



THE UNIVERSITY OF TEXAS SYSTEM

**PHYSICIAN/DENTAL
PRACTICE PLANS**

QUARTERLY FINANCIAL REPORT
(unaudited)

NOVEMBER 30, 2009

The University of Texas System

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For the Three Months Ending November 30, 2009

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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, 2009**

	<u>Year-to-Date FY 2010</u>	<u>Year-to-Date FY 2009</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 877,552,746	739,298,540	138,254,206	18.7%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	114,171,221	106,066,129	8,105,092	7.6%
Contractual Allowances - Medicaid	101,991,572	84,830,386	17,161,186	20.2%
Total Un-sponsored Charity Care	216,162,793	190,896,515	25,266,278	13.2%
Contractual Allowances				
Medicare	155,046,978	131,011,556	24,035,422	18.3%
Managed Care and Other Insurance	181,043,262	155,946,939	25,096,323	16.1%
Total Contractual Allowances	336,090,240	286,958,495	49,131,745	17.1%
Other Unreimbursed Medical Charges	45,366,075	19,591,180	25,774,895	131.6%
Bad Debt Expense	17,068,867	15,354,233	1,714,634	11.2%
Total Discounts and Allowances	614,687,975	512,800,423	101,887,552	19.9%
Net Patient Revenue	262,864,771	226,498,117	36,366,654	16.1%
Contractual Revenues	107,162,912	92,343,474	14,819,438	16.0%
Other Operating Revenues	6,107,822	3,403,463	2,704,359	79.5%
Total Operating Revenues Included in Monthly Financial Report	<u>376,135,505</u>	<u>322,245,054</u>	<u>53,890,451</u>	<u>16.7%</u>
Operating Expenses:				
Faculty Salaries	168,192,439	137,702,804	30,489,635	22.1%
Staff Salaries	70,682,355	56,300,506	14,381,849	25.5%
Resident Salaries	1,301,805	1,426,788	(124,983)	-8.8%
Fringe Benefits	53,465,989	49,122,319	4,343,670	8.8%
Maintenance and Operations	36,283,250	47,983,297	(11,700,047)	-24.4%
Professional Liability Insurance	2,519,659	2,819,339	(299,680)	-10.6%
Travel	2,906,117	3,932,379	(1,026,262)	-26.1%
Official Functions	742,176	830,137	(87,961)	-10.6%
Other Operating Expenses	20,278,767	20,872,134	(593,367)	-2.8%
Total Operating Expenses Included in Monthly Financial Report	<u>356,372,557</u>	<u>320,989,703</u>	<u>35,382,854</u>	<u>11.0%</u>
Operating Income (Loss)	19,762,948	1,255,351	18,507,597	1,474.3%
Investment Income	1,834,003	2,730,148	(896,145)	-32.8%
Interest Expense on Debt Service	(1,533,288)	(1,735,859)	202,571	11.7%
Adjusted Income (Loss)	20,063,663	2,249,640	17,814,023	791.9%
Adjusted Income (Loss) - as a percentage	5.3%	0.7%		
Other:				
Net Increase (Decrease) in Fair Value of Investments	3,657,509	(26,226,334)	29,883,843	113.9%
Other Nonoperating Revenues (Expenses)	(14,039)	(108,600)	94,561	87.1%
Transfers In	15,262,865	2,672,882	12,589,983	471.0%
Transfers Out	(8,456,205)	(53,261,420)	44,805,215	84.1%
Debt Service	(2,225,257)	(1,604,160)	(621,097)	-38.7%
Capital Outlay	(2,431,119)	(2,386,388)	(44,731)	-1.9%
Total Other	<u>5,793,754</u>	<u>(80,914,020)</u>	<u>86,707,774</u>	<u>107.2%</u>
Change in Net Assets	25,857,417	(78,664,380)	104,521,797	132.9%
Beginning Net Assets - As Previously Reported	<u>524,662,187</u>	<u>589,499,665</u>	<u>(64,837,478)</u>	<u>-11.0%</u>
Ending Net Assets	<u>\$ 550,519,604</u>	<u>510,835,285</u>	<u>39,684,319</u>	<u>7.8%</u>

**The University of Texas System
Physician/Dental Practice Plans
Comparison of Adjusted Income (Loss)
For the Three Months Ending November 30, 2009**

