ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING
MARCH 6, 2018 – 5:30 p.m.

AGENDA

I. CALL TO ORDER ..... Mary Thompson, President

II. INVOCATION ..... Chaplain Farrell Ard

III. PLEDGE OF ALLEGIANCE ..... Mary Thompson

IV. MISSION/VISION/VALUES OF MEDICAL CENTER HEALTH SYSTEM .... Mary Thompson, p.3

V. MARCH 2018 EMPLOYEES OF THE MONTH..... Rick Napper

- Clinical: None Submitted
- Non-Clinical: Crystal Hoskins, Divisional Secretary, Nursing Education
- Nurse: Alejandro (Alex) Rivera, Registered Nurse, Cath Lab

VI. REVIEW OF MINUTES..... Mary Thompson p.4-10

Regular Meeting – February 13, 2018

VII. COMMITTEE REPORTS

A. Audit Committee ..... David Dunn, p.11-80
1. FY 2017 MCHS External Audit Report

B. Finance Committee..... David Dunn, p.81-149
1. Financial Report for Four Months Ended January 31, 2018

C. Joint Conference Committee.....Fernando Boccalandro, MD, p.150-154
1. Medical Staff or AHP Initial Appointment/Reappointment
2. Change in Clinical Privileges/or Scope of Practice/or Supervisor
3. Change in Medical Staff or AHP Staff Status
4. Change in Medical Staff or AHP Staff Category
5. Change in Medical Staff Bylaws/Policy/Privilege Criteria

VIII. TTUHSC AT THE PERMIAN BASIN REPORT..... Rama Chemitiganti, MD

IX. PRESIDENT/CHIEF EXECUTIVE OFFICER'S REPORT ..... Rick Napper, p.155-186

A. Review of Strategic Plan Process

B. Physician Transaction Review Committee Process

C. Quarterly Quality Report

D. Quarterly Human Resources Report

X. TAX ABATEMENT PRESENTATION – Oberon Solar .....Wesley Burnett
Odessa Development Corporation

XI. APPROVAL OF THE NICU/PERINATAL SERVICE SCOPE OF SERVICE AND ORGANIZATIONAL WIDE PROGRAM PLAN ..... Christin Timmons, p.187-198

XII. EXECUTIVE SESSION

Meeting held in closed session as to (1) Consultation with attorney regarding legal matters and legal issues pursuant to Section 551.071 of the Texas Government Code, including litigation update on *Meisell et al., v. ECHD et al.,* and (2) Deliberate and discuss the purchase, exchange, lease, or value of real property pursuant to Section 551.072 of the Texas Government Code.

XIII. ADJOURNMENT ..... Mary Thompson

If during the course of the meeting covered by this notice, the Board of Directors needs to meet in executive session, then such closed or executive meeting or session, pursuant to Chapter 551, Texas Government Code, will be held by the Board of Directors on the date, hour and place given in this notice or as soon after the commencement of the meeting covered by this notice as the Board of Directors may conveniently meet in such closed or executive meeting or session concerning any and all subjects and for any and all purposes permitted by Chapter 551 of said Government Code.

MISSION

Medical Center Health System is a community-based teaching organization dedicated to providing high quality and affordable healthcare to improve the health and wellness of all residents of the Permian Basin.

VISION

MCHS will be the premier source for health and wellness.

VALUES

I-ntegrity
C-ustomer centered
A-ccountability
R-espect
E-xcellence

Medical Center Health System
Your One Source for Health

ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING
FEBRUARY 13, 2018 – 5:30 p.m.

MINUTES OF THE MEETING

MEMBERS PRESENT:
Mary Thompson, President
David Dunn, Vice President
Mary Lou Anderson
Bryn Dodd
Don Hallmark
Richard Herrera
Ben Quiroz

OTHERS PRESENT:
Rick Napper, President/Chief Executive Officer
Robert Abernethy, Chief Financial Officer
Chad Dunavan, Chief Nursing Officer
Dr. Fernando Boccalandro, Chief of Staff
Dr. Donald Davenport, Vice Chief of Staff
Ron Griffin, Chief Legal Counsel
Jan Ramos, ECHD Board Secretary
Dr. Gary Ventolini, TTUHSC Permian Basin
Various other interested members of the Medical Staff, Employees, and Citizens

I. CALL TO ORDER

Mary Thompson, President, called the meeting to order at 5:30 p.m. in the Board Room of Medical Center Hospital. Notice of the meeting was properly posted as required by the Open Meetings Act.

II. INVOCATION

Chaplain Farrell Ard offered the invocation.

III. PLEDGE OF ALLEGIANCE

Mary Thompson led the Pledge of Allegiance to the United States and Texas flags.

IV. MISSION/VISION OF MEDICAL CENTER HEALTH SYSTEM

Richard Herrera presented the Mission, Vision and Values of Medical Center Health System.

V. FEBRUARY 2018 EMPLOYEES OF THE MONTH

Mr. Napper introduced the January 2018 Employees of the Month as follows:

- Clinical: Lindsay Rumold, Clinical Pharmacy Specialist, Pharmacy
- Non-Clinical: Pat Hoppman, Performance Improvement Coordinator, Laboratory Administration
- Nurse: Zhensheng Wang, RN, 9 Central

VI. MCHS 2017 UNITED WAY COMPAIGN UPDATE

Hank Herrick, Executive Director of United Way Odessa, presented an update on the 2018 MCHS United Way Campaign. The MCHS donation totaled $129,651.22 for the year, bringing the total since 2013 to close to $1 million. Twenty-two agencies of United Way of Odessa assisted 64,952 people in 2017. No action was taken.

VII. REVIEW OF MINUTES

Regular Meeting – January 9, 2018

David Dunn moved and Mary Lou Anderson seconded the motion to accept the minutes of the Regular ECHD Board meeting held January 9, 2018 as presented. The motion carried.

VIII. COMMITTEE REPORTS

A. Finance Committee

1. Quarterly Investment Report - Quarter 1, FY 2018

   David Dunn moved and Bryn Dodd seconded the motion to approve the Quarterly Investment Report – Quarter 1, FY 2018

2. Quarterly Investment Officer's Certification

   David Dunn moved and Ben Quiroz seconded the motion to approve the Quarterly Investment Officer's Certification. The motion carried.

3. Financial Report for Three Months Ended December 31, 2017

   David Dunn moved and Mary Lou Anderson seconded the motion to approve the Financials for three months ended December 31, 2017. The motion carried.

B. Joint Conference Committee

Dr. Fernando Boccalandro, Chief of Staff, presented the recommendation of the Joint Conference Committee to accept the following Medical Staff Recommendations:

1. **Medical Staff or AHP Initial Appointment/Reappointment**

Medical Staff

Applicant	Department	Specialty/ Privileges	Group	Dates
*Bashir, Mamoun MD	Medicine	Nephrology	Permian Nephrology	02/13/2018 – 02/12/2019
Donthi Reddy, Srinivasa MD	Medicine	Psychiatry	TTUHSC	02/13/2018 – 02/12/2019
Ellison, Richard MD	Surgery	General /Trauma Surgery	Acute Surgical/ Envision	02/13/2018 – 02/12/2019
Henry, Robert MD	Radiology	Telemedicine	VRAD	02/13/2018 – 08/31/2018
*Mungara, Sai MD	Medicine	Internal Medicine	TTUHSC	02/13/2018 – 02/12/2019
*Nair, Prem MD	Medicine	Internal Medicine	TTUHSC	02/13/2018 – 02/12/2019
Smith, Jody MD	Surgery	General/ Trauma Surgery	Acute Surgical/ Envision	02/13/2018 – 02/12/2019
Toler, Kathy MD	Medicine	Neurology	Innovation Neuromonitoring	02/13/2018 – 02/12/2019
Yadalla, Sanchita	OB/GYN	OB/GYN	MCH Procare	02/13/2018 – 02/12/2019

Allied Health Professional (AHP) Staff Applicants

Applicant	Department	Specialty/ Privileges	Group	Sponsoring Physician(s)	Dates
**Aguilar, Billy FNP	Emergency Medicine	Nurse Practitioner	BEPO	Dr. Gregory Shipkey	02/13/2018 – 02/12/2020
**Colassi, Glenn CRNA	Anesthesia	CRNA	ProCare	Dr. Meghana Gillala, Dr. Joe Bryan, Dr. Marlys Munnell, Dr. Michael Price	02/13/2018 – 02/12/2020
**Guiley, Christy PA	Surgery	Physician Assistant	Private	Dr. Srikanth Deme	02/13/2018 – 02/12/2020
*Rubio, Karina PA	Medicine	Physician Assistant	MCH Procare	Dr. Sreedevi Godey	02/13/2018 – 02/12/2020

**Please grant temporary privileges*

Reappointment of the Medical Staff and Allied Health Professional Staff

Medical Staff/Or Allied Health Professional Staff

Applicant	Department	Staff Category	Specialty/ Privileges	Group	Dates
Cook, Thomas K. MD	Surgery	Associate	Plastic Surgery	Midland Plastic Surgery	03/01/2018 – 02/28/2019
Hahn, Joseph MD	Surgery	Associate to Active	Orthopaedic Surgery	Acute Surgical/ Envision	03/01/2018 – 02/29/2020
Maher, James MD	OB/GYN	Active		TTUHSC	03/01/2018 – 02/29/2020
Robinson, Andrew MD	Pediatrics	Active	Pediatrics	Covenant Medical Group	03/01/2018 – 02/29/2020
Wu, Hao MD	Surgery	Active	Vascular Surgery	MCH Procare	03/01/2018 – 02/29/2020

Blank **Staff Category** column signifies no change

Allied Health Professionals

Applicant	Department	Specialty/ Privileges	Group	Sponsoring Physician(s)	Dates
Flores, Graciela NP	OB/GYN	Nurse Practitoner	TTUHSC	Dr. Elisa Brown	03/01/2018 – 02/29/2020
York, Caroline PA	Surgery	Physician Assistant	Acute Surgical / Envision	Dr. Paul Merkle	03/01/2018 – 02/29/2020

Blank **Staff Category** column signifies no change

2. **Change in Clinical Privileges/or Scope of Practice/or Supervisor**

Clinical/ Additional Privileges

Staff Member	Department	Privilege
*Ayyagari, Krishna MD	Medicine	Bronchoscopy
*Azarov, Nikolay MD	Medicine	Bronchoscopy
*Bastidas-Palacios, Alexander MD	Mediicne	Bronchoscopy
Oud, Lavi MD	Medicine	ADD: Pneumothorax (needle insertion and drainage system), management of
Wiltse, Peter DO	Surgery	ADD: Trauma Privilege Form for proctoring; Moderate Sedation Privilege

3. **Change in Medical Staff or AHP Staff Status**

Resignation / Expiration of Privileges

Staff Member	Staff Category	Department	Effective Date	Action
Cao, Mailan MD	Telemedicine	Radiology	12/01/2017	Resigned
Diaz, Gustavo PA	Allied Health Professional	Surgery	12/01/2017	Resigned
Rosenthal, Jon MD	Associate	Emergency Medicine	01/31/2018	Resigned
Trivedi, Hariprasad MD	Associate	Medicine	01/15/2018	Resigned
Wondimagegnehu, Nebiyou MD	Associate	Medicine	12/31/2017	Resigned

4. **Change in Medical Staff or AHP Staff Category**

Staff Category Changes

Staff Member	Department	Category
Hahn, Joseph MD	Surgery	Associate to Active
Vindhya, Prem MD	Anesthesia	Honorary Status

Barner, Courtney NP	Surgery	Removal of Provisional Status
Dyrstad, Bradley MD	Surgery	Removal of Provisional Status
Gafford, Phillip MD	Surgery	Extension of Provision Status for 6mths.
McCorvey, Barbara MD	Radiology	Removal of Provisional Status
Kim, Sam Eun MD	Medicine	Removal of Provisional Status
Le, Chuong MD	Medicine	Extension of Provisionals Status for 1 year

Change in Credentialing Date:

Staff Member	Department	Dates
McCorvey, Barbara MD	Radiology	08/08/2017 – 08/07/2019

5. **Medical Staff Bylaws/Policy/Privilege Criteria**

None were presented.

David Dunn moved and Mary Lou Anderson seconded the motion to approve the Medical Staff recommendations (Items VIII. B. 1-4) as presented. (There were no items to present under section VIII. B. 5). The motion carried.

C. Executive Committee

Mary Thompson reported that the Executive Committee of this Board met on January 15, 2018 to discuss and consider options designed for increased cash collection by Medical Center Health System. As the Board is aware, Medical Center Health System has faced cash collection issues since the implementation of the Cerner EMR system. The Chief Financial Officer presented the Executive Committee with Cerner and non-Cerner options for consideration designed for improved system finances by increased cash collections. Upon the recommendation of the Chief Financial Officer, the Executive Committee approved an agreement with Xtend, a healthcare receivables specialty company. The material terms of the agreement allow Medical Center Health System to transfer collection of all third party accounts with a value exceeding $500 and over thirty days old to extend for collection. The cost of this program will be 3.5% of cash collections. The agreement will allow MCHS personnel to focus on correction of current system issues.

The ECHD Board of Directors was requested to ratify the actions of the Executive Committee.

David Dunn moved and Mary Lou Anderson seconded the motion to ratify the Xtend agreement approved by the Executive Committee. The motion carried.

IX. TTUHSC AT THE PERMIAN BASIN REPORT

Dr. Ventolini introduced Dr. John D. Bauer who presented the TTUHSC Graduate Medical Education (GME) Report for 2015-2016 and 2016-2017.

X. TTUHSC GRADUATE MEDICAL EDUCATION (GME) 2015-2016 and 2016-2017

John D. Bauer, M.D., F.A.C.S., TTUHSC Associate Dean of Medical Education presented the TTUHSC Graduate Medical Education (GME) Annual Report for 2015-2016 and 2017-2017 for informational purposes only. No action was taken.

XI. PRESIDENT/CHIEF EXECUTIVE OFFICER'S REPORT

A. Electronic Medical Records Update

Rick Napper, President/Chief Executive Officer presented an update on the Cerner/MCH[1] project, including:

- Overview of the original planned strategy
- Key Issues Summary
- Immediate action plan for improvement
- Projected timeline moving forward
- Current project cost vs. budget
- SWOT analysis

This report was for information purposes only. No action was taken.

B. Organization Chart Update

Mr. Napper presented the new organization chart and noted the promotion of Heather Bulman to Chief Patient Experience Officer and the removal of the title "Senior Vice President" from each of the "Chief" Officers.

This report was for information purposes only. No action was taken.

C. Texas Hospital Association Annual Conference Update

Mr. Napper presented an update on the Texas Hospital Association Annual Conference that was held February 5 through February 7, 2018 in Houston, Texas. Sessions included "The Disruptive Future of Health Care", "Policy/Regulatory/State Legislative Update", as well as a political debate with James Carville and Karl Rove.

D. Cejka Executive Search Agreement

Mr. Napper, on behalf of Robbi Banks, Vice President Human Resources, presented an executive search agreement with Cejka Executive Search firm to assist with the recruitment of a Chief Medical Officer (CMO).

Don Hallmark moved and Ben Quiroz seconded the motion to approve the Cejka Executive Search Agreement. The motion carried.

XII. EXECUTIVE SESSION

Mary Thompson stated that the Board would go into Executive Session for the Meeting held in closed session as (1) Consultation with attorney regarding legal matters and legal issues pursuant to Section 551.071 of the Texas Government Code, that are related to items (2) and (3) of Executive Session; (2) Update on negotiation for health care product lines and services, pursuant to Section 551.085 of the Texas Government Code; and (3) Receive information pursuant to Chapter 161 of the Texas Health and Safety Code.

The individuals present during Executive Session were Mary Thompson, David Dunn, Mary Lou Anderson, Bryn Dodd, Don Hallmark, Richard Herrera, Ben Quiroz, Dr. Fernando Boccalandro, Dr. Donald Davenport, Rick Napper, Ron Griffin, Robert Abernethy, Julian Beseril and Jan Ramos.

Julian Beseril was excused from Executive Session during discussion related to **Section 551.071** of the Texas Government Code and **Chapter 161** of the Texas Health and Safety Code.

Executive Session began at 6:40 pm.
Executive Session ended at 8:16 p.m.

No action was taken during Executive Session.

XIII. PROCARE PROVIDER AGREEMENT

Ron Griffin, Chief Legal Counsel, presented one MCH ProCare provider agreement as follows:

Dayanelie Reyes, MPAS, PA-C. This is a three year, full-time agreement for Urgent Care/ Retail Clinics, to fill a vacancy due to a provider resignation.

David Dunn moved and Richard Herrera seconded the motion to approve the MCH ProCare provider agreement with Dayanelie Reyes, MPAS, PA-C, as presented. The motion carried.

XIV. ADJOURNMENT

There being no further business to come before the Board, Mary Thompson adjourned the meeting at 8:18 p.m.

Respectfully Submitted,

Jan Ramos, Secretary
Ector County Hospital District Board of Directors

Ector County Hospital District
d/b/a Medical Center Health System

Independent Auditor's Report and Financial Statements

September 30, 2017 and 2016

BKD LLP
CPAs & Advisors

Ector County Hospital District
d/b/a Medical Center Health System
September 30, 2017 and 2016

Contents

Independent Auditor's Report

Board of Directors
Ector County Hospital District
d/b/a Medical Center Health System
Odessa, Texas

We have audited the accompanying financial statements of Ector County Hospital District d/b/a Medical Center Health System (District) as of September 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Dallas, Texas
March __, 2018

Ector County Hospital District
d/b/a Medical Center Health System
Management's Discussion and Analysis
September 30, 2017 and 2016

Introduction

This management's discussion and analysis of the financial performance of Ector County Hospital District d/b/a Medical Center Health System (District) provides an overview of the District's financial activities for the years ended September 30, 2017 and 2016. It should be read in conjunction with the accompanying financial statements of the District.

Financial Highlights

- The District's net position decreased $27,165,545, or 11.96%, in 2017 and decreased $17,277,811, or 7.07%, in 2016.
- The District reported operating losses in both 2017 ($77,172,612) and 2016 ($59,440,270). The operating loss in 2017 increased by $17,732,342, or 29.83%, over the operating loss reported in 2016. The operating loss in 2016 increased by $6,651,553, or 12.60%, from the operating loss reported in 2015. The increase in the operating loss in both years is primarily attributable to changes in patient payer mix and increased operating costs. The District experienced a fire in 2016 (*Note 7*), which impacted operating activities.
- Net nonoperating revenues increased $7,844,608 or 18.61%, in 2017 compared to 2016 and decreased $8,514,746 or 16.80%, in 2016 compared to 2015. The increase from 2016 to 2017 is mostly attributable to tax revenue increasing $8,801,835, or 21.88%, due to a growing local economy caused by increasing oil prices.
- Cash and investments decreased in 2017 by $46,037,932, or 47.39%, and decreased in 2016 by $19,735,624, or 16.88%. The decrease in cash and investments is primarily due to a significant capital outlay, in order to meet the electronic medical records requirements which are federally mandated.
- The District experienced a building fire in 2016 resulting in a gain from business interruption insurance recovery of $3,060,364 and a gain from the related asset disposal and insurance recovery of $1,429,060.

Using This Annual Report

The District's financial statements consist of three statements—a balance sheet; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of the District, including resources held by the District but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The District is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about any hospital's finances is "Is the hospital as a whole better or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets

and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. The District's total net position— the difference between assets, liabilities and deferred inflows and outflows of resources—is one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the District's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients and local economic factors should also be considered to assess the overall financial health of the District.

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

The District's Net Position

The District's net position is the difference between its assets and liabilities reported in the balance sheets. The District's net position decreased by $27,165,545 in 2017 and decreased by $17,277,811 in 2016. A summary of the District's balance sheets are presented in the following table.

Table 1: Assets, Liabilities and Net Position

	2017	2016	2015
Assets			
Patient accounts receivable, net	$ 36,990,384	$ 34,491,526	$ 35,871,451
Other current assets	67,590,285	80,969,056	95,644,080
Capital assets, net	202,063,585	195,261,844	187,460,071
Other noncurrent assets	27,767,069	53,618,575	67,320,854
Total assets	334,411,323	364,341,001	386,296,456
Deferred Outflows of Resources	31,204,964	37,430,525	9,931,627
Total assets and deferred outflows of resources	$ 365,616,287	$ 401,771,526	$ 396,228,083
Liabilities			
Long-term debt	$ 53,457,919	$ 58,056,938	$ 62,757,012
Net pension liability	42,863,645	37,825,549	5,815,932
Other post-employment benefits	23,760,150	24,973,752	28,693,484
Other current and noncurrent liabilities	44,519,747	51,220,223	52,332,660
Total liabilities	164,601,461	172,076,462	149,599,088
Deferred Inflows of Resources	1,032,193	2,546,886	2,203,006
Net Position			
Net investment in capital assets	152,623,553	144,218,394	141,679,090
Restricted - expendable	6,224,653	6,351,234	6,405,192
Unrestricted	41,134,427	76,578,550	96,341,707
Total net position	199,982,633	227,148,178	244,425,989
Total liabilities, deferred inflows of resources and net position	$ 365,616,287	$ 401,771,526	$ 396,228,083

Total assets and deferred outflows of resources decreased $36,155,239, or 9.00%, between 2016 and 2017. Significant changes in the balance sheet include the following for 2017:

- Cash and investments decreased by $46,037,932, or 47.39%, primarily due to significant capital outlay, an increased operating loss from 2016 and a system conversion in April 2017 which impacted billing and collections.

- Deferred outflows of resources decreased by $6,225,561, or 16.63%. This decrease is primarily attributable to the amortization of the difference between projected pension plan investment earnings and actual earnings that is recognized as a component of pension expense.

- Capital assets, net, increased $6,801,741, or 3.48%, due to significant capital outlay during the year, mostly relating to information technology equipment and system upgrades, as well as building renovations and additions.

- Long-term debt decreased $4,599,019, or 7.92%, as the District did not borrow any additional funds during 2017, and continued to make payments towards the debt taken in 2015 for the purpose of upgrading their information technology system, as well as continued payments on the bonds payable and the capital lease obligation.

- Both years were impacted by implementing the Cerner Medical Records system as mandated by federal law. The implementation occurred on April 1, 2017, and resulted in a number of issues with the system's revenue cycle process. Those issues caused increased reserves in the hospital system's accounts receivable, negatively impacting the net position.

Total assets and deferred outflows of resources increased $5,543,443, or 1.40%, between 2015 and 2016. Significant changes in the balance sheet include the following for 2016:

- Cash and investments decreased by $19,735,624, or 16.88%, primarily due to significant capital outlay and a decline in tax revenue during 2016.

- Deferred outflows of resources increased by $27,498,898, or 276.88%. This increase was primarily attributable to the difference between projected pension plan investment earnings and actual earnings that will be recognized as a component of pension expense in future years.

- Capital assets, net, increased $7,801,773, or 4.16%, due to significant capital outlay during the year, mostly relating to information technology equipment and system upgrades, as well as building renovations and additions.

- Long-term debt decreased $4,700,074, or 7.49%, as the District did not borrow any additional funds during 2016, and has begun making payments towards the debt taken in 2015 for the purpose of upgrading their information technology system, as well as continued payments on the bonds payable and the capital lease obligation.

Operating Results and Changes in the District's Net Position

The following table presents a summary of the District's revenues and expenses for each of the years ended September 30, 2017, 2016 and 2015:

Table 2: Operating Results and Changes in Net Position

	2017	2016	2015
Operating Revenues			
Net patient service revenue	$ 232,370,031	$ 239,328,838	$ 228,142,961
Nursing facility revenue	4,234,884	6,048,805	3,002,913
Supplemental Medicaid funding	40,901,384	37,740,852	34,493,675
Other revenue	11,362,310	13,284,360	10,607,838
Total operating revenues	288,868,609	296,402,855	276,247,387
Operating Expenses			
Salaries, wages and employee benefits	190,247,769	184,495,254	173,253,485
Purchased services and professional fees	49,540,342	43,127,599	38,714,491
Supplies and other	81,868,532	84,227,945	80,083,050
Intergovermental transfers	23,910,634	23,639,126	14,790,393
Depreciation and amortization	20,473,944	20,353,201	22,194,685
Total operating expenses	366,041,221	355,843,125	329,036,104
Operating Loss	(77,172,612)	(59,440,270)	(52,788,717)
Nonoperating Revenues (Expenses)			
Tax revenue, net	49,031,140	40,229,305	50,033,024
Interest expense	(2,912,362)	(2,892,574)	(2,890,198)
Build America Bond interest subsidy	1,009,634	1,011,243	1,005,278
Contributions	647,399	1,085,004	938,561
Other nonoperating revenues, net	2,231,256	1,300,421	1,548,259
Gain from insurance proceeds, net of asset impairment	-	1,429,060	42,281
Total nonoperating revenues (expenses)	50,007,067	42,162,459	50,677,205
Decrease in Net Position	$ (27,165,545)	$ (17,277,811)	$ (2,111,512)

Operating Losses

The first component of the overall change in the District's net position is its operating income or loss—generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. In each of the past three years, the District has reported an operating loss. This is consistent with the District's recent operating history as the District was formed and is operated primarily to serve residents of Ector County and the surrounding area, regardless of their ability to pay. The District levies property taxes and receives sales taxes to provide sufficient resources to enable the facility to serve lower income and other residents.

The operating loss for 2017 increased by $17,732,342, or 29.83%, as compared to 2016. The primary components of the increased operating loss are:

- A decrease in net patient service revenue of $6,958,807, or 2.91%, primarily due to a system conversion in April 2017 which impacted timely billing efforts and led to an increase in accounts receivable reserves.
- An increase in supplemental Medicaid funding revenue of $3,160,532, or 8.37%, primarily due to an increase in the District's allocation of the uncompensated pool discussed more fully in *Note 3*.
- An increase in salary and related expenses for the District's employees of $5,752,515, or 3.12%, due to higher staffing associated with growth and expansion and the District's recruitment and retention efforts.
- A decrease in supply and other costs of $2,359,413, or 2.80%, and an increase in purchased services and professional fees of $6,412,743, or 14.87%, primarily due to growth in service lines and use of consultants and third-parties in connection with the revenue cycle system conversion discussed above.

The operating loss for 2016 increased by $6,651,553, or 12.60%, as compared to 2015. The primary components of the increased operating loss are:

- An increase in net patient service revenue of $11,185,877, or 4.90%, primarily due to growth in services impacted by a change in overall payer mix.
- An increase in supplemental Medicaid funding revenue of $3,247,177, or 9.41%, primarily due to an increase in the District's allocation of the uncompensated pool discussed more fully in *Note 3*.
- An increase in salary and related expenses for the District's employees of $11,241,769, or 6.49%, due to higher staffing associated with growth and expansion and the District's recruitment and retention efforts. The District's benefit costs were reduced in 2016 as a result of changes to the post employment health care plan discussed in *Note 13*.
- An increase in supply and other costs of $4,144,895, or 5.18%, and purchased services and professional fees of $4,413,108, or 11.40%, primarily due to growth in service lines.
- An increase in intergovernmental transfer (IGT) expense of $8,848,733, or 59.83% due, in part, to changes in the statewide funding pool under the Waiver.
- In 2016, the District also recognized a business interruption insurance recovery for $3,060,364 as discussed more fully in *Note 7*.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of sales and property taxes levied by the District, contributions from the Foundation (*Note 14*), Build America Bond (BABs) interest subsidy and interest expense. The contributions, BABs subsidy and interest expensed remained relatively constant in 2017 as compared to 2016. Tax revenue increased $8,801,835, or 21.88%, from 2016 to 2017 due to a growing local economy due to increased oil prices.

