

THE UNIVERSITY OF TEXAS
MD Anderson
~~Cancer~~ Center

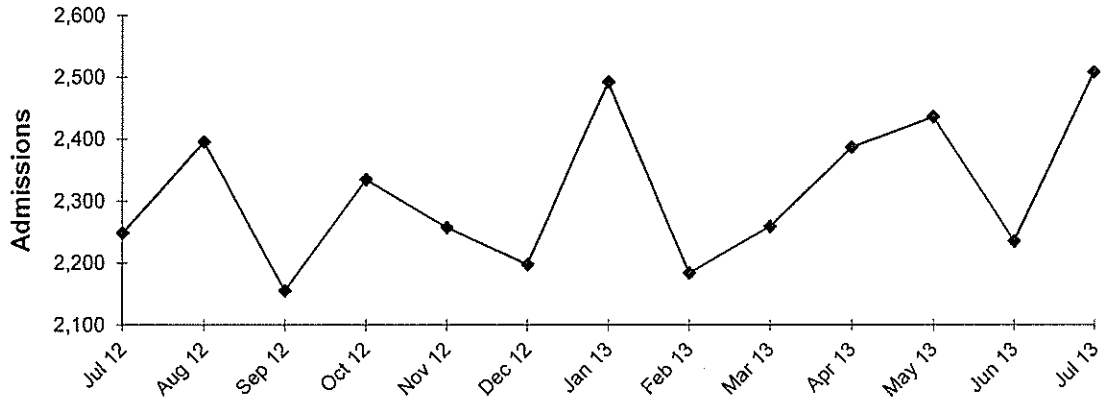
CONSOLIDATED
INSTITUTIONAL
FINANCIAL REPORT

July 2013

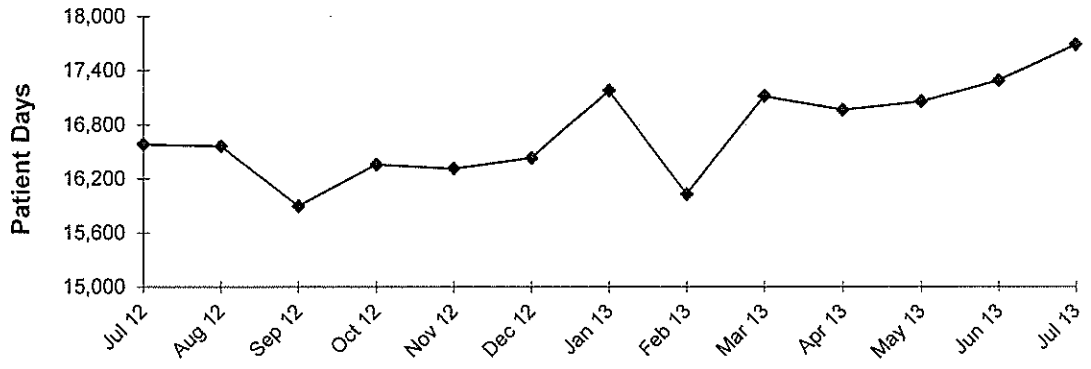
CONFIDENTIAL

THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER
FINANCIAL AND STATISTICAL INDICATORS
July 2013

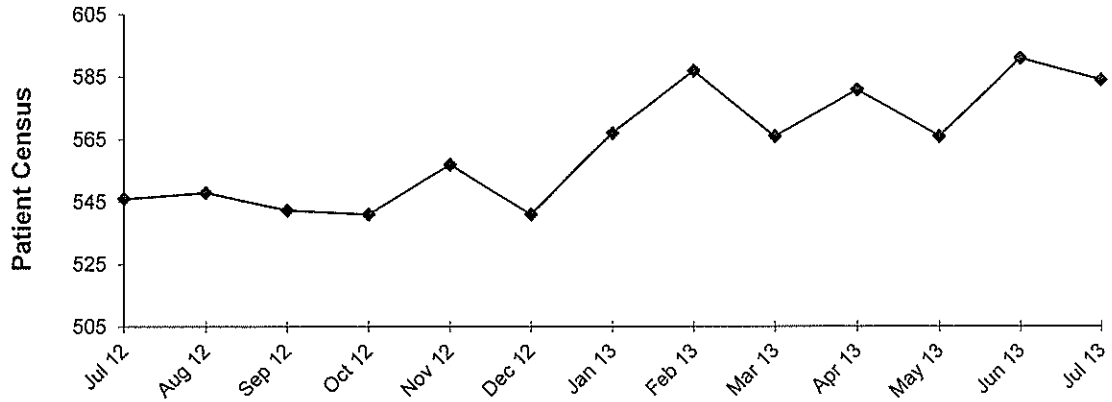
Inpatient Admissions



Patient Days

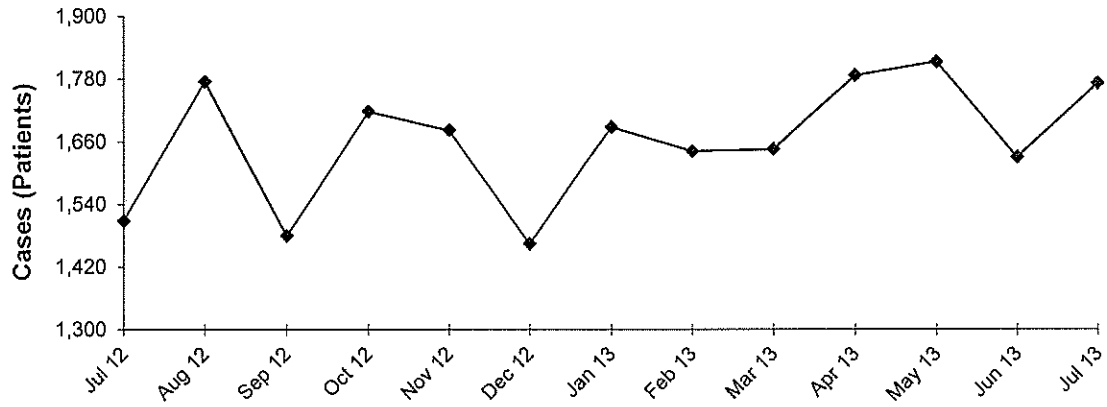


Average Daily Census

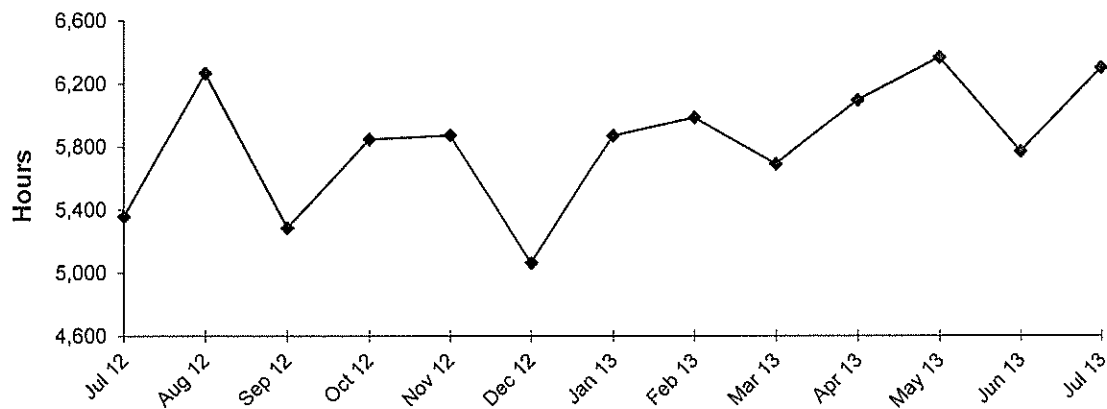


THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER
 FINANCIAL AND STATISTICAL INDICATORS
 July 2013

