



THE UNIVERSITY OF TEXAS SYSTEM

**PHYSICIAN/DENTAL
PRACTICE PLANS**

QUARTERLY FINANCIAL REPORT
(unaudited)

MAY 31, 2009

The University of Texas System

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Quarterly Financial Report

(Unaudited)

For the Nine Months Ending May 31, 2009

TABLE OF CONTENTS

Combined Actual Comparison	4
Year-to-Date Adjusted Income (Loss) Summary	5
Explanation of Variances	6
Glossary of Terms	8
UT Southwestern Medical Center – Dallas (Physician)	10
UT Southwestern Medical Center - Dallas (Health Professions)	11
UT Medical Branch - Galveston.....	12
UT Health Science Center – Houston (Physician)	13
UT Health Science Center - Houston (Dental).....	14
UT Health Science Center - San Antonio (Physician).....	15
UT Health Science Center - San Antonio (Dental)	16
UT Health Science Center - San Antonio (Allied Health).....	17
UT M. D. Anderson Cancer Center.....	18
UT Health Science Center - Tyler	19

The University of Texas System
Physician/Dental Practice Plans Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 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	\$ 2,446,893,942	2,268,619,556	178,274,386	7.9%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	361,429,926	353,874,338	7,555,588	2.1%
Contractual Allowances - Medicaid	268,043,798	232,770,247	35,273,551	15.2%
Total Un-sponsored Charity Care	629,473,724	586,644,585	42,829,139	7.3%
Contractual Allowances				
Medicare	411,017,906	391,957,683	19,060,223	4.9%
Managed Care and Other Insurance	533,888,269	456,341,393	77,546,876	17.0%
Total Contractual Allowances	944,906,175	848,299,076	96,607,099	11.4%
Other Unreimbursed Medical Charges	81,610,411	64,221,742	17,388,669	27.1%
Bad Debt Expense	44,240,321	46,784,985	(2,544,664)	-5.4%
Total Discounts and Allowances	1,700,230,631	1,545,950,388	154,280,243	10.0%
Net Patient Revenue	746,663,311	722,669,168	23,994,143	3.3%
Contractual Revenues	291,983,862	256,428,650	35,555,212	13.9%
Other Operating Revenues	12,640,064	14,004,196	(1,364,132)	-9.7%
Total Operating Revenues Included in Monthly Financial Report	<u>1,051,287,237</u>	<u>993,102,014</u>	<u>58,185,223</u>	<u>5.9%</u>
Operating Expenses:				
Faculty Salaries	399,580,681	389,129,134	10,451,547	2.7%
Staff Salaries	176,864,209	175,540,494	1,323,715	0.8%
Resident Salaries	5,333,747	6,815,438	(1,481,691)	-21.7%
Fringe Benefits	192,554,213	184,135,902	8,418,311	4.6%
Maintenance and Operations	186,250,133	170,748,289	15,501,844	9.1%
Professional Liability Insurance	7,964,092	(9,021,069)	16,985,161	188.3%
Travel	12,742,208	13,984,352	(1,242,144)	-8.9%
Official Functions	3,407,878	2,917,048	490,830	16.8%
Other Operating Expenses	25,564,790	22,451,540	3,113,250	13.9%
Total Operating Expenses Included in Monthly Financial Report	<u>1,010,261,951</u>	<u>956,701,128</u>	<u>53,560,823</u>	<u>5.6%</u>
Operating Income (Loss)	41,025,286	36,400,886	4,624,400	12.7%
Investment Income	5,954,087	10,489,783	(4,535,696)	-43.2%
Interest Expense on Debt Service	(5,201,578)	(3,619,533)	(1,582,045)	-43.7%
Adjusted Income (Loss)	41,777,795	43,271,136	(1,493,341)	-3.5%
Adjusted Income (Loss) - as a percentage	3.95%	4.31%		
Other:				
Other Nonoperating Revenues (Expenses)	(25,013,820)	4,035,388	(29,049,208)	-719.9%
Transfers In	8,959,429	9,656,722	(697,293)	-7.2%
Transfers Out	(59,903,519)	(12,649,789)	(47,253,730)	-373.6%
Debt Service	(4,812,479)	(5,802,243)	989,764	17.1%
Capital Outlay	(8,480,919)	(3,933,567)	(4,547,352)	-115.6%
Total Other	<u>(89,251,308)</u>	<u>(8,693,489)</u>	<u>(80,557,819)</u>	<u>-926.6%</u>
Change in Net Assets	(47,473,513)	34,577,647	(82,051,160)	-237.3%
Beginning Net Assets - As Previously Reported	589,499,665	610,205,289	(20,705,624)	-3.4%
Ending Net Assets	<u>\$ 542,026,152</u>	<u>644,782,936</u>	<u>(102,756,784)</u>	<u>-15.9%</u>

