



THE UNIVERSITY OF TEXAS SYSTEM

**PHYSICIAN/DENTAL
PRACTICE PLANS**

QUARTERLY FINANCIAL REPORT
(unaudited)

MAY 31, 2007

The University of Texas System

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Quarterly Financial Report

(Unaudited)

For the Nine Months Ending May 31, 2007

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The University of Texas System
Physician/Dental Practice Plans Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2007

	<u>Year-to-Date FY 2007</u>	<u>Year-to-Date FY 2006</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 2,105,925,009	2,018,478,364	87,446,645	4.3%
Less:				
Un-sponsored Charity Care	463,103,737	590,941,602	(127,837,865)	-21.6%
Contractual Adjustments	772,703,799	737,861,666	34,842,133	4.7%
Other Unreimbursed Medical Costs	70,588,865	58,403,229	12,185,636	20.9%
Bad Debt Expense	44,632,821	45,452,211	(819,390)	-1.8%
Net Patient Revenue	<u>754,895,787</u>	<u>585,819,656</u>	<u>169,076,131</u>	<u>28.9%</u>
Contractual Revenues	247,234,660	226,704,815	20,529,845	9.1%
Other Operating Revenues	19,493,198	18,857,380	635,818	3.4%
Total Operating Revenues Included in Monthly Financial Report	<u>1,021,623,645</u>	<u>831,381,851</u>	<u>190,241,794</u>	<u>22.9%</u>
Operating Expenses:				
Faculty Salaries	347,315,874	325,311,308	22,004,566	6.8%
Staff Salaries	157,872,608	148,151,445	9,721,163	6.6%
Resident Salaries	6,460,276	4,440,139	2,020,137	45.5%
Fringe Benefits	168,014,944	161,069,247	6,945,697	4.3%
Maintenance and Operations	151,480,346	144,759,583	6,720,763	4.6%
Professional Liability Insurance	13,040,024	12,574,332	465,692	3.7%
Travel	12,721,403	11,940,809	780,594	6.5%
Official Functions	2,817,642	2,477,716	339,926	13.7%
Other Operating Expenses	19,925,494	18,377,549	1,547,945	8.4%
Total Operating Expenses Included in Monthly Financial Report	<u>879,648,611</u>	<u>829,102,128</u>	<u>50,546,483</u>	<u>6.1%</u>
Operating Income (Loss)	141,975,034	2,279,723	139,695,311	6,127.7%
Investment Income	9,396,657	7,096,043	2,300,614	32.4%
Interest Expense on Debt Service	<u>(1,817,643)</u>	<u>(1,095,235)</u>	<u>(722,408)</u>	<u>-66.0%</u>
Adjusted Income (Loss)	149,554,048	8,280,530	141,273,518	1,706.1%
Adjusted Income (Loss) - as a percentage	14.51%	0.99%		
Other Nonoperating Revenues (Expenses)	<u>9,019,236</u>	<u>3,182,426</u>	<u>5,836,810</u>	<u>183.4%</u>
Income (Loss) Before Other Items	158,573,284	11,462,956	147,110,328	1,283.4%
Transfers In	7,334,572	7,338,045	(3,473)	0.0%
Transfers Out	(11,456,347)	(9,442,372)	(2,013,975)	-21.3%
Debt Service	(4,099,351)	(3,390,766)	(708,585)	-20.9%
Capital Outlay	<u>(2,403,644)</u>	<u>(3,862,978)</u>	<u>1,459,334</u>	<u>37.8%</u>
Change in Net Assets	147,948,514	2,104,886	145,843,628	6,928.8%
Beginning Net Assets - As Previously Reported	406,765,428	371,904,236	34,861,192	9.4%
Restatements	400,853	-	400,853	100.0%
Beginning Net Assets - As Restated	<u>407,166,281</u>	<u>371,904,236</u>	<u>35,262,045</u>	<u>9.5%</u>
Ending Net Assets	<u>\$ 555,114,795</u>	<u>374,009,122</u>	<u>181,105,673</u>	<u>48.4%</u>

**The University of Texas System
Physician/Dental Practice Plans
Comparison of Adjusted Income (Loss)
For the Nine Months Ending May 31, 2007**