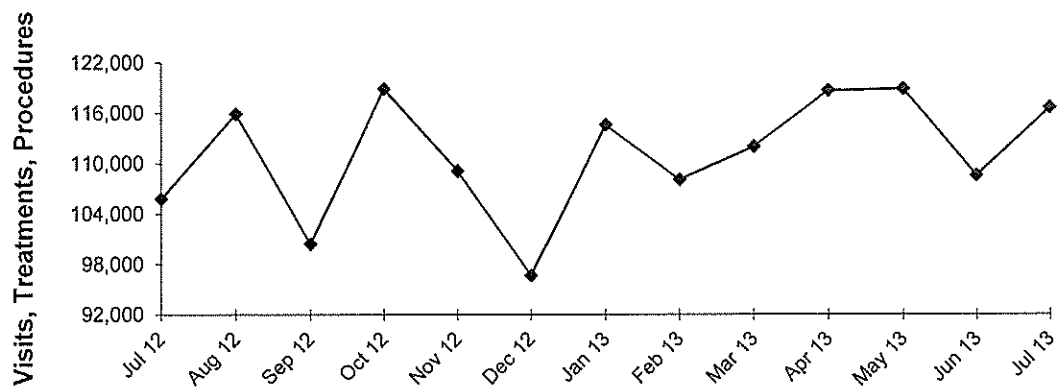
TMC Surgery Cases - Patients



TMC Surgery Hours

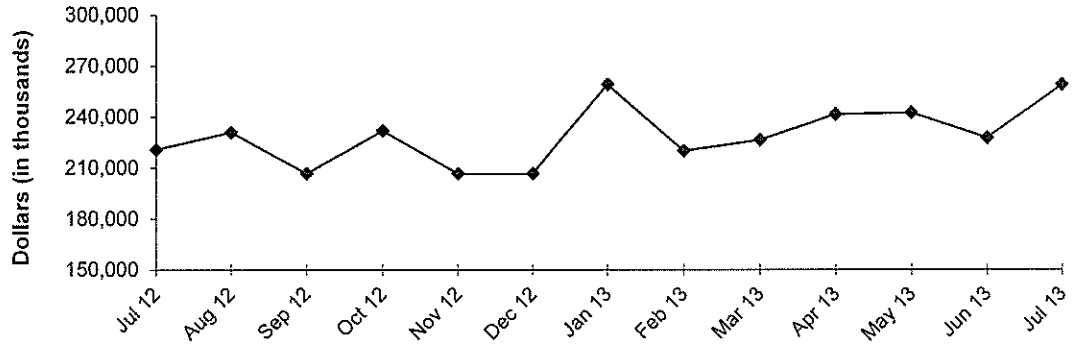


Outpatient Billable Visits

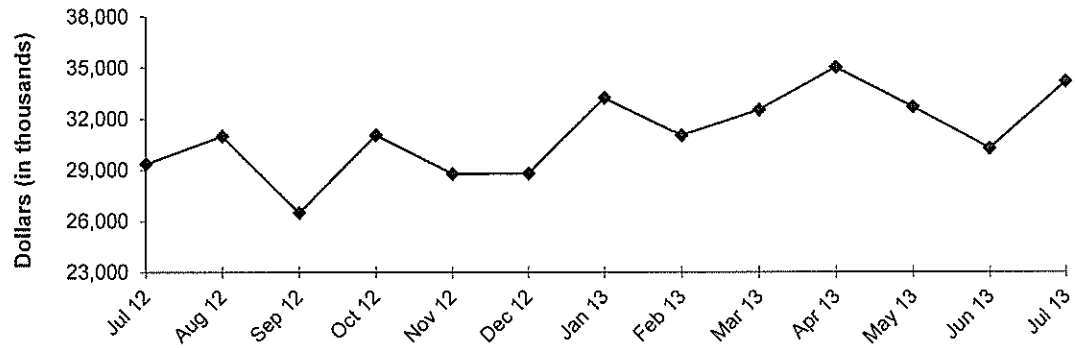


THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER
 FINANCIAL AND STATISTICAL INDICATORS
 July 2013

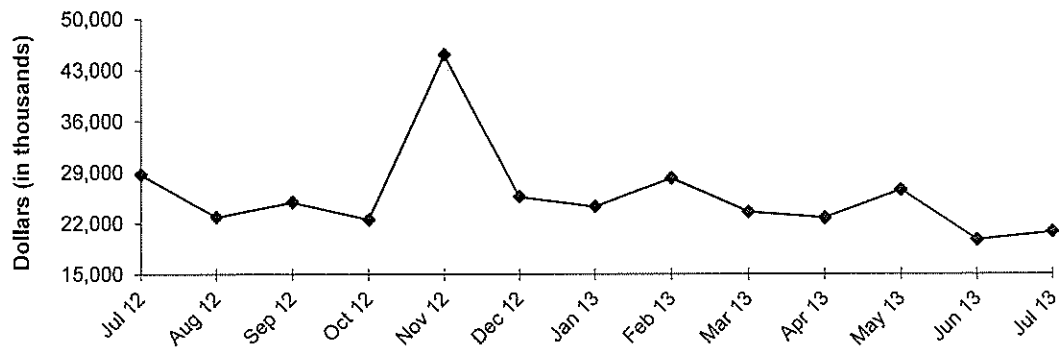
Hospital & Clinic Net Patient Service Revenue



PRS Net Patient Service Revenue

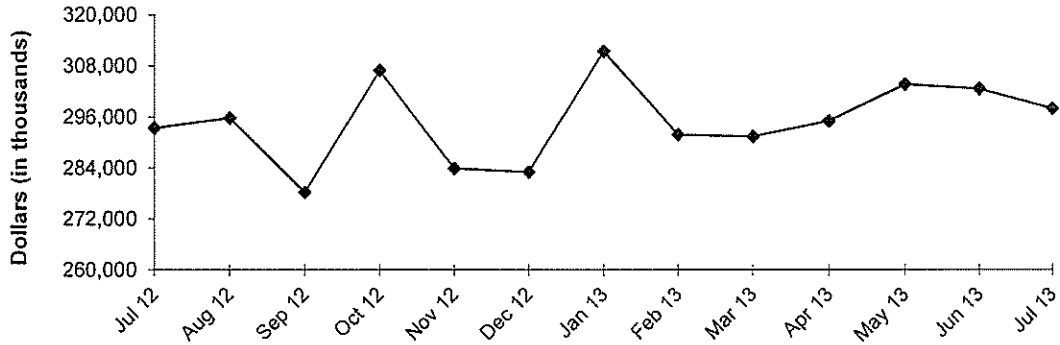


Restricted Grants and Contracts

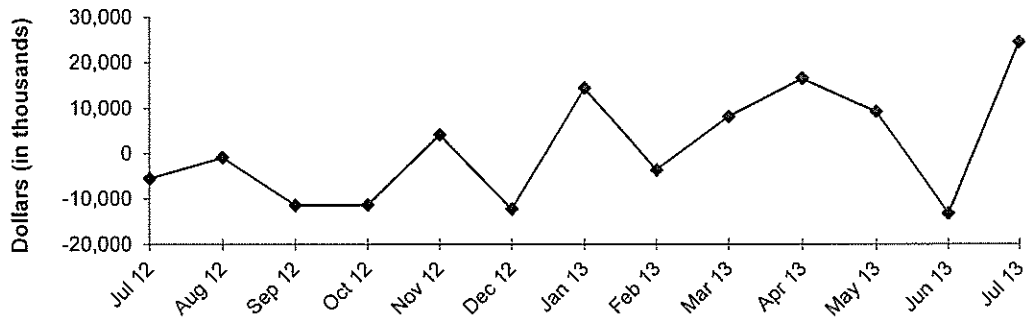


THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER
 FINANCIAL AND STATISTICAL INDICATORS
 July 2013

