95,011	22.5%
UT Health Science Center - San Antonio (Allied Health)	14,204	(1,413)	15,617	1,105.2%
UT M. D. Anderson Cancer Center	1,200,643	(914,642)	2,115,285 (5)	231.3%
UT Health Center at Tyler	138,584	(237,446)	376,030 (6)	158.4%
Total Adjusted Income (Loss)	\$ <u>4,853,077</u>	<u>(1,394,750)</u>	<u>6,247,827</u>	<u>448.0%</u>

THE UNIVERSITY OF TEXAS SYSTEM
Explanations of Variances on the
Practice Plans Summary of Operations
For the Three Months Ending November 30, 2007

Explanations are provided for institutions having the largest variances in adjusted income (loss) for current year-to-date as compared to the prior year, both in terms of dollars and percentages. Explanations are also provided for institutions with a current year-to-date adjusted loss.

- (1) UT Southwestern Medical Center – Dallas (Physician Practice Plan) – The \$3.7 million (55.5%) increase in adjusted income as compared to the same period last year was attributable to a \$13.1 million increase in operating revenues, which was partially offset by an \$8.9 million increase in operating expenses. Operating revenues increased due to rate adjustments and contractual increases with the Children’s Medical Center and Parkland Hospital contracts. Operating expenses increased as a result of higher salaries and fringe benefits due to additional full-time equivalents (FTEs), the reclassification of personnel within departments and annual merit increases.
- (2) UT Medical Branch - Galveston – The \$2.5 million (81.5%) increase in adjusted loss as compared to the same period last year was due to the growth in operating expenses of \$9.6 million outpacing the growth in operating revenues of \$6.7 million. Operating expenses increased as a result of higher faculty salaries and maintenance and operations. Faculty salaries increased due to additional FTEs and annual salary increases. The allocation of overhead costs to the practice plan contributed to the increase in maintenance and operations.

As a result of these factors, *UTMB* had a year-to-date loss of \$5.6 million. *UTMB* anticipates the physician practice plan will generate adjusted income of \$12 million by the end of 2008. This forecast is based upon the practice plan obtaining new contracts in profitable markets outside of Galveston, as well as the anticipated receipt of \$5.7 million of reimbursements for the Texas Upper Payment Limit (UPL).

- (3) UT Health Science Center – Houston (Physician Practice Plan) – The \$4.4 million (360.1%) increase in adjusted income as compared to last year was due to an increase in net patient revenues of \$5.6 million and an increase in contractual revenues of \$2.9 million. These increases in revenue were partially offset by an increase in operating expenses of \$4.3 million. Net patient revenues increased due to an increase in gross charges resulting from faculty recruitment in the departments of Internal Medicine, Cardiothoracic and Vascular Surgery, Surgery, and Neurosurgery. Contractual revenues increased as a result of the following factors: an increase in services provided and an improvement in some contractual rates with Memorial Hermann Hospital; anesthesiology services provided at an outpatient surgical center beginning in January 2007; and various contract activities across departments. Operating expenses increased primarily due to increased faculty salaries, fringe benefits and other operating expenses. Faculty salaries and fringe benefits increased as a result of the recruitment of additional faculty to fill vacant positions, the recruitment of higher paid and more experienced anesthesiologists, and annual salary increases. The increase in other operating expenses was due to expenses incurred by the nonprofit healthcare corporation, University of Texas Physicians (UTP), which manages *UTHSC-Houston’s* clinics. These additional expenses were for departments which either did not exist or were inactive during the first quarter of the prior fiscal year.

- (4) UT Health Science Center - San Antonio (Physician Practice Plan) – The \$1.9 million (61.8%) increase in adjusted loss as compared to the same period last year was attributable to a \$4.3 million increase in operating expenses, including interest expense on debt service, which was partially offset by a \$1.2 million increase in operating revenues and a \$1.2 million increase in investment income. Operating expenses increased due to higher faculty salaries related to recruitment and retention efforts. Additionally, new faculty employees were recruited due to the expansion of programs, as well as start-up programs related to the Medical Arts Research Center. Fringe benefits also increased due to the increase in faculty salaries, as well as higher supplemental retirement annuity payments as compared to last year. Operating revenues increased primarily as a result of increased services and patient volumes. The increase in investment income was attributable to increased reserves held in the physician practice plan.

Due to program expansion efforts and reinvestment in faculty, as well as the preparation for the opening of the Medical Arts Research Center, *UTHSC-San Antonio* incurred a year-to-date adjusted loss of \$5.0 million. *UTHSC-San Antonio* anticipates the physician practice plan will end the year with a deficit of \$7.1 million.

