



THE UNIVERSITY OF TEXAS SYSTEM

**PHYSICIAN/DENTAL
PRACTICE PLANS**

QUARTERLY FINANCIAL REPORT
(unaudited)

NOVEMBER 30, 2008

The University of Texas System

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Quarterly Financial Report

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For the Three Months Ending November 30, 2008

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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, 2008

	<u>Year-to-Date FY 2009</u>	<u>Year-to-Date FY 2008</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 739,298,540	728,349,858	10,948,682	1.5%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	106,066,128	110,046,032	(3,979,904)	-3.6%
Contractual Allowances - Medicaid	84,830,386	75,489,425	9,340,961	12.4%
Total Un-sponsored Charity Care	190,896,514	185,535,457	5,361,057	2.9%
Contractual Allowances				
Medicare	131,011,556	131,348,631	(337,075)	-0.3%
Managed Care and Other Insurance	155,946,939	140,955,175	14,991,764	10.6%
Total Contractual Allowances	286,958,495	272,303,806	14,654,689	5.4%
Other Unreimbursed Medical Charges	19,591,180	24,828,398	(5,237,218)	-21.1%
Bad Debt Expense	15,354,233	16,380,029	(1,025,796)	-6.3%
Total Discounts and Allowances	512,800,422	499,047,690	13,752,732	2.8%
Net Patient Revenue	226,498,118	229,302,168	(2,804,050)	-1.2%
Contractual Revenues	92,343,474	84,633,339	7,710,135	9.1%
Other Operating Revenues	3,403,462	4,074,016	(670,553)	-16.5%
Total Operating Revenues Included in Monthly Financial Report	<u>322,245,055</u>	<u>318,009,523</u>	<u>4,235,532</u>	<u>1.3%</u>
Operating Expenses:				
Faculty Salaries	129,351,305	128,710,437	640,868	0.5%
Staff Salaries	56,841,213	55,182,361	1,658,851	3.0%
Resident Salaries	1,426,788	2,356,121	(929,333)	-39.4%
Fringe Benefits	56,933,113	55,736,696	1,196,416	2.1%
Maintenance and Operations	61,022,093	58,299,284	2,722,809	4.7%
Professional Liability Insurance	2,819,339	2,659,264	160,074	6.0%
Travel	3,932,943	3,862,544	70,399	1.8%
Official Functions	830,138	686,499	143,639	20.9%
Other Operating Expenses	7,832,776	7,134,359	698,417	9.8%
Total Operating Expenses Included in Monthly Financial Report	<u>320,989,706</u>	<u>314,627,566</u>	<u>6,362,140</u>	<u>2.0%</u>
Operating Income (Loss)	1,255,349	3,381,957	(2,126,608)	-62.9%
Investment Income	2,730,148	4,662,505	(1,932,357)	-41.4%
Interest Expense on Debt Service	(1,735,859)	(1,392,673)	(343,186)	-24.6%
Adjusted Income (Loss)	2,249,638	6,651,789	(4,402,151)	-66.2%
Adjusted Income (Loss) - as a percentage	0.69%	2.06%		
Other:				
Other Nonoperating Revenues (Expenses)	(26,334,934)	7,193,016	(33,527,950)	-466.1%
Transfers In	2,672,882	5,425,377	(2,752,495)	-50.7%
Transfers Out	(53,261,420)	(4,557,692)	(48,703,728)	-1,068.6%
Debt Service	(1,604,160)	(1,934,081)	329,921	17.1%
Capital Outlay	(2,386,388)	(1,278,837)	(1,107,551)	-86.6%
Total Other	<u>(80,914,019)</u>	<u>4,847,783</u>	<u>(85,761,802)</u>	<u>-1,769.1%</u>
Change in Net Assets	(78,664,382)	11,499,572	(90,163,954)	-784.1%
Beginning Net Assets - As Previously Reported	589,499,665	610,205,289	(20,705,624)	-3.4%
Ending Net Assets	<u>\$ 510,835,283</u>	<u>621,704,861</u>	<u>(110,869,578)</u>	<u>-17.8%</u>

**The University of Texas System
Physician/Dental Practice Plans
Comparison of Adjusted Income (Loss)
For the Three Months Ending November 30, 2008**

	<u>Year-to-Date FY 2009</u>	<u>Year-to-Date FY 2008</u>	<u>Variance</u>	<u>Variance Percentage</u>
UT Southwestern Medical Center - Dallas (Physician)	\$ 2,176,100	10,312,538	(8,136,438) (1)	-78.9%
UT Southwestern Medical Center - Dallas (Allied Health)	41,823	134,569	(92,746)	-68.9%
UT Medical Branch - Galveston	7,761,509	(5,632,288)	13,393,797 (2)	237.8%
UT Health Science Center - Houston (Physician)	2,584,716	1,275,255	1,309,461 (3)	102.7%
UT Health Science Center - Houston (Dental)	(83,104)	(28,601)	(54,503)	-190.6%
UT Health Science Center - San Antonio (Physician)	(3,116,199)	(417,529)	(2,698,670) (4)	-646.3%
UT Health Science Center - San Antonio (Dental)	369,621	517,606	(147,985)	-28.6%
UT Health Science Center - San Antonio (Allied Health)	152,128	14,204	137,924	971.0%
UT M. D. Anderson Cancer Center	(7,664,804)	470,015	(8,134,819) (5)	-1,730.8%
UT Health Science Center at Tyler	<u>27,848</u>	<u>6,020</u>	<u>21,828</u>	<u>362.6%</u>
Total Adjusted Income (Loss)	<u>\$ 2,249,638</u>	<u>6,651,789</u>	<u>(4,402,151)</u>	<u>-66.2%</u>