**The University of Texas System
Physician/Dental Practice Plans
Comparison of Adjusted Income (Loss)
For the Nine Months Ending May 31, 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)	\$ 24,528,789	34,792,577	(10,263,788) (1)	-29.5%
UT Southwestern Medical Center - Dallas (Health Professions)	557,323	508,474	48,849	9.6%
UT Medical Branch - Galveston	24,778,632	11,165,176	13,613,456 (2)	121.9%
UT Health Science Center - Houston (Physician)	6,513,624	3,429,462	3,084,162 (3)	89.9%
UT Health Science Center - Houston (Dental)	(380,782)	48,355	(429,137)	-887.5%
UT Health Science Center - San Antonio (Physician)	(8,496,985) (4)	(9,359,945)	862,960	9.2%
UT Health Science Center - San Antonio (Dental)	1,604,356	1,459,170	145,186	9.9%
UT Health Science Center - San Antonio (Allied Health)	110,591	80,485	30,106	37.4%
UT M. D. Anderson Cancer Center	(7,688,707)	1,202,941	(8,891,648) (5)	-739.2%
UT Health Science Center at Tyler	250,954	(55,559)	306,513 (6)	551.7%
Total Adjusted Income (Loss)	\$ <u>41,777,795</u>	<u>43,271,136</u>	<u>(1,493,341)</u>	<u>-3.5%</u>

THE UNIVERSITY OF TEXAS SYSTEM
Explanations of Variances on the
Practice Plans Summary of Operations
For the Nine Months Ending May 31, 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 \$10.3 million (29.5%) decrease in adjusted income as compared to last year was attributable to a \$39.1 million increase in operating expenses, which was partially offset by a \$28.8 million increase in operating revenues. Operating expenses increased primarily as a result of higher salaries and fringe benefits due to additional full-time equivalents (FTEs) to support volume increases. Additionally, *Southwestern* received a professional liability insurance (PLI) rebate of \$4 million in April 2008, which reduced the PLI expense for the third quarter of last year. *Southwestern* has not received a comparable amount for 2009 since the PLI rebate is typically distributed during the fourth quarter of the year. 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 third 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 \$13.6 million (121.9%) increase in adjusted income as compared to the prior year was due to the reduction in total operating expenses of \$46.6 million exceeding the reduction in operating revenues of \$32.3 million. The decrease in operating revenues was attributable to the closure of *UTMB* caused by Hurricane *Ike*, which made landfall in Galveston on September 13, 2008. *UTMB's* John Sealy Hospital reopened 200 beds to the general public on January 5, 2009, and patient care revenue is showing a more rapid recovery than anticipated. During the closure of *UTMB* the employees remained on the payroll, and expenses traditionally reported in the practice plan were reclassified to Educational and General (E&G) funds since the activity post Hurricane *Ike* was primarily related to restoring the E&G function of *UTMB*. Expenses were moved back to the practice plan beginning in April 2009; however, the expenses recorded in E&G funds prior to April were not moved back to the practice plan since these expenses were used to draw down State appropriations. *UTMB* also implemented a reduction in force which contributed to the decrease in operating expenses. Additionally, *UTMB* received a PLI rebate of \$5.5 million in April 2008, which reduced the PLI expense for the third quarter of last year. *UTMB* has not received a comparable amount for 2009 since the PLI rebate is typically distributed during the fourth quarter of the year.

As a result of the reclassification of expenses prior to April, the practice plan reflected adjusted income of \$24.8 million for the nine months ending May 31, 2009. The practice plan also received additional contractual revenue from the hospital that was not anticipated due to the rapid recovery of patient care revenue. While the expenses will increase over the remainder of the year due to the reclassification of expenses back to the practice plan, *UTMB* anticipates the unexpected revenue from the hospital will offset the increase in expenses which will cause the practice plan's operating margin to remain at approximately \$25 million at year-end.

- (3) *UT Health Science Center – Houston (Physician Practice Plan)* – The \$3.1 million (89.9%) increase in adjusted income as compared to last year was due to an increase in operating revenues of \$28.4 million, which was partially offset by an increase in operating expenses of \$24.8 million. The increase in operating revenues was primarily attributable to a \$21.4 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 following areas: the Harris County Jail as a result of an increase in the number of inmates seen, Diagnostic Imaging due to a number of faculty departures, and Anesthesiology due to vacant positions. Additionally, payments for certified registered nurse anesthetists in Anesthesia increased as a result of increased case volume. Additionally, *UTHSC-Houston* received a PLI rebate of \$4.1 million in April 2008, which reduced the PLI expense for the third quarter of last year. *UTHSC-Houston* has not received a comparable amount for 2009 since the PLI rebate is typically distributed during the fourth quarter of the year.