	<u>Year-to-Date FY 2007</u>	<u>Year-to-Date FY 2006</u>	<u>Variance</u>	<u>Variance Percentage</u>
UT Southwestern Medical Center - Dallas (Physician)	\$ 78,031,899	8,438,762	69,593,137 (1)	824.7%
UT Southwestern Medical Center - Dallas (Allied Health)	499,080	139,177	359,903	258.6%
UT Medical Branch - Galveston	24,333,708	(3,335,125)	27,668,833 (2)	829.6%
UT Health Science Center - Houston (Physician)	15,942,084	1,568,103	14,373,981 (3)	916.6%
UT Health Science Center - Houston (Dental)	(248,240)	-	(248,240)	-100.0%
UT Health Science Center - San Antonio (Physician)	9,852,682	593,447	9,259,235 (4)	1,560.2%
UT Health Science Center - San Antonio (Dental)	1,315,868	1,579,018	(263,150)	-16.7%
UT Health Science Center - San Antonio (Allied Health)	4,477	25,213	(20,736)	-82.2%
UT M. D. Anderson Cancer Center	15,738,647	(967,889)	16,706,536 (5)	1,726.1%
UT Health Center at Tyler	4,083,843	239,824	3,844,019 (6)	1,602.9%
Total Adjusted Income (Loss)	\$ <u>149,554,048</u>	<u>8,280,530</u>	<u>141,273,518</u>	<u>1,706.1%</u>

THE UNIVERSITY OF TEXAS SYSTEM
Explanations of Variances on the
Practice Plans Summary of Operations
For the Nine Months Ending May 31, 2007

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

- (1) UT Southwestern Medical Center – Dallas (Physician Practice Plan) – The \$69.6 million (824.7%) increase in adjusted income as compared to the same period last year was primarily attributable to the inclusion of the first three payments for the Texas Physician Upper Payment Limit (UPL) reimbursement of \$61.5 million. Net patient revenues also increased as a result of higher patient volumes and changes in fee schedules. In addition, contractual revenues increased \$8.2 million largely as a result of increases in the contracts with the Children’s Medical Center and Parkland Hospital.
- (2) UT Medical Branch - Galveston – The \$27.7 million (829.6%) increase in adjusted income as compared to the same period last year was attributable to the receipt of the first three UPL payments of \$27.7 million. In addition, while gross charges were down 12.4% primarily due to decreases in rates, this had very little impact on net patient revenues due to related decreases in contractual adjustments.
- (3) UT Health Science Center – Houston (Physician Practice Plan) – The \$14.4 million (916.6%) increase in adjusted income as compared to the same period last year was primarily attributable to the inclusion of the first three payments for the UPL reimbursement of \$20.1 million. This increase in operating revenues was partially offset by a \$5.1 million increase in total operating expenses. The majority of the increase in total operating expenses related to increases in staff salaries and fringe benefits. Staff salaries were higher due to the creation of the Medical School Compliance Program, as well as merit increases. Fringe benefits increased due to the overall increase in salaries as well as a slight increase in the benefits rate. Additionally, gross charges were down 5% as a result of the departure of faculty in departments such as General Surgery, Neurosurgery, Otolaryngology and Orthopaedics which typically generate high charges.
- (4) UT Health Science Center - San Antonio (Physician Practice Plan) – The \$9.3 million (1,560.2%) increase in adjusted income as compared to the same period last year was primarily attributable to the receipt of the first three UPL payments of \$11.9 million. Contractual revenues also increased \$3.9 million as a result of an increase in the base care contracts with the Veteran’s Administration and University Health System. These increases in operating revenues were partially offset by an increase in total operating expenses. Salaries and fringe benefits increased largely due to new faculty and staff related to recruitment and program expansion efforts, as well as continued faculty retention.
- (5) UT M. D. Anderson Cancer Center – The \$16.7 million (1,726.1%) increase in adjusted income as compared to the same period last year was largely due to the inclusion of the first three payments for the UPL reimbursement of \$12.3 million. Additionally, operating revenues increased as a result of the temporary closure of *M. D. Anderson* in the first quarter of 2006 due to Hurricane *Rita*.
- (6) UT Health Center - Tyler – The \$3.8 million (1,602.9%) increase in adjusted income as compared to the same period last year was primarily attributable to the receipt of the first three UPL payments of \$3.7 million. In addition, gross charges were 7.7% lower than the previous year due to indigent rationing, lower volumes and the elimination of six physicians.

GLOSSARY OF TERMS

OPERATING REVENUES:

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

UNSPONSORED CHARITY CARE - Unreimbursed charges to financially or medically indigent patients, including contractual adjustments and other unreimbursed charges to Medicaid, 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 ADJUSTMENTS - The difference between the gross charge and the discounted amount agreed to by a third party contract, such as Preferred Provider Organizations, Health Maintenance Organizations and Medicare, including the difference between gross charges and the related capitated payments.