THE UNIVERSITY OF TEXAS SYSTEM
Explanations of Variances on the
Practice Plans Summary of Operations
For the Three Months Ending November 30, 2008

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 \$8.1 million (78.9%) decrease in adjusted income as compared to last year was attributable to a \$14.1 million increase in operating expenses, which was partially offset by a \$5.9 million increase in operating revenues. Operating expenses increased as a result of higher salaries and fringe benefits due to additional full-time equivalents (FTEs) to support the volume increases in clinical practice. Operating revenues increased primarily due to increases in volume, as well as contractual increases with the Children's Medical Center and Parkland Hospital contracts. Ending net assets for the first quarter of 2009 were also negatively impacted by a transfer of \$53.2 million of Texas Upper Payment Limit (UPL) balances that were transferred to fund capital projects.
- (2) UT Medical Branch - Galveston – The \$13.4 million (237.8%) increase in adjusted income as compared to the prior year was due to the reduction in total operating expenses of \$28.6 million exceeding the reduction in operating revenues of \$15.3 million. The decrease in operating revenues was attributable to the closure of *UTMB* caused by Hurricane *Ike*, which made landfall in Galveston on September 13, 2008. *UTMB's* John Sealy Hospital reopened 200 beds to the general public on Monday, January 5, 2009. During the closure of *UTMB* the employees remained on the payroll. Expenses traditionally reported in the practice plan were reclassified to Educational and General funds since the activity post Hurricane *Ike* was primarily related to restoring the Educational and General function of *UTMB*. *UTMB* anticipates these expenses will move back to the practice plan around April 2009.

As a result of the reclassification of expenses, the practice plan reflected adjusted income of \$7.8 million for the first quarter of 2009. However, the income and reserves of the practice plan will significantly decrease as the year progresses resulting in an operating deficit as the expenses are allocated back to the practice plan.

- (3) UT Health Science Center – Houston (Physician Practice Plan) – The \$1.3 million (102.7%) increase in adjusted income as compared to last year was primarily due to an increase in contractual revenues of \$5.3 million. The majority of the increase in contractual revenues resulted from an increase in services provided and an improvement in some contractual rates with Memorial Hermann Hospital. The remainder of the increase was attributable to the new Harris County Hospital District, which revenue is now based on relative value units (RVUs) rather than FTEs. The increase in contractual revenues was partially offset by an increase in total operating expenses of \$4.1 million. The increase in operating expenses was mostly attributable to increases in faculty and staff salaries and an increase in maintenance and operations. Faculty and staff salaries increased due to the addition of numerous positions, as well as annual increases in pay for employees. Maintenance and operations increased primarily due to increased usage of locum tenens in the Harris County Jail as a result of an increase in the number of inmates seen; and in Diagnostic Imaging due to a number of faculty departures. Additionally, payments for certified registered nurse anesthetists in Anesthesia increased as a result of increased case volume.

UTHSC-Houston's clinics were officially closed for four days in September as a result of Hurricane *Ike*. However, the power at the clinics was not lost as a result of the storm, thus allowing the clinics to continue to operate. Many employees and faculty continued to work to accommodate the patients and the schedules.

- (4) *UT Health Science Center - San Antonio (Physician Practice Plan)* – The \$2.7 million (646.3%) increase in adjusted loss as compared to the prior year was largely attributable to a reduction in investment income of \$1.1 million and an increase in interest expense on debt service of \$0.5 million. The unfavorable market and economic conditions caused the decline in the investment income as compared to the first quarter of last year. Interest expense increased as a result of the increase in debt service on the new Medical Arts and Research Center (MARC) building.

Additionally, the growth in operating expenses exceeded the growth in operating revenues by \$1.1 million, which also contributed to the increase in the adjusted loss. The growth in operating expenses outpaced the growth in operating revenues primarily due to expense increases in *UTHSC-San Antonio's* nonprofit healthcare corporation (UT Medicine) and the School of Medicine's efforts to reinvest in faculty and in new and existing programs, as well as in preparation for the opening of the MARC. As a result of these factors, *UTHSC-San Antonio* incurred a year-to-date adjusted loss of \$3.1 million for the first quarter of 2009.

UTHSC-San Antonio anticipates that the physician practice plan will negotiate additional contract revenues with its affiliates to support the higher expenses incurred by UT Medicine. The physician practice plan is projected to incur a loss for the year of \$6.1 million due to start-up costs associated with the MARC, which is scheduled to open in the summer of 2009, as well as the increase in interest expense on debt service for the MARC building. This loss is a planned investment of prior year net assets that is anticipated to increase future operations.