	<u>Year-to-Date FY 2010</u>	<u>Year-to-Date FY 2009</u>	<u>Variance</u>	<u>Variance Percentage</u>
UT Southwestern Medical Center - Dallas (Physician)	\$ 11,161,655	2,176,101	8,985,554 (1)	412.9%
UT Southwestern Medical Center - Dallas (Allied Health)	131,399	41,824	89,575	214.2%
UT Medical Branch - Galveston	2,839,084	7,761,509	(4,922,425) (2)	-63.4%
UT Health Science Center - Houston (Physician)	2,726,681	2,584,716	141,965	5.5%
UT Health Science Center - Houston (Dental)	(133,112)	(83,104)	(50,008)	-60.2%
UT Health Science Center - San Antonio (Physician)	(1,105,823)	(3,116,199)	2,010,376 (3)	64.5%
UT Health Science Center - San Antonio (Dental)	397,585	369,621	27,964	7.6%
UT Health Science Center - San Antonio (Allied Health)	(22,222)	152,128	(174,350)	-114.6%
UT M. D. Anderson Cancer Center	4,328,762	(7,664,804)	11,993,566 (4)	156.5%
UT Health Science Center at Tyler	(260,346) (5)	27,848	(288,194)	-1,034.9%
Total Adjusted Income (Loss)	\$ <u>20,063,663</u>	<u>2,249,640</u>	<u>17,814,023</u>	<u>791.9%</u>

THE UNIVERSITY OF TEXAS SYSTEM
Explanations of Variances on the
Practice Plans Summary of Operations
For the Three Months Ending November 30, 2009

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 \$9 million (412.9%) increase in adjusted income as compared to last year was attributable to a \$9.5 million increase in operating revenues. 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 negatively impacted by a transfer of \$53.2 million of Texas Upper Payment Limit (UPL) balances that were transferred to fund capital projects. No such transfer occurred through the first quarter of 2010.
- (2) UT Medical Branch - Galveston – The \$4.9 million (63.4%) decrease in adjusted income as compared to the prior year was primarily due to the increase in total operating expenses of \$23 million exceeding the increase in operating revenues of \$18.6 million. The increase in operating revenues was attributable to the recovery from the business disruption in revenue generating activities resulting from the closure of *UTMB* in 2009 caused by Hurricane *Ike*. During the closure of *UTMB* in 2009 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*. These expenses were gradually moved back to the practice plan, thus causing an increase in operating expenses in 2010.
- (3) UT Health Science Center - San Antonio (Physician Practice Plan) – The \$2 million (64.5%) decrease in adjusted loss as compared to the prior year was primarily attributable to the growth in total operating revenues of \$4.1 million outpacing the growth in total operating expenses of \$2.2 million. The increase in total operating revenues was due to an increase in gross charges contributed by the Cancer Therapy Research Center (CTRC), as well as an increase in the nonprofit healthcare corporation’s (UT Medicine) fee for services primarily driven by the opening of the Medical Arts and Research Center (MARC) in September 2009. Total operating expenses increased primarily due to a 2% merit increase which resulted in higher salaries and fringe benefits including those of CTRC employees.

Despite the reduction in the adjusted loss, *UTHSC-San Antonio’s* physician practice plan still incurred an adjusted loss of \$1.1 million for the first quarter of 2010. This loss was primarily due to the interest expense on the debt service for the MARC building and losses of CTRC’s clinical operations. The losses of CTRC’s clinical operations are expected to be temporary through the third quarter of 2010, as the School of Medicine has developed a plan to eliminate CTRC’s losses by implementing a hiring freeze, eliminating various positions, reducing utilities usage and implementing travel restrictions. As a result of these cost reductions, a total of \$2.4 million in costs have been eliminated from CTRC. *UTHSC-San Antonio* anticipates that the physician practice plan will incur an adjusted loss of \$1.6 million at year-end due to the interest expense related to the debt service on the MARC building. This loss is a planned investment of prior year net assets that is anticipated to increase future operations.

- (4) UT M. D. Anderson Cancer Center – The \$12 million (156.5%) increase in adjusted income as compared to last year was primarily attributable to the recovery from the business disruption in revenue generating activities as a result of Hurricane *Ike*. Operating revenues increased \$12.2 million primarily due to increased patient activity and volumes.
- (5) UT Health Science Center - Tyler – The \$0.3 million adjusted loss, which was a decrease of 1,034.9% as compared to the prior year, was primarily the result of a decrease in patient volumes due to the loss of *UTMB's* Correctional Managed Care patients in 2010. In 2009 *UTHSC-Tyler's* physician practice plan received patients from *UTMB's* Correctional Managed Care Agreement as a result of Hurricane *Ike*. Additionally, the coding department was restructured, which resulted in a temporary lag in the billing of physician charges as personnel learned new job responsibilities. *UTHSC-Tyler* anticipates the billing lag will be eliminated by January 31, and the physician practice plan will break-even at year-end.

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 and incentive compensation. Does not include 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, 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 – 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.