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

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

NET PATIENT REVENUES - Gross charges less all deductions.

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

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

OPERATING EXPENSES:

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

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

RESIDENT SALARIES - Salaries paid to resident physicians.

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

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

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

TRAVEL - All costs associated with travel.

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

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

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

OTHER NONOPERATING ADJUSTMENTS:

INVESTMENT INCOME - Income earned from investments.

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

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

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

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

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

TRANSFERS IN - Transfers from non-practice plan funds.

TRANSFERS OUT - Transfers to non-practice plan funds.

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

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

**The University of Texas Southwestern Medical Center at Dallas
Physician Practice Plan Year-to-Date Summary of Operations*
For the Nine Months Ending May 31, 2007**

	<u>Year-to-Date FY 2007</u>	<u>Year-to-Date FY 2006</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 742,053,170	656,537,138	85,516,032	13.0%
Less:				
Un-sponsored Charity Care	237,187,997	260,324,361	(23,136,364)	-8.9%
Contractual Adjustments	213,894,616	192,579,831	21,314,785	11.1%
Other Unreimbursed Medical Costs	17,851,682	14,523,510	3,328,172	22.9%
Bad Debt Expense	12,208,597	10,319,336	1,889,261	18.3%
Net Patient Revenues	<u>260,910,278</u>	<u>178,790,100</u>	<u>82,120,178</u>	<u>45.9%</u>
Contractual Revenues	101,006,769	92,761,142	8,245,627	8.9%
Other Operating Revenues	4,609,712	5,531,843	(922,131)	-16.7%
Total Operating Revenues Included in Monthly Financial Report	<u>366,526,759</u>	<u>277,083,085</u>	<u>89,443,674</u>	<u>32.3%</u>
Operating Expenses:				
Faculty Salaries	100,738,212	95,396,179	5,342,033	5.6%
Staff Salaries	75,637,165	70,212,144	5,425,021	7.7%
Fringe Benefits	55,745,154	52,339,752	3,405,402	6.5%
Maintenance and Operations	51,208,221	45,261,728	5,946,493	13.1%
Professional Liability Insurance	2,965,476	2,882,509	82,967	2.9%
Travel	2,384,418	2,258,908	125,510	5.6%
Official Functions	501,541	478,283	23,258	4.9%
Total Operating Expenses Included in Monthly Financial Report	<u>289,180,187</u>	<u>268,829,503</u>	<u>20,350,684</u>	<u>7.6%</u>
Operating Income (Loss)	77,346,572	8,253,581	69,092,991	837.1%
Investment Income	2,430,809	1,245,000	1,185,809	95.2%
Interest Expense on Debt Service	<u>(1,745,482)</u>	<u>(1,059,819)</u>	<u>(685,663)</u>	<u>-64.7%</u>
Adjusted Income (Loss)	78,031,899	8,438,762	69,593,137	824.7%
Adjusted Income (Loss) - as a percentage	21.15%	3.03%		
Transfers In	6,043,530	6,413,894	(370,364)	-5.8%
Transfers Out	(8,915,904)	(7,532,025)	(1,383,879)	-18.4%
Debt Service	(4,099,351)	(3,297,766)	(801,585)	-24.3%
Capital Outlay	<u>(1,261,448)</u>	<u>(1,947,793)</u>	<u>686,345</u>	<u>35.2%</u>
Change in Net Assets	69,798,726	2,075,073	67,723,653	3,263.7%
Beginning Net Assets - As Previously Reported	<u>163,810,537</u>	<u>141,951,640</u>	<u>21,858,897</u>	<u>15.4%</u>
Ending Net Assets	<u>\$ 233,609,263</u>	<u>144,026,713</u>	<u>89,582,550</u>	<u>62.2%</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 Nine Months Ending May 31, 2007**