- (5) *UT M. D. Anderson Cancer Center* – The \$8.1 million (1,730.8%) decrease in adjusted income as compared to last year was primarily attributable to an increase in operating expenses of \$7.6 million. Operating expenses increased largely due to higher salaries and increased fringe benefits as a result of merit increases and the filling of new and vacant positions. Ending net assets for the first quarter of 2009 were also negatively impacted by a reduction in the fair market value of investments allocated to the physician practice plan.

Hurricane *Ike* caused the temporary closure of *M. D. Anderson* beginning on September 12. All areas of *M. D. Anderson* were completely reopened by September 17. As a result of the temporary closure of *M. D. Anderson*, the physician practice plan incurred a year-to-date adjusted loss of \$7.7 million for the first quarter of 2009. *M. D. Anderson* anticipates the physician practice plan will end the year with adjusted income of approximately \$0.6 million.

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 Contractual Allowances - Medicaid.

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.

CONTRACTUAL ALLOWANCES - MEDICAID – 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 ALLOWANCES – The sum of contractual allowances for Medicare and for Managed Care and Other Insurance.

MEDICARE – The difference between the gross charge and the discounted amount agreed to by Medicare, including the difference between gross charges and the related capitated payments.

MANAGED CARE AND OTHER INSURANCE – The difference between the gross charge and the discounted amount agreed to by a third party contract, such as Preferred Provider Organizations and Health Maintenance Organizations, including the difference between gross charges and the related capitated payments.

OTHER UNREIMBURSED MEDICAL CHARGES – All other write-offs (i.e., unbilled charges, discounts for 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 non-faculty 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.

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 including the change in fair market value.

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, 2008**

	<u>Year-to-Date FY 2009</u>	<u>Year-to-Date FY 2008</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 279,334,402	250,377,822	28,956,580	11.6%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	54,319,859	52,035,920	2,283,939	4.4%
Contractual Allowances - Medicaid	37,219,931	30,869,832	6,350,099	20.6%
Total Un-sponsored Charity Care	91,539,790	82,905,752	8,634,038	10.4%
Contractual Allowances				
Medicare	38,993,891	31,817,254	7,176,637	22.6%
Managed Care and Other Insurance	50,097,931	42,369,783	7,728,148	18.2%
Total Contractual Allowances	89,091,822	74,187,037	14,904,785	20.1%
Other Unreimbursed Medical Charges	8,498,621	6,289,495	2,209,126	35.1%
Bad Debt Expense	2,812,346	3,534,442	(722,096)	-20.4%
Total Discounts and Allowances	191,942,579	166,916,726	25,025,853	15.0%
Net Patient Revenues	87,391,823	83,461,096	3,930,727	4.7%
Contractual Revenues	29,866,837	27,434,499	2,432,338	8.9%
Other Operating Revenues	1,433,658	1,879,118	(445,460)	-23.7%
Total Operating Revenues Included in Monthly Financial Report	<u>118,692,318</u>	<u>112,774,713</u>	<u>5,917,605</u>	<u>5.2%</u>
Operating Expenses:				
Faculty Salaries	44,507,502	38,006,753	6,500,749	17.1%
Staff Salaries	30,896,768	27,766,180	3,130,588	11.3%
Fringe Benefits	22,133,047	19,122,286	3,010,761	15.7%
Maintenance and Operations	17,050,563	15,769,944	1,280,619	8.1%
Professional Liability Insurance	644,949	628,657	16,292	2.6%
Travel	948,642	825,548	123,094	14.9%
Official Functions	230,088	147,505	82,583	56.0%
Total Operating Expenses Included in Monthly Financial Report	<u>116,411,559</u>	<u>102,266,873</u>	<u>14,144,686</u>	<u>13.8%</u>
Operating Income (Loss)	2,280,759	10,507,840	(8,227,081)	-78.3%
Investment Income	603,091	661,133	(58,042)	-8.8%
Interest Expense on Debt Service	(707,750)	(856,435)	148,685	17.4%
Adjusted Income (Loss)	2,176,100	10,312,538	(8,136,438)	-78.9%
Adjusted Income (Loss) - as a percentage	1.82%	9.09%		
Other:				
Transfers In	1,636,382	4,632,437	(2,996,055)	-64.7%
Transfers Out	(53,178,773)	(3,067,018)	(50,111,755)	-1,633.9%
Debt Service	(1,604,160)	(1,934,081)	329,921	17.1%
Capital Outlay	(1,765,102)	(822,014)	(943,088)	-114.7%
Total Other	<u>(54,911,652)</u>	<u>(1,190,676)</u>	<u>(53,720,976)</u>	<u>-4,511.8%</u>
Change in Net Assets	(52,735,553)	9,121,862	(61,857,415)	-678.1%
Beginning Net Assets - As Previously Reported	<u>282,503,519</u>	<u>261,051,194</u>	<u>21,452,325</u>	<u>8.2%</u>
Ending Net Assets	<u>\$ 229,767,966</u>	<u>270,173,056</u>	<u>(40,405,090)</u>	<u>-15.0%</u>

