



THE UNIVERSITY OF TEXAS SYSTEM

**PHYSICIAN/DENTAL
PRACTICE PLANS**

QUARTERLY FINANCIAL REPORT
(unaudited)

FEBRUARY 28, 2009

The University of Texas System

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Quarterly Financial Report

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For the Six Months Ending February 28, 2009

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The University of Texas System
Physician/Dental Practice Plans Year-to-Date Summary of Operations
For the Six Months Ending February 28, 2009

	<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	\$ 1,553,649,956	1,489,964,897	63,685,059	4.3%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	227,643,103	230,895,800	(3,252,697)	-1.4%
Contractual Allowances - Medicaid	173,429,059	151,972,443	21,456,616	14.1%
Total Un-sponsored Charity Care	401,072,162	382,868,243	18,203,919	4.8%
Contractual Allowances				
Medicare	270,364,426	259,045,133	11,319,293	4.4%
Managed Care and Other Insurance	324,843,482	297,944,733	26,898,749	9.0%
Total Contractual Allowances	595,207,909	556,989,866	38,218,043	6.9%
Other Unreimbursed Medical Charges	51,029,711	44,655,061	6,374,650	14.3%
Bad Debt Expense	27,802,523	30,094,329	(2,291,806)	-7.6%
Total Discounts and Allowances	1,075,112,305	1,014,607,499	60,504,805	6.0%
Net Patient Revenue	478,537,651	475,357,398	3,180,254	0.7%
Contractual Revenues	190,887,748	169,185,529	21,702,219	12.8%
Other Operating Revenues	8,835,310	8,418,110	417,200	5.0%
Total Operating Revenues Included in Monthly Financial Report	<u>678,260,709</u>	<u>652,961,037</u>	<u>25,299,672</u>	<u>3.9%</u>
Operating Expenses:				
Faculty Salaries	260,900,062	259,320,067	1,579,995	0.6%
Staff Salaries	114,846,332	115,078,423	(232,091)	-0.2%
Resident Salaries	2,722,706	4,580,329	(1,857,623)	-40.6%
Fringe Benefits	124,150,621	119,048,848	5,101,773	4.3%
Maintenance and Operations	124,731,216	110,644,571	14,086,645	12.7%
Professional Liability Insurance	5,409,490	5,081,547	327,943	6.5%
Travel	8,311,254	8,488,856	(177,602)	-2.1%
Official Functions	2,552,128	2,127,664	424,464	19.9%
Other Operating Expenses	16,887,800	14,460,928	2,426,872	16.8%
Total Operating Expenses Included in Monthly Financial Report	<u>660,511,609</u>	<u>638,831,233</u>	<u>21,680,376</u>	<u>3.4%</u>
Operating Income (Loss)	17,749,100	14,129,804	3,619,296	25.6%
Investment Income	4,446,651	7,597,080	(3,150,429)	-41.5%
Interest Expense on Debt Service	(3,467,719)	(2,772,580)	(695,139)	-25.1%
Adjusted Income (Loss)	18,728,032	18,954,304	(226,272)	-1.2%
Adjusted Income (Loss) - as a percentage	2.74%	2.87%		
Other:				
Other Nonoperating Revenues (Expenses)	(27,644,213)	1,083,643	(28,727,856)	-2,651.0%
Transfers In	4,660,936	6,557,030	(1,896,094)	-28.9%
Transfers Out	(56,548,022)	(7,273,463)	(49,274,559)	-677.5%
Debt Service	(3,208,320)	(3,868,162)	659,842	17.1%
Capital Outlay	(3,160,592)	(2,269,321)	(891,271)	-39.3%
Total Other	<u>(85,900,211)</u>	<u>(5,770,273)</u>	<u>(80,129,938)</u>	<u>-1,388.7%</u>
Change in Net Assets	(67,172,179)	13,184,031	(80,356,210)	-609.5%
Beginning Net Assets - As Previously Reported	589,499,665	610,205,289	(20,705,624)	-3.4%
Ending Net Assets	<u>\$ 522,327,486</u>	<u>623,389,320</u>	<u>(101,061,834)</u>	<u>-16.2%</u>

**The University of Texas System
Physician/Dental Practice Plans
Comparison of Adjusted Income (Loss)
For the Six Months Ending February 28, 2009**