- (5) UT M. D. Anderson Cancer Center – The \$2.1 million (231.3%) increase in adjusted income as compared to the same period last year was attributable to a \$5.8 million increase in operating revenues, partially offset by a \$3.9 million increase in operating expenses. Operating revenues increased due to increased patient activity and volumes. Operating expenses increased due to higher salaries and increased fringe benefits as a result of merit increases and the filling of new and vacant positions.
- (6) UT Health Center - Tyler – The \$376,000 (158.4%) increase in adjusted income as compared to the same period last year was primarily attributable to a \$322,000 increase in operating revenues. Operating revenues increased primarily due to reductions in unsponsored charity care and bad debt reserves. Unsponsored charity care decreased as a result of indigent rationing and the accrual for the UPL reimbursement. The first UPL payment was not reported until the second quarter of last year.

GLOSSARY OF TERMS

OPERATING REVENUES:

GROSS CHARGES – Posted charges for patient care services at scheduled rates.

UNSPONSORED CHARITY CARE – The sum of Charity Care and Medicaid Contractual Allowances.

CHARITY CARE – Unreimbursed charges to financially or medically indigent patients, including contractual adjustments and other unreimbursed charges to State Children’s Health Insurance Program and other governmental programs indexed to the federal poverty level. Contractual adjustments include fee-for-service and capitation.

MEDICAID CONTRACTUAL ALLOWANCES – Contractual adjustments and other unreimbursed charges to Medicaid. The federal portion of the Medicaid Physician Upper Payment Limit (UPL) supplemental payment program should be recorded here as an offset to the Medicaid contractual allowances.

CONTRACTUAL ADJUSTMENTS – The difference between the gross charge and the discounted amount agreed to by a third party contract, such as Preferred Provider Organizations, Health Maintenance Organizations and Medicare, including the difference between gross charges and the related capitated payments.

OTHER UNREIMBURSED MEDICAL COSTS – All other write-offs (i.e., unbilled charges, discounts for personal courtesy and employees, unreimbursed research expenses, denied charges, missed billing deadlines).

BAD DEBT EXPENSE – Charges that were at one time the responsibility of a private pay patient or third party payor that are deemed uncollectible.

NET PATIENT REVENUES – Gross charges less all deductions.

CONTRACTUAL REVENUES – Lump sum income for contracted physician services related to affiliated hospitals and organizations, jails, medical director services, and clinical oversight.

OTHER OPERATING REVENUES – Other operating-related revenue items not listed elsewhere.

OPERATING EXPENSES:

FACULTY SALARIES – All faculty salary payments including salary augmentation. Does not include incentive payments or supplemental retirement annuities.

STAFF SALARIES – All nonfaculty salary payments, excluding resident salaries.

RESIDENT SALARIES – Salaries paid to resident physicians.

FRINGE BENEFITS – Group insurance premiums (net of premium sharing) paid by the plan, supplemental retirement payments, incentive payments, and parking fees as authorized by the Medical Services Research and Development Plan/Physicians’ Referral Service Bylaws, and mandatory state benefits (retirement, OASI, WCI, premium sharing, etc.).

MAINTENANCE AND OPERATIONS – All expenses not classified elsewhere, i.e., utilities, supplies, repairs and maintenance, shipping and postage, etc.

PROFESSIONAL LIABILITY INSURANCE – Professional liability insurance premiums paid by the institution on behalf of plan members.

TRAVEL – All costs associated with travel.

OFFICIAL FUNCTIONS – Business related events that are of documented benefit to the institution.

OTHER OPERATING EXPENSES – Other operating-related expense items not listed elsewhere.

OPERATING INCOME (LOSS) – Total operating revenues less total operating expenses before other nonoperating adjustments like investment income and interest expense.

OTHER NONOPERATING ADJUSTMENTS:

INVESTMENT INCOME – Income earned from investments.

INTEREST EXPENSE ON DEBT SERVICE – Interest expense only on debt service.

ADJUSTED INCOME (LOSS) – Operating income (loss) adjusted for investment income and interest expense on debt service.

ADJUSTED INCOME (LOSS) AS A PERCENTAGE – Adjusted income (loss) divided by total operating revenues plus investment income.

OTHER NONOPERATING REVENUES (EXPENSES) – Other nonoperating revenue or expense items not identified elsewhere.

INCOME (LOSS) BEFORE OTHER ITEMS – Adjusted income (loss) net of other nonoperating revenues (expenses).