The District's Cash Flows

Changes in the District's cash flows are consistent with changes in operating losses and nonoperating revenues and expenses and the changes to the assets and liabilities previously discussed for 2017, 2016 and 2015.

Capital Asset and Debt Administration

Capital Assets

At September 30, 2017, the District had $202,063,585 invested in capital assets, net of accumulated depreciation. At September 30, 2016, the District had $195,261,844 invested in capital assets, net of accumulated depreciation. More detailed information about the District's capital assets is presented in *Note 6* of the financial statements.

Debt

At September 30, 2017 and 2016, the District had $53,457,919 and $58,056,938, respectively, in revenue bonds, notes payable and capital lease obligations outstanding. The District issued no new debt in 2017 or 2016. More detailed information about the District's long-term liabilities is presented in *Note 9* of the financial statements.

Contacting the District's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the District's financial offices at 500 West 4th Street, Odessa, Texas 79761.

Ector County Hospital District
d/b/a Medical Center Health System
Balance Sheets
September 30, 2017 and 2016

Assets and Deferred Outflows of Resources

	2017	2016
Current Assets		
Cash and cash equivalents	$ 30,310,619	$ 47,874,037
Patient accounts receivable, net of allowance; 2017—$131,389,000 2016—$51,747,000	36,990,384	34,491,526
Taxes receivable, net	7,863,699	5,446,480
Estimated amounts due from third-party payers	13,083,016	12,235,776
Supplies	6,963,030	6,694,959
Prepaid expenses and other	9,369,921	8,717,804
Total current assets	104,580,669	115,460,582
Noncurrent Cash and Investments		
Held by trustee for debt service	4,673,001	4,661,597
Held by trustee for project construction	-	3,267,237
Restricted by donors	6,224,653	6,351,234
Internally designated	9,901,600	34,993,700
	20,799,254	49,273,768
Capital Assets, Net	202,063,585	195,261,844
Other Assets	6,967,815	4,344,807
Total assets	334,411,323	364,341,001
Deferred Outflows of Resources	31,204,964	37,430,525
Total assets and deferred outflows of resources	$ 365,616,287	$ 401,771,526

See Notes to Financial Statements

Liabilities, Deferred Inflows of Resources and Net Position

	2017	2016
Current Liabilities		
Current maturities of long-term debt	$ 4,637,899	$ 4,594,798
Accounts payable	19,184,559	26,308,705
Accrued salaries and wages	12,301,004	10,657,559
Accrued expenses	1,395,295	1,522,109
Accrued compensated absences	4,571,206	4,478,787
Estimated self-insurance costs—current	3,833,600	5,063,777
Total current liabilities	45,923,563	52,625,735
Estimated Self-insurance Costs	2,161,470	1,927,389
Long-term Debt	48,820,020	53,462,140
Net Pension Liability	42,863,645	37,825,549
Other Long-term Liabilities	1,072,613	1,261,897
Other Postemployment Benefits	23,760,150	24,973,752
Total liabilities	164,601,461	172,076,462
Deferred Inflows of Resources	1,032,193	2,546,886
Net Position		
Net investment in capital assets	152,623,553	144,218,394
Restricted—expendable under trust agreements	6,224,653	6,351,234
Unrestricted	41,134,427	76,578,550
Total net position	199,982,633	227,148,178
Total liabilities, deferred inflows of resources and net position	$ 365,616,287	$ 401,771,526

Ector County Hospital District
d/b/a Medical Center Health System
Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2017 and 2016

	2017	2016
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2017—$107,083,000; 2016—$76,491,000	$ 232,370,031	$ 239,328,838
Nursing facility revenue	4,234,884	6,048,805
Supplemental Medicaid funding revenue	40,901,384	37,740,852
Other revenue	11,185,116	10,223,996
Business interruption insurance recovery	177,194	3,060,364
Total operating revenues	288,868,609	296,402,855
Operating Expenses		
Salaries, wages and benefits	190,247,769	184,495,254
Purchased services and professional fees	49,540,342	43,127,599
Supplies and other	77,634,836	78,479,025
Nursing facility fees	4,233,696	5,748,920
Intergovernmental transfers	23,910,634	23,639,126
Depreciation and amortization	20,473,944	20,353,201
Total operating expenses	366,041,221	355,843,125
Operating Loss	(77,172,612)	(59,440,270)
Nonoperating Revenues (Expenses)		
Tax revenue, net	49,031,140	40,229,305
Investment return	119,831	339,550
Interest expense	(2,912,362)	(2,892,574)
Gain on investment in equity investees	1,251,967	182,939
Tobacco settlement	859,458	777,932
Build America Bond interest subsidy	1,009,634	1,011,243
Contributions	647,399	1,085,004
Gain from insurance proceeds, net of asset impairment	-	1,429,060
Total nonoperating revenues (expenses)	50,007,067	42,162,459
Decrease in Net Position	(27,165,545)	(17,277,811)
Net Position, Beginning of Year	227,148,178	244,425,989
Net Position, End of Year	$ 199,982,633	$ 227,148,178

Ector County Hospital District
d/b/a Medical Center Health System
Statements of Cash Flows
Years Ended September 30, 2017 and 2016

	2017	2016
Operating Activities		
Receipts from and on behalf of patients	$ 240,433,891	$ 243,678,005
Cash received from uncompensated care related activities	38,114,892	47,394,644
Payments to suppliers and contractors	(167,847,729)	(151,083,757)
Payments to or on behalf of employees	(181,265,021)	(182,561,181)
Cash received from business interruption recovery	354,388	2,883,170
Other receipts, net	10,208,396	10,515,131
Net cash used in operating activities	(60,001,183)	(29,173,988)
Noncapital Financing Activities		
Receipt of property and sales taxes supporting operations	46,613,921	40,922,422
Proceeds received from tobacco settlement	859,458	777,932
Contributions	647,399	1,085,004
Net cash provided by noncapital financing activities	48,120,778	42,785,358
Capital and Related Financing Activities		
Principal paid on long-term debt	(4,594,800)	(4,691,204)
Interest paid on long-term debt	(3,281,841)	(3,220,876)
Receipt of Build America Bond interest subsidy	1,009,725	1,010,791
Cash received from asset loss insurance recovery	524,928	7,251,349
Purchase of capital assets	(26,301,895)	(32,815,446)
Net cash used in capital and related financing activities	(32,643,883)	(32,465,386)
Investing Activities		
Income from investments	504,710	375,556
Advances to Foundation for note receivable	(486,621)	(1,138,543)
Payments from Foundation for note receivable	11,281	11,755
Capital contributions to equity investees	-	(90,000)
Purchase of investments	(10,000,010)	(45,000,130)
Proceeds from disposition of investments	33,646,889	50,032,647
Net cash provided by investing activities	23,676,249	4,191,285
Decrease in Cash and Cash Equivalents	(20,848,039)	(14,662,731)
Cash and Cash Equivalents, Beginning of Year	55,985,194	70,647,925
Cash and Cash Equivalents, End of Year	$ 35,137,155	$ 55,985,194

Ector County Hospital District
d/b/a Medical Center Health System
Statements of Cash Flows (Continued)
Years Ended September 30, 2017 and 2016

	2017	2016
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Cash and cash equivalents in current assets	$ 30,310,619	$ 47,874,037
Cash and cash equivalents in noncurrent cash and investments	4,826,536	8,111,157
Total cash and cash equivalents	$ 35,137,155	$ 55,985,194
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (77,172,612)	$ (59,440,270)
Depreciation and amortization	20,473,944	20,353,201
Provision for uncollectible accounts	107,082,827	76,491,163
Changes in operating assets and liabilities		
Patient accounts receivable, net	(109,581,685)	(75,111,238)
Estimated amounts due from and to third-party payers	(847,240)	9,877,583
Accounts payable and accrued expenses	(6,433,694)	(1,768,556)
Net pension liability	5,038,096	32,009,617
Deferred outflows of resources - pensions	6,225,561	(27,498,898)
Deferred inflows of resources - pensions	(1,514,693)	343,880
Other assets and liabilities	(3,271,687)	(4,430,470)
Net cash used in operating activities	$ (60,001,183)	$ (29,173,988)
Supplemental Cash Flows Information		
Capital asset acquisitions included in accounts payable	$ 649,108	$ 913,052

Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2017 and 2016

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Ector County Hospital District d/b/a Medical Center Health System (District) is an acute care hospital located in Odessa, Texas. The District primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in Ector County and surrounding areas. The District is governed by an elected Board of Directors (Board). In prior years, the District acquired the operations of a freestanding nursing home located in the District's service area. The District transferred ownership of the nursing home to a third-party effective September 1, 2017.

Blended component units. Medical Center Hospital Professional Care (ProCare) is a Texas nonprofit health organization certified by the Texas State Board of Medical Examiners pursuant to Section 501(a) of the *Texas Medical Practices Act*, now codified at Section 162.001 of the Texas Occupations Code. ProCare provides primary care physician services at the District's family health centers. ProCare is a taxable non-profit corporation.

The District is the sole corporate member of ProCare and has the authority to exercise significant control over the financial operations of ProCare. The District's governing board is responsible for all financial decisions related to ProCare, there exists a financial benefit or burden relationship between the District and ProCare and the District's management has operational responsibility for ProCare. As such, ProCare is presented as a blended component unit of the District. ProCare does not issue separate financial statements.

West Texas Medical Center Hospital Services (WTMCHS) was formed to establish membership in the limited liability company agreement of Texas Healthcare Linen, LLC (THL). Owned by three regional health care organizations, THL was formed on March 3, 2010, to provide linen services to businesses and institutions of the region. The District's governing board is responsible for all financial decisions related to WTMCHS, there exists a financial benefit or burden relationship between the District and WTMCHS and the District's management has operational responsibility for WTMCHS. As such, the financial statements of WTMCHS, including its equity interest in THL, are presented as a blended component unit of the District. The financial statements of WTMCHS are not material. Complete financial statements for THL can be obtained by contacting the District's financial offices, 500 W. 4th Street, Odessa, Texas 79761.

The District's financial statements include the activities of the entities set forth above. All material intercompany accounts and transactions have been eliminated in the financial statements.

Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2017 and 2016

Basis of Accounting and Presentation

The financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific, sales taxes, property taxes, investment income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2017 and 2016, cash equivalents consisted primarily of money market accounts.

Sales and Property Taxes

For operating purposes, the District has the authority to collect a 0.75% sales tax on all qualified retail sales in the District and to levy ad valorem taxes at a rate not to exceed 15 cents on each $100 valuation of taxable real property in the District.

The District received approximately 15% and 12% of its financial support from sales and property taxes in 2017 and 2016, respectively. All tax support was used to support operations in both 2017 and 2016.

Sales taxes are collected by the state of Texas and remitted to the District monthly. The tax is collected by the vendor and is required to be remitted to the state by the 20th of the month following collection. The tax is then paid to the District by the Friday following the second Wednesday of the subsequent month. The District recognized $38,333,859 and $29,782,307 of sales tax revenue in 2017 and 2016, respectively. The District had a tax receivable of $7,863,699 and $5,446,480 at September 30, 2017 and 2016, respectively.

Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2017 and 2016

Property taxes are levied January 1 and become due October 1, each year based on the value of all real and personal property located in the County. Assessed taxes become delinquent the following February 1. Revenue from property taxes is recognized in the year for which the taxes are levied. The District recognized $10,697,281 and $10,446,998 of property tax revenue in 2017 and 2016, respectively. The District's property tax rate was 8.25 cents and 5.10 cents on each $100 valuation during 2017 and 2016, respectively.

Build America Bond Interest Subsidy

The District issued taxable Build America Bonds (BABs) in June 2010. Under the BABs program, the U.S. Treasury pays 35% of the interest as a subsidy to the issuer. The District records the interest subsidy received or receivable from the U.S. Treasury as nonoperating revenue when the District has met all of the eligibility criteria to receive the subsidy. The District recorded $1,009,634 and $1,011,243 of nonoperating revenue in 2017 and 2016, respectively, for the BABs interest subsidy. During 2017 and 2016, the BABs subsidy continued to be reduced by approximately 7.0% as part of the federal sequestration spending reductions.

Tobacco Settlement Revenue

Tobacco settlement revenue is the result of a settlement between various counties and hospital districts in Texas and the tobacco industry for tobacco-related health care costs. The District received $859,458 and $777,932 in revenue from this settlement for the years ended September 30, 2017 and 2016, respectively.

Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than professional and general liability, employee health and workers' compensation claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The District is self-insured for a portion of its exposure to risk of loss from professional and general liability, employee health and workers' compensation claims. Annual estimated provisions are accrued for the self-insured portion of these risks and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Investments and Investment Income

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition are carried at amortized cost. The investment in equity invested is reported on the equity method of accounting. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2017 and 2016

Investment income includes interest income, realized gains and losses on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

Patient Accounts Receivable

The District reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The District provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the District:

Land improvements	10 – 20 years
Buildings and leasehold improvements	10 – 40 years
Equipment	3 – 20 years
Computer software	3 – 10 years

During 2017 and 2016, the District capitalized approximately $366,000 and $323,000, respectively, of interest expense.

Defined Benefit Pension Plan

The District provides pension benefits to its employees through an agent multiple-employer defined benefit pension plan operated by the Texas County and District Retirement System (Plan). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2017 and 2016

Deferred Outflows/Inflows of Resources

Transactions not meeting the definition of an asset or liability that result in the consumption or acquisition of net position in one period that are applicable to future periods are reported as deferred outflows of resources and deferred inflow of resources. At September 30, 2017 and 2016, the District's deferred outflows and deferred inflows of resources were related to the District's defined benefit pension plan as described more fully in *Note 12*.

Compensated Absences

District policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Net Position

Net position of the District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the District. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Net Patient Service Revenue

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Ector County Hospital District
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Notes to Financial Statements
September 30, 2017 and 2016

Charity Care

The District provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the District does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

Income Taxes

As an essential government function of the County, the District is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code (IRC) and a similar provision of state law. The District also carries an exemption from income taxes under IRC Section 501(c)(3). However, the District is subject to federal income tax on any unrelated business taxable income.

ProCare is taxable for federal income tax purposes. ProCare has net operating loss carryforwards totaling approximately $46 million at September 30, 2017. The net operating loss carryforwards will begin to expire in September 2024 if not utilized. Management has provided a valuation allowance for the entire balance of the deferred tax assets. The valuation allowance was established due to the uncertainties regarding the realization of the tax benefits in future years and because it is more likely than not that some portion or all of the deferred tax assets may not be realized.

Reclassifications

Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 presentation. The reclassifications had no effect on the changes in financial position.

Note 2: Net Patient Service Revenue

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. These payment arrangements include:

Medicare. Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain inpatient nonacute services and defined medical education costs are paid based on a cost reimbursement methodology. The District is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor. The District's Medicare cost reports have been audited by the Medicare administrative contractor through September 30, 2013.

Medicaid. Inpatient and outpatient services rendered to Medicaid program beneficiaries (including patients that participate in Medicaid managed care programs) are primarily paid at prospectively determined rates. Certain items may be reimbursed at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the

Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2017 and 2016

Medicaid administrative contractor. The District's Medicaid cost reports have been audited by the Medicaid administrative contractor through September 30, 2012.

Approximately 32% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for both years ended September 30, 2017 and 2016. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Note 3: Supplemental Medicaid Funding Revenue

In response to the growing number of uninsured patients and the rising cost of health care, the Texas Legislature established a Texas Medicaid Disproportionate Share Program (DSH Program) that was designed to assist those facilities serving the majority of the indigent patients by providing funds supporting increased access to health care within the community. This program allows the Texas Department of Human Services to levy assessments from certain hospitals, use the assessed funds to obtain federal matching funds, and then redistribute the total funds to those facilities serving a disproportionate share of indigent patients in the state of Texas.

On December 12, 2011, the United States Department of Health and Human Services (HHSC) approved a Medicaid section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program" (Waiver). The Waiver expanded existing Medicaid managed care programs and established two funding pools that assist providers with uncompensated care costs (UC Pool) and promote health system transformation (DSRIP Pool). The revenue from the two funding pools is recognized as earned throughout the related demonstration year. The funding the District has received is subject to audit and is not representative of funding to be received in future years. The Waiver was originally effective from December 12, 2011 to September 30, 2016 and extended through December 2017 as HHSC and the Centers for Medicare and Medicaid Services (CMS) negotiated a longer term extension. On December 21, 2017, HHSC received an approved extension from CMS for the period of January 1, 2018 through September 30, 2022. Among other changes, the approved plan requires a change in the methodology used to allocate UC funds and a phase out of the DSRIP program over the five year period. The impact of these changes has not yet been determined, but could have an adverse impact on the District's operating results.

Total revenue recognized from these programs was approximately $40,901,000 and $37,741,000 for the years ended September 30, 2017 and 2016, respectively, and is included as Supplemental Medicaid funding revenue within operating revenues in the statements of revenues, expenses and changes in net position. Amounts receivable under these programs were $11,946,000 and $9,160,000 at September 30, 2017 and 2016, respectively, which is included in the estimated amounts due from third party payers in the balance sheets.

Ector County Hospital District
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September 30, 2017 and 2016

The District participates in the Waiver program in conjunction with other area health care providers to enhance access to patient care in the community. As a result of participating in the Waiver, the District has realized benefits of lower medical costs amounting to approximately $38,834,000 and $37,860,000 in 2017 and 2016, respectively. The District also incurred increased costs to supplement the state's funding for the affiliated providers in the amounts of approximately $23,911,000 and $23,639,000 in 2017 and 2016, respectively. The supplement to the state's funding is recorded in intergovernmental transfer expense in the statements of revenues, expenses and changes in net position.

Through August 2016, the District participated in Texas Minimum Payment Amounts to Qualified Nursing Facilities Program (MPAP) (previously referred to as the Nursing Home Upper Payment Limit Program). This program was designed to assist nursing facilities serving the majority of indigent patients by providing funding to support increased access to health care within the community. In August 2016, CMS prohibited HHSC from continuing MPAP beyond the Texas fiscal year ending August 31, 2016. Amounts accrued but unpaid under the program for dates of service on or before August 31, 2016 were paid in full to providers and there was no additional revenue earned under MPAP for subsequent dates of service.

Revenue recognized under this program (net of any intergovernmental transfer payments) was approximately $4,235,000 and $6,049,000 for September 30, 2017 and 2016, respectively. The District recognized expenses from this program of approximately $4,234,000 and $5,749,000 for September 30, 2017 and 2016, respectively. On September 1, 2017, the District transferred the ownership of their nursing home to a third-party and no longer participates in the reimbursement program discussed in the preceding paragraph.

Note 4: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance or other qualified investments. At September 30, 2017 and 2016, respectively, $7,025,876 and $1,015,230 of the District's bank balances were uninsured and uncollateralized.

Investments

The District may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities. The District may also invest in certificates of deposit purchased through a placement service. The District's investments in certificates of deposit represent amounts purchased with the Certificate of Deposit Account Registry Service (CDARS) under a deposit placement agreement with a financial

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institution. CDARS enables the District to obtain FDIC insurance in its investments under this program. CDARS are considered deposits for disclosure purposes.

At September 30, 2017 and 2016, the District had the following investments and maturities:

	September 30, 2017				
		Maturities in Years			
Type	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. agencies obligations	$ 15,935,189	$ -	$ 15,023,782	$ 911,407	$ -
Money market mutual funds	18,393,460	18,393,460	-	-	-
Accrued interest	31,524	31,524	-	-	-
	$ 34,360,173	$ 18,424,984	$ 15,023,782	$ 911,407	$ -

	September 30, 2016				
		Maturities in Years			
Type	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. agencies obligations	$ 16,141,329	$ -	$ 13,512,290	$ 2,629,039	$ -
Money market mutual funds	42,095,171	42,095,171	-	-	-
Accrued interest	28,988	28,988	-	-	-
	$ 58,265,488	$ 42,124,159	$ 13,512,290	$ 2,629,039	$ -

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy requires that total investments have a weighted-average maturity of five years or less. The District's investments in U.S. agency obligations include fixed-rate notes and bonds with a weighted average maturity of three years. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the District's policy to limit its investments to U.S. Treasury and agency obligations or otherwise follow the restrictions of the *Texas Public Funds Investment Act*. The debt securities of the U.S. agencies are rated AA+ by Standard & Poor's rating agency at September 30, 2017 and 2016. The money market mutual funds invested by the District are rated as AAA by Standard & Poor's at September 30, 2017 and 2016, with the exception of the Dreyfus Prime money market funds, which is not rated. Amounts held in the Dreyfus fund was approximately $13,571,000 and $37,251,000 at September 30, 2017 and 2016, respectively.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the District's investments are held in safekeeping or trust accounts.

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Concentration of Credit Risk. The District's investment policy restricts the aggregate investment in money market funds to no more than 80% of the District's average investment fund balance, and the aggregate investment in mutual funds cannot exceed 15% of such investment fund balance.

The following table reflects the District's investments in single issuers that represent more than 5% of total investments at September 30:

	2017	2016
Federal National Mortgage Association	25.7%	12.7%

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	2017	2016
Carrying value		
Deposits	$ 16,749,700	$ 38,882,317
Investments	34,360,173	58,265,488
	$ 51,109,873	$ 97,147,805
Included in the following balance sheet captions		
Cash and cash equivalents	$ 30,310,619	$ 47,874,037
Noncurrent cash and investments	20,799,254	49,273,768
	$ 51,109,873	$ 97,147,805

Investment Income

Investment income for the years ended September 30, consisted of:

	2017	2016
Interest income	$ 504,710	$ 375,556
Net decrease in fair value of investments	(384,879)	(36,006)
Total investment income	$ 119,831	$ 339,550

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Note 5: Patient Accounts Receivable

The District grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at September 30, consisted of:

	2017	2016
Medicare	$ 18,416,576	$ 9,432,380
Medicaid	2,754,594	1,410,815
Other third-party payers	32,543,658	16,667,819
Patients	114,664,556	58,727,512
	168,379,384	86,238,526
Less allowance for uncollectible accounts	131,389,000	51,747,000
	$ 36,990,384	$ 34,491,526

Note 6: Capital Assets

Capital assets activity for the years ended September 30, was:

	2017				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 13,821,261	$ 3,235	$ -	$ -	$ 13,824,496
Land improvements	11,462,023	20,686	-	76,627	11,559,336
Buildings and improvements	191,025,665	2,980,280	-	7,619,939	201,625,884
Equipment	193,985,717	133,276	(173,835)	34,219,205	228,164,363
Construction in progress	19,821,793	23,267,115	-	(41,915,771)	1,173,137
	430,116,459	26,404,592	(173,835)	-	456,347,216
Less accumulated depreciation					
Land improvements	5,287,343	914,524	-	-	6,201,867
Buildings and improvements	94,318,340	6,633,158	-	-	100,951,498
Equipment	135,248,932	12,055,169	(173,835)	-	147,130,266
	234,854,615	19,602,851	(173,835)	-	254,283,631
Capital Assets, Net	$ 195,261,844	$ 6,801,741	$ -	$ -	$ 202,063,585

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	2016				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 11,713,737	$ 996,554	$ -	$ 1,110,970	$ 13,821,261
Land improvements	11,230,630	-	-	231,393	11,462,023
Buildings and improvements	184,014,843	323,529	(2,559,479)	9,246,772	191,025,665
Equipment	191,252,058	2,247,553	(6,477,591)	6,963,697	193,985,717
Construction in progress	7,142,394	30,232,231	-	(17,552,832)	19,821,793
	405,353,662	33,799,867	(9,037,070)	-	430,116,459
Less accumulated depreciation					
Land improvements	4,383,387	903,956	-	-	5,287,343
Buildings and improvements	88,612,175	6,599,016	(892,851)	-	94,318,340
Equipment	124,898,029	12,076,206	(1,725,303)	-	135,248,932
	217,893,591	19,579,178	(2,618,154)	-	234,854,615
Capital Assets, Net	$ 187,460,071	$ 14,220,689	$ (6,418,916)	$ -	$ 195,261,844

Note 7: Insurance Recoveries

In October 2015, the District experienced a fire, which damaged or destroyed a significant portion of one of the buildings and the contents, and left the building inoperable for approximately a month. Insurance proceeds were received in the following months to cover the costs of repairing the building and replacing the equipment, as well as for revenue lost during the reparation process. The total insurance recoveries to repair the building and replace the equipment were approximately $7,776,000, with approximately $525,000 due to the District at September 30, 2016. The carrying value of the assets lost due to the fire was approximately $6,347,000. The total proceeds for business interruption were approximately $3,060,000, with approximately $177,000 due to the District at September 30, 2016.

Note 8: Risk Management

Professional and General Liability Risks

The District is self-insured for professional and general liability claims. The District's maximum liability for professional and general liability claims as a governmental unit under the *Tort Claims Act* is generally $100,000 per individual and $300,000 per occurrence.

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Losses from asserted and unasserted claims identified under the District's incident reporting system are accrued based on estimates that incorporate the District's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. It is reasonably possible that the District's estimate of losses will change by a material amount in the near term.

Employee Health Claims

Substantially all of the District's employees and their dependents are eligible to participate in the District's employee health insurance plan. Commercial stop-loss insurance coverage is purchased for employee health claims in excess of $350,000 at September 30, 2017 and 2016. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the District's estimate will change by a material amount in the near term.

Workers' Compensation Claims

The District is self-insured for workers' compensation claims. Commercial stop-loss insurance coverage is purchased for workers' compensation claims in excess of $500,000. A provision is accrued for self-insured workers' compensation claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the District's estimate will change by a material amount in the near term.