	<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)	\$ 14,238,700	19,501,525	(5,262,825) (1)	-27.0%
UT Southwestern Medical Center - Dallas (Allied Health)	224,630	409,714	(185,084)	-45.2%
UT Medical Branch - Galveston	20,480,798	1,076,525	19,404,273 (2)	1,802.5%
UT Health Science Center - Houston (Physician)	3,225,207	1,970,624	1,254,583 (3)	63.7%
UT Health Science Center - Houston (Dental)	(272,382)	(40,533)	(231,849)	-572.0%
UT Health Science Center - San Antonio (Physician)	(5,701,317)	(3,415,249)	(2,286,068) (4)	-66.9%
UT Health Science Center - San Antonio (Dental)	795,583	872,495	(76,912)	-8.8%
UT Health Science Center - San Antonio (Allied Health)	101,491	26,638	74,853	281.0%
UT M. D. Anderson Cancer Center	(14,322,049)	(1,328,298)	(12,993,751) (5)	-978.2%
UT Health Science Center at Tyler	(42,629) (6)	(119,137)	76,508	64.2%
Total Adjusted Income (Loss)	\$ <u>18,728,032</u>	<u>18,954,304</u>	<u>(226,272)</u>	<u>-1.2%</u>

THE UNIVERSITY OF TEXAS SYSTEM
Explanations of Variances on the
Practice Plans Summary of Operations
For the Six Months Ending February 28, 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 \$5.3 million (27%) decrease in adjusted income as compared to last year was attributable to a \$25.8 million increase in operating expenses, which was partially offset by a \$20.6 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 higher contractual revenue from Parkland Hospital and the Veterans' Administration. Ending net assets for the second quarter of 2009 were also negatively impacted by a transfer of \$53.5 million of Texas Upper Payment Limit (UPL) balances that were transferred to fund capital projects.
- (2) UT Medical Branch - Galveston – The \$19.4 million (1,802.5%) increase in adjusted income as compared to the prior year was due to the reduction in total operating expenses of \$49.5 million exceeding the reduction in operating revenues of \$29.9 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 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. *UTMB* also implemented a reduction in force which contributed to the decrease in operating expenses.

As a result of the reclassification of expenses, the practice plan reflected adjusted income of \$20.5 million for the six months ending February 28, 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 (63.7%) increase in adjusted income as compared to last year was due to an increase in operating revenues of \$16.7 million, which was partially offset by an increase in operating expenses of \$15.1 million. The increase in operating revenues was largely attributable to a \$13.2 million increase in contractual revenues. 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 increase was also attributable to the new Harris County Clinical Services contract, which is based on relative value units (RVUs) rather than FTEs. The increase in operating expenses was primarily 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 \$2.3 million (66.9%) increase in adjusted loss as compared to the prior year was largely attributable to a reduction in investment income of \$0.6 million and an increase in interest expense on debt service of \$1 million. The unfavorable market and economic conditions caused the decline in the investment income as compared to 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 \$0.7 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 \$5.7 million for the six months ending February 28, 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 \$6.2 million due to start-up costs associated with the MARC, which is scheduled to open in the fall 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 \$13 million (978.2%) increase in adjusted loss as compared to last year was primarily attributable to an increase in operating expenses of \$15.2 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 second 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, 2008. All areas of *M. D. Anderson* were completely reopened by September 17, 2008. In addition, due to the current economic downturn, *M. D. Anderson* experienced an increase in indigent patients and delays in payments from patients and insurance companies. As a result of these factors, the physician practice plan incurred a year-to-date adjusted loss of \$14.3 million for the six months ending February 28, 2009. *M. D. Anderson* anticipates the physician practice plan will end the year with adjusted income of approximately \$0.2 million. *M. D. Anderson's* Executive Committee instituted a hiring freeze in March 2009 and is looking at other measures to reduce expenses.

- (6) *UT Health Science Center - Tyler* – The physician practice plan incurred a year-to-date adjusted loss of \$43,000 for the six months ending February 28, 2009, as a result of a new contract with an interventional pulmonologist and the increase in patients from *UTMB's* Correctional Managed Care Agreement due to Hurricane *Ike* which caused an increase in salaries paid to the doctors.

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 Six Months Ending February 28, 2009**