TRANSFERS IN – Transfers from non-practice plan funds.

TRANSFERS OUT – Transfers to non-practice plan funds.

DEBT SERVICE – Principal paid on any debt, i.e., building construction, renovation, lease-purchase agreements, etc.

CAPITAL OUTLAY – Cost of capital acquisitions funded from plan resources.

**The University of Texas Southwestern Medical Center at Dallas
Physician Practice Plan Year-to-Date Summary of Operations*
For the Three Months Ending November 30, 2007**

	Year-to-Date FY 2008	Year-to-Date FY 2007	Variance	Variance Percentage
Operating Revenues:				
Gross Charges	\$ 250,377,822	235,986,546	14,391,276	6.1%
Less:				
Un-sponsored Charity Care:				
Charity Care	62,158,841	61,958,664	200,177	0.3%
Medicaid Contractual Allowances	30,869,832	32,877,847	(2,008,015)	-6.1%
Total Un-sponsored Charity Care	93,028,673	94,836,511	(1,807,838)	-1.9%
Other Contractual Allowances	74,187,037	67,922,516	6,264,521	9.2%
Other Unreimbursed Medical Costs	6,289,495	5,668,825	620,670	10.9%
Bad Debt Expense	3,534,442	3,876,859	(342,417)	-8.8%
Net Patient Revenues	73,338,175	63,681,835	9,656,340	15.2%
Contractual Revenues	37,557,420	33,668,927	3,888,493	11.5%
Other Operating Revenues	1,879,118	2,342,289	(463,171)	-19.8%
Total Operating Revenues Included in Monthly Financial Report	112,774,713	99,693,051	13,081,662	13.1%
Operating Expenses:				
Faculty Salaries	38,006,753	33,650,654	4,356,099	12.9%
Staff Salaries	27,766,180	24,867,192	2,898,988	11.7%
Fringe Benefits	19,122,286	17,635,047	1,487,239	8.4%
Maintenance and Operations	15,769,944	15,280,362	489,582	3.2%
Professional Liability Insurance	628,657	983,701	(355,044)	-36.1%
Travel	825,548	801,431	24,117	3.0%
Official Functions	147,505	121,128	26,377	21.8%
Total Operating Expenses Included in Monthly Financial Report	102,266,873	93,339,515	8,927,358	9.6%
Operating Income (Loss)	10,507,840	6,353,536	4,154,304	65.4%
Investment Income	661,133	880,315	(219,182)	-24.9%
Interest Expense on Debt Service	(856,435)	(602,880)	(253,555)	-42.1%
Adjusted Income (Loss)	10,312,538	6,630,971	3,681,567	55.5%
Adjusted Income (Loss) - as a percentage	9.1%	6.6%		
Transfers In	4,632,437	2,408,391	2,224,046	92.3%
Transfers Out	(3,067,018)	(3,524,504)	457,486	13.0%
Debt Service	(1,934,081)	(1,468,029)	(466,052)	-31.7%
Capital Outlay	(822,014)	(1,366,339)	544,325	39.8%
Change in Net Assets	9,121,862	2,680,490	6,441,372	240.3%
Beginning Net Assets - As Previously Reported	261,051,194	163,810,537	97,240,657	59.4%
Ending Net Assets	\$ 270,173,056	166,491,027	103,682,029	62.3%

*Includes the operations of the nonprofit healthcare corporation.

**The University of Texas Southwestern Medical Center at Dallas
Allied Health Faculty Services Plan Year-to-Date Summary of Operations
For the Three Months Ending November 30, 2007**