	<u>Year-to-Date FY 2007</u>	<u>Year-to-Date FY 2006</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 1,822,356	1,638,101	184,255	11.2%
Less:				
Un-sponsored Charity Care	8,084	12,089	(4,005)	-33.1%
Contractual Adjustments	469,688	526,867	(57,179)	-10.9%
Other Unreimbursed Medical Costs	24,087	8,463	15,624	184.6%
Bad Debt Expense	23,960	21,552	2,408	11.2%
Net Patient Revenues	<u>1,296,537</u>	<u>1,069,130</u>	<u>227,407</u>	<u>21.3%</u>
Contractual Revenues	235,132	193,095	42,037	21.8%
Other Operating Revenues	18,859	26,315	(7,456)	-28.3%
Total Operating Revenues Included in Monthly Financial Report	<u>1,550,528</u>	<u>1,288,540</u>	<u>261,988</u>	<u>20.3%</u>
Operating Expenses:				
Faculty Salaries	254,448	256,985	(2,537)	-1.0%
Staff Salaries	171,985	190,452	(18,467)	-9.7%
Fringe Benefits	230,671	284,215	(53,544)	-18.8%
Maintenance and Operations	362,593	386,582	(23,989)	-6.2%
Professional Liability Insurance	8,183	7,179	1,004	14.0%
Travel	20,782	24,377	(3,595)	-14.7%
Official Functions	7,249	3,292	3,957	120.2%
Total Operating Expenses Included in Monthly Financial Report	<u>1,055,911</u>	<u>1,153,082</u>	<u>(97,171)</u>	<u>-8.4%</u>
Operating Income (Loss)	494,617	135,458	359,159	265.1%
Investment Income	<u>4,463</u>	<u>3,719</u>	<u>744</u>	<u>20.0%</u>
Adjusted Income (Loss)	499,080	139,177	359,903	258.6%
Adjusted Income (Loss) - as a percentage	32.10%	10.77%		
Transfers In	-	355,616	(355,616)	-100.0%
Transfers Out	<u>(129,681)</u>	<u>(184,524)</u>	<u>54,843</u>	<u>29.7%</u>
Change in Net Assets	369,399	310,269	59,130	19.1%
Beginning Net Assets - As Previously Reported	<u>3,590,860</u>	<u>3,314,261</u>	<u>276,599</u>	<u>8.3%</u>
Ending Net Assets	<u>\$ 3,960,259</u>	<u>3,624,530</u>	<u>335,729</u>	<u>9.3%</u>

**The University of Texas Medical Branch at Galveston
Physician Practice Plan Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2007**

	<u>Year-to-Date FY 2007</u>	<u>Year-to-Date FY 2006</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 241,190,997	275,485,787	(34,294,790)	-12.4%
Less:				
Un-sponsored Charity Care	36,402,521	80,272,974	(43,870,453)	-54.7%
Contractual Adjustments	65,879,514	82,004,081	(16,124,567)	-19.7%
Other Unreimbursed Medical Costs	22,870,394	18,888,319	3,982,075	21.1%
Bad Debt Expense	5,366,366	8,749,263	(3,382,897)	-38.7%
Net Patient Revenues	<u>110,672,202</u>	<u>85,571,150</u>	<u>25,101,052</u>	<u>29.3%</u>
Contractual Revenues	32,347,279	29,980,730	2,366,549	7.9%
Other Operating Revenues	914,147	153,156	760,991	496.9%
Total Operating Revenues Included in Monthly Financial Report	<u>143,933,628</u>	<u>115,705,036</u>	<u>28,228,592</u>	<u>24.4%</u>
Operating Expenses:				
Faculty Salaries	52,757,632	47,930,661	4,826,971	10.1%
Staff Salaries	21,687,821	22,259,970	(572,149)	-2.6%
Resident Salaries	6,460,276	4,440,139	2,020,137	45.5%
Fringe Benefits	15,767,374	19,364,372	(3,596,998)	-18.6%
Maintenance and Operations	18,587,105	20,526,351	(1,939,246)	-9.4%
Professional Liability Insurance	4,170,838	4,031,667	139,171	3.5%
Travel	1,191,365	1,141,129	50,236	4.4%
Official Functions	124,648	123,791	857	0.7%
Total Operating Expenses Included in Monthly Financial Report	<u>120,747,059</u>	<u>119,818,080</u>	<u>928,979</u>	<u>0.8%</u>
Operating Income (Loss)	23,186,569	(4,113,044)	27,299,613	663.7%
Investment Income	<u>1,147,139</u>	<u>777,919</u>	<u>369,220</u>	<u>47.5%</u>
Adjusted Income (Loss)	24,333,708	(3,335,125)	27,668,833	829.6%
Adjusted Income (Loss) - as a percentage	16.77%	-2.86%		
Other Nonoperating Revenues (Expenses)	<u>(3)</u>	<u>(18,054)</u>	<u>18,051</u>	<u>100.0%</u>
Income (Loss) Before Other Items	24,333,705	(3,353,179)	27,686,884	825.7%
Transfers In	6,736	30,000	(23,264)	-77.5%
Transfers Out	(886,736)	(1,003,250)	116,514	11.6%
Capital Outlay	<u>(282,037)</u>	<u>(560,040)</u>	<u>278,003</u>	<u>49.6%</u>
Change in Net Assets	23,171,668	(4,886,469)	28,058,137	574.2%
Beginning Net Assets - As Previously Reported	<u>46,774,781</u>	<u>42,314,252</u>	<u>4,460,529</u>	<u>10.5%</u>
Ending Net Assets	<u>\$ 69,946,449</u>	<u>37,427,783</u>	<u>32,518,666</u>	<u>86.9%</u>