	<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	\$ 562,979,422	522,158,811	40,820,611	7.8%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	115,989,477	111,288,145	4,701,332	4.2%
Contractual Allowances - Medicaid	73,075,402	62,255,348	10,820,054	17.4%
Total Un-sponsored Charity Care	189,064,879	173,543,493	15,521,386	8.9%
Contractual Allowances				
Medicare	77,477,554	72,922,591	4,554,963	6.2%
Managed Care and Other Insurance	97,098,394	82,400,432	14,697,962	17.8%
Total Contractual Allowances	174,575,948	155,323,023	19,252,925	12.4%
Other Unreimbursed Medical Charges	16,923,812	13,168,114	3,755,698	28.5%
Bad Debt Expense	5,627,478	7,399,949	(1,772,471)	-24.0%
Total Discounts and Allowances	386,192,117	349,434,579	36,757,538	10.5%
Net Patient Revenues	176,787,305	172,724,232	4,063,073	2.4%
Contractual Revenues	70,094,048	54,157,009	15,937,039	29.4%
Other Operating Revenues	2,670,353	2,053,780	616,573	30.0%
Total Operating Revenues Included in Monthly Financial Report	<u>249,551,706</u>	<u>228,935,021</u>	<u>20,616,685</u>	<u>9.0%</u>
Operating Expenses:				
Faculty Salaries	89,270,674	76,372,009	12,898,665	16.9%
Staff Salaries	61,608,976	55,662,792	5,946,184	10.7%
Fringe Benefits	46,780,944	39,790,400	6,990,544	17.6%
Maintenance and Operations	33,624,265	34,120,596	(496,331)	-1.5%
Professional Liability Insurance	1,318,083	1,259,532	58,551	4.6%
Travel	1,888,661	1,647,424	241,237	14.6%
Official Functions	519,317	356,645	162,672	45.6%
Total Operating Expenses Included in Monthly Financial Report	<u>235,010,920</u>	<u>209,209,398</u>	<u>25,801,522</u>	<u>12.3%</u>
Operating Income (Loss)	14,540,786	19,725,623	(5,184,837)	-26.3%
Investment Income	1,109,414	1,488,773	(379,359)	-25.5%
Interest Expense on Debt Service	(1,411,500)	(1,712,871)	301,371	17.6%
Adjusted Income (Loss)	14,238,700	19,501,525	(5,262,825)	-27.0%
Adjusted Income (Loss) - as a percentage	5.68%	8.46%		
Other:				
Transfers In	3,791,369	5,637,556	(1,846,187)	-32.7%
Transfers Out	(55,343,762)	(5,686,952)	(49,656,810)	-873.2%
Debt Service	(3,208,320)	(3,868,162)	659,842	17.1%
Capital Outlay	(1,917,223)	(1,498,880)	(418,343)	-27.9%
Total Other	<u>(56,677,936)</u>	<u>(5,416,438)</u>	<u>(51,261,498)</u>	<u>-946.4%</u>
Change in Net Assets	(42,439,236)	14,085,087	(56,524,323)	-401.3%
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>\$ 240,064,283</u>	<u>275,136,281</u>	<u>(35,071,998)</u>	<u>-12.7%</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 Six Months Ending February 28, 2009**

	<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	\$ 1,401,736	1,443,537	(41,801)	-2.9%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	35,876	1,598	34,278	2,145.1%
Contractual Allowances - Medicaid	6,232	-	6,232	100.0%
Total Un-sponsored Charity Care	42,108	1,598	40,510	2,535.0%
Contractual Allowances				
Medicare	180,417	93,672	86,745	92.6%
Managed Care and Other Insurance	180,404	269,963	(89,559)	-33.2%
Total Contractual Allowances	360,821	363,635	(2,814)	-0.8%
Other Unreimbursed Medical Charges	94,939	12,463	82,476	661.8%
Bad Debt Expense	27,461	7,854	19,607	249.6%
Total Discounts and Allowances	525,329	385,550	139,779	36.3%
Net Patient Revenues	876,407	1,057,987	(181,580)	-17.2%
Contractual Revenues	152,097	156,105	(4,008)	-2.6%
Other Operating Revenues	33,589	24,222	9,367	38.7%
Total Operating Revenues Included in Monthly Financial Report	<u>1,062,093</u>	<u>1,238,314</u>	<u>(176,221)</u>	<u>-14.2%</u>
Operating Expenses:				
Faculty Salaries	189,449	157,765	31,684	20.1%
Staff Salaries	153,087	122,775	30,312	24.7%
Fringe Benefits	151,536	184,502	(32,966)	-17.9%
Maintenance and Operations	336,703	347,677	(10,974)	-3.2%
Professional Liability Insurance	1,484	334	1,150	344.3%
Travel	7,193	15,514	(8,321)	-53.6%
Official Functions	5,445	4,520	925	20.5%
Total Operating Expenses Included in Monthly Financial Report	<u>844,897</u>	<u>833,087</u>	<u>11,810</u>	<u>1.4%</u>
Operating Income (Loss)	217,196	405,227	(188,031)	-46.4%
Investment Income	7,434	4,487	2,947	65.7%
Adjusted Income (Loss)	224,630	409,714	(185,084)	-45.2%
Adjusted Income (Loss) - as a percentage	21.00%	32.97%		
Other:				
Transfers Out	(116,277)	(113,386)	(2,891)	-2.5%
Total Other	<u>(116,277)</u>	<u>(113,386)</u>	<u>(2,891)</u>	<u>-2.5%</u>
Change in Net Assets	108,353	296,328	(187,975)	-63.4%
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>\$ 5,273,927</u>	<u>4,633,597</u>	<u>640,330</u>	<u>13.8%</u>