	Year-to-Date FY 2008	Year-to-Date FY 2007	Variance	Variance Percentage
Operating Revenues:				
Gross Charges	\$ 672,302	570,716	101,586	17.8%
Less:				
Un-sponsored Charity Care:				
Charity Care	757	4,467	(3,710)	-83.1%
Total Un-sponsored Charity Care	757	4,467	(3,710)	-83.1%
Other Contractual Allowances	142,176	132,424	9,752	7.4%
Other Unreimbursed Medical Costs	9,115	12,086	(2,971)	-24.6%
Bad Debt Expense	2,233	9,295	(7,062)	-76.0%
Net Patient Revenues	518,021	412,444	105,577	25.6%
Contractual Revenues	70,763	91,945	(21,182)	-23.0%
Other Operating Revenues	19,642	6,383	13,259	207.7%
Total Operating Revenues Included in Monthly Financial Report	608,426	510,772	97,654	19.1%
Operating Expenses:				
Faculty Salaries	78,581	86,050	(7,469)	-8.7%
Staff Salaries	63,069	58,889	4,180	7.1%
Fringe Benefits	146,560	107,141	39,419	36.8%
Maintenance and Operations	173,700	127,891	45,809	35.8%
Professional Liability Insurance	171	100	71	71.0%
Travel	11,209	11,797	(588)	-5.0%
Official Functions	2,817	1,153	1,664	144.3%
Total Operating Expenses Included in Monthly Financial Report	476,107	393,021	83,086	21.1%
Operating Income (Loss)	132,319	117,751	14,568	12.4%
Investment Income	2,250	2,072	178	8.6%
Adjusted Income (Loss)	134,569	119,823	14,746	12.3%
Adjusted Income (Loss) - as a percentage	22.0%	23.4%		
Transfers Out	(37,523)	(36,469)	(1,054)	-2.9%
Change in Net Assets	97,046	83,354	13,692	16.4%
Beginning Net Assets - As Previously Reported	4,337,269	3,590,860	746,409	20.8%
Ending Net Assets	\$ 4,434,315	3,674,214	760,101	20.7%

**The University of Texas Medical Branch at Galveston
Physician Practice Plan Year-to-Date Summary of Operations
For the Three Months Ending November 30, 2007**

	Year-to-Date FY 2008	Year-to-Date FY 2007	Variance	Variance Percentage
Operating Revenues:				
Gross Charges	\$ 86,204,335	77,436,019	8,768,316	11.3%
Less:				
Un-sponsored Charity Care:				
Charity Care	8,108,975	6,942,039	1,166,936	16.8%
Medicaid Contractual Allowances	15,486,769	13,117,324	2,369,445	18.1%
Total Un-sponsored Charity Care	23,595,744	20,059,363	3,536,381	17.6%
Other Contractual Allowances	21,254,314	22,495,051	(1,240,737)	-5.5%
Other Unreimbursed Medical Costs	8,493,141	6,547,353	1,945,788	29.7%
Bad Debt Expense	2,772,519	2,423,504	349,015	14.4%
Net Patient Revenues	30,088,617	25,910,748	4,177,869	16.1%
Contractual Revenues	13,953,721	11,241,989	2,711,732	24.1%
Other Operating Revenues	191,486	398,994	(207,508)	-52.0%
Total Operating Revenues Included in Monthly Financial Report	44,233,824	37,551,731	6,682,093	17.8%
Operating Expenses:				
Faculty Salaries	21,194,187	17,671,311	3,522,876	19.9%
Staff Salaries	7,686,176	7,497,054	189,122	2.5%
Resident Salaries	2,356,121	2,180,138	175,983	8.1%
Fringe Benefits	4,768,988	5,407,419	(638,431)	-11.8%
Maintenance and Operations	13,220,064	6,378,652	6,841,412	107.3%
Professional Liability Insurance	843,801	1,415,604	(571,803)	-40.4%
Travel	425,043	374,321	50,722	13.6%
Official Functions	6,741	16,599	(9,858)	-59.4%
Total Operating Expenses Included in Monthly Financial Report	50,501,121	40,941,098	9,560,023	23.4%
Operating Income (Loss)	(6,267,297)	(3,389,367)	(2,877,930)	-84.9%
Investment Income	635,009	285,989	349,020	122.0%
Adjusted Income (Loss)	(5,632,288)	(3,103,378)	(2,528,910)	-81.5%
Adjusted Income (Loss) - as a percentage	-12.6%	-8.2%		
Other Nonoperating Revenues (Expenses)	1,350	-	1,350	100.0%
Income (Loss) Before Other Items	(5,630,938)	(3,103,378)	(2,527,560)	-81.4%
Transfers Out	(1,344,174)	-	(1,344,174)	-100.0%
Capital Outlay	(41,747)	(57,018)	15,271	26.8%
Change in Net Assets	(7,016,859)	(3,160,396)	(3,856,463)	-122.0%
Beginning Net Assets - As Previously Reported	81,306,450	46,774,781	34,531,669	73.8%
Ending Net Assets	\$ 74,289,591	43,614,385	30,675,206	70.3%

**The University of Texas Health Science Center at Houston
Physician Practice Plan Year-to-Date Summary of Operations*
For the Three Months Ending November 30, 2007**