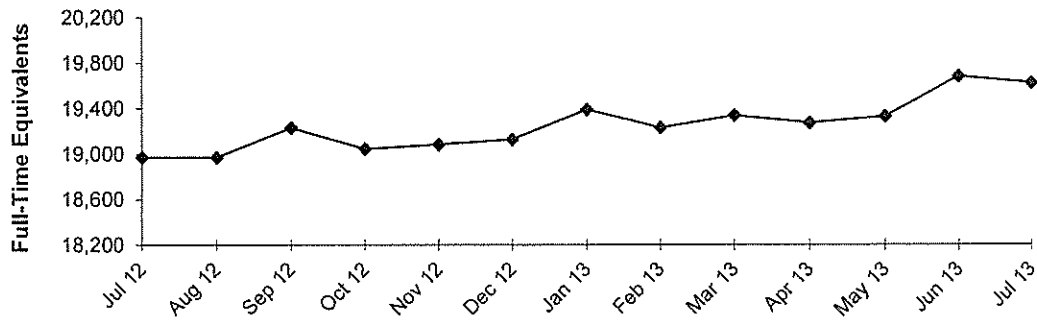
Total Operating Expense



Total Operating Income/(Loss)



Total Full-Time Equivalents



The University of Texas MD Anderson Cancer Center
Consolidated Statement of Operations
Actual vs Actual
For the Year to Date Ended July 2013
(Unaudited)

| | Actual July 2013 | | Actual July 2012 | | Increase (Decrease) | Percent Increase (Decrease) |
|---|-----------------------|--------------|-----------------------|--------------|------------------------|-----------------------------------|
| REVENUE | | | | | | |
| Hospital Gross Patient Revenue | | | | | | |
| Hospital Inpatient | \$ 1,717,653,532 | | \$ 1,594,021,510 | | \$ 123,632,022 | 7.8% |
| Hospital Outpatient | 3,124,421,124 | | 2,921,993,153 | | 202,427,972 | 6.9% |
| Total Hospital Gross Patient Revenue | 4,842,074,656 | | 4,516,014,663 | | 326,059,993 | 7.2% |
| Deductions from Hospital Gross Revenue | | | | | | |
| Medicare | 1,001,695,714 | 20.7% | 952,073,545 | 21.1% | 49,622,168 | 5.2% |
| Medicaid | 137,504,603 | 2.8% | 151,681,563 | 3.4% | (14,176,960) | (9.3%) |
| Managed Care | 875,628,585 | 18.1% | 800,480,411 | 17.7% | 75,148,175 | 9.4% |
| Indigent Care | 115,228,188 | 2.4% | 125,323,651 | 2.8% | (10,095,463) | (8.1%) |
| Bad Debts | 79,935,573 | 1.7% | 54,940,051 | 1.2% | 24,995,521 | 45.5% |
| Denials, Exclusions & Other Adjustments | 105,700,702 | 2.2% | 60,993,795 | 1.4% | 44,706,907 | 73.3% |
| Total Deductions from Hospital Gross Patient Revenue | 2,315,693,365 | 47.8% | 2,145,493,018 | 47.5% | 170,200,348 | 7.9% |
| Total Net Hospital Revenue | 2,526,381,291 | | 2,370,521,645 | | 155,859,646 | 6.6% |
| Professional Fee Gross Patient Revenue | | | | | | |
| Professional Fee Inpatient | 338,848,960 | | 335,140,965 | | 3,707,995 | 1.1% |
| Professional Fee Outpatient | 792,263,582 | | 740,497,268 | | 51,766,313 | 7.0% |
| Total Professional Fee Gross Patient Revenue | 1,131,112,542 | | 1,075,638,234 | | 55,474,308 | 5.2% |
| Deductions from Professional Fee Gross Patient Revenue | | | | | | |
| Medicare | 319,431,026 | 28.2% | 296,440,126 | 27.6% | 22,990,900 | 7.8% |
| Medicaid | 38,541,891 | 3.4% | 39,548,009 | 3.7% | (1,006,117) | (2.5%) |
| Managed Care | 362,272,356 | 32.0% | 350,399,316 | 32.6% | 11,873,040 | 3.4% |
| Indigent Care | 22,631,978 | 2.0% | 24,895,526 | 2.3% | (2,263,549) | (9.1%) |
| Bad Debts | 5,391,101 | 0.5% | 7,043,006 | 0.7% | (1,651,905) | (23.5%) |
| Denials, Exclusions & Other Adjustments | 38,696,440 | 3.4% | 30,902,689 | 2.9% | 7,793,751 | 25.2% |
| Total Deductions from Professional Fee Gross Patient Revenue | 786,964,792 | 69.6% | 749,228,672 | 69.7% | 37,736,120 | 5.0% |
| Total Net Professional Fee Revenue | 344,147,750 | | 326,409,562 | | 17,738,188 | 5.4% |
| TOTAL NET PATIENT REVENUE | 2,870,529,041 | | 2,696,931,207 | | 173,597,834 | 6.4% |
| Other Operating Revenue | | | | | | |
| Restricted Grants & Contracts | 284,242,517 | | 301,416,096 | | (17,173,579) | (5.7%) |
| Auxiliary and Other Revenue | 116,758,988 | | 107,445,130 | | 9,313,858 | 8.7% |
| Total Other Operating Revenue | 401,001,505 | | 408,861,226 | | (7,859,721) | (1.9%) |
| TOTAL OPERATING REVENUE | 3,271,530,546 | | 3,105,792,434 | | 165,738,113 | 5.3% |
| OPERATING EXPENSE | | | | | | |
| Personnel Expense | | | | | | |
| Classified | 987,820,244 | | 932,042,602 | | 55,777,642 | 6.0% |
| Administrative and Professional | 60,736,378 | | 62,373,737 | | (1,637,359) | (2.6%) |
| Faculty | 374,384,632 | | 356,111,498 | | 18,273,134 | 5.1% |
| Educational | 48,672,217 | | 48,426,800 | | 245,418 | 0.5% |
| Fringe Benefits | 420,901,065 | | 384,953,977 | | 35,947,088 | 9.3% |
| Total Personnel Expense | 1,892,514,537 | | 1,783,908,614 | | 108,605,923 | 6.1% |
| Other Operating Expense | | | | | | |
| Medical and Drug Supplies | 525,908,582 | | 515,872,252 | | 10,036,329 | 1.9% |
| Other Supplies | 109,593,141 | | 98,397,429 | | 11,195,711 | 11.4% |
| Purchased Services | 255,299,772 | | 194,317,304 | | 60,982,469 | 31.4% |
| Facilities (Maint., Utilities, & Rent) | 177,571,202 | | 173,370,642 | | 4,200,560 | 2.4% |
| Depreciation | 250,550,926 | | 241,554,020 | | 8,996,906 | 3.7% |
| Minor Equipment, Furnishings, Renovations | 15,951,070 | | 15,979,217 | | (28,147) | (0.2%) |
| Travel Expense | 19,224,419 | | 16,718,835 | | 2,505,585 | 15.0% |
| TOTAL OPERATING EXPENSE | 3,246,613,650 | | 3,040,118,313 | | 206,495,337 | 6.8% |
| TOTAL OPERATING INCOME / (LOSS) | 24,916,896 | | 65,674,121 | | (40,757,224) | (62.1%) |
| NON-OPERATING REVENUE (EXPENSE) | | | | | | |
| State Appropriations | 141,330,540 | | 147,681,733 | | (6,351,193) | (4.3%) |
| Tobacco Settlement | 7,675,296 | | 7,527,929 | | 147,367 | 2.0% |
| Restricted & Designated Gifts | 160,128,026 | | 82,128,952 | | 77,999,074 | 95.0% |
| Investment Income | 87,336,707 | | 86,535,790 | | 800,917 | 0.9% |
| Change in Market Value | 38,684,451 | | (55,542,448) | | 94,226,899 | 169.6% |
| TOTAL NON-OPERATING REVENUE (EXPENSE) | 435,155,020 | | 268,331,956 | | 166,823,064 | 62.2% |
| NET INCOME / (LOSS) | \$ 460,071,917 | | \$ 334,006,077 | | \$ 126,065,840 | 37.7% |
| Capital Contributions | 14,027,751 | | | | | |
| Additions to Endowments | 11,419,150 | | | | | |
| Transfers | (7,541,054) | | | | | |
| Overhead | 299,290 | | | | | |
| Increase in Net Assets | 478,277,054 | | | | | |
| Net Assets - Beginning of Period | 5,516,756,705 | | | | | |
| Net Assets - End of Period | 5,995,033,759 | | | | | |