**The University of Texas Medical Branch at Galveston
Physician Practice Plan Year-to-Date Summary of Operations
For the Six Months Ending February 28, 2009**

	Year-to-Date FY 2009	Restated Year-to-Date FY 2008	Variance	Variance Percentage
Operating Revenues:				
Gross Charges	\$ 117,778,431	174,193,969	(56,415,538)	-32.4%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	5,355,427	16,548,462	(11,193,035)	-67.6%
Contractual Allowances - Medicaid	25,967,631	29,478,121	(3,510,490)	-11.9%
Total Un-sponsored Charity Care	31,323,058	46,026,583	(14,703,525)	-31.9%
Contractual Allowances				
Medicare	23,802,545	24,673,766	(871,221)	-3.5%
Managed Care and Other Insurance	12,971,484	20,923,147	(7,951,663)	-38.0%
Total Contractual Allowances	36,774,029	45,596,913	(8,822,884)	-19.3%
Other Unreimbursed Medical Charges	(2,549,823)	11,463,311	(14,013,134)	-122.2%
Bad Debt Expense	4,776,130	6,536,148	(1,760,018)	-26.9%
Total Discounts and Allowances	70,323,394	109,622,955	(39,299,561)	-35.8%
Net Patient Revenues	47,455,037	64,571,014	(17,115,977)	-26.5%
Contractual Revenues	16,451,444	27,687,203	(11,235,759)	-40.6%
Other Operating Revenues	360,952	1,931,432	(1,570,480)	-81.3%
Total Operating Revenues Included in Monthly Financial Report	64,267,433	94,189,649	(29,922,216)	-31.8%
Operating Expenses:				
Faculty Salaries	16,072,089	42,076,084	(26,003,995)	-61.8%
Staff Salaries	3,322,387	18,188,795	(14,866,408)	-81.7%
Resident Salaries	2,722,706	4,580,329	(1,857,623)	-40.6%
Fringe Benefits	4,174,978	11,032,345	(6,857,367)	-62.2%
Maintenance and Operations	16,193,327	15,863,079	330,248	2.1%
Professional Liability Insurance	1,692,966	1,673,844	19,122	1.1%
Travel	470,176	774,878	(304,702)	-39.3%
Official Functions	35,500	33,127	2,373	7.2%
Total Operating Expenses Included in Monthly Financial Report	44,684,129	94,222,481	(49,538,352)	-52.6%
Operating Income (Loss)	19,583,304	(32,832)	19,616,136	59,747.0%
Investment Income	897,494	1,109,357	(211,863)	-19.1%
Adjusted Income (Loss)	20,480,798	1,076,525	19,404,273	1,802.5%
Adjusted Income (Loss) - as a percentage	31.43%	1.13%		
Other:				
Other Nonoperating Revenues (Expenses)	14,400	-	14,400	100.0%
Transfers In	24,576	-	24,576	100.0%
Transfers Out	(112,113)	(1,355,976)	1,243,863	91.7%
Capital Outlay	(146,184)	(215,430)	69,246	32.1%
Total Other	(219,321)	(1,571,406)	1,352,085	86.0%
Change in Net Assets	20,261,477	(494,881)	20,756,358	4,194.2%
Beginning Net Assets - As Previously Reported	90,087,191	81,306,450	8,780,741	10.8%
Ending Net Assets	\$ 110,348,668	80,811,569	29,537,099	36.6%

**The University of Texas Health Science Center at Houston
Physician Practice Plan Year-to-Date Summary of Operations*
For the Six Months Ending February 28, 2009**