	Year-to-Date FY 2008	Year-to-Date FY 2007	Variance	Variance Percentage
Operating Revenues:				
Gross Charges	\$ 120,677,108	113,758,782	6,918,326	6.1%
Less:				
Un-sponsored Charity Care:				
Charity Care	27,819,869	29,357,634	(1,537,765)	-5.2%
Medicaid Contractual Allowances	14,945,202	14,177,853	767,349	5.4%
Total Un-sponsored Charity Care	42,765,071	43,535,487	(770,416)	-1.8%
Other Contractual Allowances	39,544,532	37,824,795	1,719,737	4.5%
Other Unreimbursed Medical Costs	4,473,699	4,527,600	(53,901)	-1.2%
Bad Debt Expense	4,216,746	3,754,040	462,706	12.3%
Net Patient Revenues	29,677,060	24,116,861	5,560,199	23.1%
Contractual Revenues	23,782,452	20,871,751	2,910,701	13.9%
Other Operating Revenues	1,382,195	1,314,206	67,989	5.2%
Total Operating Revenues Included in Monthly Financial Report	54,841,707	46,302,818	8,538,889	18.4%
Operating Expenses:				
Faculty Salaries	24,174,070	21,514,957	2,659,113	12.4%
Staff Salaries	6,430,690	6,297,736	132,954	2.1%
Fringe Benefits	6,700,923	5,959,201	741,722	12.4%
Maintenance and Operations	7,005,451	6,802,859	202,592	3.0%
Professional Liability Insurance	346,413	598,284	(251,871)	-42.1%
Travel	300,689	351,602	(50,913)	-14.5%
Official Functions	144,673	207,471	(62,798)	-30.3%
Other Operating Expenses	6,993,230	6,052,000	941,230	15.6%
Total Operating Expenses Included in Monthly Financial Report	52,096,139	47,784,111	4,312,028	9.0%
Operating Income (Loss)	2,745,568	(1,481,293)	4,226,861	285.3%
Investment Income	434,209	258,725	175,484	67.8%
Adjusted Income (Loss)	3,179,777	(1,222,568)	4,402,345	360.1%
Adjusted Income (Loss) - as a percentage	5.8%	-2.6%		
Other Nonoperating Revenues (Expenses)	-	33,000	(33,000)	-100.0%
Income (Loss) Before Other Items	3,179,777	(1,189,568)	4,369,345	367.3%
Transfers Out	696,214	(935,537)	1,631,751	174.4%
Capital Outlay	(346,906)	(48,896)	(298,010)	-609.5%
Change in Net Assets	3,529,085	(2,174,001)	5,703,086	262.3%
Beginning Net Assets - As Previously Reported	57,876,828	37,395,886	20,480,942	54.8%
Ending Net Assets	\$ 61,405,913	35,221,885	26,184,028	74.3%

*Includes the operations of the nonprofit healthcare corporation.

**The University of Texas Health Science Center at Houston
Dental Practice Plan Year-to-Date Summary of Operations
For the Three Months Ending November 30, 2007**

	<u>Year-to-Date FY 2008</u>	<u>Year-to-Date FY 2007</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 670,984	289,918	381,066	131.4%
Less:				
Un-sponsored Charity Care:				
Charity Care	60,391	-	60,391	100.0%
Medicaid Contractual Allowances	127,450	-	127,450	100.0%
Total Un-sponsored Charity Care	<u>187,841</u>	<u>-</u>	<u>187,841</u>	<u>100.0%</u>
Other Contractual Allowances	192,628	5,970	186,658	3,126.6%
Bad Debt Expense	25,018	1,031	23,987	2,326.6%
Net Patient Revenues	<u>265,497</u>	<u>282,917</u>	<u>(17,420)</u>	<u>-6.2%</u>
Contractual Revenues	125,836	106,582	19,254	18.1%
Other Operating Revenues	-	651	(651)	-100.0%
Total Operating Revenues Included in Monthly Financial Report	<u><u>391,333</u></u>	<u><u>390,150</u></u>	<u><u>1,183</u></u>	<u><u>0.3%</u></u>
Operating Expenses:				
Faculty Salaries	83,920	76,422	7,498	9.8%
Staff Salaries	142,353	145,303	(2,950)	-2.0%
Fringe Benefits	49,327	46,562	2,765	5.9%
Travel	2,333	2,737	(404)	-14.8%
Official Functions	872	1,300	(428)	-32.9%
Other Operating Expenses	141,129	125,616	15,513	12.3%
Total Operating Expenses Included in Monthly Financial Report	<u><u>419,934</u></u>	<u><u>397,940</u></u>	<u><u>21,994</u></u>	<u><u>5.5%</u></u>
Adjusted Income (Loss)	(28,601)	(7,790)	(20,811)	-267.2%
Adjusted Income (Loss) - as a percentage	-7.3%	N/A		
Change in Net Assets	<u>(28,601)</u>	<u>(7,790)</u>	<u>(20,811)</u>	<u>-267.2%</u>
Beginning Net Assets - As Previously Reported	<u>375,966</u>	<u>216,617</u>	<u>159,349</u>	<u>73.6%</u>
Ending Net Assets	<u><u>\$ 347,365</u></u>	<u><u>208,827</u></u>	<u><u>138,538</u></u>	<u><u>66.3%</u></u>