Activity in the District's self-insured claims liability accounts during 2017 and 2016 is summarized below:

	2017		
	Employee Health Care Benefits	Workers' Compensation	General and Professional Liability
Balance, beginning of year	$ 3,642,000	$ 1,580,043	$ 1,769,123
Current year claims incurred and changes in estimates for claims incurred in prior years	1,435,593	569,457	565,306
Claims and expenses paid, net	(2,911,593)	(606,156)	(48,703)
Balance, end of year	$ 2,166,000	$ 1,543,344	$ 2,285,726

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	2016		
	Employee Health Care Benefits	Workers' Compensation	General and Professional Liability
Balance, beginning of year	$ 3,237,000	$ 1,318,533	$ 1,455,568
Current year claims incurred and changes in estimates for claims incurred in prior years	1,759,507	768,916	342,432
Claims and expenses paid, net	(1,354,507)	(507,406)	(28,877)
Balance, end of year	$ 3,642,000	$ 1,580,043	$ 1,769,123

Note 9: Long-term Obligations

The following is a summary of long-term obligation transactions for the District for the years ended September 30:

	2017				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Bonds payable					
Series 2010A	$ 1,625,000	$ -	$ (1,625,000)	$ -	$ -
Series 2010B	44,654,000	-	-	44,654,000	1,690,000
Bond premium, net	4,219	-	(4,219)	-	-
Notes payable					
Note payable to bank—tax-exempt	9,332,333	-	(2,306,890)	7,025,443	2,358,158
Note payable to bank—taxable	2,348,247	-	(569,771)	1,778,476	589,741
Capital lease obligation	93,139	-	(93,139)	-	-
Total long-term debt	58,056,938	-	(4,599,019)	53,457,919	4,637,899
Other long-term liabilities					
Revenue received in advance	1,451,182	-	(189,284)	1,261,898	189,285
Estimated self-insurance costs	3,349,166	1,134,763	(654,859)	3,829,070	1,667,600
Total other long-term liabilities	4,800,348	1,134,763	(844,143)	5,090,968	1,856,885
Total long-term obligations	$ 62,857,286	$ 1,134,763	$ (5,443,162)	$ 58,548,887	$ 6,494,784

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	2016				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Bonds payable					
Series 2010A	$ 3,185,000	$ -	$ (1,560,000)	$ 1,625,000	$ 1,625,000
Series 2010B	44,654,000	-	-	44,654,000	-
Bond premium, net	13,089	-	(8,870)	4,219	-
Notes payable					
Note payable to bank—tax-exempt	11,774,900	-	(2,442,567)	9,332,333	2,306,889
Note payable to bank—taxable	2,943,745	-	(595,498)	2,348,247	569,770
Capital lease obligation	186,278	-	(93,139)	93,139	93,139
Total long-term debt	62,757,012	-	(4,700,074)	58,056,938	4,594,798
Other long-term liabilities					
Revenue received in advance	1,640,466	-	(189,284)	1,451,182	189,285
Estimated self-insurance costs	2,774,101	1,111,348	(536,283)	3,349,166	1,421,777
Total other long-term liabilities	4,414,567	1,111,348	(725,567)	4,800,348	1,611,062
Total long-term obligations	$ 67,171,579	$ 1,111,348	$ (5,425,641)	$ 62,857,286	$ 6,205,860

Bonds Payable - Series 2010A and 2010B

In June 2010, the District issued revenue bonds to fund the construction of the Center for Women and Infants project and to refund a portion of the District's Series 2002A bonds. The bonds were issued in two series and are secured by the District's net revenues and accounts receivable.

The Series 2010A bonds consisted of hospital revenue refunding and improvement bonds in the original amount of $9,550,000 dated June 8, 2010, with interest rates ranging from 2.50% to 4.25% prior to maturity. The Series 2010A bonds were payable in annual installments through September 2017. The 2010A bonds were issued at a premium, and the unamortized premium at September 30, 2017 and 2016, is $0 and $4,219, respectively. The 2010A bonds were not subject to optional early redemption.

The Series 2010B bonds consist of hospital revenue bonds in the original amount of $44,654,000 dated June 8, 2010, which bear interest at rates ranging from 5.75% to 7.18%. The Series 2010B bonds are payable in annual installments, beginning September 15, 2011 through September 15, 2035. The Series 2010B bonds are designated under the *American Recovery and Reinvestment Act of 2009* as "Qualified Build America Bonds" (BABs) debt. The 2010B bonds are subject to optional early redemption by the District subsequent to September 15, 2020, at par. The 2010B bonds are also subject to early redemption prior to September 15, 2020 under a "make-whole" provision that would require the District to pay par value of any redeemed bonds, plus the present value of any unpaid interest on the bonds from the date of redemption through September 15, 2020, using a discount rate equivalent to the Treasury Rate plus 45 basis points.

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The indenture agreement requires that certain funds be established with the trustee. Accordingly, these funds are included as assets held by trustee for debt service in the balance sheets. The indenture agreements also require the District to comply with certain restrictive covenants including limitations on issuance of additional debt and a requirement to maintain a debt-service coverage ratio of at least 110%. For 2016, the debt-service coverage ratio was below 110%. As a result, the District was required to engage a management consultant to provide recommendations on improving the financial performance of the District. For 2017, the debt-service coverage ratio was not below 110%. Beginning in 2018, the District will be required to maintain at least 50 days cash on hand. The day's cash on hand requirement will increase in incremental amounts through 2021.

The debt service requirements for the 2010B bonds as of September 30, 2017, are as follows:

Year Ending September 30,	Principal	Interest	Interest Credit (BABs)	Total
2018	$ 1,690,000	$ 3,098,684	$ (1,009,706)	$ 3,778,978
2019	1,753,000	3,001,543	(978,053)	3,776,490
2020	1,820,000	2,897,713	(944,220)	3,773,493
2021	1,892,000	2,787,639	(908,352)	3,771,287
2022	1,975,000	2,659,021	(866,442)	3,767,579
2023 – 2027	11,271,000	11,149,280	(3,632,993)	18,787,287
2028 – 2032	14,111,000	6,768,762	(2,205,601)	18,674,161
2033 – 2035	10,142,000	1,477,682	(481,503)	11,138,179
	$ 44,654,000	$ 33,840,324	$ (11,026,870)	$ 67,467,454

Notes Payable to Bank

The note payable to bank (tax-exempt) matures August 18, 2020, with principal and interest at a fixed rate of 2.2% payable monthly. The note is secured by certain capital assets.

The note payable to bank (taxable) matures August 18, 2020, with principal and interest at a fixed rate of 3.5% payable monthly. The note is secured by certain capital assets.

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The debt service requirements for the notes payable as of September 30, 2017, are as follows:

Year Ending September 30,	Principal	Interest	Total to be Paid
2018	$ 2,947,899	$ 182,972	$ 3,130,871
2019	3,020,979	109,893	3,130,872
2020	2,835,041	34,925	2,869,966
	$ 8,803,919	$ 327,790	$ 9,131,709

Note 10: Restricted Net Position

At September 30, 2017 and 2016, $6,224,653 and $6,351,234, respectively, of net position is restricted under three revocable trust agreements whereby the District is the trustor. The purposes of these trusts is to further the mission of providing health care services in Ector County. The District retains exclusive management and control of all trust funds.

At September 30, 2017 and 2016, $9,901,600 and $34,993,700, respectively, of unrestricted net position has been designated by the District's Board for capital acquisitions and other purposes. Designated net position remains under the control of the Board, which may, at its discretion, later use the net position for other purposes.

Note 11: Charity Care

In support of its mission, the District voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. The costs of charity care provided under the District’s charity care policy was approximately $3,900,000 and $7,294,000 for 2017 and 2016, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

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Note 12: Pension Plan

Plan Description

The District contributes to the Texas County and District Retirement System (TCDRS), an agent multiple-employer defined benefit pension plan covering substantially all employees. The Plan is administered by a board of trustees appointed by TCDRS. Benefit provisions are contained in the plan document and were established and can be amended by action of the District's governing body within the options available in the state statutes governing TCDRS. The Plan does not issue a separate report that includes financial statements and required supplementary information for the Plan. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or from the website www.tcdrs.org.

Benefits Provided

The Plan provides retirement, disability and survivor benefits to plan members and their beneficiaries. Benefit amounts are determined by the sum of the employee's contributions to the Plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the commitment of the District to contribute to the Plan. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS.

Members can retire at ages 60 and above with eight or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. A member is vested after eight years but must leave his accumulated contributions in the Plan to receive any employer-financed benefit. If a member withdraws his personal contributions in a lump sum, he is not entitled to any amounts contributed by the employer.

The Plan has been adopted in lieu of the normal requirement that employers contribute to the social security program (other than for the Medicare portion).

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The employees covered by the Plan at December 31, are:

	2016	2015
Inactive employees or beneficiaries currently receiving benefits	641	608
Inactive employees entitled to but not yet receiving benefits	2,670	2,538
Active employees	1,815	1,810
	5,126	4,956

Contributions

The District's governing body has the authority to establish and amend the contribution requirements of the District and active employees.

The District establishes rates based on the annually determined rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both the employee members and the employer based on the covered payroll of employee members. Plan members are required to contribute 5% of their annually covered salary. Under the TCDRS Act, rates are based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the plan years ended December 31, 2016 and 2015, employees contributed $5,303,910 and $5,345,403, or 5.0%, of annual pay and the District contributed $7,881,165 and $8,263,374, or 7.4% and 7.7%, of annual pay, respectively, to the Plan. For the fiscal years ended September 30, 2017 and 2016, employees contributed $5,391,877 and $5,277,603, or 5.00%, of annual pay and the District contributed $8,414,494 and $7,928,302, or 7.7% and 7.4%, of annual pay, respectively, to the Plan.

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Net Pension Liability

The District's net pension liability as of September 30, 2017 and 2016, was measured as of December 31, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the December 31, 2016 and 2015, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Inflation	3.0%
Salary increases	4.9%, average, including inflation
Ad hoc cost of living adjustments	Not included
Investment rate of return	8.1%, net of pension plan investment expense, including inflation

In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

The actuarial assumptions used in the December 31, 2016 and 2015, valuations were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012.

The long-term expected rate of return on pension plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and geometric real rates of return for each major asset class are summarized in the table on the following page:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities		
U.S. Equities	13.5%	4.7%
International Equities — Developed	10.0%	4.7%
International Equities — Emerging	7.0%	5.7%
Global Equities	1.5%	5.0%
Hedge Funds	20.0%	3.9%
High-Yield Investments		
High-Yield Bonds	3.0%	3.7%
Opportunistic Credit	2.0%	3.8%
Distressed Debt	3.0%	6.7%
Direct Lending	10.0%	8.2%
Private Equity	16.0%	7.7%
Real Assets		
REITs	2.0%	3.9%
Private Real Estate Partnerships	6.0%	7.2%
Master Limited Partnerships	3.0%	5.6%
Investment-Grade Bonds	3.0%	0.6%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 8.1% at December 31, 2016 and 2015. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year end September 30, are:

	2017		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at beginning of year	$ 380,628,514	$ 342,802,965	$ 37,825,549
Changes for the year			
Service cost	12,611,339	-	12,611,339
Interest on total pension liability	30,752,584	-	30,752,584
Effect of economic/demographic gains or losses	(464,253)		(464,253)
Refund of contributions	(1,383,413)	(1,383,413)	-
Benefit payments	(13,200,289)	(13,200,289)	-
Administrative expenses	-	(275,792)	275,792
Member contributions	-	5,303,910	(5,303,910)
Net investment income	-	25,372,459	(25,372,459)
Employer contributions	-	7,881,165	(7,881,165)
Other changes	-	(420,168)	420,168
Net changes	28,315,968	23,277,872	5,038,096
Balances at end of year	$ 408,944,482	$ 366,080,837	$ 42,863,645

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	2016		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at beginning of year	$ 353,096,384	$ 347,280,452	$ 5,815,932
Changes for the year			
Service cost	11,722,978	-	11,722,978
Interest on total pension liability	28,642,798	-	28,642,798
Effect of plan changes	(1,903,496)	-	(1,903,496)
Effect of economic/demographic gains or losses	(2,168,073)		(2,168,073)
Effect of assumption changes or inputs	4,643,534	-	4,643,534
Refund of contributions	(1,542,793)	(1,542,793)	-
Benefit payments	(11,862,818)	(11,862,818)	-
Administrative expenses	-	(248,388)	248,388
Member contributions	-	5,345,403	(5,345,403)
Net investment loss	-	(3,886,950)	3,886,950
Employer contributions	-	8,263,374	(8,263,374)
Other changes	-	(545,315)	545,315
Net changes	27,532,130	(4,477,487)	32,009,617
Balances at end of year	$ 380,628,514	$ 342,802,965	$ 37,825,549

The net pension liability has been calculated using a discount rate of 8.1%. The following table presents the net pension (asset) liability of the District using a discount rate 1% higher and 1% lower than the current rate for September 30:

	2017		
	1% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
District's net pension (asset) liability	$ 100,501,048	$ 42,863,645	$ (4,500,489)

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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended September 30, 2017 and 2016, the District recognized pension expense of approximately $18,500,000 and $12,700,000, respectively. At September 30, 2017 and 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 1,032,193
Changes of assumptions	1,547,845	
Net difference between projected and actual earnings on plan investments	23,075,808	-
Contributions subsequent to the measurement date	6,581,311	-
	$ 31,204,964	$ 1,032,193

	2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 2,546,886
Changes of assumptions	3,095,689	-
Net difference between projected and actual earnings on plan investments	28,615,869	
Contributions subsequent to the measurement date	5,718,967	-
	$ 37,430,525	$ 2,546,886

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At September 30, 2017 and 2016, the District reported $6,581,311 and $5,718,967, respectively, as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability at September 30, 2018 and 2017, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2017, related to pensions will be recognized in pension expense as follows:

Year ending September 30:	
2018	$ 8,521,865
2019	7,696,712
2020	6,910,601
2021	462,282
	$ 23,591,460

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued financial reports of TCDRS for the years ended December 31, 2016 and 2015.

Deferred Compensation Plan

The District also offers its employees a selection of deferred compensation plans created in accordance with IRC Section 457 and 403b. The plans are available to all District employees and permit them to defer a portion of their salary until future years. All amounts of compensation deferred under the plans and income attributable to those amounts are solely the property of the employee. Thus, the plan amounts are not reported in the accompanying financial statements.

ProCare 401(k) Trust

ProCare has adopted a defined contribution retirement plan for all ProCare employees who met the eligibility requirements. Employees that were employed by ProCare after July 1, 2010, meet the minimum age and service conditions of the plan, satisfy any allocation conditions required by the plan, and are not specifically excluded by the provisions of the plan are eligible to participate in the plan. Employees entering the plan after July 1, 2010, vest at a rate of 20% each year, and are fully vested after five years of service. The employees who entered the plan prior to July 1, 2010, were 100% vested upon hire and were grandfathered at that rate upon creation of the new plan. ProCare distributes a discretionary matching contribution and a qualified matching contribution that is determined annually by the Board. Matching contributions cannot exceed 4% of employee plan compensation. Total employer contributions to the plan for the years ended September 30, 2017 and 2016, were approximately $1,597,000 and $1,417,000, respectively.

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Note 13: Postemployment Health Care Plan

Plan Description

The District provides postretirement health care benefits, in accordance with District policies, to employees hired prior to January 1, 1993, retiring from the District who elect to continue participation in the District's health insurance program and retire at the earliest of (a) attaining the age of 60 with at least 10 years of service; (b) completing 30 years of employment, regardless of age; and (c) having the sum of age plus service equal to at least 75. Employees hired after January 1, 1993, are not eligible to receive postretirement health care benefits. Prior to December 31, 2016, the District paid for all medical and hospitalization costs incurred by eligible retirees and their dependents. There was no cost to retirees, but the dependents were required to pay a quarterly premium. On November 1, 2016, the District approved changes to the plan benefits. Effective January 1, 2017, pre-Medicare benefits are available to eligible retirees in the form of funding to a health reimbursement account (HRA). The HRA funding is $12,000 annually starting in 2017 for pre-Medicare ages and is expected to increase with inflation in future years. A grandfathered group of post-Medicare retirees will receive HRA funding of $3,600 annually starting in 2017. Current active employees and other retirees not in this grandfathered group are eligible for HRA funding of $1,020 annually starting in 2017 for post-Medicare benefits. The post-Medicare benefits are expected to increase with inflation in future years. No HRA funding is provided for retiree dependents.

Funding Policy

The postretirement medical insurance benefits are currently funded on a pay-as-you-go basis. The District currently funds on a cash basis as benefits are paid. There are no assets that have been segregated and restricted to provide for postretirement benefits. As of October 1, 2015, the most recent actuarial valuation date, the plan had 464 participants currently eligible to receive benefits.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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The following table shows the components of the District's annual OPEB cost for 2017 and the two preceding years, the amount actually contributed to the plan and changes in the District's net OPEB obligation to the plan:

	2017	2016	2015
Annual required contribution	$ 1,634,619	$ 1,634,619	$ 6,886,322
Interest on net OPEB obligation	998,950	1,147,739	1,069,557
Adjustment to annual required contribution	(1,388,687)	(1,595,526)	(1,486,842)
Annual OPEB cost	1,244,882	1,186,832	6,469,037
Contributions made	(2,458,484)	(4,906,564)	(4,514,482)
Change in net OPEB obligation	(1,213,602)	(3,719,732)	1,954,555
Net OPEB obligation, beginning of year	24,973,752	28,693,484	26,738,929
Net OPEB obligation, end of year	$ 23,760,150	$ 24,973,752	$ 28,693,484
Contributions made as a percentage of OPEB cost	197%	413%	70%

Funded Status and Funding Progress

As of October 1, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was $26,396,659 resulting in an unfunded actuarial accrued liability (UAAL) of $26,396,659. The covered payroll (annual payroll of active employees covered by the plan) was $5,475,600 and the ratio of UAAL to covered payroll was 482.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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In the October 31, 2015, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term rate of return on the source of assets that will be used to pay retiree insurance benefits, including a 2.50% inflation assumption. The UAAL is being amortized based on an open-period, level dollar basis. The remaining amortization period at September 30, 2017, was 30 years.

Note 14: Related Party Transactions

Medical Center Health System Foundation

The District is the beneficiary of the Medical Center Health System Foundation (Foundation), a separate legal entity with a separate board of directors. The Foundation has legal title to all of the Foundation's assets. The Foundation is not a component unit of the District and, thus, is not reflected in the accompanying financial statements. The District received approximately $647,000 and $1,085,000 from the Foundation in 2017 and 2016, respectively. The funds received are intended primarily for capital projects but are not restricted. Therefore, they have been included in nonoperating revenues.

In June 2015, the District issued a $2,500,000 note receivable with the Foundation at a rate of 3.25%. The proceeds of the loan are being used by the Foundation to fund a long-term care acute care hospital in the vicinity of the District. Of the $2,500,000 available to be advanced under the agreement, the Foundation had borrowed $2,245,805 and $1,770,465 as of September 30, 2017 and 2016, respectively. The loan agreement does not stipulate a maturity date and is uncollateralized. The receivable is included as a component of other assets in the balance sheets.

Medical Center Hospital Auxiliary

From time to time, the District receives contributions from the Medical Center Hospital Auxiliary (Auxiliary), a separate legal entity with a separate board of directors. The Auxiliary has legal title to all of the Auxiliary's assets. The Auxiliary is not a component unit of the District and, thus, is not reflected in the accompanying financial statements. The District received $22,500 in donations from the Auxiliary during 2016. The District did not receive any donations from the Auxiliary in 2017.

Texas Healthcare Linen, LLC

The District owns a 33.33% membership interest in THL. The District's equity interest in THL at September 30, 2017 and 2016, was $1,985,952 and $1,730,785, respectively. The equity interest in THL is included in other long-term assets on the accompanying balance sheets.

In September 2010, the District entered into a guarantor agreement whereby the District has agreed to guarantee up to $2,000,000 of loans that were extended to THL from an unrelated party. The original aggregate amount of the THL loans was $12,291,000 and the proceeds were used for construction, equipment and a working capital line of credit. The combined balance of the loans

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outstanding at September 30, 2017 and 2016, was $6,206,790 and $6,918,465, respectively. Because THL has not defaulted on their scheduled debt payments, the District has not reported any amounts in the accompanying financial statements related to this guarantor agreement.

Note 15: Condensed Combining Information

The following tables include condensed combining balance sheet information related for the District and its blended component unit, ProCare, as of September 30, 2017 and 2016:

	September 30, 2017			
	District	ProCare	Eliminations	Total
Assets and Deferred Outflows of Resources				
Current assets	$ 96,404,816	$ 12,531,191	$ (4,355,338)	$ 104,580,669
Noncurrent cash and investments	20,799,254	-	-	20,799,254
Capital assets, net	201,831,451	232,134	-	202,063,585
Other noncurrent assets	6,652,447	315,368	-	6,967,815
Deferred outflows of resources	31,204,964	-	-	31,204,964
Total assets and deferred outflows of resources	$ 356,892,932	$ 13,078,693	$ (4,355,338)	$ 365,616,287
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities	$ 37,167,379	$ 13,111,522	$ (4,355,338)	$ 45,923,563
Estimated self-insurance costs	2,161,470	-	-	2,161,470
Long-term debt	48,820,020	-	-	48,820,020
Other long-term liabilities	67,696,408	-	-	67,696,408
Deferred inflows of resources	1,032,193	-	-	1,032,193
Total liabilities and deferred inflows of resources	156,877,470	13,111,522	(4,355,338)	165,633,654
Net Position				
Net investments in capital assets	152,391,419	232,134	-	152,623,553
Restricted—expendable	6,224,653	-	-	6,224,653
Unrestricted	41,399,390	(264,963)	-	41,134,427
Total net position	200,015,462	(32,829)	-	199,982,633
Total liabilities, deferred inflows of resources and net position	$ 356,892,932	$ 13,078,693	$ (4,355,338)	$ 365,616,287

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	September 30, 2016			
	District	ProCare	Eliminations	Total
Assets and Deferred Outflows of Resources				
Current assets	$ 106,321,270	$ 10,631,650	$ (1,492,338)	$ 115,460,582
Noncurrent cash and investments	49,273,768	-	-	49,273,768
Capital assets, net	194,963,652	298,192	-	195,261,844
Other noncurrent assets	3,904,934	439,873	-	4,344,807
Deferred outflows of resources	37,430,525	-	-	37,430,525
Total assets and deferred outflows of resources	$ 391,894,149	$ 11,369,715	$ (1,492,338)	$ 401,771,526
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities	$ 44,665,769	$ 9,452,304	$ (1,492,338)	$ 52,625,735
Estimated self-insurance costs	1,927,389	-	-	1,927,389
Long-term debt	53,462,140	-	-	53,462,140
Other long-term liabilities	64,061,198	-	-	64,061,198
Deferred inflows of resources	2,546,886	-	-	2,546,886
Total liabilities and deferred inflows of resources	166,663,382	9,452,304	(1,492,338)	174,623,348
Net Position				
Net investments in capital assets	143,920,202	298,192	-	144,218,394
Restricted—expendable	6,351,234	-	-	6,351,234
Unrestricted	74,959,331	1,619,219	-	76,578,550
Total net position	225,230,767	1,917,411	-	227,148,178
Total liabilities, deferred inflows of resources and net position	$ 391,894,149	$ 11,369,715	$ (1,492,338)	$ 401,771,526

The following tables include condensed combining statements of revenues, expenses and changes in net position information for the District and its blended component unit, ProCare, for the years ended September 30, 2017 and 2016:

	September 30, 2017		
	District	ProCare	Total
Operating revenues	$ 244,884,986	$ 43,983,623	$ 288,868,609
Operating expenses	302,764,500	63,276,721	366,041,221
Operating loss	(57,879,514)	(19,293,098)	(77,172,612)
Nonoperating revenues	50,007,067	-	50,007,067
Intercompany transfers	(17,342,858)	17,342,858	-
Change in net position	(25,215,305)	(1,950,240)	(27,165,545)
Net position, beginning of year	225,230,767	1,917,411	227,148,178
Net position, end of year	$ 200,015,462	$ (32,829)	$ 199,982,633

Ector County Hospital District
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Notes to Financial Statements
September 30, 2017 and 2016

	September 30, 2016		
	District	ProCare	Total
Operating revenues	$ 252,211,662	$ 44,191,193	$ 296,402,855
Operating expenses	296,418,937	59,424,188	355,843,125
Operating loss	(44,207,275)	(15,232,995)	(59,440,270)
Nonoperating revenues	42,162,459	-	42,162,459
Intercompany transfers	(15,633,815)	15,633,815	-
Change in net position	(17,678,631)	400,820	(17,277,811)
Net position, beginning of year	242,909,398	1,516,591	244,425,989
Net position, end of year	$ 225,230,767	$ 1,917,411	$ 227,148,178

The following table includes condensed combining statements of cash flows information for the District and its blended component unit, ProCare, for the years ended September 30, 2017 and 2016:

	September 30, 2017		
	District	ProCare	Total
Net cash provided by (used in)			
Operating activities	$ (43,026,338)	$ (16,974,845)	$ (60,001,183)
Noncapital financing activities	48,120,778	-	48,120,778
Capital and related financing activities	(50,066,227)	17,422,344	(32,643,883)
Investing activities	23,676,249	-	23,676,249
Increase (decrease) in cash and cash equivalents	(21,295,538)	447,499	(20,848,039)
Cash and cash equivalents, beginning of year	53,250,288	2,734,906	55,985,194
Cash and cash equivalents, end of year	$ 31,954,750	$ 3,182,405	$ 35,137,155

	September 30, 2016		
	District	ProCare	Total
Net cash provided by (used in)			
Operating activities	$ (13,139,924)	$ (16,034,064)	$ (29,173,988)
Noncapital financing activities	42,785,358	-	42,785,358
Capital and related financing activities	(48,087,947)	15,622,561	(32,465,386)
Investing activities	4,191,285	-	4,191,285
Decrease in cash and cash equivalents	(14,251,228)	(411,503)	(14,662,731)
Cash and cash equivalents, beginning of year	67,501,516	3,146,409	70,647,925
Cash and cash equivalents, end of year	$ 53,250,288	$ 2,734,906	$ 55,985,194

Ector County Hospital District
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Notes to Financial Statements
September 30, 2017 and 2016

Note 16: Disclosures About Fair Value of Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2017 and 2016:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2017				
Money market mutual funds	$ 18,393,460	$ 18,393,460	$ -	$ -
U.S. agencies obligations	15,935,189	-	15,935,189	-
September 30, 2016				
Money market mutual funds	$ 42,095,171	$ 42,095,171	$ -	$ -
U.S. agencies obligations	16,141,329	-	16,141,329	-

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Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The District held no Level 3 investments at September 30, 2017 or 2016.

Note 17: Contingencies

In the normal course of business, the District is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the District's self-insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The District evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

On December 19, 2016, a lawsuit was filed by participants regarding postemployment health care benefits discussed in *Note 13*. The lawsuit relates to the District's health care plan and benefit changes discussed in *Note 13* and consists primarily of a request for temporary restraining order, temporary injunction, permanent injunction and declaratory relief. The participants seek to continue participation in the District's employee health insurance plan and seek actual consequential damages and attorneys' fees. The net OPEB obligation has been adjusted for changes to the plan benefits and no provision has been made in the financial statements for a loss associated with this lawsuit. The District believes it has the legal basis to make the benefit changes, and has thus far prevailed at the trial court level, although events could possibly occur that would result in a material loss to the District.

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September 30, 2017 and 2016

Note 18: Future Change in Accounting Principle

In June 2015, the Governmental Accounting Standards Board issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). Principal objectives of GASB 75 are to improve accounting and financial reporting by state and local governments for OPEB and to improve information provided by state and local employers about financial support for OPEB that is provided by other entities. OPEB includes, among other things, postemployment healthcare benefits (medical, dental, vision, hearing and other health-related benefits), death benefits, life insurance, disability and long-term care. GASB 75 supersedes GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and is applicable to employers providing defined benefit OPEB to their employees through OPEB plans that are administered through trusts that meet certain specified criteria, to employers providing defined contribution OPEB to their employees, and to employers providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria of GASB 75. It also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity. GASB 75 requires employers providing defined benefit OPEB to their employees to recognize a net OPEB liability, or its proportionate share of such liability for cost-sharing multiple-employer plans, for the portion of the actuarial present value of projected benefit payments to be provided to current active and inactive employees that is attributed to past periods of employee service, less any OPEB plan fiduciary net position. It also provides guidance on determining OPEB expense, deferred outflows and inflows of resources, note disclosures and required supplementary information. The requirements of GASB 75 are applicable for fiscal years beginning after June 15, 2017, thus, it will be applicable to the District for the year ending September 30, 2018. The impact of adopting GASB 75 on the District's financial statements is not currently determinable, but is expected to be material and will require restating the 2017 financial statements upon adoption.