	<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	\$ 264,519,380	252,839,815	11,679,565	4.6%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	57,834,118	54,679,852	3,154,266	5.8%
Contractual Allowances - Medicaid	40,234,606	37,486,010	2,748,596	7.3%
Total Un-sponsored Charity Care	<u>98,068,724</u>	<u>92,165,862</u>	<u>5,902,862</u>	<u>6.4%</u>
Contractual Allowances				
Medicare	33,069,026	35,018,794	(1,949,768)	-5.6%
Managed Care and Other Insurance	<u>53,402,359</u>	<u>50,085,792</u>	<u>3,316,567</u>	<u>6.6%</u>
Total Contractual Allowances	86,471,385	85,104,586	1,366,799	1.6%
Other Unreimbursed Medical Charges	10,210,448	8,869,394	1,341,054	15.1%
Bad Debt Expense	<u>10,713,035</u>	<u>9,587,913</u>	<u>1,125,122</u>	<u>11.7%</u>
Total Discounts and Allowances	<u>205,463,592</u>	<u>195,727,755</u>	<u>9,735,837</u>	<u>5.0%</u>
Net Patient Revenues	59,055,788	57,112,060	1,943,728	3.4%
Contractual Revenues	60,727,496	47,495,059	13,232,437	27.9%
Other Operating Revenues	<u>4,146,012</u>	<u>2,661,941</u>	<u>1,484,071</u>	<u>55.8%</u>
Total Operating Revenues Included in Monthly Financial Report	<u>123,929,296</u>	<u>107,269,060</u>	<u>16,660,236</u>	<u>15.5%</u>
Operating Expenses:				
Faculty Salaries	53,218,146	48,401,333	4,816,813	10.0%
Staff Salaries	17,504,758	13,725,756	3,779,002	27.5%
Fringe Benefits	12,796,596	13,576,906	(780,310)	-5.7%
Maintenance and Operations	18,848,163	14,371,443	4,476,720	31.2%
Professional Liability Insurance	711,758	690,363	21,395	3.1%
Travel	739,943	559,889	180,054	32.2%
Official Functions	544,445	358,118	186,327	52.0%
Other Operating Expenses	<u>16,887,800</u>	<u>14,460,928</u>	<u>2,426,872</u>	<u>16.8%</u>
Total Operating Expenses Included in Monthly Financial Report	<u>121,251,609</u>	<u>106,144,736</u>	<u>15,106,873</u>	<u>14.2%</u>
Operating Income (Loss)	2,677,687	1,124,324	1,553,363	138.2%
Investment Income	<u>547,520</u>	<u>846,300</u>	<u>(298,780)</u>	<u>-35.3%</u>
Adjusted Income (Loss)	3,225,207	1,970,624	1,254,583	63.7%
Adjusted Income (Loss) - as a percentage	2.59%	1.82%		
Other:				
Transfers In	-	761,204	(761,204)	-100.0%
Transfers Out	(944,995)	-	(944,995)	-100.0%
Capital Outlay	<u>(885,983)</u>	<u>(385,046)</u>	<u>(500,937)</u>	<u>-130.1%</u>
Total Other	<u>(1,830,978)</u>	<u>376,158</u>	<u>(2,207,136)</u>	<u>-586.8%</u>
Change in Net Assets	1,394,229	2,346,782	(952,553)	-40.6%
Beginning Net Assets - As Previously Reported	<u>58,074,978</u>	<u>57,876,828</u>	<u>198,150</u>	<u>0.3%</u>
Ending Net Assets	<u>\$ 59,469,207</u>	<u>60,223,610</u>	<u>(754,403)</u>	<u>-1.3%</u>

*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 Six Months Ending February 28, 2009**

	<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	\$ 973,185	1,371,313	(398,128)	-29.0%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	67,190	75,022	(7,832)	-10.4%
Contractual Allowances - Medicaid	3,771	143,072	(139,301)	-97.4%
Total Un-sponsored Charity Care	<u>70,961</u>	<u>218,094</u>	<u>(147,133)</u>	<u>-67.5%</u>
Contractual Allowances				
Medicare	35,534	88,998	(53,464)	-60.1%
Managed Care and Other Insurance	<u>179,072</u>	<u>434,525</u>	<u>(255,453)</u>	<u>-58.8%</u>
Total Contractual Allowances	<u>214,606</u>	<u>523,523</u>	<u>(308,917)</u>	<u>-59.0%</u>
Bad Debt Expense	<u>-</u>	<u>62,812</u>	<u>(62,812)</u>	<u>-100.0%</u>
Total Discounts and Allowances	<u>285,567</u>	<u>804,429</u>	<u>(518,862)</u>	<u>-64.5%</u>
Net Patient Revenues	<u>687,618</u>	<u>566,884</u>	<u>120,734</u>	<u>21.3%</u>
Contractual Revenues	<u>244,861</u>	<u>182,546</u>	<u>62,315</u>	<u>34.1%</u>
Total Operating Revenues Included in Monthly Financial Report	<u>932,479</u>	<u>749,430</u>	<u>183,049</u>	<u>24.4%</u>
Operating Expenses:				
Faculty Salaries	408,400	143,013	265,387	185.6%
Staff Salaries	320,513	292,111	28,402	9.7%
Fringe Benefits	139,570	94,858	44,712	47.1%
Maintenance and Operations	320,382	252,382	68,000	26.9%
Travel	9,145	6,451	2,694	41.8%
Official Functions	<u>6,851</u>	<u>1,148</u>	<u>5,703</u>	<u>496.8%</u>
Total Operating Expenses Included in Monthly Financial Report	<u>1,204,861</u>	<u>789,963</u>	<u>414,898</u>	<u>52.5%</u>
Adjusted Income (Loss)	(272,382)	(40,533)	(231,849)	-572.0%
Adjusted Income (Loss) - as a percentage	-29.21%	N/A		
Change in Net Assets	(272,382)	(40,533)	(231,849)	-572.0%
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>\$ 400,109</u>	<u>335,433</u>	<u>64,676</u>	<u>19.3%</u>