**The University of Texas Health Science Center at San Antonio
Physician Practice Plan Year-to-Date Summary of Operations*
For the Three Months Ending November 30, 2007**

	Year-to-Date FY 2008	Year-to-Date FY 2007	Variance	Variance Percentage
Operating Revenues:				
Gross Charges	\$ 63,896,221	57,875,976	6,020,245	10.4%
Less:				
Un-sponsored Charity Care:				
Charity Care	17,542,098	15,925,794	1,616,304	10.1%
Medicaid Contractual Allowances	5,329,184	7,955,524	(2,626,340)	-33.0%
Total Un-sponsored Charity Care	22,871,282	23,881,318	(1,010,036)	-4.2%
Other Contractual Allowances	18,885,422	13,421,720	5,463,702	40.7%
Other Unreimbursed Medical Costs	316,939	208,686	108,253	51.9%
Bad Debt Expense	3,632,526	2,785,091	847,435	30.4%
Net Patient Revenues	18,190,052	17,579,161	610,891	3.5%
Contractual Revenues	18,755,394	18,000,149	755,245	4.2%
Other Operating Revenues	307,571	439,217	(131,646)	-30.0%
Total Operating Revenues Included in Monthly Financial Report	37,253,017	36,018,527	1,234,490	3.4%
Operating Expenses:				
Faculty Salaries	17,389,356	15,450,083	1,939,273	12.6%
Staff Salaries	2,475,327	2,941,841	(466,514)	-15.9%
Fringe Benefits	7,907,292	6,716,975	1,190,317	17.7%
Maintenance and Operations	14,195,709	12,951,677	1,244,032	9.6%
Professional Liability Insurance	410,108	639,241	(229,133)	-35.8%
Travel	399,845	331,162	68,683	20.7%
Official Functions	247,244	156,080	91,164	58.4%
Total Operating Expenses Included in Monthly Financial Report	43,024,881	39,187,059	3,837,822	9.8%
Operating Income (Loss)	(5,771,864)	(3,168,532)	(2,603,332)	-82.2%
Investment Income	1,324,147	140,601	1,183,546	841.8%
Interest Expense on Debt Service	(536,238)	(52,971)	(483,267)	-912.3%
Adjusted Income (Loss)	(4,983,955)	(3,080,902)	(1,903,053)	-61.8%
Adjusted Income (Loss) - as a percentage	-12.9%	-8.5%		
Transfers In	41,476	379,523	(338,047)	-89.1%
Transfers Out	(106,876)	(96,664)	(10,212)	-10.6%
Capital Outlay	(44,611)	(166,713)	122,102	73.2%
Change in Net Assets	(5,093,966)	(2,964,756)	(2,129,210)	-71.8%
Beginning Net Assets - As Previously Reported	80,552,849	63,447,258	17,105,591	27.0%
Ending Net Assets	\$ 75,458,883	60,482,502	14,976,381	24.8%

*Includes the operations of the nonprofit healthcare corporation.

**The University of Texas Health Science Center at San Antonio
Dental Practice Plan Year-to-Date Summary of Operations
For the Three Months Ending November 30, 2007**