Required Supplementary Information

Ector County Hospital District
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Schedule of Changes in the District's Net Position Liability and Related Ratios
As of December 31,

	2016	2015	2014
Total Pension Liability			
Service cost	$ 12,611,339	$ 11,722,978	$ 11,063,097
Interest on total pension liability	30,752,584	28,642,798	26,748,805
Effect of plan changes	-	(1,903,496)	-
Effect of assumption changes or inputs	-	4,643,534	-
Effect of economic/demographic (gains) or losses	(464,253)	(2,168,073)	(3,304,508)
Benefit payments, including refunds of employee contributions	(14,583,702)	(13,405,611)	(12,201,099)
Net Change in Total Pension Liability	28,315,968	27,532,130	22,306,295
Total Pension Liability—Beginning	380,628,514	353,096,384	330,790,089
Total Pension Liability—Ending (a)	$ 408,944,482	$ 380,628,514	$353,096,384
Plan Fiduciary Net Position			
Contributions—employer	$ 7,881,165	$ 8,263,374	$ 8,021,499
Contributions—employee	5,303,910	5,345,403	4,963,799
Net investment income (loss)	25,372,459	(3,886,950)	21,913,195
Benefit payments, including refunds of employee contributions	(14,583,702)	(13,405,611)	(12,201,099)
Administrative expense	(275,792)	(248,388)	(259,291)
Other	(420,168)	(545,315)	(608,848)
Net Change in Plan Fiduciary Net Position	23,277,872	(4,477,487)	21,829,255
Plan Fiduciary Net Position—Beginning	342,802,965	347,280,452	325,451,197
Plan Fiduciary Net Position—Ending (b)	$ 366,080,837	$ 342,802,965	$347,280,452
District's Net Pension Liability—Ending (a) – (b)	$ 42,863,645	$ 37,825,549	$ 5,815,932
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.52%	90.06%	98.35%
Covered Payroll	$ 106,072,205	$ 106,900,052	$ 99,275,976
District's Net Pension Liability as a Percentage of Covered Payroll	40.41%	35.38%	5.86%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available. Information presented in this schedule has been determined as of the measurement date (December 31) of the net pension liability in accordance with GASB 68.

Ector County Hospital District
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Schedule of District Contributions
Year Ending September 30,

Year Ending September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll *(1)*	Contributions as a Percentage of Covered Payroll
2017	$ 8,414,494	$ 8,414,494	$ -	$ 109,010,606	7.7%
2016	$ 7,928,302	$ 7,928,302	$ -	$ 106,714,714	7.4%
2015	$ 8,022,863	$ 8,022,863	$ -	$ 103,172,647	7.8%

Notes to Schedule:

(1) Payroll is calculated based on contributions as reported to TCDRS

Valuation date:
Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Remaining amortization period	13.9 years
Asset valuation method	5-year smoothed non-asymptotic market
Inflation	3%
Salary increases	4.9% average over career, including inflation
Investment rate of return	8.0%, net of pension plan investment expense, including inflation
Retirement age	61 (average)
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available. Information presented in this schedule has been determined as of the District's fiscal year end (September 30) in accordance with GASB 68.

Ector County Hospital District
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Schedule of Funding Progress – OPEB
September 30, 2017

Acturial Valuation Date	Acturial Value of Assets	Acturial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
October 1, 2015	$ -	$ 26,396,659	$ 26,396,659	0.0%	$ 5,475,600	482.1%
October 1, 2013	$ -	$ 102,187,067	$ 102,187,067	0.0%	$ 8,011,401	1275.5%
October 1, 2011	$ -	$ 103,395,121	$ 103,395,121	0.0%	$ 9,897,740	1044.6%

The actuarial accrued liability decreased from approximately $102,187,000 on October 1, 2013, to $26,397,000 on October 1, 2015, as a result of a change to the post-retirement health care benefits, as discussed in *Note 13*. Prior to December 31, 2016, the District paid for covered medical and hospitalization costs incurred by eligible retirees and their dependents for whom premiums had been paid. There was no premium cost to retirees, but the dependents were required to pay a quarterly premium. On November 1, 2016, the District approved changes to the plan benefits. Effective January 1, 2017, pre-Medicare benefits are currently made available to eligible retirees in the form of funding to a health reimbursement account (HRA). The intended HRA funding is currently calculated at $12,000 annually starting in 2017 for pre-Medicare ages and may increase with inflation in future years. A small Medicare Part A coverage-only group of post-Medicare retirees are currently receiving HRA funding calculated at $3,600 annually starting in 2017. Other Medicare qualified retirees not in this Part A coverage-only group are currently receiving HRA funding calculated at $1,020 annually starting in 2017 for post-Medicare benefits, and some current active employees may, upon retirement, move into this group.

ECTOR COUNTY HOSPITAL DISTRICT

D/B/A MEDICAL CENTER HEALTH SYSTEM

Report to the Board of Directors and Management

March __, 2018

Results of the 2017 financial statement audit, internal control matters and other required communications.

BKD LLP
CPAs & Advisors

March __, 2018

Board of Directors and Management
Ector County Hospital District
d/b/a Medical Center Health System
Odessa, Texas

We have completed our audit of the financial statements of Ector County Hospital District d/b/a Medical Center Health System (District) as of and for the year ended September 30, 2017. This report includes communication required under auditing standards generally accepted in the United States of America, as well as other matters.

Our audit plan represented an approach responsive to the assessment of risk of material misstatement in financial reporting for the District. Specifically, auditing standards require us to:

- Express an opinion on the September 30, 2017, financial statements of the District.
- Issue communications required under auditing standards generally accepted in the United States of America to assist the board in overseeing management's financial reporting and disclosure process.

This report also presents an overview of areas of audit emphasis, as well as our perspectives on the health care environment.

This communication is intended solely for the information and use of the Board of Directors, Management and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Contents

2017 Audit Results

Appendices

Summary of Our Audit Approach and Results

Our Approach

BKD's audit approach focuses on areas of higher risk—the unique characteristics of the District, your operating environment, the design effectiveness of your internal controls and your financial statement amounts and disclosures. The objective is to express an opinion on the conformity of your financial statements, in all material respects, with accounting principles generally accepted in the United States of America.

Areas of Audit Emphasis

The principal areas of audit emphasis and results were as follows:

Area	Results
Management Override of Controls The risk that management may override existing and functioning accounting controls is an inherent risk to the District.	• No matters are reportable.
Revenue Recognition Revenue cut-off impacts the financial statements of the District.	• No matters are reportable.

Summary of Our Audit Approach and Results (*Continued*)

Area	Results
Management Estimates Estimates and judgments made by management materially impact financial statement amounts. The following financial statement areas include material estimates made by management:	
Allowance for contractual and uncollectible account adjustments	• Adjustments were proposed and recorded to decrease the net realizable value of patient accounts receivable.
Third-party payer settlement estimates	• An adjustment was proposed and recorded to decrease the amounts due from the Medicare program and recognize the 2017 cost report liability.
Supplemental Medicaid Funding receivable	• Adjustments were proposed and recorded to increase the receivable from the DSRIP program and to increase the estimated inter-governmental transfer commitment. A liability for UC pool recoupments was also recorded.
Reserve for employee health and workers' compensation obligations	• The recorded employee health reserve was reasonable. An adjustment was recorded to decrease the workers' compensation reserve based on final actuarial determinations.
Reserve for professional and general liability risks	• Adjustments were recorded to increase the reserves based on final actuarial determinations.
Value of sales and property taxes receivable and tax revenue	• An adjustment was proposed and recorded to increase the property tax receivable and corresponding revenue.
Other Post-Retirement Benefits (OPEB)	• An adjustment was proposed and recorded to decrease the net OPEB obligation based on the final actuarial determination.
Net Pension Liability	• An adjustment was proposed and recorded to decrease the related deferred outflow of resources.

Summary of Our Audit Approach and Results (*Continued*)

Area	Results
Accounting for Property and Equipment, Including Capitalized Interest With significant capital projects underway and completed in 2017, there is a risk that costs are not being capitalized appropriately, including associated interest.	• Assigned lives were reasonable and capital additions selected for testing were properly recorded.
Information Technology The District has a sophisticated and complex enterprise resource planning system which affects multiple areas related to financial reporting.	• As part of our audit, we reviewed controls surrounding security and data integrity, as well as challenged access controls to identify segregation of duties conflicts. Certain deficiencies and other matters have been reported in management as a result of this review.

Significant Estimates

The preparation of the financial statements requires considerable judgment because some assets, liabilities, revenues and expenses are "estimated" based on management's assumptions about future outcomes. For example, the allowance for uncollectible accounts is impacted by patients' willingness and ability to pay. Other estimates may be dependent on assumptions related to economic or environmental conditions, regulatory reform or changes in industry trends.

Some estimates are inherently more difficult to evaluate and highly susceptible to variation because the assumptions relating to future outcomes have a higher degree of uncertainty. To the extent future outcomes are different than expected, management's estimates are adjusted in future periods, sometimes having a significant effect on subsequent period financial statements. The following are considered to be significant estimates for the District:

- **Third-party Reimbursement –** Net operating revenues include management's estimates of amounts to be reimbursed by third parties. Amounts received for patient billings are generally less than amounts billed. The difference between what is billed and expected to be received is recorded through contractual adjustments. Management's process of estimating amounts to be received from third parties requires estimation based on payer classification, historical data and payer contract provisions. Estimates of third-party reimbursements also include management assumptions about uncertainties related to the continued evolution of alternative payment models, changes in payer mix and the current state of the economy.

  Net operating revenues also include estimated amounts due to and from the Medicaid supplemental funding programs. These estimates are based on communications from the state, historical and subsequent funding and include an allowance for recoupment upon final settlement of the funding.

- **Allowance for Doubtful Accounts –** Primary collection risks related to patient accounts receivable include uninsured patients and patient balances where the insurance payer did not pay the entire balance. Management's estimate for allowance for doubtful accounts is based on historical and subsequent collections, payer mix and anticipated trends. Similar to third-party reimbursements, management assumptions about the economy and types of payers affect the estimation of allowance for uncollectible accounts.
- **Employee Health and Workers Compensation Risks –** Management records an estimate of a liability based on a valuation provided by an independent actuary. Reserves for employee health and workers compensation claims are based on estimates of known claims and estimates for incurred but not reported claims. Management reviews the estimates for the reasonableness of assumptions used in the development of the estimate by the actuary.
- **Professional and General Liability Risks –** Management records an estimate of a liability based on a valuation provided by an independent actuary. The estimate is based on known claims, claims history and industry specific experience. Management reviews the estimate for the reasonableness of assumptions used in the development of the estimate by the actuary.

- **Net Pension Liability –** Management records an estimated pension liability based on a valuation provided by an independent actuary. The estimate represents the difference between the projected benefit obligation and the fair value of the plan assets and is based on a variety of assumptions including a discount rate to equate the obligation to present value at the balance sheet date. Management reviews the estimate for the reasonableness of assumptions used in the development of the estimate by the actuary.
- **Other Post-Retirement Benefits –** The District offers post-retirement health insurance to certain beneficiaries. Some obligations for these plans are recorded in the financial statements, while other information regarding future benefit obligations is disclosed in the footnotes to the financial statements. These estimates are based on actuarial valuations obtained by management and include assumptions regarding investment return and future costs of employee health insurance. Management reviews these estimates for the reasonableness of assumptions used in the development of the estimate by the actuary.

Opinion

Unmodified, or "Clean," Opinion Issued

We are prepared to issue an unmodified opinion as to whether the financial statements of the District as of and for the year ended September 30, 2017, are fairly presented, in all material respects.

Required Communications

Generally accepted auditing standards require the auditor to ensure that those charged with governance receive additional information regarding the scope and results of the audit that may assist you in overseeing management's financial reporting and disclosure process. Below, we summarize these required communications:

Auditor's Responsibilities Under Auditing Standards Generally Accepted in the United States of America (GAAS).

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Area	Comments
Significant Accounting Policies Significant accounting policies are described in *Note 1* of the financial statements.	• No matters are reportable.
Alternative Accounting Treatments We are required to report any discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions, as well as general accounting policies.	• No matters are reportable.

Management Judgments and Accounting Estimates Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Areas involving significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates are listed in the adjacent comments section.	• See analysis of management's judgments and accounting estimates on *page 2*.
Financial Statement Disclosures These areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures.	• Patient revenue recognition • Medicaid supplemental payment programs • Significant estimates and concentrations • Net pension liability • Other Post Employment Benefit Plan (OPEB) disclosures, including 2016 plan changes and related litigation
Audit Adjustments During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.	*Adjustments Recorded* • Patient accounts receivable • Estimated amounts due to/from third party payers (including supplemental Medicaid funding related balances) • Self-insured reserves • Net OPEB obligation • Deferred outflows related to the defined benefit pension liability • Other miscellaneous assets and liabilities • Nursing home activity *Proposed Audit Adjustments Not Recorded* • There were no adjustments proposed that were not recorded

Auditor's Judgments About the Quality of the District's Accounting Policies During the course of the audit, we made observations regarding the District's application of accounting principles.	• No matters are reportable.
Significant Issues Discussed with Management During the audit process, issues were discussed or were the subject of correspondence with management and are listed in the adjacent comments section.	• Valuation of accounts receivable • Debt covenant calculations

Other Material Written Communications

Other material written communications between management and us related to the audit include:

- Management representation letter (*Tab 1*)

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the District as of and for the year ended September 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

Deficiency – A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the District's financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant Deficiency – A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Material Weakness – A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

We observed the following matters that we consider to be significant deficiencies and deficiencies.

Significant Deficiencies

Audit Adjustments

During the course of the audit, various adjustments were proposed and recorded, some identified management subsequent to year-end and the start of audit fieldwork. Areas where adjustments were proposed have been previously discussed in this letter. Management should review the causes for these adjustments and implement corrective procedures to ensure that interim financial statements are accurate. Such corrective procedures would include timely completion of account reconciliation and resolution of unreconciled variances. This is especially important because interim financial information is often a key factor in decisions made by management and the Board.

Patient Accounts Receivable

One of the most complex estimates that a hospital must make is the net realizable value of patient accounts receivable. Management must use multiple inputs including payer mix, account aging and current payment rates to estimate how much patients will pay for services provided by the District. During 2017, the District converted billing systems which lead to significant increases in gross patient accounts receivable and further complicated the estimation process for the net realizable value of patient accounts receivable. Based on an analysis of subsequent collections in fiscal year 2018, entries were proposed and recorded to reduce the net value of patient accounts receivable for the Hospital and ProCare.

Cash Account Reconciliations

At September 30, 2017, certain cash accounts were not reconciled. Reliable accounting information begins with effective accounting for cash balances and transactions. Monthly reconciliations also help improve the reliability of recorded information and enhances controls to prevent theft and misuse of funds.

Estimated Amounts Due to/from Third-Party Payers

Medicare and Medicaid cost reports are prepared on an annual basis. During 2017, management did not prepare interim estimates of the projected settlement for these reports. In some cases, the final settlement of a cost report can be significant, especially when regulations are changing. We recommend that management develop a process to estimate the settlement of each year's cost report on at least a quarterly basis to limit the potential that a significant year-end adjustment is required.

Deficiencies

Collateralization of Cash Balances

As a governmental entity, state law requires collateralization of all deposits with federal depository insurance or other qualified investments. At September 30, 2017, the District had approximately $7.0 million of cash deposits that were unsecured and uncollateralized in accordance with state law. We recommend management, in conjunction with your financial institutions, implement additional controls to ensure appropriate collateral is pledged as bank balances fluctuate.

Segregation of Duties – Revenue Cycle

There are multiple employees in the business office who have the ability to access payments on patient accounts and also have the ability to post adjustments to patient account balances. These employees, at times, may also be involved in preparing cash receipts detail listings. When individuals have the ability to handle payments and post adjustments, a risk of misappropriation generally exists. While management has implemented mitigating controls in this area (such as utilizing a lockbox) it is important to understand this does not completely remove the risk. We recommend that management continue to review the current revenue cycle process and the various abilities of business office personnel to determine if it can accomplish additional segregation of duties.

Segregation of Duties – Accounts Payable and Cash Disbursements

Certain individuals involved in the cash disbursement process have the ability to enter invoices in the system, can authorize a payment by check, are able to access electronic signatures for checks and have access to signed checks to be issued to vendors. When employees have this combination of abilities, there is generally a risk of misappropriation. While management has implemented mitigating controls in this area (such as having the assistant controller review all checks issued), it is important to understand this does not completely remove this risk. We recommend that management and the Board routinely review how duties are assigned and implement changes in controls when deemed cost beneficial.

Other Matters

Future Change in Accounting Standard

In June 2016, the Governmental Accounting Standards Board issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). Principal objectives of GASB 75 are to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB) and to improve information provided by state and local employers about financial support for OPEB that is provided by other entities. OPEB includes, among other things, postemployment healthcare benefits (medical, dental, vision, hearing and other health-related benefits), death benefits, life insurance, disability and long-term care. GASB 75 supersedes GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and is applicable to employers providing defined benefit OPEB to their employees through OPEB plans that are administered through trusts that meet certain specified criteria, to employers providing defined contribution OPEB to their employees, and to employers providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria of GASB 75. It also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity. GASB 75 requires employers providing defined benefit OPEB to their employees to recognize a net OPEB liability, or its proportionate share of such liability for cost-sharing multiple-employer plans, for the portion of the actuarial present value of projected benefit payments to be provided to current active and inactive employees that is attributed to past periods of employee service, less any OPEB plan fiduciary net position. It also provides guidance on determining OPEB expense, deferred outflows and inflows of resources, note disclosures and required supplementary information. The requirements of GASB 75 are applicable for the District's fiscal year ending September 30, 2018. The impact of adopting GASB 75 on the District's financial statements is not currently determinable, but is expected to be material and will require restating the 2017 financial statements upon adoption.

This communication is intended solely for the information and use of Management, the Board of Directors and others within the District and is not intended to be, and should not be, used by anyone other than these specified parties.

March __, 2018

Medical Center Health System
Your One Source for Health

DATE: March 2, 2018

TO: Board of Directors
Ector County Hospital District

FROM: Robert Abernethy
Senior Vice President / Chief Financial Officer

Subject: Financial Report for the month ended January 31, 2018

Attached are the Financial Statements for the month ended January 31, 2018 and a high level summary of the months activity.

Operating Results - Hospital Operations:
For the month ended January, earnings before interest depreciation and amortization (EBIDA) was a surplus of $518,825 comparing favorably to the budget of $490,035, a favorable variance 5.9%. Inpatient revenue was above budget by $5,943,263 driven by increased patient days, deliveries, and associated ancillary tests as compared to budget. Outpatient revenue was below budget by $2,398,956 due to decreased Cath Lab and OP surgical volumes. Net Patient Revenue was $1,099,797 or 5.6% below the budget of $19,714,691 due to decreased cash collections. Net operating revenue was $836,669 or 3.3%, below budget due to decreased cash collections that were partially offset by increased sales tax receipts.

Operating expenses for the month were under budget by $782,090 due to favorable benefit expense, purchased services and supplies expense. The favorable benefits expense variance was a result of decreased medical claims. Purchased services favorable variance was due to decreased physician fees from ProCare due to elimination of dental services in October 2017, as well as an YTD reclassification of TTUHC faculty and resident fees of $402K to physician fees. Supplies favorable variance was a result of decreased surgeries in January. The repairs and maintenance favorable variance was due to decreased IT maintenance contracts as a result of the phase out of contracts for McKesson clinical documentation and billing system. For the four months ended January, EBIDA is a loss of $294,257 compared to the budgeted excess of $684,322.

Operating Results - ProCare (501a) Operations:
For the month of January the net loss from operations before capital contributions was $765,662 compared to a budgeted loss of $1,326,480. Net operating revenue was above

budget by $32,379 due to increased office and hospital visits as a result of a heavy flu season. Total operating costs were below budget by $528,785. The favorable variance was due to lower salaries and wages, benefits, and temporary labor of $422,881. Purchased services were also favorable by $95,958 due primarily to decreased fees from Relay Health. After MCH capital contributions of $1,207,459 for the month and $5,668,874 for the year, ProCare showed a positive contribution of $442,837 for the January and $1,247,996 on a year to date basis.

Operating Results - Family Health Center Operations:
For the month of January the net loss from operations by location:

- Clements: $2,336 loss compared to a budgeted loss of $93,613. Net revenue was unfavorable by $80,337 due to closure of dental services in October. Operating costs were $180,184 favorable to budget due decreased physician services used from ProCare.
- West University: $97,856 loss compared to a budgeted loss of $68,755. Net revenue was unfavorable by $687,877 due to decreased cash collections and was partially offset by $39,777 in favorable operating costs related to decreased physician utilization.

Blended Operating Results - Ector County Hospital District:
The audit report that you will receive focuses on "Change in Net Position" and going forward we will be adding three (3) pages to our monthly financial statement package which will be formatted the same as the audit report. Those additional pages will be the Blended Balance Sheet; Blended Statement of Revenues, Expenses and Change in Net Position; and Statement of Cash flows.

The Change in Net Position for the month of January was a deficit of $1,064,765 comparing favorably to a budgeted deficit of $1,669,206. On a year to date basis, our Change in Net Position is a deficit of $7,061,031 comparing favorably to a budgeted deficit of $8,214,534, a favorable variance of 14.1%

For the month of January EBIDA was $983,851 compared to a budget of $481,803. On a year to date basis, EBIDA was $1,049,284 comparing favorably to budget of $514,604.

Volume:
Total admissions for the month 1,270 or 0.4% below budget and 8.0% above last year. YTD admissions were 4,624 or below budget by .1% and 4.9% above last year. Patient days for the month were 5,610 or 8.2% above budget and 4.4% above last year. YTD patient days were 6,359 or 9.0% above budget and 6.6% above last year. Due to the preceding, total average length of stay (ALOS) was 5.0 for the month and 4.9 YTD. Observation days were above budget by 2.6% and above prior year by 4.1%. YTD observation days were above budget by 1.3% above budget and above prior year by 8.1%

Emergency room visits for the month 5,350 resulting in an increase compared to budget of 40.4% and an increase as compared to last year of 21.3%. YTD emergency room visits were 18,015 resulting in an increase compared to budget of 16.2% and an increase to prior year of 11.8%. Total O/P occasions of service for the month were 13.7% below budget for the month and 17.4% below last year that was caused by a change in counting methodology between Cerner and McKesson. Cerner is counting an O/P occasion of

service by registrations and McKesson counted O/P occasions of services by visits. We are currently in the process of building a report to count actual O/P visits in order to report comparable stats.

Revenues:
I/P revenues were above budget for the month by $4,943,263 due to increased patient days, deliveries and the resulting IP ancillary services. O/P revenues were below budget for the month by $2,398,956 as a result of decreased OP volumes in Cath Lab and OP Surgeries. Total patient revenue was below budget by $2,544,307, or 2.7%, and total revenue deductions exceeded budget by $3,644,086. This resulted in decreased net patient revenue by $1,099,779 compared to budget.

Operating Expenses:
Total operating expenses for the month were 3.3% below budget. Major favorable variances include benefits by $885,227, purchased services by $566,574, supplies by $258,441, and repairs and maintenance by $218,424. Favorable benefits expense was driven primarily by decreased medical claims in the month. Purchased services favorable variance was a result of decreased physician fees from ProCare due to elimination of dental services in October 2017, as well as a YTD reclass of TTUHC faculity and residents fees of to physician fees. Supplies favorable variance caused primarily by decreased surgeries in January. Repairs and maintenance favorable variance caused by decreased IT maintenance contracts due to phase out of contracts for the McKesson clinical documentation and billing system. Unfavorable variances included salaries wages and contract labor due to underaccrual of $400K in December in addition to missed staffing targets, and physician fees due to the above mentioned reclass of TTUHC faculty and residents fees.