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 physician practice plan incurred a year-to-date loss of \$8.5 million attributable to a \$4.1 million loss incurred by the Cancer Therapy Research Center (CTRC) due to increased clinical operations and billing delays resulting from the integration of the nonprofit healthcare corporation (UT Medicine) into *UTHSC-San Antonio*; a \$1.3 million loss resulting from the School of Medicine's planned expansion efforts and reinvestment in faculty, as well as the preparation for the opening of the Medical Arts and Research Center (MARC) in the fall of 2009; and \$3.1 million in interest expense on debt service for the MARC building. Additionally, *UTHSC-San Antonio* received a PLI rebate of \$3.7 million in April 2008, which reduced the PLI expense for the third quarter of last year. *UTHSC-San Antonio* has not received a comparable amount for 2009 since the PLI rebate is typically distributed during the fourth quarter of the year.

UTHSC-San Antonio anticipates the physician practice plan's operating loss will decrease during the remainder of the year as cost-cutting efforts and billing and revenue enhancement measures are implemented. *UTHSC-San Antonio* projects the physician practice plan will incur a loss for the year of \$6.2 million due to start-up costs associated with the MARC, as well as the increase in interest expense on debt service for the MARC building. This loss is a planned investment of prior year net assets that is anticipated to increase future operations.

- (5) *UT M. D. Anderson Cancer Center* – The \$8.9 million (739.2%) increase in adjusted loss as compared to last year was primarily attributable to the business disruption in revenue generating activities related to Hurricane *Ike*, an increase in indigent patients, delays in payments from patients and insurance companies, and an increase in salaries, wages, and payroll related costs due to salary increases and additional FTEs. Additionally, *M. D. Anderson* received a PLI rebate of \$2.5 million in April 2008, which reduced the PLI expense for the third quarter of last year. *M. D. Anderson* has not received a comparable amount for 2009 since the PLI rebate is typically distributed during the fourth quarter of the year. Ending net assets for the third quarter of 2009 were also negatively impacted by a reduction in the fair market value of investments allocated to the physician practice plan.

As a result of these factors, the physician practice plan incurred a year-to-date adjusted loss of \$7.7 million for the nine months ending May 31, 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, implemented a 10% reduction in overall expenses in May 2009, and is focusing on increasing clinical revenues.

- (6) *UT Health Science Center - Tyler* – The \$0.3 million (551.7%) increase in adjusted income as compared to last year was primarily due to the receipt of patients from *UTMB's* Correctional Managed Care Agreement as a result of Hurricane *Ike*. The increase in patients not only generated additional revenues, but also caused an increase in salaries paid to the doctors. A new contract with an interventional pulmonologist also contributed to the increase in expenses. Additionally, *UTHSC-Tyler* received a PLI rebate of \$0.2 million in April 2008, which reduced the PLI expense for the third quarter of last year. *UTHSC-Tyler* has not received a comparable amount for 2009 since the PLI rebate is typically distributed during the fourth quarter of the year.

GLOSSARY OF TERMS

OPERATING REVENUES:

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

UNSPONSORED CHARITY CARE – The sum of Charity Care and 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 – 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 Nine Months Ending May 31, 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	\$ 891,284,343	799,744,509	91,539,834	11.4%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	189,077,938	174,049,972	15,027,966	8.6%
Contractual Allowances - Medicaid	113,974,940	93,869,059	20,105,881	21.4%
Total Un-sponsored Charity Care	303,052,878	267,919,031	35,133,847	13.1%
Contractual Allowances				
Medicare	120,853,184	112,308,977	8,544,207	7.6%
Managed Care and Other Insurance	157,122,942	125,348,729	31,774,213	25.3%
Total Contractual Allowances	277,976,126	237,657,706	40,318,420	17.0%
Other Unreimbursed Medical Charges	26,947,674	20,148,357	6,799,317	33.7%
Bad Debt Expense	8,960,596	11,322,564	(2,361,968)	-20.9%
Total Discounts and Allowances	616,937,274	537,047,658	79,889,616	14.9%
Net Patient Revenue	274,347,069	262,696,851	11,650,218	4.4%
Contractual Revenues	100,183,423	81,454,347	18,729,076	23.0%
Other Operating Revenues	3,220,977	4,763,315	(1,542,338)	-32.4%
Total Operating Revenues Included in Monthly Financial Report	<u>377,751,469</u>	<u>348,914,513</u>	<u>28,836,956</u>	<u>8.3%</u>
Operating Expenses:				
Faculty Salaries	133,930,377	114,627,059	19,303,318	16.8%
Staff Salaries	91,667,919	83,538,651	8,129,268	9.7%
Fringe Benefits	71,515,696	62,263,954	9,251,742	14.9%
Maintenance and Operations	50,170,179	52,137,029	(1,966,850)	-3.8%
Professional Liability Insurance	1,984,272	(2,093,412)	4,077,684	194.8%
Travel	2,725,580	2,678,843	46,737	1.7%
Official Functions	779,691	545,522	234,169	42.9%
Total Operating Expenses Included in Monthly Financial Report	<u>352,773,713</u>	<u>313,697,646</u>	<u>39,076,067</u>	<u>12.5%</u>
Operating Income (Loss)	24,977,756	35,216,867	(10,239,111)	-29.1%
Investment Income	1,668,283	2,145,016	(476,733)	-22.2%
Interest Expense on Debt Service	(2,117,250)	(2,569,306)	452,056	17.6%
Adjusted Income (Loss)	24,528,789	34,792,577	(10,263,788)	-29.5%
Adjusted Income (Loss) - as a percentage	6.46%	9.91%		
Other:				
Transfers In	4,635,070	8,355,813	(3,720,743)	-44.5%
Transfers Out	(58,567,647)	(8,998,596)	(49,569,051)	-550.9%
Debt Service	(4,812,479)	(5,802,243)	989,764	17.1%
Capital Outlay	(2,760,838)	(2,582,334)	(178,504)	-6.9%
Total Other	<u>(61,505,894)</u>	<u>(9,027,360)</u>	<u>(52,478,534)</u>	<u>-581.3%</u>
Change in Net Assets	(36,977,105)	25,765,217	(62,742,322)	-243.5%
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>\$ 245,526,414</u>	<u>286,816,411</u>	<u>(41,289,997)</u>	<u>-14.4%</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 Nine Months Ending May 31, 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	\$ 2,295,148	2,100,789	194,359	9.3%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	26,671	4,441	22,230	500.6%
Contractual Allowances - Medicaid	6,920	-	6,920	100.0%
Total Un-sponsored Charity Care	33,591	4,441	29,150	656.4%
Contractual Allowances				
Medicare	304,270	130,912	173,358	132.4%
Managed Care and Other Insurance	284,666	377,289	(92,623)	-24.5%
Total Contractual Allowances	588,936	508,201	80,735	15.9%
Other Unreimbursed Medical Charges	102,345	46,780	55,565	118.8%
Bad Debt Expense	27,445	15,295	12,150	79.4%
Total Discounts and Allowances	752,317	574,717	177,600	30.9%
Net Patient Revenue	1,542,831	1,526,072	16,759	1.1%
Contractual Revenues	235,262	230,888	4,374	1.9%
Other Operating Revenues	27,965	35,749	(7,784)	-21.8%
Total Operating Revenues Included in Monthly Financial Report	<u>1,806,058</u>	<u>1,792,709</u>	<u>13,349</u>	<u>0.7%</u>
Operating Expenses:				
Faculty Salaries	209,453	234,263	(24,810)	-10.6%
Staff Salaries	240,030	187,829	52,201	27.8%
Fringe Benefits	272,464	311,453	(38,989)	-12.5%
Maintenance and Operations	513,242	522,569	(9,327)	-1.8%
Professional Liability Insurance	9,165	6,978	2,187	31.3%
Travel	10,125	22,951	(12,826)	-55.9%
Official Functions	7,740	7,155	585	8.2%
Total Operating Expenses Included in Monthly Financial Report	<u>1,262,219</u>	<u>1,293,198</u>	<u>(30,979)</u>	<u>-2.4%</u>
Operating Income (Loss)	543,839	499,511	44,328	8.9%
Investment Income	13,484	8,963	4,521	50.4%
Adjusted Income (Loss)	557,323	508,474	48,849	9.6%
Adjusted Income (Loss) - as a percentage	30.63%	28.22%		
Other:				
Transfers Out	(175,925)	(160,135)	(15,790)	-9.9%
Capital Outlay	-	(36,100)	36,100	100.0%
Total Other	(175,925)	(196,235)	20,310	10.3%
Change in Net Assets	381,398	312,239	69,159	22.1%
Beginning Net Assets - As Previously Reported	5,165,574	4,337,269	828,305	19.1%
Ending Net Assets	<u>\$ 5,546,972</u>	<u>4,649,508</u>	<u>897,464</u>	<u>19.3%</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, 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	\$ 196,418,119	264,007,218	(67,589,099)	-25.6%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	7,799,517	24,253,693	(16,454,176)	-67.8%
Contractual Allowances - Medicaid	41,905,385	46,379,204	(4,473,819)	-9.6%
Total Un-sponsored Charity Care	49,704,902	70,632,897	(20,927,995)	-29.6%
Contractual Allowances				
Medicare	22,461,765	32,572,438	(10,110,673)	-31.0%
Managed Care and Other Insurance	42,658,577	39,586,246	3,072,331	7.8%
Total Contractual Allowances	65,120,342	72,158,684	(7,038,342)	-9.8%
Other Unreimbursed Medical Charges	(3,874,688)	11,208,394	(15,083,082)	-134.6%
Bad Debt Expense	7,890,905	10,076,328	(2,185,423)	-21.7%
Total Discounts and Allowances	118,841,461	164,076,303	(45,234,842)	-27.6%
Net Patient Revenue	77,576,658	99,930,915	(22,354,257)	-22.4%
Contractual Revenues	34,460,908	44,195,668	(9,734,760)	-22.0%
Other Operating Revenues	613,130	782,886	(169,756)	-21.7%
Total Operating Revenues Included in Monthly Financial Report	112,650,696	144,909,469	(32,258,773)	-22.3%
Operating Expenses:				
Faculty Salaries	35,778,029	64,823,990	(29,045,961)	-44.8%
Staff Salaries	9,760,200	25,568,892	(15,808,692)	-61.8%
Resident Salaries	5,333,747	6,815,438	(1,481,691)	-21.7%
Fringe Benefits	9,612,446	16,894,103	(7,281,657)	-43.1%
Maintenance and Operations	24,962,989	22,679,488	2,283,501	10.1%
Professional Liability Insurance	2,401,972	(2,850,623)	5,252,595	184.3%
Travel	772,014	1,298,091	(526,077)	-40.5%
Official Functions	35,000	39,537	(4,537)	-11.5%
Total Operating Expenses Included in Monthly Financial Report	88,656,397	135,268,916	(46,612,519)	-34.5%
Operating Income (Loss)	23,994,299	9,640,553	14,353,746	148.9%
Investment Income	784,333	1,524,623	(740,290)	-48.6%
Adjusted Income (Loss)	24,778,632	11,165,176	13,613,456	121.9%
Adjusted Income (Loss) - as a percentage	21.84%	7.62%		
Other:				
Other Nonoperating Revenues (Expenses)	(177,859)	4,247	(182,106)	-4,287.9%
Transfers In	24,576	-	24,576	100.0%
Transfers Out	(112,113)	(3,355,976)	3,243,863	96.7%
Capital Outlay	(157,739)	(533,407)	375,668	70.4%
Total Other	(423,135)	(3,885,136)	3,462,001	89.1%
Change in Net Assets	24,355,497	7,280,040	17,075,457	234.6%
Beginning Net Assets - As Previously Reported	90,087,191	81,306,450	8,780,741	10.8%
Ending Net Assets	\$ 114,442,688	88,586,490	25,856,198	29.2%