NET INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS – Net change in the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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, 2009**

	<u>Year-to-Date FY 2010</u>	<u>Year-to-Date FY 2009</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 295,727,903	279,334,402	16,393,501	5.9%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	55,213,583	54,319,859	893,724	1.6%
Contractual Allowances - Medicaid	45,564,247	37,219,931	8,344,316	22.4%
Total Un-sponsored Charity Care	100,777,830	91,539,790	9,238,040	10.1%
Contractual Allowances				
Medicare	37,190,500	38,993,891	(1,803,391)	-4.6%
Managed Care and Other Insurance	47,916,607	50,097,931	(2,181,324)	-4.4%
Total Contractual Allowances	85,107,107	89,091,822	(3,984,715)	-4.5%
Other Unreimbursed Medical Charges	17,626,876	8,498,621	9,128,255	107.4%
Bad Debt Expense	3,156,091	2,812,346	343,745	12.2%
Total Discounts and Allowances	206,667,904	191,942,579	14,725,325	7.7%
Net Patient Revenues	89,059,999	87,391,823	1,668,176	1.9%
Contractual Revenues	35,447,156	29,866,837	5,580,319	18.7%
Other Operating Revenues	3,732,300	1,433,658	2,298,642	160.3%
Total Operating Revenues Included in Monthly Financial Report	<u>128,239,455</u>	<u>118,692,318</u>	<u>9,547,137</u>	<u>8.0%</u>
Operating Expenses:				
Faculty Salaries	56,933,346	52,298,029	4,635,317	8.9%
Staff Salaries	30,413,276	30,896,768	(483,492)	-1.6%
Fringe Benefits	15,830,287	14,342,519	1,487,768	10.4%
Maintenance and Operations	6,109,354	9,827,567	(3,718,213)	-37.8%
Professional Liability Insurance	673,342	644,949	28,393	4.4%
Travel	756,912	948,642	(191,730)	-20.2%
Official Functions	222,654	230,088	(7,434)	-3.2%
Other Operating Expenses	5,774,683	7,222,996	(1,448,313)	-20.1%
Total Operating Expenses Included in Monthly Financial Report	<u>116,713,854</u>	<u>116,411,558</u>	<u>302,296</u>	<u>0.3%</u>
Operating Income (Loss)	11,525,601	2,280,760	9,244,841	405.3%
Investment Income	307,952	603,091	(295,139)	-48.9%
Interest Expense on Debt Service	(671,898)	(707,750)	35,852	5.1%
Adjusted Income (Loss)	11,161,655	2,176,101	8,985,554	412.9%
Adjusted Income (Loss) - as a percentage	8.7%	1.8%		
Other:				
Transfers In	14,324,760	1,636,382	12,688,378	775.4%
Transfers Out	(3,848,424)	(53,178,773)	49,330,349	92.8%
Debt Service	(1,824,007)	(1,604,160)	(219,847)	-13.7%
Capital Outlay	(1,378,043)	(1,765,102)	387,059	21.9%
Total Other	<u>7,274,286</u>	<u>(54,911,653)</u>	<u>62,185,939</u>	<u>113.2%</u>
Change in Net Assets	18,435,941	(52,735,552)	71,171,493	135.0%
Beginning Net Assets - As Previously Reported	<u>251,694,686</u>	<u>282,503,519</u>	<u>(30,808,833)</u>	<u>-10.9%</u>
Ending Net Assets	<u>\$ 270,130,627</u>	<u>229,767,967</u>	<u>40,362,660</u>	<u>17.6%</u>

*Includes the operations of the nonprofit healthcare corporation.

The University of Texas Southwestern Medical Center at Dallas
Health Professions Faculty Services Plan Year-to-Date Summary of Operations
For the Three Months Ending November 30, 2009