ECTOR COUNTY HOSPITAL DISTRICT
MONTHLY STATISTICAL REPORT
JANUARY 2018

	CURRENT MONTH					YEAR-TO-DATE				
		BUDGET		PRIOR YEAR			BUDGET		PRIOR YEAR	
	ACTUAL	AMOUNT	VAR.%	AMOUNT	VAR.%	ACTUAL	AMOUNT	VAR.%	AMOUNT	VAR.%
Hospital InPatient Admissions										
Acute / Adult	1,238	1,245	-0.6%	1,146	8.0%	4,515	4,514	0.0%	4,273	5.7%
Neonatal ICU (NICU)	32	30	6.7%	32	0.0%	109	114	-4.4%	135	-19.3%
Total Admissions	1,270	1,275	-0.4%	1,178	7.8%	4,624	4,628	-0.1%	4,408	4.9%
Patient Days										
Adult & Pediatric	4,935	4,413	11.8%	4,744	4.0%	17,454	16,550	5.5%	17,135	1.9%
ICU	455	465	-2.2%	455	0.0%	1,714	1,776	-3.5%	1,694	1.2%
CCU	467	421	10.9%	434	7.6%	1,631	1,608	1.4%	1,537	6.1%
NICU	502	535	-6.2%	333	50.8%	1,999	1,863	7.3%	1,642	21.7%
Total Patient Days	6,359	5,833	9.0%	5,966	6.6%	22,798	21,797	4.6%	22,008	3.6%
Observation (Obs) Days	763	744	2.6%	733	4.1%	2,879	2,842	1.3%	2,664	8.1%
Nursery Days	278	236	17.8%	206	35.0%	1,005	900	11.7%	913	10.1%
Total Occupied Beds / Bassinets	7,400	6,813	8.6%	6,905	7.2%	26,682	25,539	4.5%	25,585	4.3%
Average Length of Stay (ALOS)										
Acute / Adult & Pediatric	4.73	4.26	11.2%	4.92	-3.8%	4.61	4.42	4.3%	4.77	-3.3%
NICU	15.69	17.83	-12.0%	10.41	50.8%	18.34	16.34	12.2%	12.16	50.8%
Total ALOS	5.01	4.58	9.4%	5.06	-1.1%	4.93	4.71	4.7%	4.99	-1.2%
Average Daily Census	205.1	188.2	9.0%	192.5	6.6%	185.3	177.2	4.6%	178.9	3.6%
Hospital Case Mix Index (CMI)	1.4447	1.4657	-1.4%	1.4913	-3.1%	1.4963	1.4657	2.1%	1.4091	6.2%
Medicare										
Admissions	531	533	-0.4%	483	9.9%	1,887	1,886	0.1%	1,738	8.6%
Patient Days	2,883	3,766	-23.5%	2,239	28.8%	9,849	14,430	-31.7%	9,274	6.2%
Average Length of Stay	5.43	7.07	-23.2%	4.64	17.1%	5.22	7.65	-31.8%	5.34	-2.2%
Case Mix Index	1.5752			1.5757	0.0%	1.6269			1.7111	-4.9%
Medicaid										
Admissions	166	167	-0.6%	152	9.2%	548	550	-0.4%	605	-9.4%
Patient Days	804	738	8.9%	737	9.1%	2,853	2,733	4.4%	2,788	2.3%
Average Length of Stay	4.84	4.42	9.6%	4.85	-0.1%	5.21	4.97	4.8%	4.61	13.0%
Case Mix Index	1.0606			1.0865	-2.4%	1.1249			0.8939	25.8%
Commercial										
Admissions	284	285	-0.4%	247	15.0%	1,157	1,160	-0.3%	1,039	11.4%
Patient Days	1,223	1,122	9.0%	1,040	17.6%	5,232	5,022	4.2%	4,670	12.0%
Average Length of Stay	4.31	3.94	9.4%	4.21	2.3%	4.52	4.33	4.5%	4.49	0.6%
Case Mix Index	1.5056			1.4208	6.0%	1.5507			1.4522	6.8%
Self Pay										
Admissions	270	271	-0.4%	238	13.4%	934	933	0.1%	799	16.9%
Patient Days	1,342	1,231	9.0%	1,411	-4.9%	4,414	4,201	5.1%	4,593	-3.9%
Average Length of Stay	4.97	4.54	9.4%	5.93	-16.2%	4.73	4.50	5.0%	5.75	-17.8%
Case Mix Index	1.3107			1.5614	-16.1%	1.3278			1.2295	8.0%
All Other										
Admissions	19	19	0.0%	58	-67.2%	98	99	-1.0%	227	-56.8%
Patient Days	107	98	9.2%	235	-54.5%	450	433	3.9%	1,056	-57.4%
Average Length of Stay	5.63	5.16	9.2%	4.05	39.0%	4.59	4.37	5.0%	4.65	-1.3%
Case Mix Index	1.6625			2.1388	-22.3%	1.7398			1.6795	3.6%
Radiology										
InPatient	4,760	3,672	29.6%	4,222	12.7%	17,312	14,020	23.5%	15,158	14.2%
OutPatient	7,018	7,429	-5.5%	7,151	-1.9%	30,374	28,366	7.1%	28,424	6.9%
Cath Lab										
InPatient	300	438	-31.5%	377	-20.4%	2,038	1,672	21.9%	1,152	76.9%
OutPatient	266	460	-42.2%	298	-10.7%	1,814	1,756	3.3%	1,225	48.1%
Laboratory										
InPatient	77,698	60,015	29.5%	65,751	18.2%	277,614	229,148	21.2%	233,766	18.8%
OutPatient	47,701	44,027	8.3%	38,425	24.1%	190,157	168,102	13.1%	141,086	34.8%
NonPatient	13,527	2,387	466.7%	7,423	82.2%	29,948	9,114	228.6%	30,724	-2.5%
Other										
Deliveries	178	146	21.9%	126	41.3%	650	558	16.6%	557	16.7%
Surgical Cases										
InPatient	270	328	-17.7%	296	-8.8%	1,212	1,252	-3.2%	1,256	-3.5%
OutPatient	557	642	-13.2%	564	-1.2%	2,313	2,452	-5.7%	2,342	-1.2%
Total Surgical Cases	827	970	-14.7%	860	-3.8%	3,525	3,704	-4.8%	3,598	-2.0%
GI Procedures (Endo)										
InPatient	116	111	4.5%	120	-3.3%	414	424	-2.4%	403	2.7%
OutPatient	243	267	-9.0%	197	23.4%	1,130	1,020	10.8%	954	18.4%
Total GI Procedures	359	378	-5.0%	317	13.2%	1,544	1,444	6.9%	1,357	13.8%

ECTOR COUNTY HOSPITAL DISTRICT
MONTHLY STATISTICAL REPORT
JANUARY 2018

	CURRENT MONTH					YEAR-TO-DATE				
		BUDGET		PRIOR YEAR			BUDGET		PRIOR YEAR	
	ACTUAL	AMOUNT	VAR.%	AMOUNT	VAR.%	ACTUAL	AMOUNT	VAR.%	AMOUNT	VAR.%
OutPatient (O/P)										
Emergency Room Visits	5,350	3,811	40.4%	4,411	21.3%	18,015	15,504	16.2%	16,108	11.8%
Observation Days	763	744	2.6%	733	4.1%	2,879	2,842	1.3%	2,664	8.1%
Other O/P Occasions of Service	18,545	24,029	-22.8%	24,708	-24.9%	71,564	91,748	-22.0%	93,828	-23.7%
Total O/P Occasions of Svc.	24,658	28,584	-13.7%	29,852	-17.4%	92,458	110,094	-16.0%	112,600	-17.9%
Hospital Operations										
Manhours Paid	276,474	274,915	0.6%	276,526	0.0%	1,124,742	1,058,067	6.3%	1,111,805	1.2%
FTE's	1,560.7	1,551.9	0.6%	1,561.0	0.0%	1,600.2	1,505.4	6.3%	1,581.8	1.2%
Adjusted Patient Days	11,188	10,979	1.9%	10,704	4.5%	41,060	40,973	0.2%	40,473	1.5%
Hours / Adjusted Patient Day	24.71	25.04	-1.3%	25.83	-4.3%	27.39	25.82	6.1%	27.47	-0.3%
Occupancy - Actual Beds	58.8%	53.9%	9.0%	55.1%	6.6%	53.1%	50.8%	4.6%	51.3%	3.6%
FTE's / Adjusted Occupied Bed	4.3	4.4	-1.3%	4.5	-4.3%	4.8	4.5	6.1%	4.8	-0.3%
InPatient Rehab Unit										
Admissions	31	33	-6.1%	37	-16.2%	119	132	-9.8%	157	-24.2%
Patient Days	379	405	-6.4%	422	-10.2%	1,549	1,620	-4.4%	1,809	-14.4%
Average Length of Stay	12.2	12.3	-0.4%	11.4	7.2%	13.0	12.3	6.1%	11.5	13.0%
Manhours Paid	6,102	6,491	-6.0%	6,778	-10.0%	23,711	23,692	0.1%	26,460	-10.4%
FTE's	34.4	36.6	-6.0%	38.3	-10.0%	33.7	33.7	0.1%	37.6	-10.4%
Center for Primary Care - Clements										
Total Medical Visits	1,117	1,326	-15.8%	1,508	-25.9%	3,887	4,306	-9.7%	5,363	-27.5%
Total Dental Visits	-	763	-100.0%	668	-100.0%	350	2,743	-87.2%	2,530	-86.2%
Manhours Paid	543	769	-29.4%	876	-38.0%	2,374	3,050	-22.2%	3,636	-34.7%
FTE's	3.1	4.3	-29.4%	4.9	-38.0%	3.4	4.3	-22.2%	5.2	-34.7%
Center for Primary Care - West University										
Total Medical Visits	904	803	12.6%	692	30.6%	2,689	3,086	-12.9%	2,654	1.3%
Total Optometry	274	330	-17.0%	314	-12.7%	1,095	1,083	1.2%	1,031	6.2%
Manhours Paid	182	169	8.2%	178	2.6%	694	669	3.8%	690	0.5%
FTE's	1.0	1.0	8.2%	1.0	2.6%	1.0	1.0	3.8%	1.0	0.5%
Total ECHD Operations										
Total Admissions	1,301	1,308	-0.5%	1,215	7.1%	4,743	4,760	-0.4%	4,565	3.9%
Total Patient Days	6,738	6,238	8.0%	6,388	5.5%	24,347	23,417	4.0%	23,817	2.2%
Total Patient and Obs Days	7,501	6,982	7.4%	7,121	5.3%	27,226	26,259	3.7%	26,481	2.8%
Total FTE's	1,599.3	1,593.9	0.3%	1,605.2	-0.4%	1,638.3	1,544.4	6.1%	1,625.6	0.8%
FTE's / Adjusted Occupied Bed	4.2	4.2	-0.6%	4.3	-3.7%	4.6	4.3	6.7%	4.6	0.7%
Total Adjusted Patient Days	11,855	11,741	1.0%	11,461	3.4%	43,854	44,018	-0.4%	43,814	0.1%
Hours / Adjusted Patient Day	23.90	24.05	-0.6%	24.81	-3.7%	26.26	24.66	6.5%	26.08	0.7%
Outpatient Factor	1.7594	1.8820	-6.5%	1.7942	-1.9%	1.8016	1.8798	-4.2%	1.8396	-2.1%
Blended O/P Factor	1.9918	2.1225	-6.2%	2.0564	-3.1%	2.0648	2.1295	-3.0%	2.1211	-2.7%
Total Adjusted Admissions	2,289	2,450	-6.6%	2,180	5.0%	8,541	8,925	-4.3%	8,398	1.7%
Hours / Adjusted Admisssion	123.77	115.24	7.4%	130.45	-5.1%	134.82	121.62	10.9%	136.06	-0.9%
FTE's - Hospital Contract	62.1	60.1	3.4%	70.5	-12.0%	64.5	57.5	12.2%	66.0	-2.2%
FTE's - Mgmt Services	37.7	49.9	-24.5%	46.8	-19.6%	44.4	49.9	-11.0%	50.1	-11.4%
Total FTE's (including Contract)	1,699.0	1,703.8	-0.3%	1,722.6	-1.4%	1,747.2	1,651.8	5.8%	1,741.7	0.3%
Total FTE'S per Adjusted Occupied Bed (including Contract)	4.4	4.5	-1.2%	4.7	-4.6%	4.9	4.6	6.3%	4.9	0.2%
ProCare FTEs	223.8	262.6	-14.8%	242.7	-7.8%	240.1	262.6	-8.6%	230.6	4.1%
Total System FTEs	1,922.8	1,966.5	-2.2%	1,965.3	-2.2%	1,987.3	1,914.4	3.8%	1,972.3	0.8%
Urgent Care Visits										
Health & Wellness	-	-	0.0%	-	0.0%	-	-	0.0%	396	-100.0%
Golder	-	-	0.0%	555	-100.0%	-	-	0.0%	1,862	-100.0%
JBS Clinic	1,616	1,127	43.4%	1,064	51.9%	4,825	3,736	29.1%	3,527	36.8%
West University	1,112	682	63.0%	570	95.1%	3,350	2,283	46.7%	1,906	75.8%
42nd Street	1,267	594	113.3%	483	162.3%	3,196	2,063	54.9%	1,044	206.1%
Total Urgent Care Visits	3,995	2,403	66.3%	2,672	49.5%	11,371	8,082	40.7%	8,735	30.2%
Wal-Mart Clinic Visits										
East Clinic	723	447	61.7%	443	63.2%	2,154	1,527	41.1%	1,336	61.2%
West Clinic	625	308	102.9%	305	104.9%	1,761	976	80.4%	847	107.9%
Total Wal-Mart Visits	1,348	755	78.5%	748	80.2%	3,915	2,503	56.4%	2,183	79.3%

ECTOR COUNTY HOSPITAL DISTRICT
BALANCE SHEET - BLENDED
JANUARY 2018

	HOSPITAL	PRO CARE	ECTOR COUNTY HOSPITAL DISTRICT
ASSETS			
CURRENT ASSETS:			
Cash and Cash Equivalents	$ 33,545,513	$ 6,177,150	$ 39,722,663
Investments	9,777,475	-	9,777,475
Patient Accounts Receivable - Gross	302,428,166	46,640,746	349,068,912
Less: 3rd Party Allowances	(115,961,427)	(22,981,350)	(138,942,777)
Bad Debt Allowance	(140,218,726)	(18,004,463)	(158,223,189)
Net Patient Accounts Receivable	46,248,013	5,654,933	51,902,946
Taxes Receivable	7,854,295	-	7,854,295
Accounts Receivable - Other	24,376,196	2,499,015	26,875,211
Inventories	6,936,545	286,920	7,223,465
Prepaid Expenses	4,745,006	232,568	4,977,574
Total Current Assets	133,483,042	14,850,586	148,333,628
CAPITAL ASSETS:			
Property and Equipment	456,978,266	520,697	457,498,963
Construction in Progress	2,399,037	-	2,399,037
	459,377,303	520,697	459,898,000
Less: Accumulated Depreciation and Amortization	(261,475,293)	(302,218)	(261,777,511)
Total Capital Assets	197,902,010	218,479	198,120,489
INTANGIBLE ASSETS / GOODWILL - NET	86,586	273,866	360,452
RESTRICTED ASSETS:			
Restricted Assets Held by Trustee	5,627,952	-	5,627,952
Restricted Assets Held in Endowment	6,204,799	-	6,204,799
Restricted Cerner Escrow	-	-	-
Restricted TPC, LLC	500,676	-	500,676
Restricted MCH West Texas Services	2,128,601	-	2,128,601
Pension, Deferred Outflows of Resources	31,204,964	-	31,204,964
Assets whose use is Limited	-	36,627	36,627
TOTAL ASSETS	$ 377,138,630	$ 15,379,559	$ 392,518,188
LIABILITIES AND FUND BALANCE			
CURRENT LIABILITIES:			
Current Maturities of Long-Term Debt	$ 4,637,900	$ -	$ 4,637,900
Self-Insurance Liability - Current Portion	3,833,600	-	3,833,600
Accounts Payable	39,105,063	6,653,446	45,758,509
Accrued Interest	1,112,188	-	1,112,188
Accrued Salaries and Wages	5,112,783	6,490,396	11,603,179
Accrued Compensated Absences	4,164,238	161,709	4,325,947
Due to Third Party Payors	1,013,661	-	1,013,661
Deferred Revenue	2,671,356	858,842	3,530,198
Total Current Liabilities	61,650,788	14,164,394	75,815,182
ACCRUED POST RETIREMENT BENEFITS	72,526,466	-	72,526,466
SELF-INSURANCE LIABILITIES - Less Current Portion	2,161,470	-	2,161,470
LONG-TERM DEBT - Less Current Maturities	48,859,653	-	48,859,653
Total Liabilities	185,198,378	14,164,394	199,362,771
FUND BALANCE	191,940,252	1,215,165	193,155,417
TOTAL LIABILITIES AND FUND BALANCE	$ 377,138,630	$ 15,379,559	$ 392,518,188

ECTOR COUNTY HOSPITAL DISTRICT
BALANCE SHEET - BLENDED
JANUARY 2018

	CURRENT YEAR	PRIOR FISCAL YEAR END HOSPITAL AUDITED	PRIOR FISCAL YEAR END PRO CARE AUDITED	CURRENT YEAR CHANGE
ASSETS				
CURRENT ASSETS:				
Cash and Cash Equivalents	$ 39,722,663	$ 28,731,391	$ 3,182,405	$ 7,808,867
Investments	9,777,475	9,944,475	-	(167,000)
Patient Accounts Receivable - Gross	349,068,912	276,458,244	31,937,883	40,672,785
Less: 3rd Party Allowances	(138,942,777)	(111,292,583)	(19,277,473)	(8,372,722)
Bad Debt Allowance	(158,223,189)	(137,060,537)	(7,312,604)	(13,850,048)
Net Patient Accounts Receivable	51,902,946	28,105,124	5,347,806	18,450,015
Taxes Receivable	7,854,295	7,863,699	-	(9,404)
Accounts Receivable - Other	26,875,211	25,055,983	3,400,671	(1,581,444)
Inventories	7,223,465	6,963,047	239,016	21,401
Prepaid Expenses	4,977,574	3,944,229	345,688	687,657
Total Current Assets	148,333,628	110,607,950	12,515,586	25,210,092
CAPITAL ASSETS:				
Property and Equipment	457,498,963	452,939,678	517,888	4,041,397
Construction in Progress	2,399,037	3,407,537	-	(1,008,500)
	459,898,000	456,347,215	517,888	3,032,897
Less: Accumulated Depreciation and Amortization	(261,777,511)	(254,567,501)	(285,754)	(6,924,255)
Total Capital Assets	198,120,489	201,779,714	232,134	(3,891,358)
INTANGIBLE ASSETS / GOODWILL - NET	360,452	115,702	315,368	(70,618)
RESTRICTED ASSETS:				
Restricted Assets Held by Trustee	5,627,952	4,673,001	-	954,951
Restricted Assets Held in Endowment	6,204,799	6,224,654	-	(19,855)
Restricted MCH West Texas Services	2,128,601	1,985,952	-	142,649
Pension, Deferred Outflows of Resources	31,204,964	31,204,964	-	-
Assets whose use is Limited	36,627	-	15,603	21,024
TOTAL ASSETS	$ 392,518,188	$ 357,092,612	$ 13,078,691	$ 22,346,885
LIABILITIES AND FUND BALANCE				
CURRENT LIABILITIES:				
Current Maturities of Long-Term Debt	$ 4,637,900	$ 4,637,900	$ -	$ -
Self-Insurance Liability - Current Portion	3,833,600	3,833,600	-	-
Accounts Payable	45,758,509	19,556,683	5,605,329	20,596,496
Accrued Interest	1,112,188	49,802	-	1,062,386
Accrued Salaries and Wages	11,603,179	2,935,542	6,391,578	2,276,059
Accrued Compensated Absences	4,325,947	4,316,028	255,178	(245,258)
Due to Third Party Payors	1,013,661	1,158,950	-	(145,289)
Deferred Revenue	3,530,198	653,546	859,437	2,017,215
Total Current Liabilities	75,815,182	37,142,050	13,111,522	25,561,609
ACCRUED POST RETIREMENT BENEFITS	72,526,466	67,655,988	-	4,870,478
SELF-INSURANCE LIABILITIES - Less Current Portion	2,161,470	2,161,470	-	-
LONG-TERM DEBT - Less Current Maturities	48,859,653	49,892,633	-	(1,032,980)
Total Liabilities	199,362,771	156,852,142	13,111,522	29,399,107
FUND BALANCE	193,155,417	200,240,470	(32,831)	(7,052,222)
TOTAL LIABILITIES AND FUND BALANCE	$ 392,518,188	$ 357,092,612	$ 13,078,691	$ 22,346,885

ECTOR COUNTY HOSPITAL DISTRICT
BLENDED OPERATIONS SUMMARY
JANUARY 2018

	CURRENT MONTH					YEAR TO DATE				
	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR
PATIENT REVENUE										
Inpatient Revenue	$ 55,139,389	$ 50,196,126	9.8%	$47,602,298	15.8%	$ 204,106,981	$ 193,822,133	5.3%	$ 180,367,814	13.2%
Outpatient Revenue	54,687,925	56,345,853	-2.9%	50,285,918	8.8%	217,339,689	218,920,530	-0.7%	202,204,258	7.5%
TOTAL PATIENT REVENUE	$ 109,827,314	$106,541,978	3.1%	$97,888,217	12.2%	$ 421,446,670	$ 412,742,663	2.1%	$ 382,572,072	10.2%
DEDUCTIONS FROM REVENUE										
Contractual Adjustments	$ 69,763,356	$ 62,464,796	11.7%	$58,556,906	19.1%	$ 276,145,469	$ 242,887,419	13.7%	$ 223,756,298	23.4%
Policy Adjustments	(207,874)	6,891,268	-103.0%	5,539,661	-103.8%	11,575,115	26,732,505	-56.7%	24,684,750	-53.1%
Uninsured Discount	5,115,928	3,395,080	50.7%	4,021,928	27.2%	21,356,954	13,158,125	62.3%	13,477,488	58.5%
Indigent	70,824	2,299,898	-96.9%	2,611,507	-97.3%	1,035,781	8,933,818	-88.4%	9,425,154	-89.0%
Provision for Bad Debts	14,562,068	9,897,657	47.1%	7,112,209	104.7%	28,344,511	38,353,570	-26.1%	29,228,088	-3.0%
TOTAL REVENUE DEDUCTIONS	$ 89,304,302	$ 84,948,700	5.1%	$77,842,213	14.7%	$ 338,457,830	$ 330,065,437	2.5%	$ 300,571,777	12.6%
	81.31%	79.73%		79.52%		80.31%	79.97%		78.57%	
OTHER PATIENT REVENUE										
Medicaid Supplemental Payments	$ 1,156,242	$ 1,156,242	0.0%	$ 85,746	1248.5%	$ 4,624,970	4,624,970	0.0%	$ 945,252	389.3%
DSRIP	1,000,000	1,000,000	0.0%	1,000,000	0.0%	3,773,262	4,000,000	-5.7%	4,000,000	-5.7%
Medicaid Meaningful Use Subsidy	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
Medicare Meaningful Use Subsidy	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
TOTAL OTHER PATIENT REVENUE	$ 2,156,242	$ 2,156,242	0.0%	$ 1,085,746	98.6%	$ 8,398,232	$ 8,624,970	-2.6%	$ 4,945,252	69.8%
NET PATIENT REVENUE	$ 22,679,255	$ 23,749,521	-4.5%	$21,131,750	7.3%	$ 91,387,072	$ 91,302,196	0.1%	$ 86,945,546	5.1%
OTHER REVENUE										
Tax Revenue	$ 5,165,539	$ 4,734,343	9.1%	$ 3,578,302	44.4%	$ 20,425,385	$ 18,503,601	10.4%	$ 14,064,638	45.2%
Other Revenue	753,232	918,448	-18.0%	963,944	-21.9%	3,064,505	3,587,546	-14.6%	3,411,862	-10.2%
TOTAL OTHER REVENUE	$ 5,918,771	$ 5,652,792	4.7%	$ 4,542,246	30.3%	$ 23,489,891	$ 22,091,147	6.3%	$ 17,476,500	34.4%
NET OPERATING REVENUE	$ 28,598,027	$ 29,402,313	-2.7%	$25,673,995	11.4%	$ 114,876,962	$ 113,393,343	1.3%	$ 104,422,046	10.0%
OPERATING EXPENSES										
Salaries and Wages	$ 13,243,548	$ 12,837,425	3.2%	$11,826,973	12.0%	$ 51,786,309	$ 50,291,431	3.0%	$ 49,709,157	4.2%
Benefits	2,997,080	3,932,403	-23.8%	2,551,756	17.5%	14,408,106	15,319,240	-5.9%	12,537,280	14.9%
Temporary Labor	902,625	941,994	-4.2%	958,747	-5.9%	3,971,707	3,739,417	6.2%	3,883,602	2.3%
Physician Fees	2,734,838	2,241,277	22.0%	387,509	605.7%	9,898,763	8,995,803	10.0%	1,455,445	580.1%
Texas Tech Support	-	-	0.0%	-		-	-	0.0%	-	
Purchased Services	1,709,420	2,371,952	-27.9%	2,444,375	-30.1%	8,155,259	8,974,341	-9.1%	9,287,126	-12.2%
Supplies	4,406,934	4,646,386	-5.2%	4,676,450	-5.8%	19,059,376	18,056,259	5.6%	18,539,930	2.8%
Utilities	346,917	398,139	-12.9%	403,640	-14.1%	1,348,747	1,314,142	2.6%	1,386,067	-2.7%
Repairs and Maintenance	961,002	1,180,121	-18.6%	945,641	1.6%	3,882,409	4,734,365	-18.0%	3,996,268	-2.8%
Leases and Rent	143,046	132,367	8.1%	126,133	13.4%	504,719	532,069	-5.1%	508,106	-0.7%
Insurance	134,249	114,760	17.0%	145,035	-7.4%	519,879	458,790	13.3%	539,935	-3.7%
Interest Expense	275,225	274,727	0.2%	263,627	4.4%	1,106,634	1,101,891	0.4%	1,054,509	4.9%
ECHDA	29,835	45,325	-34.2%	32,226	-7.4%	115,849	180,067	-35.7%	121,734	-4.8%
Other Expense	148,751	227,467	-34.6%	192,684	-22.8%	646,338	875,659	-26.2%	738,226	-12.4%
TOTAL OPERATING EXPENSES	$ 28,033,469	$ 29,344,343	-4.5%	$24,954,795	12.3%	$ 115,404,094	$ 114,573,475	0.7%	$ 103,757,385	11.2%
Depreciation/Amortization	$ 1,773,391	$ 1,876,282	-5.5%	$ 1,587,662	11.7%	$ 6,994,873	$ 7,627,246	-8.3%	$ 6,553,067	6.7%
(Gain) Loss on Sale of Assets	-	-	0.0%	-	0.0%	(452)	-	0.0%	-	0.0%
TOTAL OPERATING COSTS	$ 29,806,860	$ 31,220,625	-4.5%	$26,542,457	12.3%	$ 122,398,516	$ 122,200,721	0.2%	$ 110,310,451	11.0%
NET GAIN (LOSS) FROM OPERATIONS	**$ (1,208,833)**	**$ (1,818,312)**	**-33.5%**	**$ (868,461)**	**39.2%**	**$ (7,521,553)**	**$ (8,807,378)**	**-14.6%**	**$ (5,888,405)**	**27.7%**
Operating Margin	-4.23%	-6.18%	-31.6%	-3.38%	25.0%	-6.55%	-7.77%	-15.7%	-5.64%	16.1%
NONOPERATING REVENUE/EXPENSE										
Interest Income	$ 43,457	$ 25,764	68.7%	$ 39,929	8.8%	$ 122,217	$ 99,475	22.9%	$ 131,224	-6.9%
Tobacco Settlement	-	-	0.0%	-	0.0%	-	-		-	
Donations	-	-		4,410	-100.0%	923	-		14,165	-93.5%
Build America Bonds Subsidy	84,413	84,323	0.1%	84,233	0.2%	337,382	337,292	0.0%	336,930	0.1%
CHANGE IN NET POSITION BEFORE INVESTMENT ACTIVITY	$ (1,080,963)	$ (1,708,225)	-36.7%	$ (739,890)	46.1%	$ (7,061,031)	$ (8,370,611)	-15.6%	$ (5,406,086)	30.6%
Unrealized Gain/(Loss) on Investments	$ -	$ -	0.0%	$ -		$ (52,622)	$ -	0.0%	$ (423,757)	-87.6%
Investment in Subsidiaries	16,199	39,019	-58.5%	36,123	-55.2%	61,432	156,077	-60.6%	61,676	-0.4%
CHANGE IN NET POSITION	**$ (1,064,765)**	**$ (1,669,206)**	**-36.2%**	**$ (703,767)**	**51.3%**	**$ (7,052,222)**	**$ (8,214,534)**	**-14.1%**	**$ (5,768,166)**	**22.3%**
EBIDA	$ 983,851	$ 481,803	104.2%	$ 1,147,522	-14.3%	$ 1,049,284	$ 514,604	103.9%	$ 1,839,410	-43.0%