**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, 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	\$ 402,632,146	381,086,007	21,546,139	5.7%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	90,718,784	86,160,605	4,558,179	5.3%
Contractual Allowances - Medicaid	59,030,019	53,905,534	5,124,485	9.5%
Total Un-sponsored Charity Care	149,748,803	140,066,139	9,682,664	6.9%
Contractual Allowances				
Medicare	50,444,690	53,917,725	(3,473,035)	-6.4%
Managed Care and Other Insurance	77,672,332	71,078,307	6,594,025	9.3%
Total Contractual Allowances	128,117,022	124,996,032	3,120,990	2.5%
Other Unreimbursed Medical Charges	15,198,705	13,909,639	1,289,066	9.3%
Bad Debt Expense	16,912,958	14,824,246	2,088,712	14.1%
Total Discounts and Allowances	309,977,488	293,796,056	16,181,432	5.5%
Net Patient Revenue	92,654,658	87,289,951	5,364,707	6.1%
Contractual Revenues	91,337,827	69,960,728	21,377,099	30.6%
Other Operating Revenues	5,425,033	3,732,021	1,693,012	45.4%
Total Operating Revenues Included in Monthly Financial Report	<u>189,417,518</u>	<u>160,982,700</u>	<u>28,434,818</u>	<u>17.7%</u>
Operating Expenses:				
Faculty Salaries	81,327,199	72,176,320	9,150,879	12.7%
Staff Salaries	26,752,651	22,181,419	4,571,232	20.6%
Fringe Benefits	19,549,176	20,607,259	(1,058,083)	-5.1%
Maintenance and Operations	27,389,672	21,355,871	6,033,801	28.3%
Professional Liability Insurance	1,076,310	(1,419,578)	2,495,888	175.8%
Travel	1,222,677	961,254	261,423	27.2%
Official Functions	771,880	516,611	255,269	49.4%
Other Operating Expenses	25,564,790	22,451,540	3,113,250	13.9%
Total Operating Expenses Included in Monthly Financial Report	<u>183,654,355</u>	<u>158,830,696</u>	<u>24,823,659</u>	<u>15.6%</u>
Operating Income (Loss)	5,763,163	2,152,004	3,611,159	167.8%
Investment Income	750,461	1,277,458	(526,997)	-41.3%
Adjusted Income (Loss)	6,513,624	3,429,462	3,084,162	89.9%
Adjusted Income (Loss) - as a percentage	3.43%	2.11%		
Other:				
Other Nonoperating Revenues (Expenses)	-	1,000	(1,000)	-100.0%
Transfers In	-	1,068,557	(1,068,557)	-100.0%
Transfers Out	(946,841)	-	(946,841)	-100.0%
Capital Outlay	(1,637,354)	(434,976)	(1,202,378)	-276.4%
Total Other	<u>(2,584,195)</u>	<u>634,581</u>	<u>(3,218,776)</u>	<u>-507.2%</u>
Change in Net Assets	3,929,429	4,064,043	(134,614)	-3.3%
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>\$ 62,004,407</u>	<u>61,940,871</u>	<u>63,536</u>	<u>0.1%</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, 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	\$ 2,113,997	1,679,884	434,113	25.8%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	106,723	22,071	84,652	383.5%
Contractual Allowances - Medicaid	31,651	37,594	(5,943)	-15.8%
Total Un-sponsored Charity Care	<u>138,374</u>	<u>59,665</u>	<u>78,709</u>	<u>131.9%</u>
Contractual Allowances				
Medicare	92,406	70,040	22,366	31.9%
Managed Care and Other Insurance	578,141	438,207	139,934	31.9%
Total Contractual Allowances	<u>670,547</u>	<u>508,247</u>	<u>162,300</u>	<u>31.9%</u>
Bad Debt Expense	186,214	158,891	27,323	17.2%
Total Discounts and Allowances	<u>995,135</u>	<u>726,803</u>	<u>268,332</u>	<u>36.9%</u>
Net Patient Revenue	<u>1,118,862</u>	<u>953,081</u>	<u>165,781</u>	<u>17.4%</u>
Contractual Revenues	<u>278,378</u>	<u>277,836</u>	<u>542</u>	<u>0.2%</u>
Total Operating Revenues Included in Monthly Financial Report	<u>1,397,240</u>	<u>1,230,917</u>	<u>166,323</u>	<u>13.5%</u>
Operating Expenses:				
Faculty Salaries	574,131	195,544	378,587	193.6%
Staff Salaries	497,142	437,848	59,294	13.5%
Fringe Benefits	219,615	138,081	81,534	59.0%
Maintenance and Operations	460,476	393,641	66,835	17.0%
Travel	18,407	14,301	4,106	28.7%
Official Functions	8,251	3,147	5,104	162.2%
Total Operating Expenses Included in Monthly Financial Report	<u>1,778,022</u>	<u>1,182,562</u>	<u>595,460</u>	<u>50.4%</u>
Adjusted Income (Loss)	(380,782)	48,355	(429,137)	-887.5%
Adjusted Income (Loss) - as a percentage	-27.25%	N/A		