**The University of Texas Health Science Center at San Antonio
Physician Practice Plan Year-to-Date Summary of Operations*
For the Six Months Ending February 28, 2009**

	<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	\$ 168,614,846	129,055,243	39,559,603	30.7%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	39,900,849	39,408,211	492,638	1.3%
Contractual Allowances - Medicaid	18,391,164	8,640,002	9,751,162	112.9%
Total Un-sponsored Charity Care	58,292,013	48,048,213	10,243,800	21.3%
Contractual Allowances				
Medicare	22,929,344	17,680,344	5,249,000	29.7%
Managed Care and Other Insurance	26,697,818	20,407,941	6,289,877	30.8%
Total Contractual Allowances	49,627,162	38,088,285	11,538,877	30.3%
Other Unreimbursed Medical Charges	8,670,079	399,909	8,270,170	2,068.0%
Bad Debt Expense	2,529,558	2,383,765	145,793	6.1%
Total Discounts and Allowances	119,118,812	88,920,172	30,198,640	34.0%
Net Patient Revenues	49,496,034	40,135,071	9,360,963	23.3%
Contractual Revenues	42,092,405	38,397,557	3,694,848	9.6%
Other Operating Revenues	1,068,941	1,089,717	(20,776)	-1.9%
Total Operating Revenues Included in Monthly Financial Report	<u>92,657,380</u>	<u>79,622,345</u>	<u>13,035,035</u>	<u>16.4%</u>
Operating Expenses:				
Faculty Salaries	40,329,870	36,555,321	3,774,549	10.3%
Staff Salaries	7,502,872	5,379,930	2,122,942	39.5%
Fringe Benefits	10,908,321	9,747,463	1,160,858	11.9%
Maintenance and Operations	35,618,177	29,231,127	6,387,050	21.9%
Professional Liability Insurance	708,827	604,733	104,094	17.2%
Travel	785,443	718,130	67,313	9.4%
Official Functions	753,645	647,486	106,159	16.4%
Total Operating Expenses Included in Monthly Financial Report	<u>96,607,155</u>	<u>82,884,190</u>	<u>13,722,965</u>	<u>16.6%</u>
Operating Income (Loss)	(3,949,775)	(3,261,845)	(687,930)	-21.1%
Investment Income	304,677	906,305	(601,628)	-66.4%
Interest Expense on Debt Service	(2,056,219)	(1,059,709)	(996,510)	-94.0%
Adjusted Income (Loss)	(5,701,317)	(3,415,249)	(2,286,068)	-66.9%
Adjusted Income (Loss) - as a percentage	-6.13%	-4.24%		
Other:				
Transfers In	583,509	93,750	489,759	522.4%
Transfers Out	(23,600)	(112,593)	88,993	79.0%
Capital Outlay	(211,202)	(131,779)	(79,423)	-60.3%
Total Other	348,707	(150,622)	499,329	331.5%
Change in Net Assets	(5,352,610)	(3,565,871)	(1,786,739)	-50.1%
Beginning Net Assets - As Previously Reported	<u>76,984,186</u>	<u>80,552,849</u>	<u>(3,568,663)</u>	<u>-4.4%</u>
Ending Net Assets	<u>\$ 71,631,576</u>	<u>76,986,978</u>	<u>(5,355,402)</u>	<u>-7.0%</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 Six Months Ending February 28, 2009**