ECTOR COUNTY HOSPITAL DISTRICT
HOSPITAL OPERATIONS SUMMARY
JANUARY 2018

	CURRENT MONTH					YEAR TO DATE				
	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR
PATIENT REVENUE										
Inpatient Revenue	$ 55,139,389	$ 50,196,126	9.8%	$ 47,602,298	15.8%	$ 204,106,981	$ 193,822,133	5.3%	$ 180,367,814	13.2%
Outpatient Revenue	41,874,678	44,273,634	-5.4%	37,803,740	10.8%	163,604,952	170,516,738	-4.1%	151,438,795	8.0%
TOTAL PATIENT REVENUE	$ 97,014,067	$ 94,469,760	2.7%	$ 85,406,038	13.6%	$ 367,711,933	$ 364,338,871	0.9%	$ 331,806,609	10.8%
DEDUCTIONS FROM REVENUE										
Contractual Adjustments	$ 66,159,486	$ 55,018,085	20.3%	$ 50,680,965	30.5%	$ 247,129,586	$ 213,051,639	16.0%	$ 190,653,254	29.6%
Policy Adjustments	(408,559)	6,614,537	-106.2%	5,584,796	-107.3%	10,521,440	25,614,086	-58.9%	24,475,481	-57.0%
Uninsured Discount	5,033,251	3,084,197	63.2%	3,714,562	35.5%	21,009,215	11,943,221	75.9%	11,759,527	78.7%
Indigent Care	19,570	2,096,623	-99.1%	2,165,066	-99.1%	786,483	8,118,950	-90.3%	8,491,578	-90.7%
Provision for Bad Debts	8,876,650	9,222,869	-3.8%	5,970,762	48.7%	17,739,880	35,714,572	-50.3%	26,386,572	-32.8%
TOTAL REVENUE DEDUCTIONS	$ 79,680,397	$ 76,036,311	4.8%	$ 68,116,150	17.0%	$ 297,186,603	$ 294,442,469	0.9%	$ 261,766,412	13.5%
	82.13%	80.49%		79.76%		80.82%	80.82%		78.89%	
OTHER PATIENT REVENUE										
Medicaid Supplemental Payments	$ 281,242	$ 281,242	0.0%	$ (789,255)	-135.6%	$ 1,124,970	$ 1,124,970	0.0%	$ (2,554,748)	-144.0%
DSRIP	1,000,000	1,000,000	0.0%	1,000,000	0.0%	3,773,262	4,000,000	-5.7%	4,000,000	-5.7%
TOTAL OTHER PATIENT REVENUE	$ 1,281,242	$ 1,281,242	0.0%	$ 210,746	508.0%	$ 4,898,232	$ 5,124,970	-4.4%	$ 1,445,252	238.9%
NET PATIENT REVENUE	$ 18,614,912	$ 19,714,691	-5.6%	$ 17,500,634	6.4%	$ 75,423,561	$ 75,021,372	0.5%	$ 71,485,448	5.5%
OTHER REVENUE										
Tax Revenue	$ 5,165,539	$ 4,734,343	9.1%	$ 3,578,302	44.4%	$ 20,425,385	$ 18,503,601	10.4%	$ 14,064,638	45.2%
Other Revenue	610,977	779,058	-21.6%	827,048	-26.1%	2,500,911	3,042,456	-17.8%	2,881,139	-13.2%
TOTAL OTHER REVENUE	$ 5,776,516	$ 5,513,402	4.8%	$ 4,405,350	31.1%	$ 22,926,296	$ 21,546,057	6.4%	$ 16,945,778	35.3%
NET OPERATING REVENUE	$ 24,391,427	$ 25,228,093	-3.3%	$ 21,905,983	11.3%	$ 98,349,857	$ 96,567,430	1.8%	$ 88,431,226	11.2%
OPERATING EXPENSE										
Salaries and Wages	$ 9,413,212	$ 8,705,144	8.1%	$ 8,095,229	16.3%	$ 35,892,889	$ 33,669,040	6.6%	$ 34,577,108	3.8%
Benefits	2,481,730	3,366,957	-26.3%	1,940,032	27.9%	12,601,540	13,380,385	-5.8%	10,360,057	21.6%
Temporary Labor	772,957	741,486	4.2%	789,521	-2.1%	3,003,901	2,822,714	6.4%	3,112,319	-3.5%
Physician Fees	2,562,126	2,074,548	23.5%	59,560	4201.8%	9,223,695	8,314,195	10.9%	275,141	3252.4%
Texas Tech Support	-	-	0.0%	-	0.0%	-	-		-	0.0%
Purchased Services	1,859,731	2,426,305	-23.4%	2,545,052	-26.9%	8,544,626	9,334,019	-8.5%	9,727,556	-12.2%
Supplies	4,265,520	4,523,961	-5.7%	4,530,004	-5.8%	18,389,230	17,532,598	4.9%	17,969,024	2.3%
Utilities	343,436	393,794	-12.8%	398,332	-13.8%	1,334,440	1,298,092	2.8%	1,368,543	-2.5%
Repairs and Maintenance	960,445	1,178,869	-18.5%	944,082	1.7%	3,878,700	4,729,177	-18.0%	3,991,219	-2.8%
Leases and Rentals	(38,371)	(54,725)	-29.9%	(41,718)	-8.0%	(245,296)	(217,017)	13.0%	(209,293)	17.2%
Insurance	85,184	64,092	32.9%	99,867	-14.7%	332,997	256,370	29.9%	352,268	-5.5%
Interest Expense	275,225	274,727	0.2%	263,627	4.4%	1,106,634	1,101,891	0.4%	1,054,509	4.9%
ECHDA	29,835	45,325	-34.2%	32,226	-7.4%	115,849	180,067	-35.7%	121,734	-4.8%
Other Expense	73,408	126,043	-41.8%	106,208	-30.9%	372,462	521,990	-28.6%	452,550	-17.7%
TOTAL OPERATING EXPENSES	$ 23,084,436	$ 23,866,526	-3.3%	$ 19,762,021	16.8%	$ 94,551,667	$ 92,923,520	1.8%	$ 83,152,736	13.7%
Depreciation/Amortization	$ 1,751,202	$ 1,853,399	-5.5%	$ 1,559,519	12.3%	$ 6,899,316	$ 7,526,033	-8.3%	$ 6,440,495	7.1%
(Gain)/Loss on Disposal of Assets	-	-	0.0%	-	0.0%	(452)	-	100.0%	-	0.0%
TOTAL OPERATING COSTS	$ 24,835,639	$ 25,719,925	-3.4%	$ 21,321,541	16.5%	$ 101,450,532	$ 100,449,553	1.0%	$ 89,593,231	13.2%
NET GAIN (LOSS) FROM OPERATIONS	**$ (444,211)**	**$ (491,832)**	**-9.7%**	**$ 584,443**	**-176.0%**	**$ (3,100,675)**	**$ (3,882,123)**	**-20.1%**	**$ (1,162,005)**	**166.8%**
Operating Margin	-1.82%	-1.95%	-6.6%	2.67%	-168.3%	-3.15%	-4.02%	-21.6%	-1.31%	139.9%
NONOPERATING REVENUE/EXPENSE										
Interest Income	$ 43,457	$ 25,764	68.7%	$ 39,929	8.8%	$ 122,217	$ 99,475	22.9%	$ 131,224	-6.9%
Tobacco Settlement	-	-	0.0%	-	0.0%	-	-		-	0.0%
Donations	-	-	0.0%	4,410	-100.0%	923	-		14,165	-93.5%
Build America Bonds Subsidy	84,413	84,323	0.1%	84,233	0.2%	337,382	337,292	0.0%	336,930	0.1%
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTION	$ (316,341)	$ (381,745)	-17.1%	$ 713,015	-144.4%	$ (2,640,153)	$ (3,445,356)	-23.4%	$ (679,686)	288.4%
Procare Capital Contribution	(1,207,459)	(1,295,366)	-6.8%	(1,538,522)	-21.5%	(5,668,874)	(4,654,324)	21.8%	(4,754,704)	19.2%
CHANGE IN NET POSITION BEFORE INVESTMENT ACTIVITY	$ (1,523,800)	$ (1,677,111)	-9.1%	$ (825,507)	84.6%	$ (8,309,027)	$ (8,099,680)	2.6%	$ (5,434,390)	52.9%
Unrealized Gain/(Loss) on Investments	$ -	$ -	0.0%	$ -	0.0%	$ (52,622)	$ -	0.0%	$ (423,757)	-87.6%
Investment in Subsidiaries	16,199	39,019	-58.5%	36,123	-55.2%	61,432	156,077	-60.6%	61,676	-0.4%
CHANGE IN NET POSITION	**$ (1,507,602)**	**$ (1,638,092)**	**-8.0%**	**$ (789,384)**	**91.0%**	**$ (8,300,218)**	**$ (7,943,602)**	**4.5%**	**$ (5,796,471)**	**43.2%**
EBIDA	$ 518,825	$ 490,035	5.9%	$ 1,033,762	-49.8%	$ (294,267)	$ 684,322	-143.0%	$ 1,698,533	-117.3%

ECTOR COUNTY HOSPITAL DISTRICT
PROCARE OPERATIONS SUMMARY
JANUARY 2018

	CURRENT MONTH					YEAR TO DATE				
	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR
PATIENT REVENUE										
Outpatient Revenue	$ 12,813,248	$ 12,072,218	6.1%	$ 12,482,178	2.7%	$ 53,734,737	$ 48,403,792	11.0%	$ 50,765,463	5.8%
TOTAL PATIENT REVENUE	$ 12,813,248	$ 12,072,218	6.1%	$ 12,482,178	2.7%	$ 53,734,737	$ 48,403,792	11.0%	$ 50,765,463	5.8%
DEDUCTIONS FROM REVENUE										
Contractual Adjustments	$ 3,603,870	$ 7,446,712	-51.6%	$ 7,875,942	-54.2%	$ 29,015,883	$ 29,835,780	-2.7%	$ 33,103,044	-12.3%
Policy Adjustments	200,685	276,730	-27.5%	(45,134)	-544.6%	1,053,676	1,118,419	-5.8%	209,269	403.5%
Uninsured Discount	82,677	310,884	-73.4%	307,367	-73.1%	347,739	1,214,904	-71.4%	1,717,961	-79.8%
Indigent	51,254	203,275	-74.8%	446,441	-88.5%	249,298	814,869	-69.4%	933,576	-73.3%
Provision for Bad Debts	5,685,418	674,788	742.5%	1,141,447	398.1%	10,604,631	2,638,998	301.8%	2,841,515	273.2%
TOTAL REVENUE DEDUCTIONS	$ 9,623,904	$ 8,912,389	8.0%	$ 9,726,062	-1.1%	$ 41,271,226	$ 35,622,968	15.9%	$ 38,805,365	6.4%
	75.11%	73.83%		77.92%		76.81%	73.60%		76.44%	
Medicaid Supplemental Payments	$ 875,000	$ 875,000	0.0%	$ 875,000	0.0%	3,500,000	3,500,000	0.0%	$ 3,500,000	0.0%
NET PATIENT REVENUE	$ 4,064,343	$ 4,034,830	0.7%	$ 3,631,116	11.9%	$ 15,963,511	$ 16,280,824	-1.9%	$ 15,460,098	3.3%
OTHER REVENUE										
Other Income	$ 142,256	$ 139,390	2.1%	$ 136,896	3.9%	$ 563,594	$ 545,090	3.4%	$ 530,723	6.2%
TOTAL OTHER REVENUE										
NET OPERATING REVENUE	$ 4,206,599	$ 4,174,220	0.8%	$ 3,768,012	11.6%	$ 16,527,105	$ 16,825,914	-1.8%	$ 15,990,821	3.4%
						-				
OPERATING EXPENSE										
Salaries and Wages	$ 3,830,336	$ 4,132,281	-7.3%	$ 3,731,744	2.6%	$ 15,893,420	$ 16,622,391	-4.4%	$ 15,132,049	5.0%
Benefits	515,350	565,446	-8.9%	611,724	-15.8%	1,806,566	1,938,855	-6.8%	2,177,223	-17.0%
Temporary Labor	129,668	200,508	-35.3%	169,226	-23.4%	967,806	916,703	5.6%	771,282	25.5%
Physician Fees	172,713	166,729	3.6%	327,949	-47.3%	675,068	681,608	-1.0%	1,180,304	-42.8%
Purchased Services	(150,311)	(54,353)	176.5%	(100,677)	49.3%	(389,367)	(359,678)	8.3%	(440,430)	-11.6%
Supplies	141,414	122,425	15.5%	146,446	-3.4%	670,146	523,661	28.0%	570,906	17.4%
Utilities	3,480	4,345	-19.9%	5,308	-34.4%	14,307	16,050	-10.9%	17,523	-18.4%
Repairs and Maintenance	557	1,252	-55.5%	1,558	-64.3%	3,709	5,188	-28.5%	5,049	-26.5%
Leases and Rentals	181,417	187,092	-3.0%	167,851	8.1%	750,014	749,086	0.1%	717,399	4.5%
Insurance	49,066	50,668	-3.2%	45,168	8.6%	186,882	202,421	-7.7%	187,668	-0.4%
Other Expense	75,342	101,424	-25.7%	86,475	-12.9%	273,876	353,670	-22.6%	285,676	-4.1%
TOTAL OPERATING EXPENSES	$ 4,949,032	$ 5,477,817	-9.7%	$ 5,192,773	-4.7%	$ 20,852,427	$ 21,649,955	-3.7%	$ 20,604,649	1.2%
Depreciation/Amortization	$ 22,189	$ 22,883	-3.0%	$ 28,143	-21.2%	$ 95,556	$ 101,213	-5.6%	$ 112,572	-15.1%
(Gain)/Loss on Sale of Assets	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
TOTAL OPERATING COSTS	$ 4,971,221	$ 5,500,700	-9.6%	$ 5,220,916	-4.8%	$ 20,947,984	$ 21,751,168	-3.7%	$ 20,717,220	1.1%
NET GAIN (LOSS) FROM OPERATIONS	**$ (764,622)**	**$ (1,326,480)**	**-42.4%**	**$ (1,452,904)**	**-47.4%**	**$ (4,420,879)**	**$ (4,925,255)**	**-10.2%**	**$ (4,726,399)**	**-6.5%**
Operating Margin	-18.18%	-31.78%	-42.8%	-38.56%	-52.9%	-26.75%	-29.27%	-8.6%	-29.56%	-9.5%
MCH Contribution	$ 1,207,459	$ 1,326,480	-9.0%	$ 1,538,522	-21.5%	$ 5,668,874	$ 4,925,255	15.1%	$ 4,754,704	19.2%
CAPITAL CONTRIBUTION	**$ 442,837**	**$ -**	**-100.0%**	**$ 85,617**	**417.2%**	**$ 1,247,996**	**$ -**	**-100.0%**	**$ 28,305**	**4309.2%**
EBIDA	$ 465,026	$ 22,883	1932.2%	$ 113,760	308.8%	$ 1,343,552	$ 101,213	1227.4%	$ 140,876	853.7%

MONTHLY STATISTICAL REPORT

	CURRENT MONTH					YEAR TO DATE				
Total Office Visits	11,577	9,435	22.70%	9,398	23.19%	41,186	37,483	9.88%	36,325	13.38%
Total Hospital Visits	5,628	4,519	24.54%	4,057	38.72%	19,841	18,946	4.72%	16,709	18.74%
Total Procedures	59,904	56,886	5.31%	56,732	5.59%	239,411	209,295	14.39%	203,732	17.51%
Total Surgeries	848	747	13.52%	516	64.34%	3,468	3,183	8.95%	2,996	15.75%
Total Provider FTE's	84.7	90.4	-6.33%	83.7	1.19%	85.7	90.4	-5.23%	80.4	6.59%
Total Staff FTE's	122.6	134.2	-8.64%	125.8	-2.54%	128.0	134.2	-4.61%	115.3	11.01%
Total Administrative FTE's	16.5	38.0	-56.58%	33.2	-50.30%	26.4	38.0	-30.53%	34.9	-24.36%
Total FTE's	223.8	262.6	-14.78%	242.7	-7.79%	240.1	262.6	-8.57%	230.6	4.12%

ECTOR COUNTY HOSPITAL DISTRICT
CENTER FOR PRIMARY CARE CLEMENTS - OPERATIONS SUMMARY
JANUARY 2018

	CURRENT MONTH					YEAR TO DATE				
	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR
PATIENT REVENUE										
Outpatient Revenue	$ 780,172	$ 479,524	62.7%	$ 490,226	59.1%	$ 1,545,305	$ 1,618,077	-4.5%	$ 1,539,363	0.4%
TOTAL PATIENT REVENUE	$ 780,172	$ 479,524	62.7%	$ 490,226	59.1%	$ 1,545,305	$ 1,618,077	-4.5%	$ 1,539,363	0.4%
DEDUCTIONS FROM REVENUE										
Contractual Adjustments	$ (3,021)	$ 155,612	-101.9%	$ 166,713	-101.8%	$ 61,709	$ 602,589	-89.8%	$ 674,876	-90.9%
Self Pay Adjustments	(2,115)	1,012	-308.9%	21,262	-109.9%	(12,022)	3,920	-406.7%	5,335	-325.3%
Bad Debts	634,633	91,887	590.7%	155,357	308.5%	1,195,023	355,824	235.8%	219,825	443.6%
TOTAL REVENUE DEDUCTIONS	$ 629,497	$ 248,511	153.3%	$ 343,332	83.3%	$ 1,244,710	$ 962,334	29.3%	$ 900,036	38.3%
	80.7%	51.8%		70.0%		80.5%	59.5%		58.5%	
NET PATIENT REVENUE	$ 150,675	$ 231,012	-34.8%	$ 146,894	2.6%	$ 300,595	$ 655,743	-54.2%	$ 639,327	-53.0%
OTHER REVENUE										
FHC Other Revenue	$ -	$ 8,802	0.0%	$ -	0.0%	$ 10,595	$ 35,210	0.0%	$ -	0.0%
TOTAL OTHER REVENUE	$ -	$ 8,802	-100.0%	$ -	0.0%	$ 10,595	$ 35,210	-69.9%	$ -	0.0%
NET OPERATING REVENUE	$ 150,675	$ 239,815	-37.2%	$ 146,894	2.6%	$ 311,190	$ 690,953	-55.0%	$ 639,327	-51.3%
OPERATING EXPENSE										
Salaries and Wages	$ 22,767	$ 29,700	-23.3%	$ 32,728	-30.4%	$ 115,718	$ 117,844	-1.8%	$ 138,839	-16.7%
Benefits	6,002	11,487	-47.7%	7,843	-23.5%	40,627	46,832	-13.2%	41,599	-2.3%
Physician Services	80,259	262,041	-69.4%	228,113	-64.8%	649,400	1,069,269	-39.3%	883,519	-26.5%
Cost of Drugs Sold	1,614	5,353	-69.9%	5,723	-71.8%	13,910	18,114	-23.2%	20,905	-33.5%
Supplies	1,478	9,415	-84.3%	11,081	-86.7%	16,678	72,883	-77.1%	39,378	-57.6%
Utilities	25,014	5,629	344.4%	2,690	830.0%	37,295	20,314	83.6%	22,130	68.5%
Repairs and Maintenance	9,196	2,667	244.8%	6,758	36.1%	24,867	10,669	133.1%	14,824	67.8%
Leases and Rentals	322	500	-35.5%	483	-33.3%	1,699	2,000	-15.0%	1,909	-11.0%
Other Expense	1,200	1,244	-3.5%	1,000	20.0%	4,200	4,575	-8.2%	4,279	-1.8%
TOTAL OPERATING EXPENSES	$ 147,853	$ 328,037	-54.9%	$ 296,419	-50.1%	$ 904,395	$ 1,362,499	-33.6%	$ 1,167,381	-22.5%
Depreciation/Amortization	$ 5,158	$ 5,392	-4.3%	$ 5,510	-6.4%	$ 20,773	$ 21,738	-4.4%	$ 22,052	-5.8%
TOTAL OPERATING COSTS	$ 153,011	$ 333,428	-54.1%	$ 301,929	-49.3%	$ 925,167	$ 1,384,237	-33.2%	$ 1,189,433	-22.2%
NET GAIN (LOSS) FROM OPERATIONS	**$ (2,336)**	**$ (93,613)**	**-97.5%**	**$ (155,035)**	**-98.5%**	**$ (613,977)**	**$ (693,284)**	**-11.4%**	**$ (550,106)**	**11.6%**
Operating Margin	-1.55%	-39.04%	-96.0%	-105.54%	-98.5%	-197.30%	-100.34%	96.6%	-86.04%	129.3%
EBIDA	$ 2,822	$ (88,222)	-103.2%	$ (149,525)	-101.9%	$ (593,205)	$ (671,546)	-11.7%	$ (528,054)	12.3%

	CURRENT MONTH					YEAR TO DATE				
Medical Visits	1,117	1,326	-15.8%	1,508	-25.9%	3,887	4,306	-9.7%	5,363	-27.5%
Dental Visits	-	763	-100.0%	668	-100.0%	350	2,743	-87.2%	2,530	-86.2%
Total Visits	1,117	2,089	-46.5%	2,176	-48.7%	4,237	7,049	-39.9%	7,893	-46.3%
Average Revenue per Office Visit	698.45	229.55	204.3%	225.29	210.0%	364.72	229.55	58.9%	195.03	87.0%
Hospital FTE's (Salaries and Wages)	3.1	4.3	-29.4%	4.9	-38.0%	3.4	4.3	-22.2%	5.2	-34.7%
Clinic FTE's - (Physician Services)	17.1	21.9	-21.9%	21.1	-19.1%	18.9	21.9	-13.7%	22.5	-16.2%

ECTOR COUNTY HOSPITAL DISTRICT
CENTER FOR PRIMARY CARE WEST UNIVERSITY - OPERATIONS SUMMARY
JANUARY 2018

	CURRENT MONTH					YEAR TO DATE				
	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR
PATIENT REVENUE										
Outpatient Revenue	$ 624,788	$ 298,530	109.3%	$ 210,841	196.3%	$ 1,292,999	$ 1,098,746	17.7%	$ 851,271	51.9%
TOTAL PATIENT REVENUE	$ 624,788	$ 298,530	109.3%	$ 210,841	196.3%	$ 1,292,999	$ 1,098,746	17.7%	$ 851,271	51.9%
DEDUCTIONS FROM REVENUE										
Contractual Adjustments	$ 17,128	$ 98,197	-82.6%	$ 16,199	5.7%	$ 45,702	$ 380,256	-88.0%	$ 178,587	-74.4%
Self Pay Adjustments	1,553	16,366	-90.5%	3,869	-59.9%	3,075	63,376	-95.1%	4,942	-37.8%
Bad Debts	525,237	34,220	1434.9%	167,532	213.5%	1,078,210	132,514	713.7%	424,566	154.0%
TOTAL REVENUE DEDUCTIONS	$ 543,918	$ 148,783	265.6%	$ 187,599	189.9%	$ 1,126,986	$ 576,146	95.6%	$ 608,095	85.3%
	87.06%	49.84%		88.98%		87.16%	52.44%		71.43%	
NET PATIENT REVENUE	$ 80,870	$ 149,747	-46.0%	$ 23,242	248.0%	$ 166,012	$ 522,600	-68.2%	$ 243,176	-31.7%
OTHER REVENUE										
FHC Other Revenue	$ -	$ -	0.0%	$ -	0.0%	$ -	$ -	0.0%	$ -	0.0%
TOTAL OTHER REVENUE	$ -	$ -	0.0%	$ -	0.0%	$ -	$ -	0.0%	$ -	0.0%
NET OPERATING REVENUE	$ 80,870	$ 149,747	-46.0%	$ 23,242	248.0%	$ 166,012	$ 522,600	-68.2%	$ 243,176	-31.7%
OPERATING EXPENSE										
Salaries and Wages	$ 3,736	$ 3,345	11.7%	$ 3,405	9.7%	$ 13,946	$ 13,271	5.1%	$ 13,209	5.6%
Benefits	985	1,294	-23.9%	816	20.7%	4,896	5,274	-7.2%	3,958	23.7%
Physician Services	118,257	162,203	-27.1%	140,927	-16.1%	443,196	640,093	-30.8%	572,661	-22.6%
Cost of Drugs Sold	7,401	2,304	221.2%	44	16564.4%	12,698	8,480	49.7%	5,386	135.7%
Supplies	4,324	6,431	-32.8%	11,685	-63.0%	24,787	23,778	4.2%	24,805	-0.1%
Utilities	2,553	2,108	21.1%	2,487	2.7%	9,838	8,577	14.7%	10,063	-2.2%
Repairs and Maintenance	1,316	833	57.9%	478	175.3%	1,316	3,333	-60.5%	7,428	-82.3%
Other Expense	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
TOTAL OPERATING EXPENSES	$ 138,572	$ 178,518	-22.4%	$ 159,843	-13.3%	$ 510,677	$ 702,806	-27.3%	$ 637,511	-19.9%
Depreciation/Amortization	$ 40,154	$ 39,985	0.4%	$ 41,241	-2.6%	$ 160,277	$ 159,938	0.2%	$ 164,964	-2.8%
TOTAL OPERATING COSTS	$ 178,726	$ 218,503	-18.2%	$ 201,084	-11.1%	$ 670,953	$ 862,744	-22.2%	$ 802,474	-16.4%
NET GAIN (LOSS) FROM OPERATIONS	**$ (97,856)**	**$ (68,755)**	**42.3%**	**$ (177,842)**	**-45.0%**	**$ (504,941)**	**$ (340,145)**	**48.4%**	**$ (559,298)**	**-9.7%**
Operating Margin	-121.00%	-45.91%	163.5%	-765.19%	-84.2%	-304.16%	-65.09%	367.3%	-230.00%	32.2%
EBIDA	$ (57,702)	$ (28,771)	100.6%	$ (136,601)	-57.8%	$ (344,664)	$ (180,207)	91.3%	$ (394,334)	-12.6%

	CURRENT MONTH					YEAR TO DATE				
Medical Visits	904	803	12.6%	692	30.6%	2,689	3,086	-12.9%	2,654	1.3%
Optometry Visits	274	330	-17.0%	314	-12.7%	1,095	1,083	1.2%	1,031	6.2%
Total Visits	1,178	1,133	4.0%	1,006	17.1%	3,784	4,169	-9.2%	3,685	2.7%
Average Revenue per Office Visit	530.38	263.49	101.3%	209.58	153.1%	341.70	263.56	29.7%	231.01	47.9%
Hospital FTE's (Salaries and Wages)	1.0	1.0	8.2%	1.0	2.6%	1.0	1.0	3.8%	1.0	0.5%
Clinic FTE's - (Physician Services)	11.1	12.9	-13.4%	13.5	-17.7%	13.0	12.9	1.4%	15.3	-14.5%

ECTOR COUNTY HOSPITAL DISTRICT
JANUARY 2018

REVENUE BY PAYOR

	CURRENT MONTH				YEAR TO DATE			
	CURRENT YEAR		PRIOR YEAR		CURRENT YEAR		PRIOR YEAR	
	GROSS REVENUE	%	GROSS REVENUE	%	GROSS REVENUE	%	GROSS REVENUE	%
Medicare	$ 37,908,696	39.1%	$ 35,461,329	41.5%	$ 140,862,785	38.3%	$ 136,649,123	41.2%
Medicaid	10,303,499	10.6%	8,937,371	10.5%	33,739,613	9.2%	34,236,770	10.3%
Commercial	24,540,406	25.3%	20,149,488	23.6%	105,664,156	28.7%	90,311,663	27.2%
Self Pay	20,956,346	21.6%	13,739,446	16.1%	70,132,188	19.1%	42,977,402	13.0%
Other	3,305,120	3.4%	7,118,405	8.3%	17,313,191	4.7%	27,631,651	8.3%
TOTAL	**$ 97,014,067**	**100.0%**	**$ 85,406,038**	**100.0%**	**$ 367,711,933**	**100.0%**	**$ 331,806,609**	**100.0%**

PAYMENTS BY PAYOR

	CURRENT MONTH				YEAR TO DATE			
	CURRENT YEAR		PRIOR YEAR		CURRENT YEAR		PRIOR YEAR	
	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%
Medicare	$ 5,768,327	36.6%	$ 4,812,784	30.1%	$ 26,718,976	37.6%	$ 20,298,287	29.9%
Medicaid	1,021,282	6.5%	1,307,355	8.2%	5,594,836	7.9%	6,596,566	9.7%
Commercial	6,827,661	43.2%	6,834,299	42.8%	25,243,350	35.5%	30,489,471	44.9%
Self Pay	1,416,075	9.0%	1,513,689	9.5%	4,961,520	7.0%	5,328,177	7.8%
Other	740,703	4.7%	1,508,579	9.4%	8,491,642	12.0%	5,219,653	7.7%
TOTAL	**$ 15,774,047**	**100.0%**	**$ 15,976,706**	**100.0%**	**$ 71,010,323**	**100.0%**	**$ 67,932,154**	**100.0%**
TOTAL NET REVENUE	17,333,669		17,289,888		70,525,329		70,040,197	
% OF GROSS REVENUE	17.9%		20.2%		19.2%		21.1%	
VARIANCE	(1,559,622)		(1,313,182)		484,994		(2,108,043)	
% VARIANCE TO CASH COLLECTIONS	-9.0%		-7.6%		0.7%		-3.0%	