*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, 2008**

	<u>Year-to-Date FY 2009</u>	<u>Year-to-Date FY 2008</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 731,732	672,302	59,430	8.8%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	6,375	757	5,618	742.1%
Contractual Allowances - Medicaid	709	-	709	100.0%
Total Un-sponsored Charity Care	<u>7,083</u>	<u>757</u>	<u>6,326</u>	<u>835.7%</u>
Contractual Allowances				
Medicare	134,373	36,624	97,748	266.9%
Managed Care and Other Insurance	<u>97,963</u>	<u>105,552</u>	<u>(7,588)</u>	<u>-7.2%</u>
Total Contractual Allowances	<u>232,336</u>	<u>142,176</u>	<u>90,160</u>	<u>63.4%</u>
Other Unreimbursed Medical Charges	77,374	9,115	68,259	748.9%
Bad Debt Expense	<u>16,234</u>	<u>2,233</u>	<u>14,001</u>	<u>627.0%</u>
Total Discounts and Allowances	<u>333,028</u>	<u>154,281</u>	<u>178,747</u>	<u>115.9%</u>
Net Patient Revenues	<u>398,703</u>	<u>518,021</u>	<u>(119,318)</u>	<u>-23.0%</u>
Contractual Revenues	60,488	70,763	(10,275)	-14.5%
Other Operating Revenues	<u>27,433</u>	<u>19,642</u>	<u>7,791</u>	<u>39.7%</u>
Total Operating Revenues Included in Monthly Financial Report	<u>486,625</u>	<u>608,426</u>	<u>(121,801)</u>	<u>-20.0%</u>
Operating Expenses:				
Faculty Salaries	96,961	78,581	18,380	23.4%
Staff Salaries	74,171	63,069	11,102	17.6%
Fringe Benefits	85,131	146,560	(61,429)	-41.9%
Maintenance and Operations	186,127	173,700	12,427	7.2%
Professional Liability Insurance	-	171	(171)	-100.0%
Travel	4,580	11,209	(6,629)	-59.1%
Official Functions	<u>2,305</u>	<u>2,817</u>	<u>(512)</u>	<u>-18.2%</u>
Total Operating Expenses Included in Monthly Financial Report	<u>449,277</u>	<u>476,107</u>	<u>(26,830)</u>	<u>-5.6%</u>
Operating Income (Loss)	37,348	132,319	(94,971)	-71.8%
Investment Income	<u>4,475</u>	<u>2,250</u>	<u>2,225</u>	<u>98.9%</u>
Adjusted Income (Loss)	41,823	134,569	(92,746)	-68.9%
Adjusted Income (Loss) - as a percentage	8.52%	22.04%		
Other:				
Transfers Out	<u>(75,474)</u>	<u>(37,523)</u>	<u>(37,951)</u>	<u>-101.1%</u>
Total Other	<u>(75,474)</u>	<u>(37,523)</u>	<u>(37,951)</u>	<u>-101.1%</u>
Change in Net Assets	(33,651)	97,046	(130,697)	-134.7%
Beginning Net Assets - As Previously Reported	<u>5,165,574</u>	<u>4,337,269</u>	<u>828,305</u>	<u>19.1%</u>
Ending Net Assets	<u>\$ 5,131,923</u>	<u>4,434,315</u>	<u>697,608</u>	<u>15.7%</u>

**The University of Texas Medical Branch at Galveston
Physician Practice Plan Year-to-Date Summary of Operations
For the Three Months Ending November 30, 2008**