The University of Texas MD Anderson Cancer Center
Consolidated Statement of Operations
Actual vs Actual
For the Month to Date Ended July 2013
(Unaudited)

| | Actual July 2013 | | Actual July 2012 | | Increase (Decrease) | Percent Increase (Decrease) |
|---|----------------------|--------------|---------------------|--------------|------------------------|-----------------------------------|
| REVENUE | | | | | | |
| Hospital Gross Patient Revenue | | | | | | |
| Hospital Inpatient | \$166,228,369 | | \$148,558,841 | | \$17,669,528 | 11.9% |
| Hospital Outpatient | 298,437,780 | | 268,272,933 | | 30,164,846 | 11.2% |
| Total Hospital Gross Patient Revenue | 464,666,149 | | 416,831,774 | | 47,834,374 | 11.5% |
| Deductions from Hospital Gross Revenue | | | | | | |
| Medicare | 82,368,297 | 17.7% | 76,047,457 | 18.2% | 6,320,840 | 8.3% |
| Medicaid | 10,777,342 | 2.3% | 14,503,043 | 3.5% | (3,725,701) | (25.7%) |
| Managed Care | 83,015,109 | 17.9% | 71,847,393 | 17.2% | 11,167,716 | 15.5% |
| Indigent Care | 9,715,357 | 2.1% | 9,978,166 | 2.4% | (262,809) | (2.6%) |
| Bad Debts | 11,426,236 | 2.5% | 10,814,028 | 2.6% | 612,209 | 5.7% |
| Denials, Exclusions & Other Adjustments | 8,666,098 | 1.9% | 12,875,224 | 3.1% | (4,209,126) | (32.7%) |
| Total Deductions from Hospital Gross Patient Revenue | 205,968,439 | 44.3% | 196,065,309 | 47.0% | 9,903,129 | 5.1% |
| Total Net Hospital Revenue | 258,697,710 | | 220,766,465 | | 37,931,245 | 17.2% |
| Professional Fee Gross Patient Revenue | | | | | | |
| Professional Fee Inpatient | 34,162,756 | | 27,180,967 | | 6,981,789 | 25.7% |
| Professional Fee Outpatient | 80,345,343 | | 70,968,908 | | 9,376,436 | 13.2% |
| Total Professional Fee Gross Patient Revenue | 114,508,099 | | 98,149,875 | | 16,358,225 | 16.7% |
| Deductions from Professional Fee Gross Patient Revenue | | | | | | |
| Medicare | 31,969,764 | 27.9% | 26,530,028 | 27.0% | 5,439,736 | 20.5% |
| Medicaid | 4,968,158 | 4.3% | 4,172,372 | 4.3% | 795,786 | 19.1% |
| Managed Care | 38,138,856 | 33.3% | 32,390,895 | 33.0% | 5,747,961 | 17.7% |
| Indigent Care | 2,175,455 | 1.9% | 1,838,513 | 1.9% | 336,942 | 18.3% |
| Bad Debts | 792,871 | 0.7% | 392,747 | 0.4% | 400,123 | 101.9% |
| Denials, Exclusions & Other Adjustments | 3,335,322 | 2.9% | 3,452,115 | 3.5% | (116,793) | (3.4%) |
| Total Deductions from Professional Fee Gross Patient Revenue | 81,380,425 | 71.1% | 68,776,670 | 70.1% | 12,603,755 | 18.3% |
| Total Net Professional Fee Revenue | 33,127,674 | | 29,373,205 | | 3,754,470 | 12.8% |
| TOTAL NET PATIENT REVENUE | 291,825,384 | | 250,139,670 | | 41,685,715 | 16.7% |
| Other Operating Revenue | | | | | | |
| Restricted Grants & Contracts | 20,806,439 | | 28,728,857 | | (7,922,418) | (27.6%) |
| Auxiliary and Other Revenue | 9,857,092 | | 9,097,615 | | 759,477 | 8.3% |
| Total Other Operating Revenue | 30,663,531 | | 37,826,472 | | (7,162,940) | (18.9%) |
| TOTAL OPERATING REVENUE | 322,488,915 | | 287,966,141 | | 34,522,774 | 12.0% |
| OPERATING EXPENSE | | | | | | |
| Personnel Expense | | | | | | |
| Classified | 88,521,055 | | 88,749,807 | | (228,752) | (0.3%) |
| Administrative and Professional | 5,209,907 | | 5,944,173 | | (734,265) | (12.4%) |
| Faculty | 33,456,333 | | 33,383,768 | | 72,566 | 0.2% |
| Educational | 4,683,617 | | 4,638,461 | | 45,156 | 1.0% |
| Fringe Benefits | 38,557,817 | | 35,744,163 | | 2,813,654 | 7.9% |
| Total Personnel Expense | 170,428,730 | | 168,460,372 | | 1,968,358 | 1.2% |
| Other Operating Expense | | | | | | |
| Medical and Drug Supplies | 47,899,116 | | 47,534,664 | | 364,452 | 0.8% |
| Other Supplies | 10,410,112 | | 9,748,829 | | 661,283 | 6.8% |
| Purchased Services | 25,131,603 | | 23,216,582 | | 1,915,022 | 8.2% |
| Facilities (Maint., Utilities, & Rent) | 18,114,596 | | 17,355,881 | | 758,715 | 4.4% |
| Depreciation | 22,417,545 | | 22,978,339 | | (560,794) | (2.4%) |
| Minor Equipment, Furnishings, Renovations | 1,967,647 | | 2,192,552 | | (224,905) | (10.3%) |
| Travel Expense | 1,633,248 | | 1,981,768 | | (348,520) | (17.6%) |
| TOTAL OPERATING EXPENSE | 298,002,597 | | 293,468,987 | | 4,533,610 | 1.5% |
| TOTAL OPERATING INCOME / (LOSS) | 24,486,319 | | (5,502,846) | | 29,989,165 | 545.0% |
| NON-OPERATING REVENUE (EXPENSE) | | | | | | |
| State Appropriations | 12,812,732 | | 13,525,382 | | (712,651) | (5.3%) |
| Tobacco Settlement | 697,321 | | 683,953 | | 13,369 | 2.0% |
| Restricted & Designated Gifts | 5,386,106 | | 13,353,228 | | (7,967,122) | (59.7%) |
| Investment Income | 5,594,406 | | 23,225,421 | | (17,631,015) | (75.9%) |
| Change in Market Value | (54,479,385) | | 21,499,280 | | (75,978,665) | (353.4%) |
| TOTAL NON-OPERATING REVENUE (EXPENSE) | (29,968,820) | | 72,287,265 | | (102,276,085) | (141.5%) |
| NET INCOME / (LOSS) | (55,502,502) | | \$66,784,419 | | (\$72,286,920) | (108.2%) |
| Capital Contributions | (12,857,839) | | | | | |
| Additions to Endowments | 91,330 | | | | | |
| Transfers | 368,152 | | | | | |
| Overhead | 7,477 | | | | | |
| Increase in Net Assets | (17,893,381) | | | | | |
| Net Assets - Beginning of Period | 6,012,927,140 | | | | | |
| Net Assets - End of Period | 5,995,033,759 | | | | | |