ECTOR COUNTY HOSPITAL DISTRICT
FAMILY HEALTH CLINIC CLEMENTS
JANUARY 2018

REVENUE BY PAYOR

	CURRENT MONTH				YEAR TO DATE			
	CURRENT YEAR		PRIOR YEAR		CURRENT YEAR		PRIOR YEAR	
	GROSS REVENUE	%	GROSS REVENUE	%	GROSS REVENUE	%	GROSS REVENUE	%
Medicare	$ 56,986	7.3%	$ 62,053	12.7%	$ 150,915	9.8%	$ 171,122	11.1%
Medicaid	285,933	36.7%	141,531	28.9%	569,400	36.8%	464,742	30.2%
PHC	-	0.0%	141,181	28.8%	26,986	1.7%	467,769	30.4%
Commercial	168,887	21.6%	64,338	13.1%	314,567	20.4%	214,447	13.9%
Self Pay	268,146	34.4%	64,905	13.2%	480,802	31.1%	177,179	11.5%
Other	221	0.0%	16,218	3.3%	2,635	0.2%	44,105	2.9%
TOTAL	**$ 780,172**	**100.0%**	**$ 490,226**	**100.0%**	**$ 1,545,305**	**100.0%**	**$ 1,539,363**	**100.0%**

PAYMENTS BY PAYOR

	CURRENT MONTH				YEAR TO DATE			
	CURRENT YEAR		PRIOR YEAR		CURRENT YEAR		PRIOR YEAR	
	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%
Medicare	$ 1,817	3.9%	$ 10,702	7.8%	$ 12,378	6.3%	$ 50,584	8.7%
Medicaid	4,961	10.7%	61,572	44.8%	49,510	25.1%	286,027	49.2%
PHC	20	0.0%	20,087	14.6%	5,532	2.8%	73,823	12.7%
Commercial	20,226	43.7%	15,868	11.6%	58,411	29.7%	78,715	13.6%
Self Pay	19,187	41.4%	29,096	21.2%	70,825	36.0%	91,574	15.8%
Other	153	0.3%	-	0.0%	234	0.1%	48	0.0%
TOTAL	**$ 46,363**	**100.0%**	**$ 137,324**	**100.0%**	**$ 196,890**	**100.0%**	**$ 580,770**	**100.0%**
TOTAL NET REVENUE	150,675		146,894		300,595		639,327	
% OF GROSS REVENUE	19.3%		30.0%		19.5%		41.5%	
VARIANCE	(104,313)		(9,570)		(103,705)		(58,557)	
% VARIANCE TO CASH COLLECTIONS	-69.2%		-6.5%		-34.5%		-9.2%	

ECTOR COUNTY HOSPITAL DISTRICT
FAMILY HEALTH CLINIC WEST UNIVERSITY
JANUARY 2018

REVENUE BY PAYOR

	CURRENT MONTH				YEAR TO DATE			
	CURRENT YEAR		PRIOR YEAR		CURRENT YEAR		PRIOR YEAR	
	GROSS REVENUE	%	GROSS REVENUE	%	GROSS REVENUE	%	GROSS REVENUE	%
Medicare	$ 43,645	7.0%	$ 38,653	18.3%	$ 157,894	12.2%	$ 158,121	18.6%
Medicaid	327,322	52.3%	75,085	35.6%	606,086	46.9%	329,307	38.7%
PHC	8,955	1.4%	28,367	13.5%	37,371	2.9%	126,577	14.9%
Commercial	135,478	21.7%	41,689	19.8%	244,622	18.9%	137,441	16.1%
Self Pay	109,033	17.5%	18,321	8.7%	243,909	18.9%	69,740	8.2%
Other	354	0.1%	8,725	4.1%	3,116	0.2%	30,085	3.5%
TOTAL	**$ 624,788**	**100.0%**	**$ 210,841**	**100.0%**	**$ 1,292,999**	**100.0%**	**$ 851,271**	**100.0%**

PAYMENTS BY PAYOR

	CURRENT MONTH				YEAR TO DATE			
	CURRENT YEAR		PRIOR YEAR		CURRENT YEAR		PRIOR YEAR	
	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%
Medicare	$ 905	3.6%	$ 5,634	18.1%	$ 6,947.10	6.4%	$ 51,804	27.0%
Medicaid	1,268	5.0%	1,409	4.5%	31,809	29.5%	43,240	22.6%
PHC	-	0.0%	3,899	12.5%	3,176	2.9%	14,361	7.5%
Commercial	9,279	36.5%	7,622	24.5%	26,054	24.1%	39,059	20.4%
Self Pay	13,728	53.9%	12,445	40.0%	39,591	36.8%	42,903	22.4%
Other	263	1.0%	70	0.2%	316	0.3%	195	0.1%
TOTAL	**$ 25,443**	**100.0%**	**$ 31,079**	**100.0%**	**$ 107,895**	**100.0%**	**$ 191,562**	**100.0%**
TOTAL NET REVENUE	80,870		23,242		166,012		243,176	
% OF GROSS REVENUE	12.9%		11.0%		12.8%		28.6%	
VARIANCE	(55,427)		7,838		(58,118)		(51,615)	
% VARIANCE TO CASH COLLECTIONS	-68.5%		33.7%		-35.0%		-21.2%	

ECTOR COUNTY HOSPITAL DISTRICT
SCHEDULE OF CASH AND INVESTMENTS - HOSPITAL ONLY
JANUARY 2018

Cash and Cash Equivalents	Frost	Hilltop	Total
Operating	$ 2,433,301	$ -	$ 2,433,301
Payroll	3,217	-	3,217
Worker's Comp Claims	9,584	-	9,584
Group Medical	110,821	-	110,821
Flex Benefits	35,316	-	35,316
Mission Fitness	275,060	-	275,060
Petty Cash	9,420	-	9,420
Dispro	613	5,179,378	5,179,990
Debt Service	2,069,287	-	2,069,287
Tobacco Settlement	425	-	425
General Liability	-	2,899,840	2,899,840
Professional Liability	-	2,976,113	2,976,113
Funded Worker's Compensation	-	3,199,418	3,199,418
Funded Depreciation	-	11,224,134	11,224,134
Designated Funds	-	3,119,588	3,119,588
Total Cash and Cash Equivalents	$ 4,947,043	$ 28,598,470	**$ 33,545,513**

Investments	Other	Hilltop	Total
Dispro	$ -	$ 2,000,000	$ 2,000,000
Funded Depreciation	-	8,000,000	8,000,000
Funded Worker's Compensation	-	-	-
General Liability	-	-	-
Professional Liability	-	-	-
Designated Funds	42,875	-	42,875
Allowance for Change in Market Values	-	(265,400)	(265,400)
Total Investments	$ 42,875	$ 9,734,600	**$ 9,777,475**
Total Unrestricted Cash and Investments			**$ 43,322,988**

Restricted Assets	Reserves	Prosperity	Total
Assets Held By Trustee - Bond Reserves	$ 4,676,067	$ -	$ 4,676,067
Assets Held By Trustee - Debt Payment Reserves	951,885	-	951,885
Assets Held In Endowment	-	6,204,799	6,204,799
Restricted TPC, LLC	500,676	-	500,676
Restricted MCH West Texas Services	2,128,601	-	2,128,601
Total Restricted Assets	$ 8,257,229	$ 6,204,799	**$ 14,462,028**
Total Cash & Investments			**$ 57,785,016**

ECTOR COUNTY HOSPITAL DISTRICT
STATEMENT OF CASH FLOW
JANUARY 2018

	Hospital	Procare	Blended
Cash Flows from Operating Activities and Nonoperating Revenue:			
Excess of Revenue over Expenses	$ (8,300,218)	$ 1,247,996	$ (7,052,222)
Noncash Expenses:			
Depreciation and Amortization	6,936,907	57,966	6,994,873
Unrealized Gain/Loss on Investments	(52,622)	-	(52,622)
Accretion (Bonds)	-	-	-
Changes in Assets and Liabilities			
Patient Receivables, Net	(8,842,326)	(307,127)	(9,149,453)
Taxes Receivable/Deferred	2,027,214	(595)	2,026,619
Inventories, Prepaids and Other	(94,487)	966,873	872,386
Accounts Payable	10,247,817	1,048,117	11,295,934
Accrued Expenses	3,087,838	(15,675)	3,072,163
Due to Third Party Payors	(145,289)	-	(145,289)
Accrued Post Retirement Benefit Costs	4,870,478	-	4,870,478
Net Cash Provided by Operating Activities	$ 9,735,312	$ 2,997,554	$ 12,732,866
Cash Flows from Investing Activities:			
Investments	$ 219,622	$ -	$ 219,622
Acquisition of Property and Equipment	(3,228,848)	(2,809)	(3,231,657)
Cerner Project Costs	198,760	-	198,760
Net Cash used by Investing Activities	$ (2,810,465)	$ (2,809)	$ (2,813,274)
Cash Flows from Financing Activities:			
Net Repayment of Long-term Debt/Bond Issuance	$ (1,032,980)	$ -	$ (1,032,980)
Net Cash used by Financing Activities	$ (1,032,980)	$ -	$ (1,032,980)
Net Increase (Decrease) in Cash	$ 5,891,867	$ 2,994,745	$ 8,886,612
Beginning Cash & Cash Equivalents @ 9/30/2017	$ 42,115,674	$ 3,182,405	$ 45,298,079
Ending Cash & Cash Equivalents @ 1/31/2018	$ 48,007,541	$ 6,177,150	$ 54,184,691
Balance Sheet			
Cash and Cash Equivalents	$ 33,545,513	$ 6,177,150	$ 39,722,663
Restricted Assets	14,462,028	-	14,462,028
Ending Cash & Cash Equivalents @ 1/31/2018	$ 48,007,541	$ 6,177,150	$ 54,184,691

ECTOR COUNTY HOSPITAL DISTRICT
TAX COLLECTIONS
FISCAL 2018

	ACTUAL COLLECTIONS	BUDGETED COLLECTIONS	VARIANCE	PRIOR YEAR COLLECTIONS	VARIANCE
AD VALOREM					
OCTOBER	$ 276,462	$ 1,300,000	$ (1,023,538)	$ 249,105	$ 27,357
NOVEMBER	584,006	1,300,000	(715,994)	924,056	(340,049)
DECEMBER	1,135,578	1,300,000	(164,422)	2,885,709	(1,750,131)
JANUARY	5,479,301	1,300,000	4,179,301	3,390,679	2,088,622
TOTAL	$ 7,475,347	$ 5,200,000	$ 2,275,347	$ 7,449,549	$ 25,799
SALES					
OCTOBER	$ 3,753,619	$ 3,217,497	$ 536,122	$ 2,339,047	$ 1,414,571
NOVEMBER	3,777,148	3,477,235	299,912	2,839,057	938,091
DECEMBER	3,829,080	3,174,525	654,555	2,324,023	1,505,057
JANUARY	3,865,539	3,434,343	431,196	2,583,565	1,281,974
TOTAL	$ 15,225,385	$ 13,303,601	$ 1,921,785	$ 10,085,692	$ 5,139,694
TAX REVENUE	**$ 22,700,732**	**$ 18,503,601**	**$ 4,197,132**	**$ 17,535,240**	**$ 5,165,492**

ECTOR COUNTY HOSPITAL DISTRICT
MEDICAID SUPPLEMENTAL PAYMENTS
FISCAL YEAR 2018

CASH ACTIVITY	TAX (IGT) ASSESSED	GOVERNMENT PAYOUT	BURDEN ALLEVIATION	NET INFLOW
DSH				
1st Qtr	$ (2,484,655)	$ 7,030,444		$ 4,545,789
2nd Qtr	-	-		-
3rd Qtr	-	-		-
4th Qtr	-	-		-
DSH TOTAL	$ (2,484,655)	$ 7,030,444		$ 4,545,789
UC				
1st Qtr	$ (555,750)	$ -		(555,750)
2nd Qtr	-	-		-
3rd Qtr	-	-		-
4th Qtr	-	-		-
UC TOTAL	$ (555,750)	$ -		$ (555,750)
Regional UPL (Community Benefit)				
1st Qtr	$ (3,062,308)	$ -		$ (3,062,308)
2nd Qtr	(1,236,022)	-		(1,236,022)
3rd Qtr	-	-		-
4th Qtr	-	-		-
REGIONAL UPL TOTAL	$ (4,298,330)	$ -		$ (4,298,330)
DSRIP				
1st Qtr	$ (7,327,897)	$ -		$ (7,327,897)
2nd Qtr	(8,826,302)	20,469,161		11,642,859
3rd Qtr	-	-		-
4th Qtr	-	-		-
DSRIP UPL TOTAL	$ (16,154,199)	$ 20,469,161		$ 4,314,962
MCH Cash Activity	**$ (23,492,934)**	**$ 27,499,605**		**$ 4,006,670**
ProCare Cash Activity			$ 3,500,000	**$ 3,500,000**
Blended Cash Activity	**$ (23,492,934)**	**$ 27,499,605**	**$ 3,500,000**	**$ 7,506,670**

INCOME STATEMENT ACTIVITY:	MCH	PROCARE	BLENDED
FY 2018 Accrued / (Deferred) Adjustments:			
DSH Accrual	$ 1,308,395	$ -	$ 1,308,395
Uncompensated Care Accrual	2,977,772	-	2,977,772
Regional UPL Accrual	(3,161,197)	-	(3,161,197)
Regional UPL Benefit	-	3,500,000	3,500,000
Medicaid Supplemental Payments	1,124,970	3,500,000	4,624,970
DSRIP Accrual	3,773,262	-	3,773,262
Total Adjustments	**$ 4,898,232**	**$ 3,500,000**	**$ 8,398,232**

ECTOR COUNTY HOSPITAL DISTRICT
CONSTRUCTION IN PROGRESS - HOSPITAL ONLY
AS OF JANUARY 31, 2018

	A	B	C	D	E=A+B+C+D	F	G=E+F	H	H-G
ITEM	**CIP BALANCE AS OF 1/1/2018**	**JANUARY "+" ADDITIONS**	**JANUARY "-" ADDITIONS**	**JANUARY TRANSFERS**	**CIP BALANCE AS OF 1/31/2018**	**ADD: AMOUNTS CAPITALIZED**	**PROJECT TOTAL**	**BUDGETED AMOUNT**	**UNDER/(OVER) BOARD APRVD/BUDGET**
RENOVATIONS									
ED WAITING RENOVATION	$ 1,575	$ -	$ -	$ -	$ 1,575	$ -	$ 1,575	$ 20,000	$ 18,425
SUB-TOTAL	$ 1,575	$ -	$ -	$ -	$ 1,575	$ -	$ 1,575	$ 20,000	$ 18,425
MINOR BUILDING IMPROVEMENT									
PBX - FLOORING REMIDIATION (MAIN HOSPITAL 1ST FLOOR)	$ 13,030	$ -	$ -	$ -	$ 13,030	$ -	$ 13,030	$ 45,000	$ 31,970
ONE DOCTORS PLACE	11,892	-	-	-	11,892	-	11,892	45,000	33,108
OR ROOF REPAIR	20,776	-	-	-	20,776	-	20,776	45,000	24,224
OR MED ROOM MODIFICATION	80,255	-	-	-	80,255	-	80,255	40,000	(40,255)
ANCILLARY STERILE STORAGE	14,976	12,212	-	-	27,188	-	27,188	25,000	(2,188)
GOLDER SITE SIGNAGE	3,983	-	-	-	3,983	-	3,983	20,000	16,018
PHARMACY CLEAN ROOM	5,223	-	-	-	5,223	-	5,223	25,000	19,777
MAMMOGRAPHY RENOVATION	753	-	-	-	753	-	753	75,000	74,247
SURFACE LOT UPGRADES	-	1,450	-	-	1,450	-	1,450	40,000	38,550
315 GOLDER UPGRADES	-	850	-	-	850	-	850	20,000	19,150
SUB-TOTAL	$ 150,888	$ 14,512	$ -	$ -	$ 165,399	$ -	$ 165,399	$ 380,000	$ 214,601
EQUIPMENT & SOFTWARE PROJECTS - CIP INCOMPLETE									
VARIOUS CAPITAL EXPENDITURE PROJECTS	$ 2,005,576	$ 226,486	$ -	$ -	$ 2,232,062	$ -	$ 2,232,062	$ 2,500,000	$ 267,938
SUB-TOTAL	$ 2,005,576	$ 226,486	$ -	$ -	$ 2,232,062	$ -	$ 2,232,062	$ 2,500,000	$ 267,938
TOTAL CONSTRUCTION IN PROGRESS	**$ 2,158,039**	**$ 240,998**	**$ -**	**$ -**	**$ 2,399,037**	**$ -**	**$ 2,399,036**	**$ 2,900,000**	**$ 500,964**

ECTOR COUNTY HOSPITAL DISTRICT
CAPITAL PROJECT & EQUIPMENT EXPENDITURES
JANUARY 2018

DEPT	ITEM	CLASS	BOOKED AMOUNT
	TRANSFERRED FROM CONSTRUCTION IN PROGRESS/RENOVATION PROJECTS		
	None		$ -
	TOTAL PROJECT TRANSFERS		**$ -**
	EQUIPMENT PURCHASES		
	None		$ -
	TOTAL EQUIPMENT PURCHASES		**$ -**
	TOTAL TRANSFERS FROM CIP/EQUIPMENT PURCHASES		**$ -**

ECTOR COUNTY HOSPITAL DISTRICT
FISCAL 2018 CAPITAL EQUIPMENT
CONTINGENCY FUND
JANUARY 2018

MONTH/ YEAR	DESCRIPTION	DEPT NUMBER	BUDGETED AMOUNT	P.O AMOUNT	ACTUAL AMOUNT	TO/(FROM) CONTINGENCY
	Available funds from budget		**$ 600,000**	**$ -**	**$ -**	**$ 600,000**
Oct-17	Clear-Lead Mobile X-Ray Barriers	7290	-	-	4,095	(4,095)
Oct-17	AVL Equipment	9080	-	-	4,187	(4,187)
Nov-17	Dell Workstation	9070	-	-	2,799	(2,799)
Nov-17	Powermics	9070	-	-	11,500	(11,500)
Nov-17	Software	9070	-	-	3,375	(3,375)
Dec-17	Patient Services Refrigeration 2-door	8020	-	-	6,249	(6,249)
Dec-17	Patient Services Refrigerator-single do	8020	-	-	4,650	(4,650)
Dec-17	PowerMic Microphones	9070	-	-	11,500	(11,500)
Dec-17	Downtime PCs	9070	-	-	3,375	(3,375)
Dec-17	Downtime PCs	9070	-	-	2,799	(2,799)
Dec-17	Interface - THA Smart Ribbon	9070	-	-	34,008	(34,008)
Jan-18	Gearview License	9070	-	-	6,320	(6,320)
Jan-18	Premier Pass Training Courses	9070	-	-	43,390	(43,390)
Jan-18	Maestro 4000 Cardiac Ablation System	7220	-	-	43,500	(43,500)
			$ 600,000	**$ -**	**$ 181,747**	**$ 418,253**

ECTOR COUNTY HOSPITAL DISTRICT
SUPPLEMENTAL SCHEDULE OF ACCOUNTS RECEIVABLE - OTHER
JANUARY 2018

	CURRENT YEAR	PRIOR YEAR HOSPITAL AUDITED	PRIOR YEAR PRO CARE AUDITED	CURRENT YEAR CHANGE
AR DISPRO/UPL	$ (3,237,394)	$ -	$ -	$ (3,237,394)
AR UNCOMPENSATED CARE	3,836,950	303,428	-	3,533,522
AR DSRIP	11,327,897	11,642,859	-	(314,962)
AR NURSING HOME UPL	-	-	-	-
AR BAB REVENUE	421,524	84,142	-	337,382
AR PHYSICIAN GUARANTEES	832,515	652,652	-	179,863
AR ACCRUED INTEREST	117,545	129,868	-	(12,323)
AR OTHER:	5,839,705	4,658,190	3,400,671	(2,219,156)
Procare On-Call Fees	83,800	-	155,300	(71,500)
Procare A/R - FHC	433,372	-	339,398	93,975
Other Misc A/R	5,322,533	4,658,190	2,905,974	(2,241,631)
AR DUE FROM THIRD PARTY PAYOR	2,346,830	3,253,827	-	(906,997)
PROCARE-INTERCOMPANY RECEIVABLE	4,755,409	4,331,016	-	424,393
TOTAL ACCOUNTS RECEIVABLE - OTHER	$ 26,240,982	$ 25,055,983	$ 3,400,671	$ (2,215,673)
PROCARE-INTERCOMPANY LIABILITY	$ (4,755,409)	$ -	$ (4,331,016)	$ (424,393)

ECTOR COUNTY HOSPITAL DISTRICT
SUPPLEMENTAL SCHEDULE OF HOSPITAL TEMPORARY LABOR FTE'S
JANUARY 2018

	CURRENT MONTH					YEAR TO DATE				
TEMPORARY LABOR DEPARTMENT	**ACTUAL**	**BUDGET**	**BUDGET VAR**	**PRIOR YR**	**PRIOR YR VAR**	**ACTUAL**	**BUDGET**	**BUDGET VAR**	**PRIOR YR**	**PRIOR YR VAR**
OPERATING ROOM	1.0	3.7	-74.1%	3.0	-67.8%	1.6	3.6	-54.3%	3.9	-57.8%
INTENSIVE CARE UNIT 2	0.8	1.1	-23.3%	-	0.0%	1.5	1.1	42.2%	1.7	-10.6%
CARDIOPULMONARY	0.3	-	0.0%	-	0.0%	1.0	-	0.0%	-	0.0%
NEO-NATAL INTENSIVE CARE	1.6	2.6	-37.1%	0.8	106.1%	1.4	2.3	-37.8%	2.8	-49.9%
4 EAST	1.3	1.5	-14.5%	-	0.0%	1.1	1.4	-23.9%	2.2	-49.8%
EMERGENCY DEPARTMENT	-	0.7	-100.0%	-	0.0%	0.6	0.7	-15.5%	1.1	-42.5%
LABOR AND DELIVERY	2.2	2.0	9.6%	0.8	158.6%	2.1	2.0	6.9%	2.3	-7.6%
PM&R - PHYSICAL	-	0.4	-100.0%	0.5	-100.0%	0.4	0.4	11.6%	0.1	264.6%
INPATIENT REHAB	1.1	0.7	49.2%	0.1	729.0%	1.3	0.7	80.3%	2.4	-47.9%
PHARMACY DRUGS/I.V. SOLUTIONS	-	-	0.0%	-	0.0%	0.6	-	0.0%	-	0.0%
PM&R - OCCUPATIONAL	0.9	0.4	152.2%	-	0.0%	0.7	0.3	110.6%	0.6	20.3%
INTENSIVE CARE UNIT 4 (CCU)	1.1	1.5	-29.3%	-	0.0%	0.5	1.5	-65.1%	2.4	-78.2%
TRAUMA SERVICE	1.1	-	0.0%	-	0.0%	0.9	-	0.0%	-	0.0%
5 WEST	0.1	-	0.0%	-	0.0%	0.1	-	0.0%	-	0.0%
6 Central	-	1.1	-100.0%	-	0.0%	0.0	1.0	-98.2%	1.6	-98.8%
7 CENTRAL	-	2.0	-100.0%	-	0.0%	-	1.9	-100.0%	3.0	-100.0%
PERFORMANCE IMPROVEMENT (QA)	-	-	0.0%	2.3	-100.0%	-	-	0.0%	0.6	-100.0%
9 CENTRAL	-	1.0	-100.0%	-	0.0%	-	1.0	-100.0%	1.6	-100.0%
8 CENTRAL	-	0.9	-100.0%	-	0.0%	-	0.8	-100.0%	1.4	-100.0%
STERILE PROCESSING	1.1	-	0.0%	-	0.0%	0.4	-	0.0%	-	0.0%
CHW - SPORTS MEDICINE	-	-	0.0%	-	0.0%	-	-	0.0%	1.2	-100.0%
6 West	-	0.6	-100.0%	-	0.0%	-	0.6	-100.0%	1.0	-100.0%
HUMAN RESOURCES	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
PATIENT ACCOUNTING	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
4 CENTRAL	-	0.5	-100.0%	-	0.0%	-	0.5	-100.0%	0.7	-100.0%
FINANCIAL ACCOUNTING	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
5 CENTRAL	-	0.4	-100.0%	-	0.0%	-	0.3	-100.0%	0.5	-100.0%
OP SURGERY	-	0.2	-100.0%	-	0.0%	-	0.2	-100.0%	0.2	-100.0%
IMAGING - ULTRASOUND	-	0.1	-100.0%	0.1	-100.0%	-	0.1	-100.0%	0.1	-100.0%
CERNER	-	0.0	-100.0%	-	0.0%	-	0.0	-100.0%	-	0.0%
IMAGING - DIAGNOSTICS	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
ENGINEERING	-	-	0.0%	-	0.0%	0.2	-	0.0%	-	0.0%
RECOVERY ROOM	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
LABORATORY - CHEMISTRY	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
LABORATORY - MICROBIOLOGY	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
LABORATORY - TRANFUSION SERVICES	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
PM&R - SPEECH	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
MEDICAL STAFF	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
SUBTOTAL	**12.5**	**21.2**	**-41.0%**	**7.6**	**64.5%**	**14.6**	**20.3**	**-28.1%**	**31.3**	**-53.5%**
TRANSITION LABOR										
INTENSIVE CARE UNIT 4 (CCU)	12.8	5.6	130.0%	6.0	114.8%	11.2	5.4	108.4%	4.6	142.8%
7 CENTRAL	5.5	4.4	24.6%	7.2	-23.9%	5.9	4.2	40.6%	4.0	46.8%
8 CENTRAL	4.0	2.8	45.7%	3.9	3.3%	3.8	2.6	43.0%	2.2	75.1%
INTENSIVE CARE UNIT 2	2.8	3.3	-14.8%	6.5	-57.5%	3.2	3.1	2.1%	3.5	-9.4%
6 Central	3.1	3.0	6.3%	4.2	-25.0%	3.3	2.8	18.7%	2.6	27.1%
NEO-NATAL INTENSIVE CARE	3.9	2.4	62.1%	2.5	53.7%	3.4	2.1	59.9%	1.4	147.7%
INPATIENT REHAB	3.1	2.2	43.9%	3.9	-19.6%	3.3	2.1	58.4%	2.2	52.9%
LABORATORY - CHEMISTRY	2.4	1.2	107.6%	5.5	-56.0%	2.0	1.1	80.9%	1.4	46.4%
EMERGENCY DEPARTMENT	2.2	2.0	6.3%	3.2	-31.1%	2.2	2.2	-0.9%	1.6	35.3%
4 EAST	3.3	2.5	30.4%	3.6	-8.2%	2.7	2.4	14.8%	1.9	42.7%
OPERATING ROOM	2.1	0.7	213.1%	1.9	12.0%	2.1	0.6	225.1%	1.4	54.3%
5 CENTRAL	1.1	2.0	-43.7%	2.6	-56.6%	1.7	1.9	-8.9%	1.8	-5.0%
9 CENTRAL	0.1	2.3	-97.0%	3.9	-98.2%	0.5	2.2	-78.4%	2.0	-76.1%
LABORATORY - HEMATOLOGY	1.1	0.3	214.5%	-	0.0%	1.2	0.3	258.9%	-	0.0%
PM&R - PHYSICAL	-	-	0.0%	-	0.0%	0.7	-	0.0%	-	0.0%
4 CENTRAL	0.2	1.0	-78.3%	1.6	-86.7%	0.7	0.9	-28.9%	0.7	-4.1%
CHW - SPORTS MEDICINE	0.5	0.7	-19.2%	1.9	-71.4%	0.7	0.7	3.1%	0.9	-28.1%
OP SURGERY	1.0	0.8	18.2%	0.8	23.9%	1.0	0.8	26.5%	0.7	37.6%
PM&R - OCCUPATIONAL	0.3	0.4	-21.2%	1.0	-66.8%	0.3	0.4	-29.9%	0.5	-43.2%
6 West	-	0.7	-100.0%	1.2	-100.0%	0.1	0.7	-90.1%	0.6	-88.7%
LABOR AND DELIVERY	-	0.5	-100.0%	1.7	-100.0%	0.1	0.5	-88.7%	0.6	-91.1%
CERNER	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
5 WEST	-	0.2	-100.0%	-	0.0%	-	0.1	-100.0%	0.0	-100.0%
TRAUMA SERVICE	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
SUBTOTAL	**49.6**	**38.8**	**27.7%**	**62.9**	**-21.2%**	**49.9**	**37.2**	**34.2%**	**34.6**	**44.2%**
GRAND TOTAL	**62.1**	**60.1**	**3.4%**	**70.5**	**-12.0%**	**64.5**	**57.5**	**12.2%**	**66.0**	**-2.2%**