	<u>Year-to-Date FY 2009</u>	<u>Year-to-Date FY 2008</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 52,658,307	86,204,335	(33,546,028)	-38.9%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	3,088,148	8,108,975	(5,020,827)	-61.9%
Contractual Allowances - Medicaid	<u>12,776,625</u>	<u>15,486,769</u>	<u>(2,710,144)</u>	<u>-17.5%</u>
Total Un-sponsored Charity Care	15,864,773	23,595,744	(7,730,971)	-32.8%
Contractual Allowances				
Medicare	10,412,979	17,316,338	(6,903,359)	-39.9%
Managed Care and Other Insurance	<u>6,942,386</u>	<u>3,937,976</u>	<u>3,004,410</u>	<u>76.3%</u>
Total Contractual Allowances	17,355,365	21,254,314	(3,898,949)	-18.3%
Other Unreimbursed Medical Charges	(3,912,420)	8,493,141	(12,405,561)	-146.1%
Bad Debt Expense	<u>1,881,010</u>	<u>2,772,519</u>	<u>(891,509)</u>	<u>-32.2%</u>
Total Discounts and Allowances	<u>31,188,728</u>	<u>56,115,718</u>	<u>(24,926,990)</u>	<u>-44.4%</u>
Net Patient Revenues	21,469,579	30,088,617	(8,619,038)	-28.6%
Contractual Revenues	7,235,780	13,953,721	(6,717,941)	-48.1%
Other Operating Revenues	<u>213,139</u>	<u>191,486</u>	<u>21,653</u>	<u>11.3%</u>
Total Operating Revenues Included in Monthly Financial Report	<u>28,918,498</u>	<u>44,233,824</u>	<u>(15,315,326)</u>	<u>-34.6%</u>
Operating Expenses:				
Faculty Salaries	8,137,648	21,194,187	(13,056,539)	-61.6%
Staff Salaries	1,431,662	7,686,176	(6,254,514)	-81.4%
Resident Salaries	1,426,788	2,356,121	(929,333)	-39.4%
Fringe Benefits	1,958,151	4,768,988	(2,810,837)	-58.9%
Maintenance and Operations	7,829,852	13,220,064	(5,390,212)	-40.8%
Professional Liability Insurance	846,154	843,801	2,353	0.3%
Travel	238,725	425,043	(186,318)	-43.8%
Official Functions	-	6,741	(6,741)	-100.0%
Total Operating Expenses Included in Monthly Financial Report	<u>21,868,980</u>	<u>50,501,121</u>	<u>(28,632,141)</u>	<u>-56.7%</u>
Operating Income (Loss)	7,049,518	(6,267,297)	13,316,815	212.5%
Investment Income	<u>711,991</u>	<u>635,009</u>	<u>76,982</u>	<u>12.1%</u>
Adjusted Income (Loss)	7,761,509	(5,632,288)	13,393,797	237.8%
Adjusted Income (Loss) - as a percentage	26.19%	-12.55%		
Other:				
Other Nonoperating Revenues (Expenses)	14,400	1,350	13,050	966.7%
Transfers In	21,000	-	21,000	100.0%
Transfers Out	-	(1,344,174)	1,344,174	100.0%
Capital Outlay	<u>(67,331)</u>	<u>(41,747)</u>	<u>(25,584)</u>	<u>-61.3%</u>
Total Other	<u>(31,931)</u>	<u>(1,384,571)</u>	<u>1,352,640</u>	<u>97.7%</u>
Change in Net Assets	7,729,578	(7,016,859)	14,746,437	210.2%
Beginning Net Assets - As Previously Reported	<u>90,087,191</u>	<u>81,306,450</u>	<u>8,780,741</u>	<u>10.8%</u>
Ending Net Assets	<u>\$ 97,816,769</u>	<u>74,289,591</u>	<u>23,527,178</u>	<u>31.7%</u>

**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, 2008**

	<u>Year-to-Date FY 2009</u>	<u>Year-to-Date FY 2008</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 127,698,434	120,677,108	7,021,326	5.8%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	27,382,842	27,819,869	(437,027)	-1.6%
Contractual Allowances - Medicaid	19,482,483	16,849,724	2,632,759	15.6%
Total Un-sponsored Charity Care	46,865,325	44,669,593	2,195,732	4.9%
Contractual Allowances				
Medicare	16,491,233	16,865,831	(374,598)	-2.2%
Managed Care and Other Insurance	26,479,290	22,678,701	3,800,589	16.8%
Total Contractual Allowances	42,970,523	39,544,532	3,425,991	8.7%
Other Unreimbursed Medical Charges	4,801,461	4,473,699	327,762	7.3%
Bad Debt Expense	4,845,670	4,216,746	628,924	14.9%
Total Discounts and Allowances	99,482,979	92,904,570	6,578,409	7.1%
Net Patient Revenues	28,215,455	27,772,538	442,917	1.6%
Contractual Revenues	29,061,196	23,782,452	5,278,744	22.2%
Other Operating Revenues	1,144,372	1,382,195	(237,823)	-17.2%
Total Operating Revenues Included in Monthly Financial Report	58,421,023	52,937,185	5,483,838	10.4%
Operating Expenses:				
Faculty Salaries	26,069,566	24,174,070	1,895,496	7.8%
Staff Salaries	8,727,064	6,430,690	2,296,374	35.7%
Fringe Benefits	4,857,623	6,700,923	(1,843,300)	-27.5%
Maintenance and Operations	8,021,089	7,005,451	1,015,638	14.5%
Professional Liability Insurance	346,359	346,413	(54)	0.0%
Travel	339,453	300,689	38,764	12.9%
Official Functions	173,950	144,673	29,277	20.2%
Other Operating Expenses	7,680,038	6,993,230	686,808	9.8%
Total Operating Expenses Included in Monthly Financial Report	56,215,142	52,096,139	4,119,003	7.9%
Operating Income (Loss)	2,205,881	841,046	1,364,835	162.3%
Investment Income	378,835	434,209	(55,374)	-12.8%
Adjusted Income (Loss)	2,584,716	1,275,255	1,309,461	102.7%
Adjusted Income (Loss) - as a percentage	4.40%	2.39%		
Other:				
Transfers In	423,082	696,214	(273,132)	-39.2%
Capital Outlay	(378,371)	(346,906)	(31,465)	-9.1%
Total Other	44,711	349,308	(304,597)	-87.2%
Change in Net Assets	2,629,427	1,624,563	1,004,864	61.9%
Beginning Net Assets - As Previously Reported	58,074,978	57,876,828	198,150	0.3%
Ending Net Assets	\$ 60,704,405	59,501,391	1,203,014	2.0%