**The University of Texas Health Science Center at Houston
Physician Practice Plan Year-to-Date Summary of Operations*
For the Nine Months Ending May 31, 2007**

	<u>Year-to-Date FY 2007</u>	<u>Year-to-Date FY 2006</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 347,717,685	366,036,137	(18,318,452)	-5.0%
Less:				
Un-sponsored Charity Care	111,145,721	137,674,841	(26,529,120)	-19.3%
Contractual Adjustments	115,684,542	120,380,636	(4,696,094)	-3.9%
Other Unreimbursed Medical Costs	14,311,788	12,811,265	1,500,523	11.7%
Bad Debt Expense	14,122,311	14,641,445	(519,134)	-3.5%
Net Patient Revenues	<u>92,453,323</u>	<u>80,527,950</u>	<u>11,925,373</u>	<u>14.8%</u>
Contractual Revenues	64,618,038	57,494,533	7,123,505	12.4%
Other Operating Revenues	2,978,209	3,109,175	(130,966)	-4.2%
Total Operating Revenues Included in Monthly Financial Report	<u>160,049,570</u>	<u>141,131,658</u>	<u>18,917,912</u>	<u>13.4%</u>
Operating Expenses:				
Faculty Salaries	65,328,805	65,568,389	(239,584)	-0.4%
Staff Salaries	19,103,035	16,798,598	2,304,437	13.7%
Fringe Benefits	17,857,793	17,104,158	753,635	4.4%
Maintenance and Operations	19,626,826	18,951,280	675,546	3.6%
Professional Liability Insurance	1,700,342	1,888,558	(188,216)	-10.0%
Travel	889,353	741,153	148,200	20.0%
Official Functions	675,706	626,566	49,140	7.8%
Other Operating Expenses	19,925,494	18,377,549	1,547,945	8.4%
Total Operating Expenses Included in Monthly Financial Report	<u>145,107,354</u>	<u>140,056,251</u>	<u>5,051,103</u>	<u>3.6%</u>
Operating Income (Loss)	14,942,216	1,075,407	13,866,809	1,289.4%
Investment Income	<u>999,868</u>	<u>492,696</u>	<u>507,172</u>	<u>102.9%</u>
Adjusted Income (Loss)	15,942,084	1,568,103	14,373,981	916.6%
Adjusted Income (Loss) - as a percentage	9.90%	1.11%		
Other Nonoperating Revenues (Expenses)	<u>33,000</u>	<u>-</u>	<u>33,000</u>	<u>100.0%</u>
Income (Loss) Before Other Items	15,975,084	1,568,103	14,406,981	918.8%
Transfers Out	(1,359,508)	(38,919)	(1,320,589)	-3,393.2%
Capital Outlay	(293,520)	(680,919)	387,399	56.9%
Change in Net Assets	<u>14,322,056</u>	<u>848,265</u>	<u>13,473,791</u>	<u>1,588.4%</u>
Beginning Net Assets - As Previously Reported	<u>37,395,886</u>	<u>38,339,279</u>	<u>(943,393)</u>	<u>-2.5%</u>
Ending Net Assets	<u>\$ 51,717,942</u>	<u>39,187,544</u>	<u>12,530,398</u>	<u>32.0%</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 Nine Months Ending May 31, 2007**