The University of Texas MD Anderson Cancer Center
Consolidated Statement of Operations
Actual vs Budget
For the Year to Date Ended July 2013
(Unaudited)

| | Actuals July 2013 | | Budget July 2013 | | Variance Favorable (Unfavorable) | Percent Variance Favorable (Unfavorable) |
|---|-----------------------|--------------|-----------------------|--------------|--|---|
| REVENUE | | | | | | |
| Hospital Gross Patient Revenue | | | | | | |
| Hospital Inpatient | \$ 1,717,653,532 | | \$ 1,805,276,774 | | \$ (87,623,242) | (4.9%) |
| Hospital Outpatient | 3,124,421,124 | | 3,336,843,205 | | (212,422,080) | (6.4%) |
| Total Hospital Gross Patient Revenue | <u>4,842,074,656</u> | | <u>5,142,119,978</u> | | <u>(300,045,322)</u> | <u>(5.8%)</u> |
| Deductions from Hospital Gross Revenue | | | | | | |
| Medicare | 1,001,695,714 | 20.7% | 1,114,498,326 | 21.7% | 112,802,613 | 10.1% |
| Medicaid | 137,504,603 | 2.8% | 181,756,661 | 3.5% | 44,252,058 | 24.3% |
| Managed Care | 675,628,585 | 18.1% | 929,376,547 | 18.1% | 53,747,962 | 5.8% |
| Indigent Care | 115,228,188 | 2.4% | 143,405,707 | 2.8% | 28,177,518 | 19.6% |
| Bad Debts | 79,935,573 | 1.7% | 66,958,567 | 1.3% | (12,977,006) | (19.4%) |
| Denials, Exclusions & Other Adjustments | 105,700,702 | 2.2% | 76,362,748 | 1.5% | (29,337,954) | (38.4%) |
| Total Deductions from Hospital Gross Patient Revenue | <u>2,315,693,365</u> | <u>47.8%</u> | <u>2,512,358,556</u> | <u>48.9%</u> | <u>196,665,190</u> | <u>7.8%</u> |
| Total Net Hospital Revenue | <u>2,526,381,291</u> | | <u>2,629,761,423</u> | | <u>(103,380,132)</u> | <u>(3.9%)</u> |
| Professional Fee Gross Patient Revenue | | | | | | |
| Professional Fee Inpatient | 338,848,960 | | 367,758,808 | | (28,909,848) | (7.9%) |
| Professional Fee Outpatient | 792,263,582 | | 803,913,594 | | (11,650,012) | (1.4%) |
| Total Professional Fee Gross Patient Revenue | <u>1,131,112,542</u> | | <u>1,171,672,403</u> | | <u>(40,559,861)</u> | <u>(3.5%)</u> |
| Deductions from Professional Fee Gross Patient Revenue | | | | | | |
| Medicare | 319,431,026 | 28.2% | 321,180,186 | 27.4% | 1,749,160 | 0.5% |
| Medicaid | 38,541,891 | 3.4% | 44,490,420 | 3.8% | 5,948,528 | 13.4% |
| Managed Care | 362,272,356 | 32.0% | 387,579,025 | 33.1% | 25,306,669 | 6.5% |
| Indigent Care | 22,631,978 | 2.0% | 27,064,823 | 2.3% | 4,432,845 | 16.4% |
| Bad Debts | 5,391,101 | 0.5% | 5,204,014 | 0.4% | (187,086) | (3.6%) |
| Denials, Exclusions & Other Adjustments | 38,696,440 | 3.4% | 32,620,249 | 2.8% | (6,076,191) | (18.6%) |
| Total Deductions from Professional Fee Gross Patient Revenue | <u>786,964,792</u> | <u>69.6%</u> | <u>818,138,717</u> | <u>69.8%</u> | <u>31,173,925</u> | <u>3.8%</u> |
| Total Net Professional Fee Revenue | <u>344,147,750</u> | | <u>353,533,686</u> | | <u>(9,385,935)</u> | <u>(2.7%)</u> |
| TOTAL NET PATIENT REVENUE | <u>2,870,529,041</u> | | <u>2,983,295,108</u> | | <u>(112,766,067)</u> | <u>(3.8%)</u> |
| Other Operating Revenue | | | | | | |
| Restricted Grants & Contracts | 284,242,517 | | 321,893,361 | | (37,650,844) | (11.7%) |
| Auxiliary and Other Revenue | 116,758,988 | | 109,515,746 | | 7,243,242 | 6.6% |
| Total Other Operating Revenue | <u>401,001,505</u> | | <u>431,409,107</u> | | <u>(30,407,602)</u> | <u>(7.0%)</u> |
| TOTAL OPERATING REVENUE | <u>3,271,530,546</u> | | <u>3,414,704,215</u> | | <u>(143,173,669)</u> | <u>(4.2%)</u> |
| OPERATING EXPENSE | | | | | | |
| Personnel Expense | | | | | | |
| Classified | 987,820,244 | | 982,855,643 | | (4,964,600) | (0.5%) |
| Administrative and Professional | 60,736,378 | | 66,578,449 | | 5,842,071 | 8.8% |
| Faculty | 374,384,632 | | 400,202,929 | | 25,818,298 | 6.5% |
| Educational | 48,672,217 | | 50,084,812 | | 1,412,595 | 2.8% |
| Fringe Benefits | 420,901,065 | | 424,675,788 | | 3,774,723 | 0.9% |
| Total Personnel Expense | <u>1,892,514,537</u> | | <u>1,924,397,623</u> | | <u>31,883,086</u> | <u>1.7%</u> |
| Other Operating Expense | | | | | | |
| Medical and Drug Supplies | 525,908,582 | | 532,360,202 | | 6,451,620 | 1.2% |
| Other Supplies | 109,593,141 | | 105,883,016 | | (3,710,124) | (3.5%) |
| Purchased Services | 255,299,772 | | 250,079,050 | | (5,220,722) | (2.1%) |
| Facilities (Maint., Utilities, & Rent) | 177,571,202 | | 179,259,800 | | 1,688,598 | 0.9% |
| Depreciation | 250,550,926 | | 259,830,492 | | 9,279,565 | 3.6% |
| Minor Equipment, Furnishings, Renovations | 15,951,070 | | 15,624,418 | | (326,653) | (2.1%) |
| Travel Expense | 19,224,419 | | 20,273,962 | | 1,049,542 | 5.2% |
| TOTAL OPERATING EXPENSE | <u>3,246,613,650</u> | | <u>3,287,708,562</u> | | <u>41,094,912</u> | <u>1.2%</u> |
| TOTAL OPERATING INCOME / (LOSS) | <u>24,916,896</u> | | <u>126,995,653</u> | | <u>(102,078,757)</u> | <u>(80.4%)</u> |
| NON-OPERATING REVENUE (EXPENSE) | | | | | | |
| State Appropriations | 141,330,540 | | 141,747,403 | | (416,863) | (0.3%) |
| Tobacco Settlement | 7,675,296 | | 7,651,442 | | 23,853 | 0.3% |
| Restricted & Designated Gifts | 160,128,026 | | 60,177,251 | | 99,950,775 | 166.1% |
| Investment Income | 87,336,707 | | 68,823,244 | | 18,513,463 | 26.9% |
| Change in Market Value | 38,684,451 | | 92,710,766 | | (54,026,314) | (58.3%) |
| TOTAL NON-OPERATING REVENUE (EXPENSE) | <u>435,155,020</u> | | <u>371,110,106</u> | | <u>64,044,914</u> | <u>17.3%</u> |
| NET INCOME / (LOSS) | <u>\$ 460,071,917</u> | | <u>\$ 498,105,760</u> | | <u>\$ (38,033,843)</u> | <u>(7.6%)</u> |
| Capital Contributions | 14,027,751 | | | | | |
| Additions to Endowments | 11,419,150 | | | | | |
| Transfers | (7,541,054) | | | | | |
| Overhead | 299,290 | | | | | |
| Increase in Net Assets | <u>478,277,054</u> | | | | | |
| Net Assets - Beginning of Period | <u>5,516,756,705</u> | | | | | |
| Net Assets - End of Period | <u>5,995,033,759</u> | | | | | |