	<u>Year-to-Date FY 2010</u>	<u>Year-to-Date FY 2009</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 679,851	731,732	(51,881)	-7.1%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	10,309	6,375	3,934	61.7%
Contractual Allowances - Medicaid	376	709	(333)	-47.0%
Total Un-sponsored Charity Care	<u>10,685</u>	<u>7,084</u>	<u>3,601</u>	<u>50.8%</u>
Contractual Allowances				
Medicare	51,841	134,373	(82,532)	-61.4%
Managed Care and Other Insurance	<u>69,573</u>	<u>97,963</u>	<u>(28,390)</u>	<u>-29.0%</u>
Total Contractual Allowances	<u>121,414</u>	<u>232,336</u>	<u>(110,922)</u>	<u>-47.7%</u>
Other Unreimbursed Medical Charges	1,872	77,374	(75,502)	-97.6%
Bad Debt Expense	<u>17,891</u>	<u>16,234</u>	<u>1,657</u>	<u>10.2%</u>
Total Discounts and Allowances	<u>151,862</u>	<u>333,028</u>	<u>(181,166)</u>	<u>-54.4%</u>
Net Patient Revenues	<u>527,989</u>	<u>398,704</u>	<u>129,285</u>	<u>32.4%</u>
Contractual Revenues	67,123	60,488	6,635	11.0%
Other Operating Revenues	<u>5,266</u>	<u>27,433</u>	<u>(22,167)</u>	<u>-80.8%</u>
Total Operating Revenues Included in Monthly Financial Report	<u>600,378</u>	<u>486,625</u>	<u>113,753</u>	<u>23.4%</u>
Operating Expenses:				
Faculty Salaries	142,828	117,228	25,600	21.8%
Staff Salaries	102,713	74,171	28,542	38.5%
Fringe Benefits	75,720	64,865	10,855	16.7%
Maintenance and Operations	112,881	164,781	(51,900)	-31.5%
Travel	6,531	4,580	1,951	42.6%
Official Functions	1,782	2,305	(523)	-22.7%
Other Operating Expenses	<u>28,020</u>	<u>21,346</u>	<u>6,674</u>	<u>31.3%</u>
Total Operating Expenses Included in Monthly Financial Report	<u>470,475</u>	<u>449,276</u>	<u>21,199</u>	<u>4.7%</u>
Operating Income (Loss)	129,903	37,349	92,554	247.8%
Investment Income	<u>1,496</u>	<u>4,475</u>	<u>(2,979)</u>	<u>-66.6%</u>
Adjusted Income (Loss)	131,399	41,824	89,575	214.2%
Adjusted Income (Loss) - as a percentage	21.8%	8.5%		
Other:				
Transfers In	1,164	-	1,164	100.0%
Transfers Out	<u>(29,316)</u>	<u>(75,474)</u>	<u>46,158</u>	<u>61.2%</u>
Total Other	<u>(28,152)</u>	<u>(75,474)</u>	<u>47,322</u>	<u>62.7%</u>
Change in Net Assets	103,247	(33,650)	136,897	406.8%
Beginning Net Assets - As Previously Reported	<u>5,599,683</u>	<u>5,165,574</u>	<u>434,109</u>	<u>8.4%</u>
Ending Net Assets	<u>\$ 5,702,930</u>	<u>5,131,924</u>	<u>571,006</u>	<u>11.1%</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, 2009**

	<u>Year-to-Date FY 2010</u>	<u>Year-to-Date FY 2009</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 89,270,663	52,658,307	36,612,356	69.5%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	1,985,038	3,088,148	(1,103,110)	-35.7%
Contractual Allowances - Medicaid	16,648,946	12,776,625	3,872,321	30.3%
Total Un-sponsored Charity Care	18,633,984	15,864,773	2,769,211	17.5%
Contractual Allowances				
Medicare	20,701,409	10,412,979	10,288,430	98.8%
Managed Care and Other Insurance	10,415,196	6,942,386	3,472,810	50.0%
Total Contractual Allowances	31,116,605	17,355,365	13,761,240	79.3%
Other Unreimbursed Medical Charges	4,059,640	(3,912,420)	7,972,060	203.8%
Bad Debt Expense	2,014,903	1,881,010	133,893	7.1%
Total Discounts and Allowances	55,825,132	31,188,728	24,636,404	79.0%
Net Patient Revenues	33,445,531	21,469,579	11,975,952	55.8%
Contractual Revenues	13,859,077	7,235,780	6,623,297	91.5%
Other Operating Revenues	236,749	213,139	23,610	11.1%
Total Operating Revenues Included in Monthly Financial Report	47,541,357	28,918,498	18,622,859	64.4%
Operating Expenses:				
Faculty Salaries	20,916,311	8,137,648	12,778,663	157.0%
Staff Salaries	7,842,598	1,431,662	6,410,936	447.8%
Resident Salaries	1,301,805	1,426,788	(124,983)	-8.8%
Fringe Benefits	5,029,255	1,958,151	3,071,104	156.8%
Maintenance and Operations	3,460,775	2,879,719	581,056	20.2%
Professional Liability Insurance	476,747	846,154	(369,407)	-43.7%
Travel	299,667	238,725	60,942	25.5%
Official Functions	15,665	-	15,665	100.0%
Other Operating Expenses	5,481,204	4,950,133	531,071	10.7%
Total Operating Expenses Included in Monthly Financial Report	44,824,027	21,868,980	22,955,047	105.0%
Operating Income (Loss)	2,717,330	7,049,518	(4,332,188)	-61.5%
Investment Income	121,754	711,991	(590,237)	-82.9%
Adjusted Income (Loss)	2,839,084	7,761,509	(4,922,425)	-63.4%
Adjusted Income (Loss) - as a percentage	6.0%	26.2%		
Other:				
Other Nonoperating Revenues (Expenses)		14,400	(14,400)	-100.0%
Transfers In	2,943	21,000	(18,057)	-86.0%
Transfers Out	(732)	-	(732)	-100.0%
Capital Outlay	(124,012)	(67,331)	(56,681)	-84.2%
Total Other	(121,801)	(31,931)	(89,870)	-281.5%
Change in Net Assets	2,717,283	7,729,578	(5,012,295)	-64.8%
Beginning Net Assets - As Previously Reported	52,490,127	90,087,191	(37,597,064)	-41.7%
Ending Net Assets	\$ 55,207,410	97,816,769	(42,609,359)	-43.6%