	<u>Year-to-Date FY 2007</u>	<u>Year-to-Date FY 2006</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 2,036,771	-	2,036,771	100.0%
Less:				
Un-sponsored Charity Care	338,969	-	338,969	100.0%
Contractual Adjustments	717,640	-	717,640	100.0%
Other Unreimbursed Medical Costs	53,187	-	53,187	100.0%
Bad Debt Expense	183,854	-	183,854	100.0%
Net Patient Revenues	743,121	-	743,121	100.0%
Contractual Revenues	149,026	-	149,026	100.0%
Other Operating Revenues	262,311	-	262,311	100.0%
Total Operating Revenues Included in Monthly Financial Report	<u>1,154,458</u>	<u>-</u>	<u>1,154,458</u>	<u>100.0%</u>
Operating Expenses:				
Faculty Salaries	220,410	-	220,410	100.0%
Staff Salaries	506,902	-	506,902	100.0%
Fringe Benefits	152,736	-	152,736	100.0%
Maintenance and Operations	514,607	-	514,607	100.0%
Travel	8,043	-	8,043	100.0%
Total Operating Expenses Included in Monthly Financial Report	<u>1,402,698</u>	<u>-</u>	<u>1,402,698</u>	<u>100.0%</u>
Adjusted Income (Loss)	(248,240)	-	(248,240)	-100.0%
Adjusted Income (Loss) - as a percentage	-21.50%	N/A		
Change in Net Assets	<u>(248,240)</u>	<u>-</u>	<u>(248,240)</u>	<u>-100.0%</u>
Beginning Net Assets - As Previously Reported	216,617	-	216,617	100.0%
Restatements	400,853	-	400,853	100.0%
Beginning Net Assets - As Restated	<u>617,470</u>	<u>-</u>	<u>617,470</u>	<u>100.0%</u>
Ending Net Assets	<u>\$ 369,230</u>	<u>-</u>	<u>369,230</u>	<u>100.0%</u>

**The University of Texas Health Science Center at San Antonio
Physician Practice Plan Year-to-Date Summary of Operations*
For the Nine Months Ending May 31, 2007**

	<u>Year-to-Date FY 2007</u>	<u>Year-to-Date FY 2006</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 181,015,625	178,233,745	2,781,880	1.6%
Less:				
Un-sponsored Charity Care	58,367,354	72,729,715	(14,362,361)	-19.7%
Contractual Adjustments	48,121,387	45,824,320	2,297,067	5.0%
Other Unreimbursed Medical Costs	1,389,677	1,002,849	386,828	38.6%
Bad Debt Expense	6,145,396	5,944,982	200,414	3.4%
Net Patient Revenues	<u>66,991,811</u>	<u>52,731,879</u>	<u>14,259,932</u>	<u>27.0%</u>
Contractual Revenues	46,733,435	42,824,287	3,909,148	9.1%
Other Operating Revenues	10,435,032	9,644,474	790,558	8.2%
Total Operating Revenues Included in Monthly Financial Report	<u>124,160,278</u>	<u>105,200,640</u>	<u>18,959,638</u>	<u>18.0%</u>
Operating Expenses:				
Faculty Salaries	49,980,032	44,305,565	5,674,467	12.8%
Staff Salaries	6,478,414	5,794,382	684,032	11.8%
Fringe Benefits	15,043,400	13,831,776	1,211,624	8.8%
Maintenance and Operations	39,625,474	38,038,047	1,587,427	4.2%
Professional Liability Insurance	1,872,585	1,627,017	245,568	15.1%
Travel	1,146,327	1,049,983	96,344	9.2%
Official Functions	674,719	541,538	133,181	24.6%
Total Operating Expenses Included in Monthly Financial Report	<u>114,820,951</u>	<u>105,188,308</u>	<u>9,632,643</u>	<u>9.2%</u>
Operating Income (Loss)	9,339,327	12,332	9,326,995	75,632.5%
Investment Income	585,516	616,531	(31,015)	-5.0%
Interest Expense on Debt Service	<u>(72,161)</u>	<u>(35,416)</u>	<u>(36,745)</u>	<u>-103.8%</u>
Adjusted Income (Loss)	9,852,682	593,447	9,259,235	1,560.2%
Adjusted Income (Loss) - as a percentage	7.90%	0.56%		
Transfers In	436,928	477,677	(40,749)	-8.5%
Transfers Out	(138,134)	(346,155)	208,021	60.1%
Debt Service	-	(93,000)	93,000	100.0%
Capital Outlay	<u>(507,004)</u>	<u>(636,856)</u>	<u>129,852</u>	<u>20.4%</u>
Change in Net Assets	9,644,472	(4,887)	9,649,359	197,449.5%
Beginning Net Assets - As Previously Reported	<u>63,447,258</u>	<u>59,775,570</u>	<u>3,671,688</u>	<u>6.1%</u>
Ending Net Assets	<u>\$ 73,091,730</u>	<u>59,770,683</u>	<u>13,321,047</u>	<u>22.3%</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 Nine Months Ending May 31, 2007**