	<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	\$ 4,450,007	4,380,312	69,695	1.6%
Other Operating Revenues	305,155	388,313	(83,158)	-21.4%
Total Operating Revenues Included in Monthly Financial Report	<u>4,755,162</u>	<u>4,768,625</u>	<u>(13,463)</u>	<u>-0.3%</u>
Operating Expenses:				
Faculty Salaries	972,398	910,484	61,914	6.8%
Staff Salaries	841,722	768,737	72,985	9.5%
Fringe Benefits	569,445	533,421	36,024	6.8%
Maintenance and Operations	1,462,934	1,576,338	(113,404)	-7.2%
Professional Liability Insurance	23,675	18,384	5,291	28.8%
Travel	87,085	83,209	3,876	4.7%
Official Functions	47,411	58,895	(11,484)	-19.5%
Total Operating Expenses Included in Monthly Financial Report	<u>4,004,670</u>	<u>3,949,468</u>	<u>55,202</u>	<u>1.4%</u>
Operating Income (Loss)	750,492	819,157	(68,665)	-8.4%
Investment Income	45,091	53,338	(8,247)	-15.5%
Adjusted Income (Loss)	795,583	872,495	(76,912)	-8.8%
Adjusted Income (Loss) - as a percentage	16.57%	18.09%		
Other:				
Transfers In	246,631	17,931	228,700	1,275.4%
Transfers Out	(6,196)	(3,456)	(2,740)	-79.3%
Capital Outlay	-	(38,186)	38,186	100.0%
Total Other	<u>240,435</u>	<u>(23,711)</u>	<u>264,146</u>	<u>1,114.0%</u>
Change in Net Assets	1,036,018	848,784	187,234	22.1%
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>\$ 16,282,448</u>	<u>14,813,937</u>	<u>1,468,511</u>	<u>9.9%</u>

**The University of Texas Health Science Center at San Antonio
Allied Health Practice Plan Year-to-Date Summary of Operations
For the Six Months Ending February 28, 2009**

	<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	\$ 258,801	25,486	233,315	915.5%
Other Operating Revenues	-	22,765	(22,765)	-100.0%
Total Operating Revenues Included in Monthly Financial Report	<u>258,801</u>	<u>48,251</u>	<u>210,550</u>	<u>436.4%</u>
Operating Expenses:				
Faculty Salaries	5,880	3,552	2,328	65.5%
Staff Salaries	103,250	9,461	93,789	991.3%
Fringe Benefits	26,286	913	25,373	2,779.1%
Maintenance and Operations	21,730	3,452	18,278	529.5%
Travel	733	3,167	(2,434)	-76.9%
Official Functions	-	1,163	(1,163)	-100.0%
Total Operating Expenses Included in Monthly Financial Report	<u>157,879</u>	<u>21,708</u>	<u>136,171</u>	<u>627.3%</u>
Operating Income (Loss)	100,922	26,543	74,379	280.2%
Investment Income	569	95	474	498.9%
Adjusted Income (Loss)	101,491	26,638	74,853	281.0%
Adjusted Income (Loss) - as a percentage	39.13%	55.10%		
Other:				
Transfers In	-	2,840	(2,840)	-100.0%
Transfers Out	(1,079)	(1,100)	21	1.9%
Total Other	<u>(1,079)</u>	<u>1,740</u>	<u>(2,819)</u>	<u>-162.0%</u>
Change in Net Assets	100,412	28,378	72,034	253.8%
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>\$ 267,783</u>	<u>96,536</u>	<u>171,247</u>	<u>177.4%</u>

**The University of Texas M. D. Anderson Cancer Center
Physician Practice Plan Year-to-Date Summary of Operations
For the Six Months Ending February 28, 2009**