**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, 2009**

	<u>Year-to-Date FY 2010</u>	<u>Year-to-Date FY 2009</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 145,627,718	127,698,434	17,929,284	14.0%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	33,924,918	27,382,842	6,542,076	23.9%
Contractual Allowances - Medicaid	20,998,593	19,482,483	1,516,110	7.8%
Total Un-sponsored Charity Care	54,923,511	46,865,325	8,058,186	17.2%
Contractual Allowances				
Medicare	19,397,944	16,491,233	2,906,711	17.6%
Managed Care and Other Insurance	28,117,947	26,479,290	1,638,657	6.2%
Total Contractual Allowances	47,515,891	42,970,523	4,545,368	10.6%
Other Unreimbursed Medical Charges	5,463,942	4,801,461	662,481	13.8%
Bad Debt Expense	5,679,481	4,845,670	833,811	17.2%
Total Discounts and Allowances	113,582,825	99,482,979	14,099,846	14.2%
Net Patient Revenues	32,044,893	28,215,455	3,829,438	13.6%
Contractual Revenues	35,207,548	29,061,196	6,146,352	21.1%
Other Operating Revenues	1,081,857	1,144,372	(62,515)	-5.5%
Total Operating Revenues Included in Monthly Financial Report	68,334,298	58,421,023	9,913,275	17.0%
Operating Expenses:				
Faculty Salaries	32,338,190	26,610,272	5,727,918	21.5%
Staff Salaries	10,135,460	8,186,358	1,949,102	23.8%
Fringe Benefits	6,082,815	4,857,623	1,225,192	25.2%
Maintenance and Operations	8,017,012	8,021,089	(4,077)	-0.1%
Professional Liability Insurance	364,929	346,359	18,570	5.4%
Travel	438,826	339,453	99,373	29.3%
Official Functions	272,533	173,950	98,583	56.7%
Other Operating Expenses	8,396,305	7,680,038	716,267	9.3%
Total Operating Expenses Included in Monthly Financial Report	66,046,070	56,215,142	9,830,928	17.5%
Operating Income (Loss)	2,288,228	2,205,881	82,347	3.7%
Investment Income	438,453	378,835	59,618	15.7%
Adjusted Income (Loss)	2,726,681	2,584,716	141,965	5.5%
Adjusted Income (Loss) - as a percentage	4.0%	4.4%		
Other:				
Other Nonoperating Revenues (Expenses)	91,000	-	91,000	100.0%
Transfers In	657,657	423,082	234,575	55.4%
Capital Outlay	(758,709)	(378,371)	(380,338)	-100.5%
Total Other	(10,052)	44,711	(54,763)	-122.5%
Change in Net Assets	2,716,629	2,629,427	87,202	3.3%
Beginning Net Assets - As Previously Reported	65,612,463	58,074,978	7,537,485	13.0%
Ending Net Assets	\$ 68,329,092	60,704,405	7,624,687	12.6%