	<u>Year-to-Date FY 2007</u>	<u>Year-to-Date FY 2006</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 6,341,507	5,945,884	395,623	6.7%
Total Operating Revenues Included in Monthly Financial Report	<u>6,341,507</u>	<u>5,945,884</u>	<u>395,623</u>	<u>6.7%</u>
Operating Expenses:				
Faculty Salaries	1,159,190	1,013,231	145,959	14.4%
Staff Salaries	1,142,326	1,048,087	94,239	9.0%
Fringe Benefits	667,995	578,632	89,363	15.4%
Maintenance and Operations	1,867,530	1,616,798	250,732	15.5%
Professional Liability Insurance	42,306	30,759	11,547	37.5%
Travel	144,492	133,184	11,308	8.5%
Official Functions	75,524	48,294	27,230	56.4%
Total Operating Expenses Included in Monthly Financial Report	<u>5,099,363</u>	<u>4,468,985</u>	<u>630,378</u>	<u>14.1%</u>
Operating Income (Loss)	1,242,144	1,476,899	(234,755)	-15.9%
Investment Income	73,724	102,119	(28,395)	-27.8%
Adjusted Income (Loss)	1,315,868	1,579,018	(263,150)	-16.7%
Adjusted Income (Loss) - as a percentage	20.51%	26.11%		
Transfers In	587,000	7,062	579,938	8,212.1%
Transfers Out	(26,384)	-	(26,384)	-100.0%
Capital Outlay	(59,635)	(37,370)	(22,265)	-59.6%
Change in Net Assets	<u>1,816,849</u>	<u>1,548,710</u>	<u>268,139</u>	<u>17.3%</u>
Beginning Net Assets - As Previously Reported	<u>14,262,431</u>	<u>12,115,310</u>	<u>2,147,121</u>	<u>17.7%</u>
Ending Net Assets	<u>\$ 16,079,280</u>	<u>13,664,020</u>	<u>2,415,260</u>	<u>17.7%</u>

**The University of Texas Health Science Center at San Antonio
Allied Health Practice Plan Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2007**

	<u>Year-to-Date FY 2007</u>	<u>Year-to-Date FY 2006</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 38,365	49,273	(10,908)	-22.1%
Total Operating Revenues Included in Monthly Financial Report	<u>38,365</u>	<u>49,273</u>	<u>(10,908)</u>	<u>-22.1%</u>
Operating Expenses:				
Faculty Salaries	7,680	6,105	1,575	25.8%
Staff Salaries	12,264	11,872	392	3.3%
Fringe Benefits	1,638	1,316	322	24.5%
Maintenance and Operations	6,923	3,674	3,249	88.4%
Travel	2,731	-	2,731	100.0%
Official Functions	2,652	1,093	1,559	142.6%
Total Operating Expenses Included in Monthly Financial Report	<u>33,888</u>	<u>24,060</u>	<u>9,828</u>	<u>40.8%</u>
Adjusted Income (Loss)	4,477	25,213	(20,736)	-82.2%
Adjusted Income (Loss) - as a percentage	11.67%	51.17%		
Change in Net Assets	<u>4,477</u>	<u>25,213</u>	<u>(20,736)</u>	<u>-82.2%</u>
Beginning Net Assets - As Previously Reported	<u>55,016</u>	<u>29,917</u>	<u>25,099</u>	<u>83.9%</u>
Ending Net Assets	<u>\$ 59,493</u>	<u>55,130</u>	<u>4,363</u>	<u>7.9%</u>

**The University of Texas M. D. Anderson Cancer Center
Physician Practice Plan Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2007**