	<u>Year-to-Date FY 2008</u>	<u>Year-to-Date FY 2007</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 2,132,438	2,130,348	2,090	0.1%
Other Operating Revenues	130,529	-	130,529	100.0%
Total Operating Revenues Included in Monthly Financial Report	<u>2,262,967</u>	<u>2,130,348</u>	<u>132,619</u>	<u>6.2%</u>
Operating Expenses:				
Faculty Salaries	422,219	438,064	(15,845)	-3.6%
Staff Salaries	387,098	405,031	(17,933)	-4.4%
Fringe Benefits	325,877	271,797	54,080	19.9%
Maintenance and Operations	543,805	536,196	7,609	1.4%
Professional Liability Insurance	10,825	17,276	(6,451)	-37.3%
Travel	54,010	41,521	12,489	30.1%
Official Functions	27,367	22,638	4,729	20.9%
Total Operating Expenses Included in Monthly Financial Report	<u>1,771,201</u>	<u>1,732,523</u>	<u>38,678</u>	<u>2.2%</u>
Operating Income (Loss)	491,766	397,825	93,941	23.6%
Investment Income	25,840	24,770	1,070	4.3%
Adjusted Income (Loss)	517,606	422,595	95,011	22.5%
Adjusted Income (Loss) - as a percentage	22.6%	19.6%		
Transfers In	17,500	585,000	(567,500)	-97.0%
Transfers Out	(1,551)	(1,305)	(246)	-18.9%
Capital Outlay	(23,559)	(5,000)	(18,559)	-371.2%
Change in Net Assets	509,996	1,001,290	(491,294)	-49.1%
Beginning Net Assets - As Previously Reported	<u>13,965,153</u>	<u>14,262,431</u>	<u>(297,278)</u>	<u>-2.1%</u>
Ending Net Assets	<u>\$ 14,475,149</u>	<u>15,263,721</u>	<u>(788,572)</u>	<u>-5.2%</u>

**The University of Texas Health Science Center at San Antonio
Allied Health Practice Plan Year-to-Date Summary of Operations
For the Three Months Ending November 30, 2007**

	<u>Year-to-Date FY 2008</u>	<u>Year-to-Date FY 2007</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 12,019	8,312	3,707	44.6%
Other Operating Revenues	12,664	-	12,664	100.0%
Total Operating Revenues Included in Monthly Financial Report	<u>24,683</u>	<u>8,312</u>	<u>16,371</u>	<u>197.0%</u>
Operating Expenses:				
Faculty Salaries	1,440	1,440	-	0.0%
Staff Salaries	4,229	3,694	535	14.5%
Fringe Benefits	373	368	5	1.4%
Maintenance and Operations	1,692	2,249	(557)	-24.8%
Travel	2,651	431	2,220	515.1%
Official Functions	94	-	94	100.0%
Other Operating Expenses	-	1,543	(1,543)	-100.0%
Total Operating Expenses Included in Monthly Financial Report	<u>10,479</u>	<u>9,725</u>	<u>754</u>	<u>7.8%</u>
Adjusted Income (Loss)	14,204	(1,413)	15,617	1,105.2%
Adjusted Income (Loss) - as a percentage	57.5%	-17.0%		
Transfers In	1,420	-	1,420	100.0%
Transfers Out	(550)	-	(550)	-100.0%
Change in Net Assets	<u>15,074</u>	<u>(1,413)</u>	<u>16,487</u>	<u>1,166.8%</u>
Beginning Net Assets - As Previously Reported	<u>68,158</u>	<u>55,016</u>	<u>13,142</u>	<u>23.9%</u>
Ending Net Assets	<u>\$ 83,232</u>	<u>53,603</u>	<u>29,629</u>	<u>55.3%</u>

**The University of Texas M. D. Anderson Cancer Center
Physician Practice Plan Year-to-Date Summary of Operations
For the Three Months Ending November 30, 2007**

	Year-to-Date FY 2008	Year-to-Date FY 2007	Variance	Variance Percentage
Operating Revenues:				
Gross Charges	\$ 195,665,795	176,241,978	19,423,817	11.0%
Less:				
Un-sponsored Charity Care:				
Charity Care	4,261,694	5,202,672	(940,978)	-18.1%
Medicaid Contractual Allowances	5,456,431	5,195,392	261,039	5.0%
Total Un-sponsored Charity Care	9,718,125	10,398,064	(679,939)	-6.5%
Other Contractual Allowances	114,405,399	101,331,529	13,073,870	12.9%
Other Unreimbursed Medical Costs	5,072,731	4,081,216	991,515	24.3%
Bad Debt Expense	1,520,907	1,204,669	316,238	26.3%
Net Patient Revenues	64,948,633	59,226,500	5,722,133	9.7%
Other Operating Revenues	98,826	36,389	62,437	171.6%
Total Operating Revenues Included in Monthly Financial Report	65,047,459	59,262,889	5,784,570	9.8%
Operating Expenses:				
Faculty Salaries	25,593,671	23,717,147	1,876,524	7.9%
Staff Salaries	9,951,009	8,802,247	1,148,762	13.1%
Fringe Benefits	21,031,410	19,971,464	1,059,946	5.3%
Maintenance and Operations	6,383,603	6,018,495	365,108	6.1%
Professional Liability Insurance	385,437	614,569	(229,132)	-37.3%
Travel	1,818,472	2,149,066	(330,594)	-15.4%
Official Functions	109,186	122,988	(13,802)	-11.2%
Total Operating Expenses Included in Monthly Financial Report	65,272,789	61,395,976	3,876,813	6.3%
Operating Income (Loss)	(225,330)	(2,133,087)	1,907,757	89.4%
Investment Income	1,425,973	1,218,445	207,528	17.0%
Adjusted Income (Loss)	1,200,643	(914,642)	2,115,285	231.3%
Adjusted Income (Loss) - as a percentage	1.8%	-1.5%		
Other Nonoperating Revenues (Expenses)	6,992,049	1,708,172	5,283,877	309.3%
Income (Loss) Before Other Items	8,192,692	793,530	7,399,162	932.4%
Change in Net Assets	8,192,692	793,530	7,399,162	932.4%
Beginning Net Assets - As Previously Reported	103,513,903	75,604,590	27,909,313	36.9%
Ending Net Assets	\$ 111,706,595	76,398,120	35,308,475	46.2%