The University of Texas MD Anderson Cancer Center
Consolidated Statement of Operations
Actual vs Budget
For the Month to Date Ended July 2013
(Unaudited)

| | Actuals July 2013 | | Budget July 2013 | | Variance Favorable (Unfavorable) | Percent Variance Favorable (Unfavorable) |
|---|-----------------------|--------------|----------------------|--------------|--|---|
| REVENUE | | | | | | |
| Hospital Gross Patient Revenue | | | | | | |
| Hospital Inpatient | \$ 166,228,369 | | \$ 180,498,922 | | \$ (14,270,553) | (7.9%) |
| Hospital Outpatient | 298,437,780 | | 313,366,266 | | (14,928,486) | (4.8%) |
| Total Hospital Gross Patient Revenue | 464,666,149 | | 493,865,188 | | (29,199,039) | (5.9%) |
| Deductions from Hospital Gross Revenue | | | | | | |
| Medicare | 82,368,297 | 17.7% | 107,357,733 | 21.7% | 24,989,436 | 23.3% |
| Medicaid | 10,777,342 | 2.3% | 17,508,311 | 3.5% | 6,730,969 | 38.4% |
| Managed Care | 83,015,109 | 17.9% | 89,525,266 | 18.1% | 6,510,157 | 7.3% |
| Indigent Care | 9,715,357 | 2.1% | 13,814,028 | 2.8% | 4,098,671 | 29.7% |
| Bad Debts | 11,426,236 | 2.5% | 6,450,005 | 1.3% | (4,976,231) | (77.2%) |
| Denials, Exclusions & Other Adjustments | 8,666,098 | 1.9% | 7,355,894 | 1.5% | (1,310,204) | (17.8%) |
| Total Deductions from Hospital Gross Patient Revenue | 205,968,439 | 44.3% | 242,011,237 | 49.0% | 36,042,798 | 14.9% |
| Total Net Hospital Revenue | 258,697,710 | | 251,853,951 | | 6,843,759 | 2.7% |
| Professional Fee Gross Patient Revenue | | | | | | |
| Professional Fee Inpatient | 34,162,756 | | 35,242,868 | | (1,080,112) | (3.1%) |
| Professional Fee Outpatient | 80,345,343 | | 77,081,917 | | 3,263,427 | 4.2% |
| Total Professional Fee Gross Patient Revenue | 114,508,099 | | 112,324,784 | | 2,183,315 | 1.9% |
| Deductions from Professional Fee Gross Patient Revenue | | | | | | |
| Medicare | 31,969,764 | 27.9% | 30,762,497 | 27.4% | (1,207,267) | (3.9%) |
| Medicaid | 4,968,158 | 4.3% | 4,261,905 | 3.8% | (706,253) | (16.6%) |
| Managed Care | 38,138,856 | 33.3% | 37,119,791 | 33.0% | (1,019,065) | (2.7%) |
| Indigent Care | 2,175,455 | 1.9% | 2,592,641 | 2.3% | 417,187 | 16.1% |
| Bad Debts | 792,871 | 0.7% | 498,512 | 0.4% | (294,358) | (59.0%) |
| Denials, Exclusions & Other Adjustments | 3,333,322 | 2.9% | 3,124,817 | 2.8% | (210,506) | (6.7%) |
| Total Deductions from Professional Fee Gross Patient Revenue | 81,380,425 | 71.1% | 78,360,163 | 69.8% | (3,020,263) | (3.9%) |
| Total Net Professional Fee Revenue | 33,127,674 | | 33,964,622 | | (836,947) | (2.5%) |
| TOTAL NET PATIENT REVENUE | 291,825,384 | | 285,818,572 | | 6,006,812 | 2.1% |
| Other Operating Revenue | | | | | | |
| Restricted Grants & Contracts | 20,806,439 | | 30,000,000 | | (9,193,561) | (30.6%) |
| Auxiliary and Other Revenue | 9,857,092 | | 9,471,725 | | 385,367 | 4.1% |
| Total Other Operating Revenue | 30,663,531 | | 39,471,725 | | (8,808,194) | (22.3%) |
| TOTAL OPERATING REVENUE | 322,488,915 | | 325,290,297 | | (2,801,382) | (0.9%) |
| OPERATING EXPENSE | | | | | | |
| Personnel Expense | | | | | | |
| Classified | 88,521,055 | | 92,086,119 | | 3,565,065 | 3.9% |
| Administrative and Professional | 5,209,907 | | 6,073,945 | | 864,038 | 14.2% |
| Faculty | 33,456,333 | | 37,424,110 | | 3,967,777 | 10.6% |
| Educational | 4,683,617 | | 4,551,937 | | (131,680) | (2.9%) |
| Fringe Benefits | 38,557,817 | | 38,709,179 | | 151,362 | 0.4% |
| Total Personnel Expense | 170,428,730 | | 178,845,290 | | 8,416,561 | 4.7% |
| Other Operating Expense | | | | | | |
| Medical and Drug Supplies | 47,899,116 | | 50,139,857 | | 2,240,741 | 4.5% |
| Other Supplies | 10,410,112 | | 10,741,641 | | 331,529 | 3.1% |
| Purchased Services | 25,131,603 | | 23,431,429 | | (1,700,175) | (7.3%) |
| Facilities (Maint., Utilities, & Rent) | 18,114,596 | | 17,392,030 | | (722,566) | (4.2%) |
| Depreciation | 22,417,545 | | 22,951,234 | | 533,690 | 2.3% |
| Minor Equipment, Furnishings, Renovations | 1,967,647 | | 1,058,264 | | (899,383) | (84.2%) |
| Travel Expense | 1,633,248 | | 1,895,383 | | 262,135 | 13.8% |
| TOTAL OPERATING EXPENSE | 298,002,597 | | 306,465,128 | | 8,462,531 | 2.8% |
| TOTAL OPERATING INCOME / (LOSS) | 24,486,319 | | 18,825,170 | | 5,661,149 | 30.1% |
| NON-OPERATING REVENUE (EXPENSE) | | | | | | |
| State Appropriations | 12,812,732 | | 12,886,127 | | (73,395) | (0.6%) |
| Tobacco Settlement | 697,321 | | 695,495 | | 1,827 | 0.3% |
| Restricted & Designated Gifts | 5,386,106 | | 3,138,876 | | 2,247,230 | 71.6% |
| Investment Income | 5,594,406 | | 4,565,644 | | 1,028,761 | 22.5% |
| Change in Market Value | (54,479,385) | | 9,362,241 | | (63,841,626) | (681.9%) |
| TOTAL NON-OPERATING REVENUE (EXPENSE) | (29,988,820) | | 30,648,383 | | (60,637,203) | (197.8%) |
| NET INCOME / (LOSS) | \$ (5,502,502) | | \$ 49,473,553 | | \$ (54,976,054) | (111.1%) |
| Capital Contributions | (12,857,839) | | | | | |
| Additions to Endowments | 91,330 | | | | | |
| Transfers | 368,152 | | | | | |
| Overhead | 7,477 | | | | | |
| Increase in Net Assets | (17,893,381) | | | | | |
| Net Assets - Beginning of Period | 6,012,927,140 | | | | | |
| Net Assets - End of Period | 5,995,033,759 | | | | | |