*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, 2008**

	<u>Year-to-Date FY 2009</u>	<u>Year-to-Date FY 2008</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 417,965	670,984	(253,019)	-37.7%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	28,747	60,391	(31,644)	-52.4%
Contractual Allowances - Medicaid	20,640	127,450	(106,810)	-83.8%
Total Un-sponsored Charity Care	49,387	187,841	(138,454)	-73.7%
Contractual Allowances				
Medicare	7,301	57,789	(50,488)	-87.4%
Managed Care and Other Insurance	17,016	134,839	(117,823)	-87.4%
Total Contractual Allowances	24,317	192,628	(168,311)	-87.4%
Bad Debt Expense	-	25,018	(25,018)	-100.0%
Total Discounts and Allowances	73,704	405,487	(331,783)	-81.8%
Net Patient Revenues	344,261	265,497	78,764	29.7%
Contractual Revenues	61,163	125,836	(64,673)	-51.4%
Total Operating Revenues Included in Monthly Financial Report	<u>405,424</u>	<u>391,333</u>	<u>14,091</u>	<u>3.6%</u>
Operating Expenses:				
Faculty Salaries	60,774	83,920	(23,146)	-27.6%
Staff Salaries	213,349	142,353	70,996	49.9%
Fringe Benefits	58,470	49,327	9,143	18.5%
Travel	1,011	2,333	(1,322)	-56.7%
Official Functions	2,186	872	1,314	150.7%
Other Operating Expenses	152,738	141,129	11,609	8.2%
Total Operating Expenses Included in Monthly Financial Report	<u>488,528</u>	<u>419,934</u>	<u>68,594</u>	<u>16.3%</u>
Adjusted Income (Loss)	(83,104)	(28,601)	(54,503)	-190.6%
Adjusted Income (Loss) - as a percentage	-20.50%	N/A		
Change in Net Assets	(83,104)	(28,601)	(54,503)	-190.6%
Beginning Net Assets - As Previously Reported	<u>672,491</u>	<u>375,966</u>	<u>296,525</u>	<u>78.9%</u>
Ending Net Assets	<u>\$ 589,387</u>	<u>347,365</u>	<u>242,022</u>	<u>69.7%</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, 2008**

	<u>Year-to-Date FY 2009</u>	<u>Year-to-Date FY 2008</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 67,600,212	63,896,221	3,703,991	5.8%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	17,454,688	17,542,098	(87,410)	-0.5%
Contractual Allowances - Medicaid	7,921,051	5,329,184	2,591,867	48.6%
Total Un-sponsored Charity Care	25,375,739	22,871,282	2,504,457	11.0%
Contractual Allowances				
Medicare	9,021,847	9,046,185	(24,338)	-0.3%
Managed Care and Other Insurance	8,599,156	9,839,237	(1,240,081)	-12.6%
Total Contractual Allowances	17,621,003	18,885,422	(1,264,419)	-6.7%
Other Unreimbursed Medical Charges	1,898,665	316,939	1,581,726	499.1%
Bad Debt Expense	3,758,640	3,632,526	126,114	3.5%
Total Discounts and Allowances	48,654,047	45,706,169	2,947,878	6.4%
Net Patient Revenues	18,946,165	18,190,052	756,113	4.2%
Contractual Revenues	25,474,777	18,755,394	6,719,383	35.8%
Other Operating Revenues	282,047	307,571	(25,524)	-8.3%
Total Operating Revenues Included in Monthly Financial Report	<u>44,702,989</u>	<u>37,253,017</u>	<u>7,449,972</u>	<u>20.0%</u>
Operating Expenses:				
Faculty Salaries	19,722,337	17,389,356	2,332,981	13.4%
Staff Salaries	3,561,689	2,475,327	1,086,362	43.9%
Fringe Benefits	3,937,550	3,340,866	596,684	17.9%
Maintenance and Operations	18,506,031	14,195,709	4,310,322	30.4%
Professional Liability Insurance	526,727	410,108	116,619	28.4%
Travel	398,279	399,845	(1,566)	-0.4%
Official Functions	326,444	247,244	79,200	32.0%
Total Operating Expenses Included in Monthly Financial Report	<u>46,979,057</u>	<u>38,458,455</u>	<u>8,520,602</u>	<u>22.2%</u>
Operating Income (Loss)	(2,276,068)	(1,205,438)	(1,070,630)	-88.8%
Investment Income	187,978	1,324,147	(1,136,169)	-85.8%
Interest Expense on Debt Service	(1,028,109)	(536,238)	(491,871)	-91.7%
Adjusted Income (Loss)	(3,116,199)	(417,529)	(2,698,670)	-646.3%
Adjusted Income (Loss) - as a percentage	-6.94%	-1.08%		
Other:				
Transfers In	338,363	41,476	296,887	715.8%
Transfers Out	(2,122)	(106,876)	104,754	98.0%
Capital Outlay	(169,759)	(44,611)	(125,148)	-280.5%
Total Other	166,482	(110,011)	276,493	251.3%
Change in Net Assets	(2,949,717)	(527,540)	(2,422,177)	-459.1%
Beginning Net Assets - As Previously Reported	76,984,186	80,552,849	(3,568,663)	-4.4%
Ending Net Assets	<u>\$ 74,034,469</u>	<u>80,025,309</u>	<u>(5,990,840)</u>	<u>-7.5%</u>