*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, 2009**

	<u>Year-to-Date FY 2010</u>	<u>Year-to-Date FY 2009</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 614,517	417,965	196,552	47.0%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	8,737	28,747	(20,010)	-69.6%
Contractual Allowances - Medicaid	4,200	20,640	(16,440)	-79.7%
Total Un-sponsored Charity Care	<u>12,937</u>	<u>49,387</u>	<u>(36,450)</u>	<u>-73.8%</u>
Contractual Allowances				
Medicare	4	7,301	(7,297)	-99.9%
Managed Care and Other Insurance	61,692	17,016	44,676	262.6%
Total Contractual Allowances	<u>61,696</u>	<u>24,317</u>	<u>37,379</u>	<u>153.7%</u>
Other Unreimbursed Medical Charges	7,745	-	7,745	100.0%
Bad Debt Expense	119,687	-	119,687	100.0%
Total Discounts and Allowances	<u>202,065</u>	<u>73,704</u>	<u>128,361</u>	<u>174.2%</u>
Net Patient Revenues	<u>412,452</u>	<u>344,261</u>	<u>68,191</u>	<u>19.8%</u>
Contractual Revenues	-	61,163	(61,163)	-100.0%
Total Operating Revenues Included in Monthly Financial Report	<u>412,452</u>	<u>405,424</u>	<u>7,028</u>	<u>1.7%</u>
Operating Expenses:				
Faculty Salaries	134,712	60,774	73,938	121.7%
Staff Salaries	164,965	213,349	(48,384)	-22.7%
Fringe Benefits	72,457	58,470	13,987	23.9%
Maintenance and Operations	171,522	-	171,522	100.0%
Travel	515	1,011	(496)	-49.1%
Official Functions	1,393	2,186	(793)	-36.3%
Other Operating Expenses	-	152,738	(152,738)	-100.0%
Total Operating Expenses Included in Monthly Financial Report	<u>545,564</u>	<u>488,528</u>	<u>57,036</u>	<u>11.7%</u>
Adjusted Income (Loss)	(133,112)	(83,104)	(50,008)	-60.2%
Adjusted Income (Loss) - as a percentage	-32.3%	-20.5%		
Other:				
Transfers In	74,590	-	74,590	100.0%
Total Other	<u>74,590</u>	<u>-</u>	<u>74,590</u>	<u>100.0%</u>
Change in Net Assets	(58,522)	(83,104)	24,582	29.6%
Beginning Net Assets - As Previously Reported	<u>477,045</u>	<u>672,491</u>	<u>(195,446)</u>	<u>-29.1%</u>
Ending Net Assets	<u>\$ 418,523</u>	<u>589,387</u>	<u>(170,864)</u>	<u>-29.0%</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, 2009**

	<u>Year-to-Date FY 2010</u>	<u>Year-to-Date FY 2009</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 84,167,598	67,600,212	16,567,386	24.5%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	18,052,853	17,454,688	598,165	3.4%
Contractual Allowances - Medicaid	8,678,776	7,921,051	757,725	9.6%
Total Un-sponsored Charity Care	26,731,629	25,375,739	1,355,890	5.3%
Contractual Allowances				
Medicare	11,672,440	9,021,847	2,650,593	29.4%
Managed Care and Other Insurance	11,262,819	8,599,156	2,663,663	31.0%
Total Contractual Allowances	22,935,259	17,621,003	5,314,256	30.2%
Other Unreimbursed Medical Charges	4,910,737	1,898,665	3,012,072	158.6%
Bad Debt Expense	3,465,707	3,758,640	(292,933)	-7.8%
Total Discounts and Allowances	58,043,332	48,654,047	9,389,285	19.3%
Net Patient Revenues	26,124,266	18,946,165	7,178,101	37.9%
Contractual Revenues	22,158,245	25,474,777	(3,316,532)	-13.0%
Other Operating Revenues	502,366	282,047	220,319	78.1%
Total Operating Revenues Included in Monthly Financial Report	48,784,877	44,702,989	4,081,888	9.1%
Operating Expenses:				
Faculty Salaries	20,783,039	19,722,337	1,060,702	5.4%
Staff Salaries	9,993,051	3,561,689	6,431,362	180.6%
Fringe Benefits	5,782,502	3,937,550	1,844,952	46.9%
Maintenance and Operations	11,487,621	18,506,031	(7,018,410)	-37.9%
Professional Liability Insurance	591,260	526,727	64,533	12.3%
Travel	350,828	398,279	(47,451)	-11.9%
Official Functions	186,868	326,444	(139,576)	-42.8%
Total Operating Expenses Included in Monthly Financial Report	49,175,169	46,979,057	2,196,112	4.7%
Operating Income (Loss)	(390,292)	(2,276,068)	1,885,776	82.9%
Investment Income	145,859	187,978	(42,119)	-22.4%
Interest Expense on Debt Service	(861,390)	(1,028,109)	166,719	16.2%
Adjusted Income (Loss)	(1,105,823)	(3,116,199)	2,010,376	64.5%
Adjusted Income (Loss) - as a percentage	-2.3%	-6.9%		
Other:				
Transfers In	151,503	338,363	(186,860)	-55.2%
Transfers Out	(4,457,069)	(2,122)	(4,454,947)	-209,941.0%
Debt Service	(401,250)	-	(401,250)	-100.0%
Capital Outlay	(132,431)	(169,759)	37,328	22.0%
Total Other	(4,839,247)	166,482	(5,005,729)	-3,006.8%
Change in Net Assets	(5,945,070)	(2,949,717)	(2,995,353)	-101.5%
Beginning Net Assets - As Previously Reported	74,248,837	76,984,186	(2,735,349)	-3.6%
Ending Net Assets	\$ 68,303,767	74,034,469	(5,730,702)	-7.7%