Change in Net Assets	(380,782)	48,355	(429,137)	-887.5%
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>\$ 291,709</u>	<u>424,321</u>	<u>(132,612)</u>	<u>-31.3%</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, 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	\$ 253,017,802	197,214,458	55,803,344	28.3%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	59,096,406	56,393,241	2,703,165	4.8%
Contractual Allowances - Medicaid	28,279,317	17,368,979	10,910,338	62.8%
Total Un-sponsored Charity Care	87,375,723	73,762,220	13,613,503	18.5%
Contractual Allowances				
Medicare	34,572,470	26,807,038	7,765,432	29.0%
Managed Care and Other Insurance	41,184,162	33,859,811	7,324,351	21.6%
Total Contractual Allowances	75,756,632	60,666,849	15,089,783	24.9%
Other Unreimbursed Medical Charges	12,405,373	1,830,367	10,575,006	577.8%
Bad Debt Expense	3,193,735	4,054,295	(860,560)	-21.2%
Total Discounts and Allowances	178,731,463	140,313,731	38,417,732	27.4%
Net Patient Revenue	74,286,339	56,900,727	17,385,612	30.6%
Contractual Revenues	63,744,259	58,612,589	5,131,670	8.8%
Other Operating Revenues	2,106,062	3,857,158	(1,751,096)	-45.4%
Total Operating Revenues Included in Monthly Financial Report	<u>140,136,660</u>	<u>119,370,474</u>	<u>20,766,186</u>	<u>17.4%</u>
Operating Expenses:				
Faculty Salaries	59,089,719	53,804,725	5,284,994	9.8%
Staff Salaries	10,923,155	8,895,775	2,027,380	22.8%
Fringe Benefits	18,003,225	16,754,485	1,248,740	7.5%
Maintenance and Operations	54,709,898	49,389,969	5,319,929	10.8%
Professional Liability Insurance	1,085,915	(2,612,470)	3,698,385	141.6%
Travel	1,244,865	1,248,839	(3,974)	-0.3%
Official Functions	900,991	962,719	(61,728)	-6.4%
Total Operating Expenses Included in Monthly Financial Report	<u>145,957,768</u>	<u>128,444,042</u>	<u>17,513,726</u>	<u>13.6%</u>
Operating Income (Loss)	(5,821,108)	(9,073,568)	3,252,460	35.8%
Investment Income	408,451	763,850	(355,399)	-46.5%
Interest Expense on Debt Service	(3,084,328)	(1,050,227)	(2,034,101)	-193.7%
Adjusted Income (Loss)	(8,496,985)	(9,359,945)	862,960	9.2%
Adjusted Income (Loss) - as a percentage	-6.05%	-7.79%		
Other:				
Transfers In	4,024,752	105,894	3,918,858	3,700.7%
Transfers Out	(92,535)	(117,543)	25,008	21.3%
Capital Outlay	(3,924,988)	(293,226)	(3,631,762)	-1,238.6%
Total Other	7,229	(304,875)	312,104	102.4%
Change in Net Assets	(8,489,756)	(9,664,820)	1,175,064	12.2%
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>\$ 68,494,430</u>	<u>70,888,029</u>	<u>(2,393,599)</u>	<u>-3.4%</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, 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	\$ 6,861,004	6,945,477	(84,473)	-1.2%
Other Operating Revenues	897,619	440,801	456,818	103.6%
Total Operating Revenues Included in Monthly Financial Report	<u>7,758,623</u>	<u>7,386,278</u>	<u>372,345</u>	<u>5.0%</u>
Operating Expenses:				
Faculty Salaries	1,550,581	1,336,622	213,959	16.0%
Staff Salaries	1,260,889	1,187,215	73,674	6.2%
Fringe Benefits	792,950	742,127	50,823	6.8%
Maintenance and Operations	2,346,356	2,459,199	(112,843)	-4.6%
Professional Liability Insurance	35,054	29,326	5,728	19.5%
Travel	172,317	167,670	4,647	2.8%
Official Functions	61,183	80,958	(19,775)	-24.4%
Total Operating Expenses Included in Monthly Financial Report	<u>6,219,330</u>	<u>6,003,117</u>	<u>216,213</u>	<u>3.6%</u>
Operating Income (Loss)	1,539,293	1,383,161	156,132	11.3%
Investment Income	65,063	76,009	(10,946)	-14.4%
Adjusted Income (Loss)	1,604,356	1,459,170	145,186	9.9%
Adjusted Income (Loss) - as a percentage	20.51%	19.55%		
Other:				
Transfers In	246,631	29,421	217,210	738.3%
Transfers Out	(7,379)	(15,889)	8,510	53.6%
Capital Outlay	-	(53,524)	53,524	100.0%
Total Other	<u>239,252</u>	<u>(39,992)</u>	<u>279,244</u>	<u>698.2%</u>
Change in Net Assets	1,843,608	1,419,178	424,430	29.9%
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>\$ 17,090,038</u>	<u>15,384,331</u>	<u>1,705,707</u>	<u>11.1%</u>