	<u>Year-to-Date FY 2007</u>	<u>Year-to-Date FY 2006</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 555,933,925	504,461,460	51,472,465	10.2%
Less:				
Un-sponsored Charity Care	19,020,375	33,237,456	(14,217,081)	-42.8%
Contractual Adjustments	315,505,460	283,312,638	32,192,822	11.4%
Other Unreimbursed Medical Costs	13,515,760	10,613,450	2,902,310	27.3%
Bad Debt Expense	4,034,610	4,274,875	(240,265)	-5.6%
Net Patient Revenues	<u>203,857,720</u>	<u>173,023,040</u>	<u>30,834,680</u>	<u>17.8%</u>
Other Operating Revenues	122,094	189,122	(67,028)	-35.4%
Total Operating Revenues Included in Monthly Financial Report	<u>203,979,814</u>	<u>173,212,162</u>	<u>30,767,652</u>	<u>17.8%</u>
Operating Expenses:				
Faculty Salaries	72,039,526	65,695,930	6,343,596	9.7%
Staff Salaries	31,548,086	29,837,626	1,710,460	5.7%
Fringe Benefits	61,408,900	56,441,241	4,967,659	8.8%
Maintenance and Operations	17,612,466	16,909,629	702,837	4.2%
Professional Liability Insurance	2,095,503	1,914,328	181,175	9.5%
Travel	6,861,802	6,523,305	338,497	5.2%
Official Functions	755,603	654,859	100,744	15.4%
Total Operating Expenses Included in Monthly Financial Report	<u>192,321,886</u>	<u>177,976,918</u>	<u>14,344,968</u>	<u>8.1%</u>
Operating Income (Loss)	11,657,928	(4,764,755)	16,422,683	344.7%
Investment Income	<u>4,080,719</u>	<u>3,796,867</u>	<u>283,852</u>	<u>7.5%</u>
Adjusted Income (Loss)	15,738,647	(967,889)	16,706,536	1,726.1%
Adjusted Income (Loss) - as a percentage	7.56%	-0.55%		
Other Nonoperating Revenues (Expenses)	<u>8,828,926</u>	<u>3,200,480</u>	<u>5,628,446</u>	<u>175.9%</u>
Income (Loss) Before Other Items	24,567,573	2,232,591	22,334,982	1,000.4%
Transfers Out	-	(337,500)	337,500	100.0%
Change in Net Assets	<u>24,567,573</u>	<u>1,895,091</u>	<u>22,672,482</u>	<u>1,196.4%</u>
Beginning Net Assets - As Previously Reported	<u>75,604,590</u>	<u>72,599,923</u>	<u>3,004,667</u>	<u>4.1%</u>
Ending Net Assets	<u>\$ 100,172,163</u>	<u>74,495,014</u>	<u>25,677,149</u>	<u>34.5%</u>

**The University of Texas Health Center at Tyler
Physician Practice Plan Year-to-Date Summary of Operations*
For the Nine Months Ending May 31, 2007**

	<u>Year-to-Date FY 2007</u>	<u>Year-to-Date FY 2006</u>	<u>Variance</u>	<u>Variance Percentage</u>
Operating Revenues:				
Gross Charges	\$ 27,774,608	30,090,839	(2,316,231)	-7.7%
Less:				
Un-sponsored Charity Care	632,716	6,690,166	(6,057,450)	-90.5%
Contractual Adjustments	12,430,952	13,233,293	(802,341)	-6.1%
Other Unreimbursed Medical Costs	572,290	555,373	16,917	3.0%
Bad Debt Expense	2,547,727	1,500,758	1,046,969	69.8%
Net Patient Revenues	<u>11,590,923</u>	<u>8,111,249</u>	<u>3,479,674</u>	<u>42.9%</u>
Contractual Revenues	2,144,981	3,451,029	(1,306,048)	-37.8%
Other Operating Revenues	152,834	203,295	(50,461)	-24.8%
Total Operating Revenues Included in Monthly Financial Report	<u>13,888,738</u>	<u>11,765,573</u>	<u>2,123,165</u>	<u>18.0%</u>
Operating Expenses:				
Faculty Salaries	4,829,939	5,138,263	(308,324)	-6.0%
Staff Salaries	1,584,610	1,998,315	(413,705)	-20.7%
Fringe Benefits	1,139,283	1,123,784	15,499	1.4%
Maintenance and Operations	2,068,601	3,065,494	(996,893)	-32.5%
Professional Liability Insurance	184,791	192,315	(7,524)	-3.9%
Travel	72,090	68,770	3,320	4.8%
Total Operating Expenses Included in Monthly Financial Report	<u>9,879,314</u>	<u>11,586,941</u>	<u>(1,707,627)</u>	<u>-14.7%</u>
Operating Income (Loss)	4,009,424	178,632	3,830,792	2,144.5%
Investment Income	<u>74,419</u>	<u>61,192</u>	<u>13,227</u>	<u>21.6%</u>
Adjusted Income (Loss)	4,083,843	239,824	3,844,019	1,602.9%
Adjusted Income (Loss) - as a percentage	29.25%	2.03%		
Other Nonoperating Revenues (Expenses)	<u>157,313</u>	<u>-</u>	<u>157,313</u>	<u>100.0%</u>
Income (Loss) Before Other Items	4,241,156	239,824	4,001,332	1,668.4%
Transfers In	<u>260,378</u>	<u>53,796</u>	<u>206,582</u>	<u>384.0%</u>
Change in Net Assets	4,501,534	293,620	4,207,914	1,433.1%
Beginning Net Assets - As Previously Reported	<u>1,607,452</u>	<u>1,464,084</u>	<u>143,368</u>	<u>9.8%</u>
Ending Net Assets	<u>\$ 6,108,986</u>	<u>1,757,704</u>	<u>4,351,282</u>	<u>247.6%</u>

*Includes the operations of the nonprofit healthcare corporation.