*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, 2008**

	<u>Year-to-Date FY 2009</u>	<u>Year-to-Date FY 2008</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 2,178,871	2,132,438	46,433	2.2%
Other Operating Revenues	205,809	130,529	75,280	57.7%
Total Operating Revenues Included in Monthly Financial Report	<u>2,384,680</u>	<u>2,262,967</u>	<u>121,713</u>	<u>5.4%</u>
Operating Expenses:				
Faculty Salaries	512,764	422,219	90,545	21.4%
Staff Salaries	431,496	387,098	44,398	11.5%
Fringe Benefits	350,712	325,877	24,835	7.6%
Maintenance and Operations	662,863	543,805	119,058	21.9%
Professional Liability Insurance	12,195	10,825	1,370	12.7%
Travel	48,109	54,010	(5,901)	-10.9%
Official Functions	20,674	27,367	(6,693)	-24.5%
Total Operating Expenses Included in Monthly Financial Report	<u>2,038,813</u>	<u>1,771,201</u>	<u>267,612</u>	<u>15.1%</u>
Operating Income (Loss)	345,867	491,766	(145,899)	-29.7%
Investment Income	23,754	25,840	(2,086)	-8.1%
Adjusted Income (Loss)	369,621	517,606	(147,985)	-28.6%
Adjusted Income (Loss) - as a percentage	15.35%	22.61%		
Other:				
Transfers In	246,630	17,500	229,130	1,309.3%
Transfers Out	(4,512)	(1,551)	(2,961)	-190.9%
Capital Outlay	(5,825)	(23,559)	17,734	75.3%
Total Other	<u>236,293</u>	<u>(7,610)</u>	<u>243,903</u>	<u>3,205.0%</u>
Change in Net Assets	605,914	509,996	95,918	18.8%
Beginning Net Assets - As Previously Reported	<u>15,246,430</u>	<u>13,965,153</u>	<u>1,281,277</u>	<u>9.2%</u>
Ending Net Assets	<u>\$ 15,852,344</u>	<u>14,475,149</u>	<u>1,377,195</u>	<u>9.5%</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, 2008**

	<u>Year-to-Date FY 2009</u>	<u>Year-to-Date FY 2008</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 210,727	12,019	198,708	1,653.3%
Other Operating Revenues	-	12,664	(12,664)	-100.0%
Total Operating Revenues Included in Monthly Financial Report	<u>210,727</u>	<u>24,683</u>	<u>186,044</u>	<u>753.7%</u>
Operating Expenses:				
Faculty Salaries	2,920	1,440	1,480	102.8%
Staff Salaries	37,304	4,229	33,075	782.1%
Fringe Benefits	9,084	373	8,711	2,335.4%
Maintenance and Operations	9,527	1,692	7,835	463.1%
Travel	-	2,651	(2,651)	-100.0%
Official Functions	-	94	(94)	-100.0%
Total Operating Expenses Included in Monthly Financial Report	<u>58,835</u>	<u>10,479</u>	<u>48,356</u>	<u>461.5%</u>
Operating Income (Loss)	151,892	14,204	137,688	969.4%
Investment Income	236	-	236	100.0%
Adjusted Income (Loss)	152,128	14,204	137,924	971.0%
Adjusted Income (Loss) - as a percentage	72.11%	57.55%		
Other:				
Transfers In	-	1,420	(1,420)	-100.0%
Transfers Out	(539)	(550)	11	2.0%
Total Other	<u>(539)</u>	<u>870</u>	<u>(1,409)</u>	<u>-162.0%</u>
Change in Net Assets	151,589	15,074	136,515	905.6%
Beginning Net Assets - As Previously Reported	<u>167,371</u>	<u>68,158</u>	<u>99,213</u>	<u>145.6%</u>
Ending Net Assets	<u>\$ 318,960</u>	<u>83,232</u>	<u>235,728</u>	<u>283.2%</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, 2008**