The University of Texas Health Science Center at San Antonio
Allied Health Partners Practice Plan Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 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	\$ 340,364	61,378	278,986	454.5%
Other Operating Revenues	-	51,209	(51,209)	-100.0%
Total Operating Revenues Included in Monthly Financial Report	<u>340,364</u>	<u>112,587</u>	<u>227,777</u>	<u>202.3%</u>
Operating Expenses:				
Faculty Salaries	10,087	6,000	4,087	68.1%
Staff Salaries	141,296	14,357	126,939	884.2%
Fringe Benefits	36,627	1,530	35,097	2,293.9%
Maintenance and Operations	41,672	5,520	36,152	654.9%
Professional Liability Insurance	100	81	19	23.5%
Travel	828	3,167	(2,339)	-73.9%
Official Functions	-	1,621	(1,621)	-100.0%
Total Operating Expenses Included in Monthly Financial Report	<u>230,610</u>	<u>32,276</u>	<u>198,334</u>	<u>614.5%</u>
Operating Income (Loss)	109,754	80,311	29,443	36.7%
Investment Income	837	174	663	381.0%
Adjusted Income (Loss)	110,591	80,485	30,106	37.4%
Adjusted Income (Loss) - as a percentage	32.41%	71.38%		
Other:				
Transfers In	-	2,840	(2,840)	-100.0%
Transfers Out	(1,079)	(1,650)	571	34.6%
Total Other	<u>(1,079)</u>	<u>1,190</u>	<u>(2,269)</u>	<u>-190.7%</u>
Change in Net Assets	109,512	81,675	27,837	34.1%
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>\$ 276,883</u>	<u>149,833</u>	<u>127,050</u>	<u>84.8%</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, 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	\$ 663,564,029	590,494,996	73,069,033	12.4%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	13,790,148	12,009,412	1,780,736	14.8%
Contractual Allowances - Medicaid	21,880,670	18,464,939	3,415,731	18.5%
Total Un-sponsored Charity Care	35,670,818	30,474,351	5,196,467	17.1%
Contractual Allowances				
Medicare	172,900,667	158,144,473	14,756,194	9.3%
Managed Care and Other Insurance	209,749,696	182,178,653	27,571,043	15.1%
Total Contractual Allowances	382,650,363	340,323,126	42,327,237	12.4%
Other Unreimbursed Medical Charges	30,435,984	16,640,455	13,795,529	82.9%
Bad Debt Expense	6,409,073	4,414,814	1,994,259	45.2%
Total Discounts and Allowances	455,166,238	391,852,746	63,313,492	16.2%
Net Patient Revenue	208,397,791	198,642,250	9,755,541	4.9%
Other Operating Revenues	270,865	249,127	21,738	8.7%
Total Operating Revenues Included in Monthly Financial Report	<u>208,668,656</u>	<u>198,891,377</u>	<u>9,777,279</u>	<u>4.9%</u>
Operating Expenses:				
Faculty Salaries	81,420,417	76,803,718	4,616,699	6.0%
Staff Salaries	34,904,044	32,746,512	2,157,532	6.6%
Fringe Benefits	71,597,509	65,496,586	6,100,923	9.3%
Maintenance and Operations	21,913,982	18,721,178	3,192,804	17.1%
Professional Liability Insurance	1,292,096	36,370	1,255,726	3,452.6%
Travel	6,520,044	7,528,540	(1,008,496)	-13.4%
Official Functions	843,142	759,778	83,364	11.0%
Total Operating Expenses Included in Monthly Financial Report	<u>218,491,234</u>	<u>202,092,682</u>	<u>16,398,552</u>	<u>8.1%</u>
Operating Income (Loss)	(9,822,578)	(3,201,305)	(6,621,273)	-206.8%
Investment Income	2,133,871	4,404,246	(2,270,375)	-51.5%
Adjusted Income (Loss)	(7,688,707)	1,202,941	(8,891,648)	-739.2%
Adjusted Income (Loss) - as a percentage	-3.65%	0.59%		
Other:				
Other Nonoperating Revenues (Expenses)	(23,057,688)	3,832,895	(26,890,583)	-701.6%
Total Other	(23,057,688)	3,832,895	(26,890,583)	-701.6%
Change in Net Assets	(30,746,395)	5,035,836	(35,782,231)	-710.6%
Beginning Net Assets - As Previously Reported	53,675,235	103,513,903	(49,838,668)	-48.1%
Ending Net Assets	<u>\$ 22,928,840</u>	<u>108,549,739</u>	<u>(85,620,899)</u>	<u>-78.9%</u>