*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, 2009**

	<u>Year-to-Date FY 2010</u>	<u>Year-to-Date FY 2009</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 2,367,124	2,178,871	188,253	8.6%
Other Operating Revenues	197,041	205,809	(8,768)	-4.3%
Total Operating Revenues Included in Monthly Financial Report	<u>2,564,165</u>	<u>2,384,680</u>	<u>179,485</u>	<u>7.5%</u>
Operating Expenses:				
Faculty Salaries	504,441	512,764	(8,323)	-1.6%
Staff Salaries	490,701	431,496	59,205	13.7%
Fringe Benefits	353,463	350,712	2,751	0.8%
Maintenance and Operations	780,735	662,863	117,872	17.8%
Professional Liability Insurance	10,067	12,195	(2,128)	-17.4%
Travel	37,888	48,109	(10,221)	-21.2%
Official Functions	12,914	20,674	(7,760)	-37.5%
Total Operating Expenses Included in Monthly Financial Report	<u>2,190,209</u>	<u>2,038,813</u>	<u>151,396</u>	<u>7.4%</u>
Operating Income (Loss)	373,956	345,867	28,089	8.1%
Investment Income	23,629	23,754	(125)	-0.5%
Adjusted Income (Loss)	397,585	369,621	27,964	7.6%
Adjusted Income (Loss) - as a percentage	15.4%	15.3%		
Other:				
Transfers In	43,740	246,630	(202,890)	-82.3%
Transfers Out	(652)	(4,512)	3,860	85.5%
Capital Outlay	(37,924)	(5,825)	(32,099)	-551.1%
Total Other	<u>5,164</u>	<u>236,293</u>	<u>(231,129)</u>	<u>-97.8%</u>
Change in Net Assets	402,749	605,914	(203,165)	-33.5%
Beginning Net Assets - As Previously Reported	<u>16,116,298</u>	<u>15,246,430</u>	<u>869,868</u>	<u>5.7%</u>
Ending Net Assets	<u>\$ 16,519,047</u>	<u>15,852,344</u>	<u>666,703</u>	<u>4.2%</u>

**The University of Texas Health Science Center at San Antonio
Allied Health Partners Practice Plan Year-to-Date Summary of Operations
For the Three Months Ending November 30, 2009**

	<u>Year-to-Date FY 2010</u>	<u>Year-to-Date FY 2009</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 110,018	210,727	(100,709)	-47.8%
Total Operating Revenues Included in Monthly Financial Report	<u>110,018</u>	<u>210,727</u>	<u>(100,709)</u>	<u>-47.8%</u>
Operating Expenses:				
Faculty Salaries	50,600	2,920	47,680	1,632.9%
Staff Salaries	38,217	37,304	913	2.4%
Fringe Benefits	21,001	9,084	11,917	131.2%
Maintenance and Operations	22,078	9,527	12,551	131.7%
Travel	253	-	253	100.0%
Official Functions	40	-	40	100.0%
Total Operating Expenses Included in Monthly Financial Report	<u>132,189</u>	<u>58,835</u>	<u>73,354</u>	<u>124.7%</u>
Operating Income (Loss)	(22,171)	151,892	(174,063)	-114.6%
Investment Income	(51)	236	(287)	-121.6%
Adjusted Income (Loss)	(22,222)	152,128	(174,350)	-114.6%
Adjusted Income (Loss) - as a percentage	-20.2%	72.1%		
Other:				
Transfers Out	(120,012)	(539)	(119,473)	-22,165.7%
Total Other	(120,012)	(539)	(119,473)	-22,165.7%
Change in Net Assets	(142,234)	151,589	(293,823)	-193.8%
Beginning Net Assets - As Previously Reported	191,416	167,371	24,045	14.4%
Ending Net Assets	\$ <u>49,182</u>	<u>318,960</u>	<u>(269,778)</u>	<u>-84.6%</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, 2009**