	<u>Year-to-Date FY 2009</u>	<u>Year-to-Date FY 2008</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 198,803,878	195,665,795	3,138,083	1.6%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	3,533,548	4,261,694	(728,146)	-17.1%
Contractual Allowances - Medicaid	6,349,639	6,187,059	162,580	2.6%
Total Un-sponsored Charity Care	9,883,187	10,448,753	(565,566)	-5.4%
Contractual Allowances				
Medicare	52,480,303	53,457,963	(977,661)	-1.8%
Managed Care and Other Insurance	62,218,444	60,947,436	1,271,008	2.1%
Total Contractual Allowances	114,698,747	114,405,399	293,347	0.3%
Other Unreimbursed Medical Charges	8,105,212	5,072,731	3,032,481	59.8%
Bad Debt Expense	1,733,151	1,520,907	212,244	14.0%
Total Discounts and Allowances	134,420,296	131,447,790	2,972,506	2.3%
Net Patient Revenues	64,383,582	64,218,005	165,578	0.3%
Other Operating Revenues	61,164	98,826	(37,662)	-38.1%
Total Operating Revenues Included in Monthly Financial Report	<u>64,444,746</u>	<u>64,316,831</u>	<u>127,915</u>	<u>0.2%</u>
Operating Expenses:				
Faculty Salaries	28,327,954	25,593,671	2,734,284	10.7%
Staff Salaries	11,268,763	9,951,009	1,317,754	13.2%
Fringe Benefits	23,298,902	21,031,410	2,267,492	10.8%
Maintenance and Operations	7,553,881	6,383,603	1,170,278	18.3%
Professional Liability Insurance	415,258	385,437	29,820	7.7%
Travel	1,936,408	1,818,472	117,936	6.5%
Official Functions	74,490	109,186	(34,696)	-31.8%
Total Operating Expenses Included in Monthly Financial Report	<u>72,875,657</u>	<u>65,272,789</u>	<u>7,602,868</u>	<u>11.6%</u>
Operating Income (Loss)	(8,430,911)	(955,958)	(7,474,953)	-781.9%
Investment Income	766,107	1,425,973	(659,866)	-46.3%
Adjusted Income (Loss)	(7,664,804)	470,015	(8,134,819)	-1,730.8%
Adjusted Income (Loss) - as a percentage	-11.75%	0.71%		
Other:				
Other Nonoperating Revenues (Expenses)	(24,020,523)	6,992,049	(31,012,572)	-443.5%
Total Other	(24,020,523)	6,992,049	(31,012,572)	-443.5%
Change in Net Assets	(31,685,327)	7,462,064	(39,147,391)	-524.6%
Beginning Net Assets - As Previously Reported	53,675,235	103,513,903	(49,838,668)	-48.1%
Ending Net Assets	<u>\$ 21,989,908</u>	<u>110,975,967</u>	<u>(88,986,059)</u>	<u>-80.2%</u>

**The University of Texas Health Science Center at Tyler
Physician Practice Plan Year-to-Date Summary of Operations*
For the Three Months Ending November 30, 2008**

	<u>Year-to-Date FY 2009</u>	<u>Year-to-Date FY 2008</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 9,664,012	8,040,834	1,623,178	20.2%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	251,922	216,328	35,594	16.5%
Contractual Allowances - Medicaid	1,059,308	639,407	419,901	65.7%
Total Un-sponsored Charity Care	<u>1,311,230</u>	<u>855,735</u>	<u>455,495</u>	<u>53.2%</u>
Contractual Allowances				
Medicare	3,469,629	2,750,646	718,983	26.1%
Managed Care and Other Insurance	1,494,753	941,652	553,101	58.7%
Total Contractual Allowances	<u>4,964,382</u>	<u>3,692,298</u>	<u>1,272,084</u>	<u>34.5%</u>
Other Unreimbursed Medical Charges	122,267	173,278	(51,011)	-29.4%
Bad Debt Expense	307,182	675,638	(368,456)	-54.5%
Total Discounts and Allowances	<u>6,705,061</u>	<u>5,396,949</u>	<u>1,308,112</u>	<u>24.2%</u>
Net Patient Revenues	<u>2,958,951</u>	<u>2,643,885</u>	<u>315,066</u>	<u>11.9%</u>
Contractual Revenues	583,233	510,674	72,559	14.2%
Other Operating Revenues	35,841	51,985	(16,144)	-31.1%
Total Operating Revenues Included in Monthly Financial Report	<u>3,578,025</u>	<u>3,206,544</u>	<u>371,481</u>	<u>11.6%</u>
Operating Expenses:				
Faculty Salaries	1,912,878	1,766,240	146,638	8.3%
Staff Salaries	198,946	276,230	(77,284)	-28.0%
Fringe Benefits	244,443	250,086	(5,643)	-2.3%
Maintenance and Operations	1,202,159	1,005,316	196,843	19.6%
Professional Liability Insurance	27,697	33,852	(6,155)	-18.2%
Travel	17,735	22,744	(5,009)	-22.0%
Total Operating Expenses Included in Monthly Financial Report	<u>3,603,858</u>	<u>3,354,468</u>	<u>249,390</u>	<u>7.4%</u>
Operating Income (Loss)	(25,833)	(147,924)	122,091	82.5%
Investment Income	53,681	153,944	(100,263)	-65.1%
Adjusted Income (Loss)	27,848	6,020	21,828	362.6%
Adjusted Income (Loss) - as a percentage	0.77%	0.18%		
Other:				
Other Nonoperating Revenues (Expenses)	(2,328,811)	199,617	(2,528,428)	-1,266.6%
Transfers In	7,425	36,330	(28,905)	-79.6%
Total Other	<u>(2,321,386)</u>	<u>235,947</u>	<u>(2,557,333)</u>	<u>-1,083.9%</u>
Change in Net Assets	(2,293,538)	241,967	(2,535,505)	-1,047.9%
Beginning Net Assets - As Previously Reported	<u>6,922,690</u>	<u>7,157,519</u>	<u>(234,829)</u>	<u>-3.3%</u>
Ending Net Assets	<u>\$ 4,629,152</u>	<u>7,399,486</u>	<u>(2,770,334)</u>	<u>-37.4%</u>

*Includes the operations of the nonprofit healthcare corporation.