The University of Texas MD Anderson Cancer Center
Operating Statistics
Year to Date

| | Actuals July 2013 | Actuals July 2012 | Percent Increase (Decrease) | Budget July 2013 | Percent Favorable (Unfavorable) |
|--|----------------------|----------------------|-----------------------------------|---------------------|---------------------------------------|
| OVERALL | | | | | |
| ADMISSIONS | 25,449 | 24,330 | 4.6% | 25,288 | 0.6% |
| PATIENT DAYS | 184,334 | 175,170 | 5.2% | 184,143 | 0.1% |
| OBSERVATION DAYS | 4,552 | 4,032 | 12.9% | 3,860 | 17.9% |
| PATIENT & OBSERVATION DAYS | 188,886 | 179,202 | 5.4% | 188,003 | 0.5% |
| AVERAGE DAILY CENSUS (Includes Obs Days) | 566 | 535 | 5.7% | 563 | 0.5% |
| AVERAGE OCCUPANCY RATE | 89.3% | 87.1% | N/A | 87.1% | N/A |
| Average Number of Operating Beds | 633 | 614 | 3.1% | 646 | (2.0%) |
| AVERAGE LENGTH OF STAY (based on admissions) | | | | | |
| Total | 7.24 | 7.20 | 0.6% | 7.28 | (0.5%) |
| Excluding Stem Cell Transplants | 6.61 | 6.58 | 0.4% | 6.63 | (0.3%) |
| OUTPATIENT BILLABLE VISITS | 1,222,678 | 1,165,565 | 4.9% | 1,273,836 | (4.0%) |
| DEPARTMENTAL | | | | | |
| SURGERIES (PATIENTS) | | | | | |
| Inpatient | 8,031 | 7,872 | 2.0% | 8,397 | (4.4%) |
| Outpatient | 10,290 | 9,290 | 10.8% | 10,886 | (5.5%) |
| Total | 18,321 | 17,162 | 6.8% | 19,283 | (5.0%) |
| SURGERY HOURS - TOTAL | 64,141 | 59,974 | 6.9% | 65,711 | (2.4%) |
| BILLED PROCEDURES | | | | | |
| Pathology Lab Med Billable Units | 10,685,176 | 10,616,373 | 0.6% | 11,682,150 | (8.5%) |
| Diagnostic Imaging Billable Units | 457,593 | 453,840 | 0.8% | 488,397 | (6.3%) |
| Radiation Oncology Billable Units | 258,436 | 259,078 | (0.2%) | 282,534 | (8.5%) |
| STEM CELL TRANSPLANTS | 815 | 772 | 5.6% | 774 | 5.3% |

The University of Texas MD Anderson Cancer Center
 Operating Statistics
 Month to Date

| | Actuals July 2013 | Actuals July 2012 | Percent Increase (Decrease) | Budget July 2013 | Percent Favorable (Unfavorable) |
|--|----------------------|----------------------|-----------------------------------|---------------------|---------------------------------------|
| OVERALL | | | | | |
| ADMISSIONS | 2,508 | 2,249 | 11.5% | 2,260 | 11.0% |
| PATIENT DAYS | 17,685 | 16,585 | 6.6% | 17,145 | 3.1% |
| OBSERVATION DAYS | 404 | 350 | 15.4% | 359 | 12.5% |
| PATIENT & OBSERVATION DAYS | 18,089 | 16,935 | 6.8% | 17,504 | 3.3% |
| AVERAGE DAILY CENSUS (Includes Obs Days) | 584 | 546 | 6.8% | 565 | 3.3% |
| AVERAGE OCCUPANCY RATE | 90.3% | 86.6% | N/A | 86.1% | N/A |
| Average Number of Operating Beds | 646 | 631 | 2.4% | 656 | (1.5%) |
| AVERAGE LENGTH OF STAY (based on admissions) | | | | | |
| Total | 7.05 | 7.37 | (4.4%) | 7.59 | (7.1%) |
| Excluding Stem Cell Transplants | 6.40 | 6.65 | (3.9%) | 6.88 | (7.1%) |
| OUTPATIENT BILLABLE VISITS | 116,662 | 105,747 | 10.3% | 122,914 | (5.1%) |
| DEPARTMENTAL | | | | | |
| SURGERIES (PATIENTS) | | | | | |
| Inpatient | 805 | 677 | 18.9% | 809 | (0.5%) |
| Outpatient | 966 | 832 | 16.1% | 1,021 | (5.4%) |
| Total | 1,771 | 1,509 | 17.4% | 1,830 | (3.2%) |
| SURGERY HOURS - TOTAL | 6,299 | 5,357 | 17.6% | 6,242 | 0.9% |
| BILLED PROCEDURES | | | | | |
| Pathology Lab Med Billable Units | 1,032,938 | 986,949 | 4.7% | 1,069,177 | (3.4%) |
| Diagnostic Imaging Billable Units | 43,999 | 40,360 | 9.0% | 50,687 | (13.2%) |
| Radiation Oncology Billable Units | 24,216 | 24,510 | (1.2%) | 26,175 | (7.5%) |
| STEM CELL TRANSPLANTS | 80 | 85 | (5.9%) | 76 | 5.3% |

The University of Texas M.D. Anderson Cancer Center

Performance Measures

Year-to-Date July 2013

OPERATING ACTIVITIES

| | <u>July 2013</u> | <u>July 2012</u> | <u>Budget 2013</u> |
|--|------------------|------------------|--------------------|
| Total Deductions from Gross Patient Revenue As a Percent of Total Gross Patient Revenue | 51.9% | 51.8% | 52.7% |
| Gross Outpatient Revenue as a Percent of Total Patient Revenue | 65.6% | 65.5% | 65.6% |
| Total Operating Income/(Loss) | 24,916,896 | 65,674,121 | 126,995,653 |
| Operating Income/(Loss) Percentage | 0.8% | 2.1% | 3.7% |
| Net Income/(Loss) | 460,071,917 | 334,006,077 | 498,105,760 |
| Net Income/(Loss) Percentage | 12.4% | 9.9% | 13.2% |
| As a Percent of Total Revenue | | | |
| Personnel Costs | 57.8% | 57.4% | 56.4% |
| Medical Supplies and Drugs | 16.1% | 16.6% | 15.6% |
| As a Percent of Operating Expense | | | |
| Personnel Costs | 58.3% | 58.7% | 58.5% |
| Medical Supplies and Drugs | 16.2% | 17.0% | 16.2% |