	<u>Year-to-Date FY 2010</u>	<u>Year-to-Date FY 2009</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 252,093,128	198,803,878	53,289,250	26.8%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	4,868,219	3,533,548	1,334,671	37.8%
Contractual Allowances - Medicaid	9,453,607	6,349,639	3,103,968	48.9%
Total Un-sponsored Charity Care	14,321,826	9,883,187	4,438,639	44.9%
Contractual Allowances				
Medicare	63,851,963	52,480,303	11,371,660	21.7%
Managed Care and Other Insurance	81,931,641	62,218,444	19,713,197	31.7%
Total Contractual Allowances	145,783,604	114,698,747	31,084,857	27.1%
Other Unreimbursed Medical Charges	13,160,315	8,105,212	5,055,103	62.4%
Bad Debt Expense	2,301,937	1,733,151	568,786	32.8%
Total Discounts and Allowances	175,567,682	134,420,297	41,147,385	30.6%
Net Patient Revenues	76,525,446	64,383,581	12,141,865	18.9%
Other Operating Revenues	137,743	61,164	76,579	125.2%
Total Operating Revenues Included in Monthly Financial Report	<u>76,663,189</u>	<u>64,444,745</u>	<u>12,218,444</u>	<u>19.0%</u>
Operating Expenses:				
Faculty Salaries	34,729,712	28,327,954	6,401,758	22.6%
Staff Salaries	11,067,974	11,268,763	(200,789)	-1.8%
Fringe Benefits	20,136,310	23,298,902	(3,162,592)	-13.6%
Maintenance and Operations	5,734,103	7,553,881	(1,819,778)	-24.1%
Professional Liability Insurance	379,155	415,258	(36,103)	-8.7%
Travel	985,722	1,936,408	(950,686)	-49.1%
Official Functions	28,327	74,490	(46,163)	-62.0%
Other Operating Expenses	20,374	-	20,374	100.0%
Total Operating Expenses Included in Monthly Financial Report	<u>73,081,677</u>	<u>72,875,656</u>	<u>206,021</u>	<u>0.3%</u>
Operating Income (Loss)	3,581,512	(8,430,911)	12,012,423	142.5%
Investment Income	747,250	766,107	(18,857)	-2.5%
Adjusted Income (Loss)	4,328,762	(7,664,804)	11,993,566	156.5%
Adjusted Income (Loss) - as a percentage	5.6%	-11.8%		
Other:				
Net Increase (Decrease) in Fair Value of Investments	3,160,090	(24,020,523)	27,180,613	113.2%
Total Other	3,160,090	(24,020,523)	27,180,613	113.2%
Change in Net Assets	7,488,852	(31,685,327)	39,174,179	123.6%
Beginning Net Assets - As Previously Reported	51,713,820	53,675,235	(1,961,415)	-3.7%
Ending Net Assets	<u>\$ 59,202,672</u>	<u>21,989,908</u>	<u>37,212,764</u>	<u>169.2%</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, 2009**

	<u>Year-to-Date FY 2010</u>	<u>Year-to-Date FY 2009</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 6,894,226	9,664,012	(2,769,786)	-28.7%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	107,564	251,922	(144,358)	-57.3%
Contractual Allowances - Medicaid	642,827	1,059,308	(416,481)	-39.3%
Total Un-sponsored Charity Care	750,391	1,311,230	(560,839)	-42.8%
Contractual Allowances				
Medicare	2,180,877	3,469,629	(1,288,752)	-37.1%
Managed Care and Other Insurance	1,267,787	1,494,753	(226,966)	-15.2%
Total Contractual Allowances	3,448,664	4,964,382	(1,515,718)	-30.5%
Other Unreimbursed Medical Charges	134,948	122,267	12,681	10.4%
Bad Debt Expense	313,170	307,182	5,988	1.9%
Total Discounts and Allowances	4,647,173	6,705,061	(2,057,888)	-30.7%
Net Patient Revenues	2,247,053	2,958,951	(711,898)	-24.1%
Contractual Revenues	423,763	583,233	(159,470)	-27.3%
Other Operating Revenues	214,500	35,841	178,659	498.5%
Total Operating Revenues Included in Monthly Financial Report	2,885,316	3,578,025	(692,709)	-19.4%
Operating Expenses:				
Faculty Salaries	1,659,260	1,912,878	(253,618)	-13.3%
Staff Salaries	433,400	198,946	234,454	117.8%
Fringe Benefits	82,179	244,443	(162,264)	-66.4%
Maintenance and Operations	387,169	357,839	29,330	8.2%
Professional Liability Insurance	24,159	27,697	(3,538)	-12.8%
Travel	28,975	17,172	11,803	68.7%
Other Operating Expenses	578,181	844,883	(266,702)	-31.6%
Total Operating Expenses Included in Monthly Financial Report	3,193,323	3,603,858	(410,535)	-11.4%
Operating Income (Loss)	(308,007)	(25,833)	(282,174)	-1,092.3%
Investment Income	47,661	53,681	(6,020)	-11.2%
Adjusted Income (Loss)	(260,346)	27,848	(288,194)	-1,034.9%
Adjusted Income (Loss) - as a percentage	-8.9%	0.8%		
Other:				
Net Increase (Decrease) in Fair Value of Investments	497,419	(2,205,811)	2,703,230	122.6%
Other Nonoperating Revenues (Expenses)	(105,039)	(123,000)	17,961	14.6%
Transfers In	6,508	7,425	(917)	-12.4%
Total Other	398,888	(2,321,386)	2,720,274	117.2%
Change in Net Assets	138,542	(2,293,538)	2,432,080	106.0%
Beginning Net Assets - As Previously Reported	6,517,812	6,922,690	(404,878)	-5.8%
Ending Net Assets	\$ 6,656,354	4,629,152	2,027,202	43.8%

*Includes the operations of the nonprofit healthcare corporation.