**The University of Texas Health Center at Tyler
Physician Practice Plan Year-to-Date Summary of Operations*
For the Three Months Ending November 30, 2007**

	<u>Year-to-Date FY 2008</u>	<u>Year-to-Date FY 2007</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 8,040,834	8,216,754	(175,920)	-2.1%
Less:				
Un-sponsored Charity Care:				
Charity Care	216,328	512,947	(296,619)	-57.8%
Medicaid Contractual Allowances	506,843	763,863	(257,020)	-33.6%
Total Un-sponsored Charity Care	<u>723,171</u>	<u>1,276,810</u>	<u>(553,639)</u>	<u>-43.4%</u>
Other Contractual Allowances	3,692,298	3,621,463	70,835	2.0%
Other Unreimbursed Medical Costs	173,278	119,881	53,397	44.5%
Bad Debt Expense	<u>675,638</u>	<u>963,190</u>	<u>(287,552)</u>	<u>-29.9%</u>
Net Patient Revenues	<u>2,776,449</u>	<u>2,235,410</u>	<u>541,039</u>	<u>24.2%</u>
Contractual Revenues	510,674	726,408	(215,734)	-29.7%
Other Operating Revenues	51,985	54,803	(2,818)	-5.1%
Total Operating Revenues Included in Monthly Financial Report	<u><u>3,339,108</u></u>	<u><u>3,016,621</u></u>	<u><u>322,487</u></u>	<u><u>10.7%</u></u>
Operating Expenses:				
Faculty Salaries	1,766,240	1,616,502	149,738	9.3%
Staff Salaries	276,230	578,272	(302,042)	-52.2%
Fringe Benefits	250,086	332,369	(82,283)	-24.8%
Maintenance and Operations	1,005,316	659,899	345,417	52.3%
Professional Liability Insurance	33,852	63,024	(29,172)	-46.3%
Travel	<u>22,744</u>	<u>26,318</u>	<u>(3,574)</u>	<u>-13.6%</u>
Total Operating Expenses Included in Monthly Financial Report	<u><u>3,354,468</u></u>	<u><u>3,276,384</u></u>	<u><u>78,084</u></u>	<u><u>2.4%</u></u>
Operating Income (Loss)	(15,360)	(259,763)	244,403	94.1%
Investment Income	<u>153,944</u>	<u>22,317</u>	<u>131,627</u>	<u>589.8%</u>
Adjusted Income (Loss)	138,584	(237,446)	376,030	158.4%
Adjusted Income (Loss) - as a percentage	4.0%	-7.8%		
Other Nonoperating Revenues (Expenses)	<u>199,617</u>	<u>-</u>	<u>199,617</u>	<u>100.0%</u>
Income (Loss) Before Other Items	338,201	(237,446)	575,647	242.4%
Transfers In	<u>36,330</u>	<u>20,150</u>	<u>16,180</u>	<u>80.3%</u>
Change in Net Assets	<u>374,531</u>	<u>(217,296)</u>	<u>591,827</u>	<u>272.4%</u>
Beginning Net Assets - As Previously Reported	<u>7,157,519</u>	<u>1,607,452</u>	<u>5,550,067</u>	<u>345.3%</u>
Ending Net Assets	<u><u>\$ 7,532,050</u></u>	<u><u>1,390,156</u></u>	<u><u>6,141,894</u></u>	<u><u>441.8%</u></u>

*Includes the operations of the nonprofit healthcare corporation.