	<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	\$ 413,355,779	387,597,508	25,758,271	6.6%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	8,023,031	8,230,709	(207,678)	-2.5%
Contractual Allowances - Medicaid	13,606,412	12,302,594	1,303,818	10.6%
Total Un-sponsored Charity Care	21,629,443	20,533,303	1,096,140	5.3%
Contractual Allowances				
Medicare	106,339,120	103,229,686	3,109,434	3.0%
Managed Care and Other Insurance	130,849,404	120,863,803	9,985,601	8.3%
Total Contractual Allowances	237,188,525	224,093,489	13,095,036	5.8%
Other Unreimbursed Medical Charges	17,407,365	10,443,400	6,963,965	66.7%
Bad Debt Expense	3,859,984	2,974,648	885,336	29.8%
Total Discounts and Allowances	280,085,317	258,044,840	22,040,476	8.5%
Net Patient Revenues	133,270,462	129,552,668	3,717,795	2.9%
Other Operating Revenues	200,662	173,490	27,172	15.7%
Total Operating Revenues Included in Monthly Financial Report	<u>133,471,124</u>	<u>129,726,158</u>	<u>3,744,966</u>	<u>2.9%</u>
Operating Expenses:				
Faculty Salaries	56,595,864	51,217,679	5,378,185	10.5%
Staff Salaries	23,017,267	20,435,561	2,581,706	12.6%
Fringe Benefits	47,962,650	43,471,177	4,491,473	10.3%
Maintenance and Operations	15,833,663	12,817,877	3,015,786	23.5%
Professional Liability Insurance	899,427	772,414	127,013	16.4%
Travel	4,284,805	4,641,648	(356,843)	-7.7%
Official Functions	639,514	666,562	(27,048)	-4.1%
Total Operating Expenses Included in Monthly Financial Report	<u>149,233,190</u>	<u>134,022,918</u>	<u>15,210,272</u>	<u>11.3%</u>
Operating Income (Loss)	(15,762,066)	(4,296,760)	(11,465,306)	-266.8%
Investment Income	1,440,017	2,968,462	(1,528,445)	-51.5%
Adjusted Income (Loss)	(14,322,049)	(1,328,298)	(12,993,751)	-978.2%
Adjusted Income (Loss) - as a percentage	-10.62%	-1.00%		
Other:				
Other Nonoperating Revenues (Expenses)	(24,954,462)	1,007,930	(25,962,392)	-2,575.8%
Total Other	(24,954,462)	1,007,930	(25,962,392)	-2,575.8%
Change in Net Assets	(39,276,511)	(320,368)	(38,956,143)	-12,159.8%
Beginning Net Assets - As Previously Reported	53,675,235	103,513,903	(49,838,668)	-48.1%
Ending Net Assets	<u>\$ 14,398,724</u>	<u>103,193,535</u>	<u>(88,794,811)</u>	<u>-86.0%</u>

**The University of Texas Health Science Center at Tyler
Physician Practice Plan Year-to-Date Summary of Operations*
For the Six Months Ending February 28, 2009**

	<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	\$ 19,318,369	16,898,903	2,419,466	14.3%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	437,135	663,801	(226,666)	-34.1%
Contractual Allowances - Medicaid	2,143,841	1,667,296	476,545	28.6%
Total Un-sponsored Charity Care	<u>2,580,976</u>	<u>2,331,097</u>	<u>249,879</u>	<u>10.7%</u>
Contractual Allowances				
Medicare	6,530,886	5,337,282	1,193,604	22.4%
Managed Care and Other Insurance	3,464,547	2,559,130	905,417	35.4%
Total Contractual Allowances	<u>9,995,433</u>	<u>7,896,412</u>	<u>2,099,021</u>	<u>26.6%</u>
Other Unreimbursed Medical Charges	272,891	298,470	(25,579)	-8.6%
Bad Debt Expense	268,877	1,141,240	(872,363)	-76.4%
Total Discounts and Allowances	<u>13,118,177</u>	<u>11,667,219</u>	<u>1,450,958</u>	<u>12.4%</u>
Net Patient Revenues	6,200,192	5,231,684	968,508	18.5%
Contractual Revenues	1,125,397	1,110,050	15,347	1.4%
Other Operating Revenues	49,646	72,450	(22,804)	-31.5%
Total Operating Revenues Included in Monthly Financial Report	<u>7,375,235</u>	<u>6,414,184</u>	<u>961,051</u>	<u>15.0%</u>
Operating Expenses:				
Faculty Salaries	3,837,292	3,482,827	354,465	10.2%
Staff Salaries	471,500	492,505	(21,005)	-4.3%
Fringe Benefits	640,295	616,863	23,432	3.8%
Maintenance and Operations	2,471,872	2,060,600	411,272	20.0%
Professional Liability Insurance	53,270	61,943	(8,673)	-14.0%
Travel	38,070	38,546	(476)	-1.2%
Total Operating Expenses Included in Monthly Financial Report	<u>7,512,299</u>	<u>6,753,284</u>	<u>759,015</u>	<u>11.2%</u>
Operating Income (Loss)	(137,064)	(339,100)	202,036	59.6%
Investment Income	94,435	219,963	(125,528)	-57.1%
Adjusted Income (Loss)	(42,629)	(119,137)	76,508	64.2%
Adjusted Income (Loss) - as a percentage	-0.57%	-1.80%		
Other:				
Other Nonoperating Revenues (Expenses)	(2,704,151)	75,713	(2,779,864)	-3,671.6%
Transfers In	14,851	43,749	(28,898)	-66.1%
Total Other	<u>(2,689,300)</u>	<u>119,462</u>	<u>(2,808,762)</u>	<u>-2,351.2%</u>
Change in Net Assets	(2,731,929)	325	(2,732,254)	-840,693.5%
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>\$ 4,190,761</u>	<u>7,157,844</u>	<u>(2,967,083)</u>	<u>-41.5%</u>

*Includes the operations of the nonprofit healthcare corporation.