The University of Texas M.D. Anderson Cancer Center

Hospital Payor Mix Data

July 2013

HOSPITAL & CLINICS

AS A PERCENTAGE OF GROSS PATIENT REVENUE

| MONTH ENDED | | | PAYOR DESCRIPTION | YEAR TO DATE ENDED | | |
|---------------|---------------|---------------|----------------------|--------------------|---------------|---------------|
| July 2013 | July 2012 | Budget 2013 | | July 2013 | July 2012 | Budget 2013 |
| 29.0% | 29.3% | 29.8% | Medicare | 29.3% | 29.8% | 29.8% |
| 28.6% | 28.3% | 29.1% | PPO / HMO | 29.4% | 29.2% | 29.1% |
| 23.1% | 23.7% | 23.3% | Blue Cross | 21.9% | 23.2% | 23.3% |
| 8.6% | 8.3% | 7.6% | Commercial | 9.3% | 7.6% | 7.6% |
| 2.4% | 2.1% | 2.7% | Indigent | 2.3% | 2.8% | 2.7% |
| 2.2% | 1.9% | 2.1% | Medicaid | 1.8% | 2.1% | 2.1% |
| 6.0% | 6.4% | 5.4% | Self-Pay & All Other | 6.0% | 5.4% | 5.4% |
| <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |

Note: Actual percentages are calculated from Revenue & Usage Gross Revenue by Financial Class report.

Adjustments have been made for patient case data with miscoded financial classes and for patient of international origin.

For Management Use Only

The University of Texas M.D. Anderson Cancer Center Glossary of Terms

Gross Patient Revenue - Gross patient revenue includes all revenues from the provision of healthcare services, including charity care. Both hospital and professional services are included. The revenue is obtained from the general ledger.

Deductions from Gross Patient Revenue - Deductions from revenue are estimated based on contractual terms. The hospital and physicians have agreements with third party payors that provide for payments to the hospital and physicians at amounts different from its established rates. In addition to contractual adjustments, reductions in gross revenue arise from administrative discounts, charity discounts and bad debt. Both hospital and physician adjustments are included. Adjustments are prepared on an accrual basis.

Net Patient Revenue - Net patient revenue is reported at the estimated net realizable amounts from third party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payors. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and fee schedules and per diem payments. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

State Appropriations - State appropriations are general revenue received from the State of Texas. State appropriations are determined at the beginning of the state biennial year and are recorded as revenue each month on a straight-line basis.

Restricted Gifts, Grants, & Contracts – Externally sponsored research activities include Company 8 and 9 amounts received from government agencies and private companies for the provision of cancer research. This amount includes indirect cost recovery for overhead costs. For the purposes of the Enterprise Financial Report, research revenue is recognized as research expense is incurred.

Tobacco Settlement – Tobacco Settlement represents revenue received from a "National Tobacco Lawsuit". These monies are used for the research of Tobacco related illnesses.

Auxiliary & Other Revenue - Revenue is generated from non-patient care and other non-healthcare related service and activities generated by the Institution. This list includes but is not limited to hotel, parking, vending machine, cafeteria sales, Children's Art Project, royalties/patents, and conference service revenue. This revenue excludes IDS revenue.

Personnel Costs - Personnel costs include salaries and fringe benefits for all employees.

Medical and Drug Supplies - Medical supplies and drugs include all patient care related items used for the provision of patient care, research and other activities.

Other Supplies – Expense includes general office supplies, maintenance supplies, food, non-library books, linen, and research supplies.

Depreciation - Depreciation is a system of accounting that distributes the cost of capital assets (equipment, buildings, renovations, etc.) over the estimated useful life of the asset. Recognizing expense on capital assets during their useful life will more closely match the revenue being generated with those assets, and will more accurately reflect the net margin being produced during a period of time. We have made one exception to the capitalization of assets and depreciation policy. For the purposes of the Enterprise Financial Report all assets with a cost greater than \$5,000 and a useful life greater than 1 year are considered capital assets.

The University of Texas M.D. Anderson Cancer Center Glossary of Terms

Purchased Services - Purchased services includes internal and external services such as consulting fees, data processing costs, professional liability expense, printing services, postal services, advertising costs and temporary personnel services (including faculty contract labor).

Facilities - Facilities includes maintenance and repair on buildings and equipment, maintenance contract costs, rent/lease expense, utilities, and telecom expenses.

Minor Equipment, Furnishings, and Renovations – Minor Equipment, furnishings, and renovations include all assets with a useful life greater than 1 year and with cost less than \$5,000.

Travel - Includes all travel related expense (transportation, hotel, meals).

Investment Income – Income generated from investments.

Net Income/(Loss) - The difference between total revenue and total expense represents the amount of internal financial support for the Institution's Mission through current and long term capital projects such as the Faculty Center, the Research Building and other property, plant and equipment improvements.

University of Texas M. D. Anderson Cancer Center
Financial Ratio Formulas

| RATIO | COMPUTATION | VALUES |
|--|--|--|
| TOTAL DEDUCTIONS FROM GROSS PATIENT REVENUE AS A PERCENT OF TOTAL GROSS PATIENT REVENUE | $\frac{\text{Total Deductions from Gross Patient Revenue}}{\text{Total Gross Patient Revenue}}$ | Consists of contractual allowances excluding bad debt. |
| GROSS OUTPATIENT REVENUE AS A PERCENT OF TOTAL GROSS PATIENT REVENUE | $\frac{\text{Gross Outpatient Revenue}}{\text{Total Gross Patient Revenue}}$ | Approximates the proportion of revenue attributable to outpatient services. |
| OPERATING INCOME/(LOSS) % | $\frac{\text{Total Operating Income/(Loss)}}{\text{Total Operating Revenue}}$ | Measure of profitability with respect to patient care services and operations. |
| NET INCOME/(LOSS) % | $\frac{\text{Net Income/(Loss)}}{\text{Total Operating Revenue} + \text{Total Non-Operating Revenue (Expense)}}$ | Measures the overall profitability with respect to patient care services, operations and other revenue and expense not related to patient care operations. |
| <u>AS A PERCENT OF TOTAL REVENUE:</u> PERSONNEL COSTS MEDICAL SUPPLIES AND DRUGS | $\frac{\text{Expenses}}{\text{Total Operating Revenue}}$ | Measures the proportion of hospital net revenue for these expenses. |
| <u>AS A PERCENT OF OPERATING EXPENSE:</u> PERSONNEL COSTS MEDICAL SUPPLIES AND DRUGS | $\frac{\text{Expenses}}{\text{Total Operating Expense}}$ | Measures the proportion of Hospital cost for these expenses. |
| FULL TIME EQUIVALENTS | $\frac{\text{Total Paid Hours}}{\text{FTE Factor}}$ | Converts paid hours to full time employee equivalents; 1 annual FTE equals 2,080 hours. |
| FTE FACTOR | $\frac{2080 \text{ Hours}}{12 \text{ Months}}$ | Factor used to convert paid hours to full time employee equivalents. |
| AVERAGE HOURLY RATE | $\frac{\text{Salaries and Wages}}{\text{Total Paid Hours}}$ | Measures dollars in labor expense per paid hour (excluding benefit costs). |