**The University of Texas Health Science Center at Tyler
Physician Practice Plan Year-to-Date Summary of Operations*
For the Nine Months Ending May 31, 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	\$ 28,366,990	25,284,840	3,082,150	12.2%
Less: Discounts and Allowances				
Un-sponsored Charity Care				
Charity Care	813,739	980,903	(167,164)	-17.0%
Contractual Allowances - Medicaid	2,934,896	2,744,938	189,958	6.9%
Total Un-sponsored Charity Care	<u>3,748,635</u>	<u>3,725,841</u>	<u>22,794</u>	<u>0.6%</u>
Contractual Allowances				
Medicare	9,388,454	8,006,080	1,382,374	17.3%
Managed Care and Other Insurance	4,637,753	3,474,151	1,163,602	33.5%
Total Contractual Allowances	<u>14,026,207</u>	<u>11,480,231</u>	<u>2,545,976</u>	<u>22.2%</u>
Other Unreimbursed Medical Charges	395,018	437,750	(42,732)	-9.8%
Bad Debt Expense	659,395	1,918,552	(1,259,157)	-65.6%
Total Discounts and Allowances	<u>18,829,255</u>	<u>17,562,374</u>	<u>1,266,881</u>	<u>7.2%</u>
Net Patient Revenue	<u>9,537,735</u>	<u>7,722,466</u>	<u>1,815,269</u>	<u>23.5%</u>
Contractual Revenues	1,743,805	1,696,594	47,211	2.8%
Other Operating Revenues	78,413	91,930	(13,517)	-14.7%
Total Operating Revenues Included in Monthly Financial Report	<u>11,359,953</u>	<u>9,510,990</u>	<u>1,848,963</u>	<u>19.4%</u>
Operating Expenses:				
Faculty Salaries	5,690,688	5,120,893	569,795	11.1%
Staff Salaries	716,883	781,996	(65,113)	-8.3%
Fringe Benefits	954,505	926,324	28,181	3.0%
Maintenance and Operations	3,741,668	3,083,825	657,843	21.3%
Professional Liability Insurance	79,208	(117,741)	196,949	167.3%
Travel	55,351	60,696	(5,345)	-8.8%
Total Operating Expenses Included in Monthly Financial Report	<u>11,238,303</u>	<u>9,855,993</u>	<u>1,382,310</u>	<u>14.0%</u>
Operating Income (Loss)	121,650	(345,003)	466,653	135.3%
Investment Income	129,304	289,444	(160,140)	-55.3%
Adjusted Income (Loss)	250,954	(55,559)	306,513	551.7%
Adjusted Income (Loss) - as a percentage	2.18%	-0.57%		
Other:				
Other Nonoperating Revenues (Expenses)	(1,778,273)	197,246	(1,975,519)	-1,001.6%
Transfers In	28,400	94,197	(65,797)	-69.9%
Total Other	<u>(1,749,873)</u>	<u>291,443</u>	<u>(2,041,316)</u>	<u>-700.4%</u>
Change in Net Assets	(1,498,919)	235,884	(1,734,803)	-735.4%
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>\$ 5,423,771</u>	<u>7,393,403</u>	<u>(1,969,632)</u>	<u>-26.6%</u>

*Includes the operations of the nonprofit healthcare corporation.