ECTOR COUNTY HOSPITAL DISTRICT
SUPPLEMENTAL SCHEDULE OF TEMPORARY LABOR, TRANSITION LABOR & PURCHASED SERVICES - HOSPITAL ONLY
JANUARY 2018

	CURRENT MONTH					YEAR TO DATE				
	ACTUAL	BUDGET	$ VAR	% VAR	PRIOR YR	% VAR	ACTUAL	BUDGET	$ VAR	% VAR	PRIOR YR	% VAR
ICU2 TEMPORARY LABOR	$ 9,439	$ 834	$ 8,605	1031.2%	$ -	100.0%	$ 76,208	$ 3,188	$ 73,021	2290.8%	$ 5,067	1404.1%
RT TEMPORARY LABOR	14,395	-	14,395	100.0%	-	100.0%	71,325	-	71,325	100.0%	-	100.0%
L & D TEMPORARY LABOR	26,175	12,660	13,515	106.7%	15,027	74.2%	106,407	50,233	56,174	111.8%	37,599	183.0%
4E TEMPORARY LABOR	17,588	8,216	9,372	114.1%	2,453	616.9%	64,757	31,035	33,722	108.7%	51,772	25.1%
REHAB TEMPORARY LABOR	12,402	6,879	5,524	80.3%	1,694	632.0%	50,665	26,378	24,287	92.1%	18,318	176.6%
NICU TEMPORARY LABOR	15,983	13,103	2,880	22.0%	5,580	186.4%	52,846	45,638	7,208	15.8%	49,490	6.8%
OR TEMPORARY LABOR	8,665	50,700	(42,035)	-82.9%	47,127	-81.6%	68,262	193,582	(125,320)	-64.7%	197,495	-65.4%
ALL OTHER	$ 42,882	$ 68,939	$ (26,056)	-37.8%	$ 77,298	-44.5%	$ 184,593	$ 272,755	$ (88,162)	-32.3%	$ 353,441	-47.8%
TOTAL TEMPORARY LABOR	$ 147,530	$ 161,330	$ (13,801)	-8.6%	$ 149,180	-1.1%	$ 675,063	$ 622,808	$ 52,255	8.4%	$ 713,181	-5.3%
ICU4 TRANSITION LABOR	$ 176,872	$ 92,321	$ 84,551	91.6%	$ 72,278	144.7%	$ 563,722	$ 352,775	$ 210,947	59.8%	$ 338,727	66.4%
OR TRANSITION LABOR	21,694	10,156	11,538	113.6%	25,536	-15.0%	92,181	38,777	53,405	137.7%	89,154	3.4%
8C TRANSITION LABOR	59,042	37,068	21,974	59.3%	41,289	43.0%	187,235	139,447	47,788	34.3%	126,725	47.7%
CHEM TRANSITION LABOR	21,159	8,174	12,985	158.9%	37,103	-43.0%	67,695	31,209	36,486	116.9%	37,103	82.5%
REHAB TRANSITION LABOR	32,365	32,483	(118)	-0.4%	37,565	-13.8%	158,669	124,562	34,107	27.4%	183,457	-13.5%
6C TRANSITION LABOR	40,320	47,296	(6,976)	-14.7%	48,056	-16.1%	151,161	177,822	(26,660)	-15.0%	194,237	-22.2%
5C TRANSITION LABOR	16,025	29,533	(13,508)	-45.7%	30,246	-47.0%	79,301	110,928	(31,627)	-28.5%	113,336	-30.0%
ICU2 TRANSITION LABOR	42,747	52,254	(9,507)	-18.2%	78,698	-45.7%	160,992	199,617	(38,625)	-19.3%	267,729	-39.9%
4E TRANSITION LABOR	36,454	48,258	(11,804)	-24.5%	30,806	18.3%	120,435	182,291	(61,856)	-33.9%	198,885	-39.4%
ALL OTHER	178,748	222,613	(43,865)	-19.7%	238,765	-25.1%	747,446	842,479	(95,033)	-11.3%	849,785	-12.0%
TOTAL TRANSITION LABOR	$ 625,427	$ 580,155	$ 45,272	7.8%	$ 640,341	-2.3%	$ 2,328,838	$ 2,199,906	$ 128,932	5.9%	$ 2,399,138	-2.9%
GRAND TOTAL TEMPORARY LABOR	$ 772,957	$ 741,486	$ 31,471	4.2%	$ 789,521	-2.1%	$ 3,003,901	$ 2,822,714	$ 181,187	6.4%	$ 3,112,319	-3.5%
ADM BOND AMENDMENT FEES	$ -	$ -	$ -	100.0%	$ -	100.0%	$ 129,467	$ -	$ 129,467	100.0%	$ -	100.0%
CERNER OTHER PURCH SVCS	165,825	54,145	111,680	206.3%	217,540	-23.8%	341,204	216,580	124,624	57.5%	419,140	-18.6%
PA E-SCAN DATA SYSTEM	69,779	36,079	33,700	93.4%	54,477	28.1%	267,136	144,317	122,819	85.1%	195,952	36.3%
SERV EXC SURVEY SERVICES	56,477	46,667	9,810	21.0%	63,140	-10.6%	305,290	186,667	118,624	63.5%	281,210	8.6%
UC-CPC 42ND STREET PURCH SVCS-OTHER	76,849	40,100	36,749	91.6%	41,422	85.5%	248,711	139,272	109,439	78.6%	117,103	112.4%
PT ACCTS COLLECTION FEES	108,372	85,196	23,176	27.2%	34,192	216.9%	405,054	318,657	86,398	27.1%	371,424	9.1%
PI FEES (TRANSITION NURSE PROGRAM)	21,413	22,904	(1,491)	-6.5%	28,230	-24.1%	150,629	91,615	59,013	64.4%	135,654	11.0%
CARDIOVASCULAR SERVICES	26,000	12,500	13,500	108.0%	52,000	-50.0%	105,095	50,000	55,095	110.2%	123,590	-15.0%
OR FEES (PERFUSION SERVICES)	23,283	13,135	10,149	77.3%	16,167	44.0%	108,215	56,199	52,016	92.6%	69,173	56.4%
HISTOLOGY SERVICES	36,962	27,379	9,583	35.0%	26,455	39.7%	175,715	129,453	46,262	35.7%	125,085	40.5%
PRO OTHER PURCH SVCS	16,274	18,701	(2,427)	-13.0%	18,701	-13.0%	95,035	50,988	44,047	86.4%	50,988	86.4%
AMBULANCE FEES	25,589	5,321	20,268	380.9%	25,735	-0.6%	55,503	22,215	33,287	149.8%	107,436	-48.3%
CREDIT CARD FEES	21,860	9,919	11,941	120.4%	10,713	104.1%	77,258	44,577	32,681	73.3%	48,145	60.5%
ADM CONSULTANT FEES	708	32,583	(31,875)	-97.8%	28,002	-97.5%	155,451	130,333	25,118	19.3%	202,028	-23.1%
MED ASSETS CONTRACT	28,295	10,435	17,860	171.1%	14,069	101.1%	63,830	42,175	21,655	51.3%	56,861	12.3%
UC-WEST CLINIC - PURCH SVCS-OTHER	37,783	33,068	4,715	14.3%	29,808	26.8%	127,978	110,695	17,283	15.6%	176,579	-27.5%
ADMIN OTHER FEES	12,899	10,934	1,965	18.0%	10,947	17.8%	53,967	43,735	10,232	23.4%	52,644	2.5%
CREDIT CARD FEES	20,149	26,895	(6,746)	-25.1%	26,656	-24.4%	70,663	90,722	(20,059)	-22.1%	89,915	-21.4%
COMM REL ADVERTISMENT PURCH SVCS	11,011	22,000	(10,989)	-49.9%	14,546	-24.3%	79,693	101,200	(21,507)	-21.3%	51,199	55.7%
ADM CONTRACT STRYKER	(56,872)	22,453	(79,325)	-353.3%	72,162	-178.8%	51,584	83,981	(32,398)	-38.6%	98,866	-47.8%
UOM (EHR FEES)	14,784	19,188	(4,403)	-22.9%	30,015	-50.7%	57,515	90,767	(33,252)	-36.6%	141,987	-59.5%
HR RECRUITING FEES	9,544	11,957	(2,412)	-20.2%	9,856	-3.2%	54,686	89,968	(35,282)	-39.2%	74,161	-26.3%
TELECOM SERVICES	18,921	48,164	(29,243)	-60.7%	31,390	-39.7%	81,444	119,045	(37,601)	-31.6%	77,585	5.0%
HK SVC CONTRACT PURCH SVC	66,858	78,046	(11,188)	-14.3%	59,203	12.9%	250,177	297,995	(47,818)	-16.0%	209,993	19.1%
PHARMACY SERVICES	13,645	31,911	(18,266)	-57.2%	32,989	-58.6%	67,590	126,126	(58,536)	-46.4%	99,490	-32.1%
ADMIN LEGAL FEES	14,108	42,276	(28,168)	-66.6%	22,313	-36.8%	106,191	169,104	(62,913)	-37.2%	203,813	-47.9%
PA ELIGIBILITY FEES	36,663	117,687	(81,024)	-68.8%	125,386	-70.8%	124,613	191,792	(67,179)	-35.0%	204,339	-39.0%
LD OTHER PURCH SVCS	5,759	89,048	(83,289)	-93.5%	80,462	-92.8%	268,386	340,000	(71,613)	-21.1%	338,151	-20.6%
HIM CODING SERVICES	103,792	56,490	47,302	83.7%	46,821	121.7%	289,144	393,607	(104,463)	-26.5%	326,238	-11.4%
PRIMARY CARE WEST OTHER PURCH SVCS	118,257	162,203	(43,945)	-27.1%	140,927	-16.1%	443,196	640,093	(196,897)	-30.8%	572,661	-22.6%
FHC OTHER PURCH SVCS	79,259	260,041	(180,782)	-69.5%	226,276	-65.0%	643,175	1,061,269	(418,093)	-39.4%	877,331	-26.7%
ALL OTHERS	675,481	978,881	(303,400)	-31.0%	954,453	-29.2%	3,091,030	3,760,872	(669,842)	-17.8%	3,828,816	-19.3%
TOTAL PURCHASED SERVICES	$ 1,859,731	$ 2,426,305	$ (566,574)	-23.4%	$ 2,545,052	-26.9%	$ 8,544,626	$ 9,334,019	$ (789,393)	-8.5%	$ 9,727,556	-12.2%

Ector County Hospital District
Debt Service Coverage Calculation
JANUARY 2018

Average Annual Debt Service Requirements of 110%:

	FYTD			Annualized
	ProCare	ECHD	Consolidated	Consolidated
Decrease in net position	1,247,996	(8,300,218)	(7,052,223)	(21,156,668)
Deficiency of revenues over expenses	1,247,996	(8,300,218)	(7,052,223)	(21,156,668)
Depreciation/amortization	95,556	6,899,316	6,994,873	20,984,619
GASB 68	-	4,870,784	4,870,784	14,612,352
Interest expense	-	1,106,634	1,106,634	3,319,901
(Gain) or loss on fixed assets	-	(452)	(452)	(1,355)
Unusual / infrequent / extraordinary items	-	-	-	-
Unrealized (gains) / losses on investments	-	52,622	52,622	157,867
Consolidated net revenues	1,343,552	4,628,687	5,972,239	17,916,716

Note: Average annual debt service requirements is defined to mean the greater of the following 2 calculations:

1.) Average annual debt service of future maturities

	Bonds	BAB Subsidy	Total	110%
2018	3,704,144.87	1,084,539.55	4,788,684.42	5,267,552.87
2019	3,704,003.09	1,050,540.12	4,754,543.21	5,229,997.53
2020	3,703,513.46	1,014,199.56	4,717,713.02	5,189,484.33
2021	3,703,965.62	975,673.80	4,679,639.42	5,147,603.37
2022	3,703,363.82	930,657.44	4,634,021.26	5,097,423.38
2023	3,704,094.49	883,666.27	4,587,760.76	5,046,536.84
2024	3,703,936.71	834,581.31	4,538,518.02	4,992,369.83
2025	3,703,757.92	783,331.19	4,487,089.11	4,935,798.02
2026	3,703,381.35	729,820.73	4,433,202.08	4,876,522.29
2027	3,702,861.24	670,848.36	4,373,709.60	4,811,080.56
2028	3,703,256.93	609,138.35	4,312,395.28	4,743,634.81
2029	3,702,288.56	544,540.00	4,246,828.56	4,671,511.42
2030	3,701,769.56	476,952.84	4,178,722.40	4,596,594.64
2031	3,701,420.06	406,226.18	4,107,646.24	4,518,410.86
2032	3,701,960.19	332,209.33	4,034,169.52	4,437,586.47
2033	3,701,063.45	254,726.47	3,955,789.92	4,351,368.91
2034	3,700,496.62	173,652.02	3,874,148.64	4,261,563.50
2035	3,700,933.18	88,810.18	3,789,743.36	4,168,717.70
	3,702,789.51	658,006.32	4,360,795.82	

OR

2.) Next Year Debt Service - sum of principal and interest due in the next fiscal year:

	Bonds	
Debt Service	4,788,684	← *higher of the two*

	Current FYTD		
Covenant Computation	**124.7%**	(needs to be 110% or higher)	**374.1%**

Financial Presentation

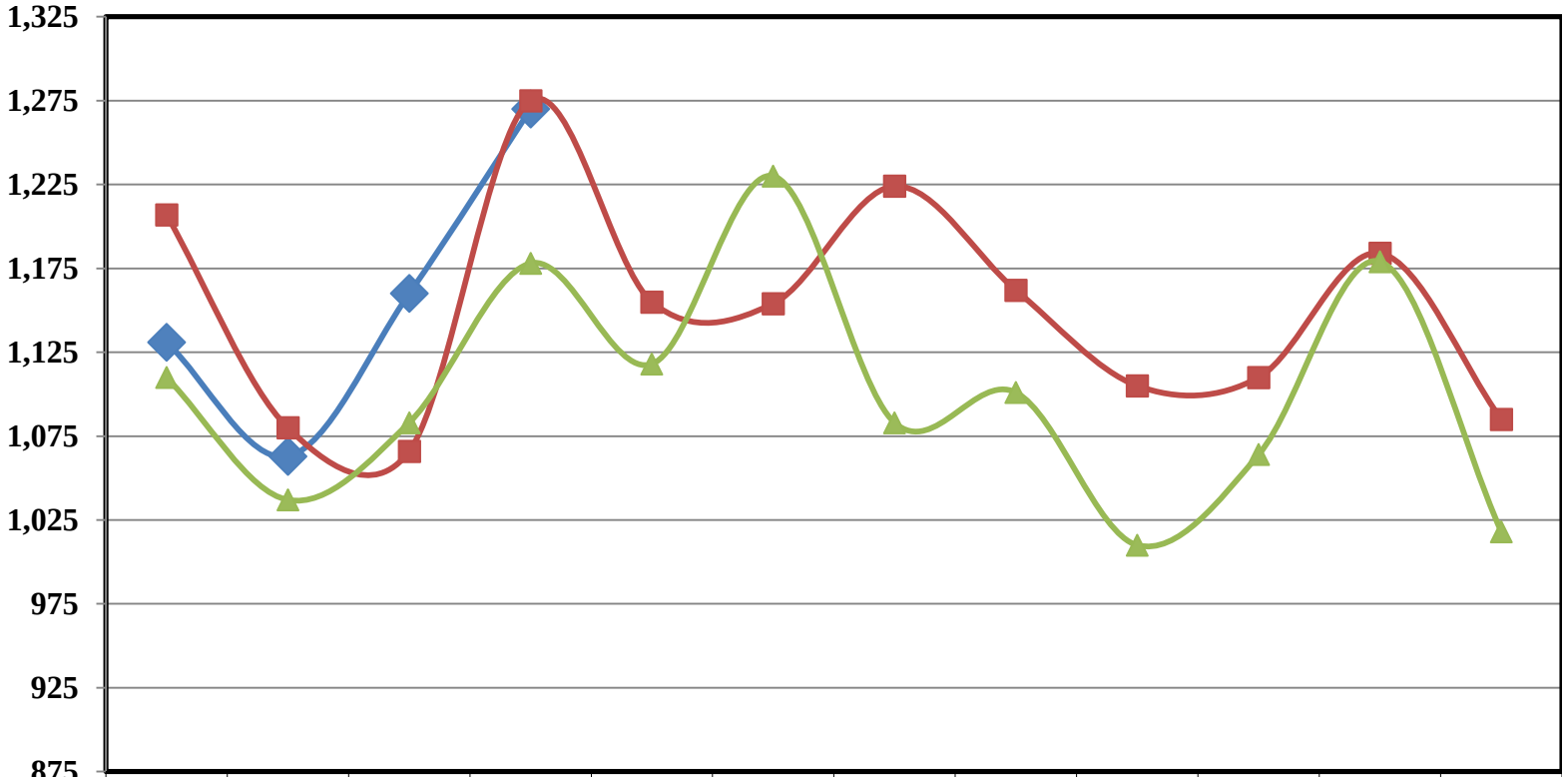
For the Month Ended

January 31, 2018

Volume

Admissions

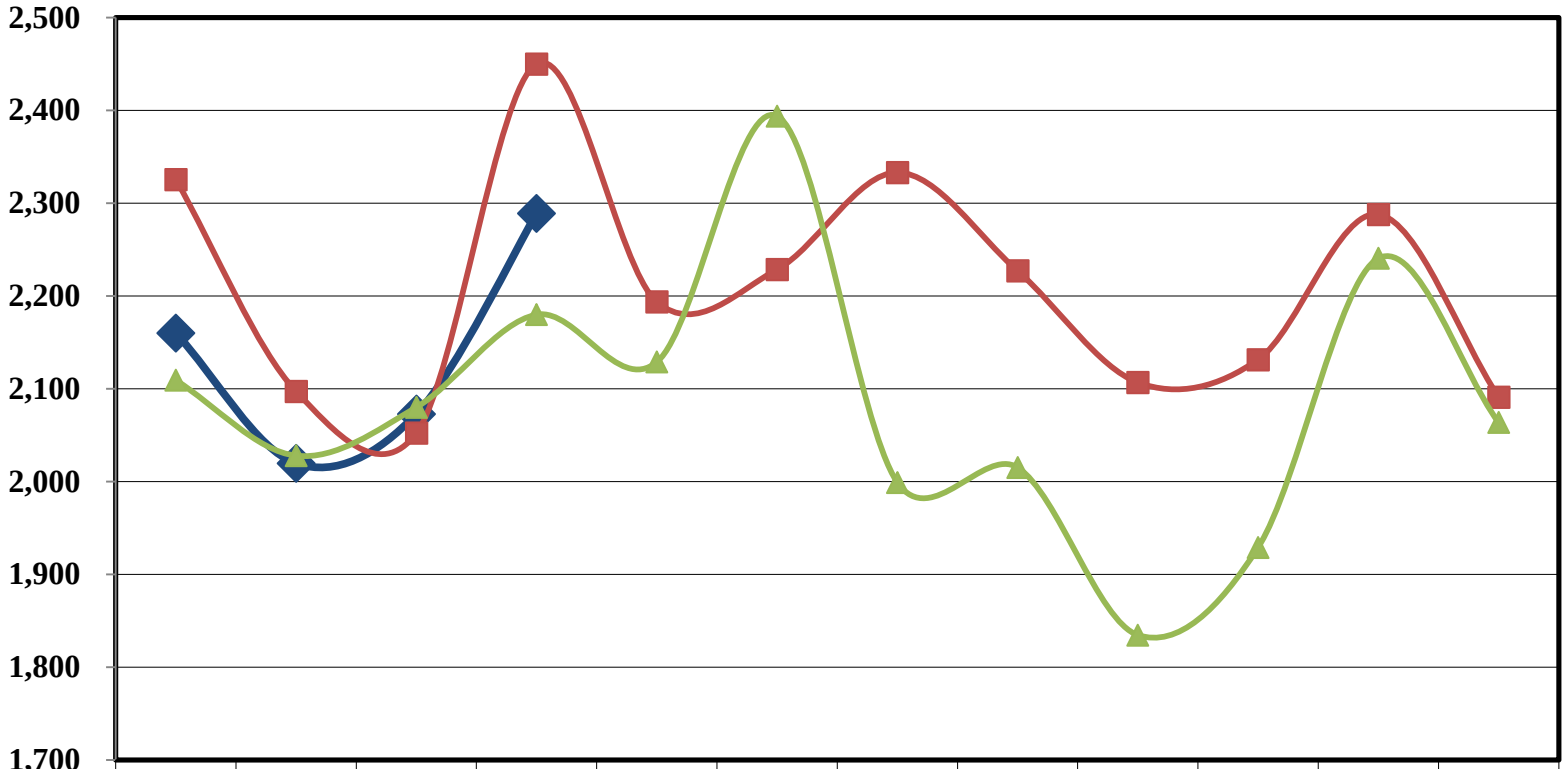
Total – Adults and NICU



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	1,131	1,063	1,160	1,270								
FY 2018 Budget	1,207	1,080	1,066	1,275	1,155	1,154	1,224	1,162	1,105	1,110	1,184	1,085
FY 2017	1,110	1,037	1,083	1,178	1,118	1,230	1,083	1,101	1,010	1,064	1,179	1,018

Adjusted Admissions

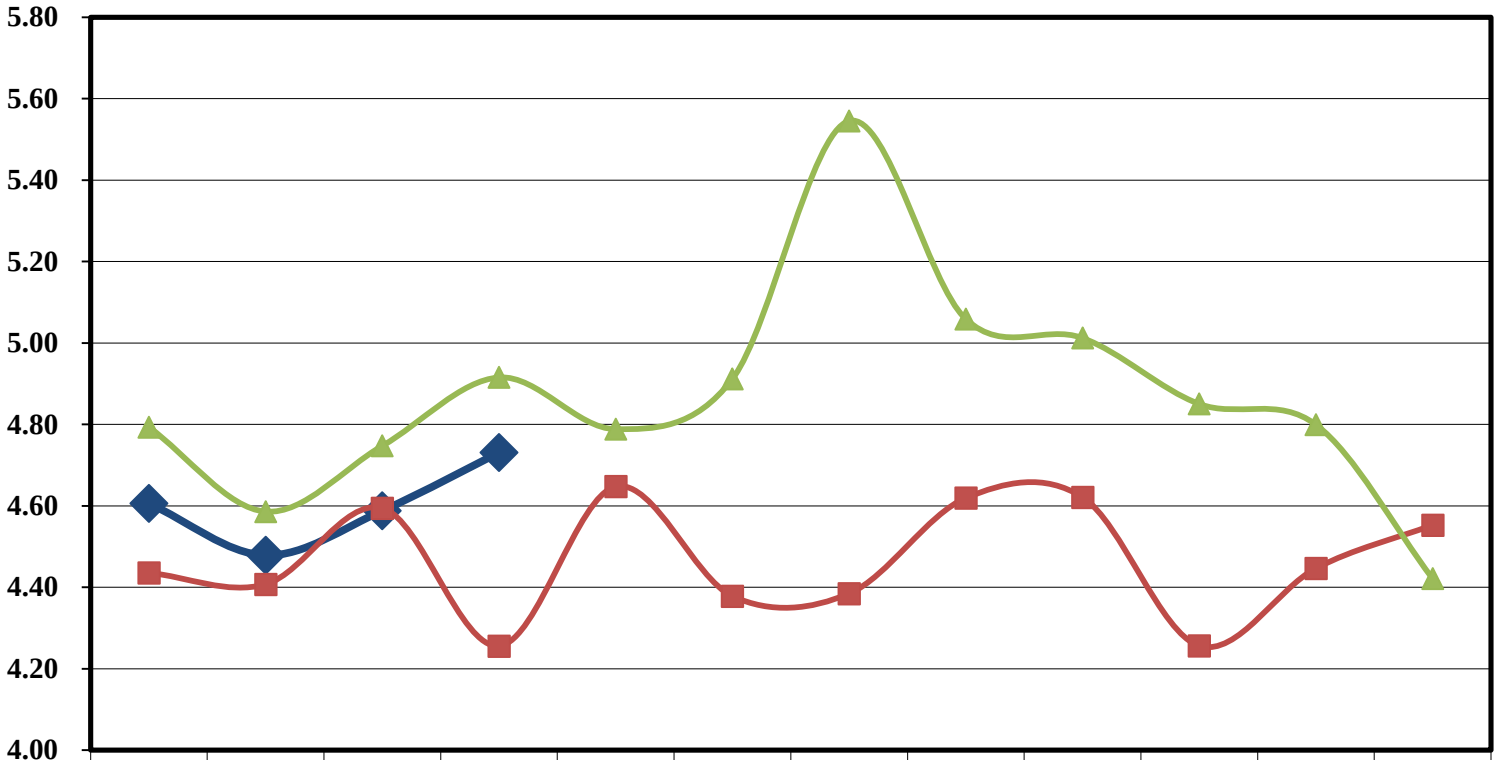
Including Acute & Rehab Unit



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	2,160	2,020	2,073	2,289								
FY 2018 Budget	2,326	2,097	2,052	2,450	2,194	2,229	2,333	2,227	2,107	2,131	2,288	2,091
FY 2017	2,109	2,028	2,080	2,180	2,129	2,394	1,999	2,015	1,835	1,929	2,241	2,064

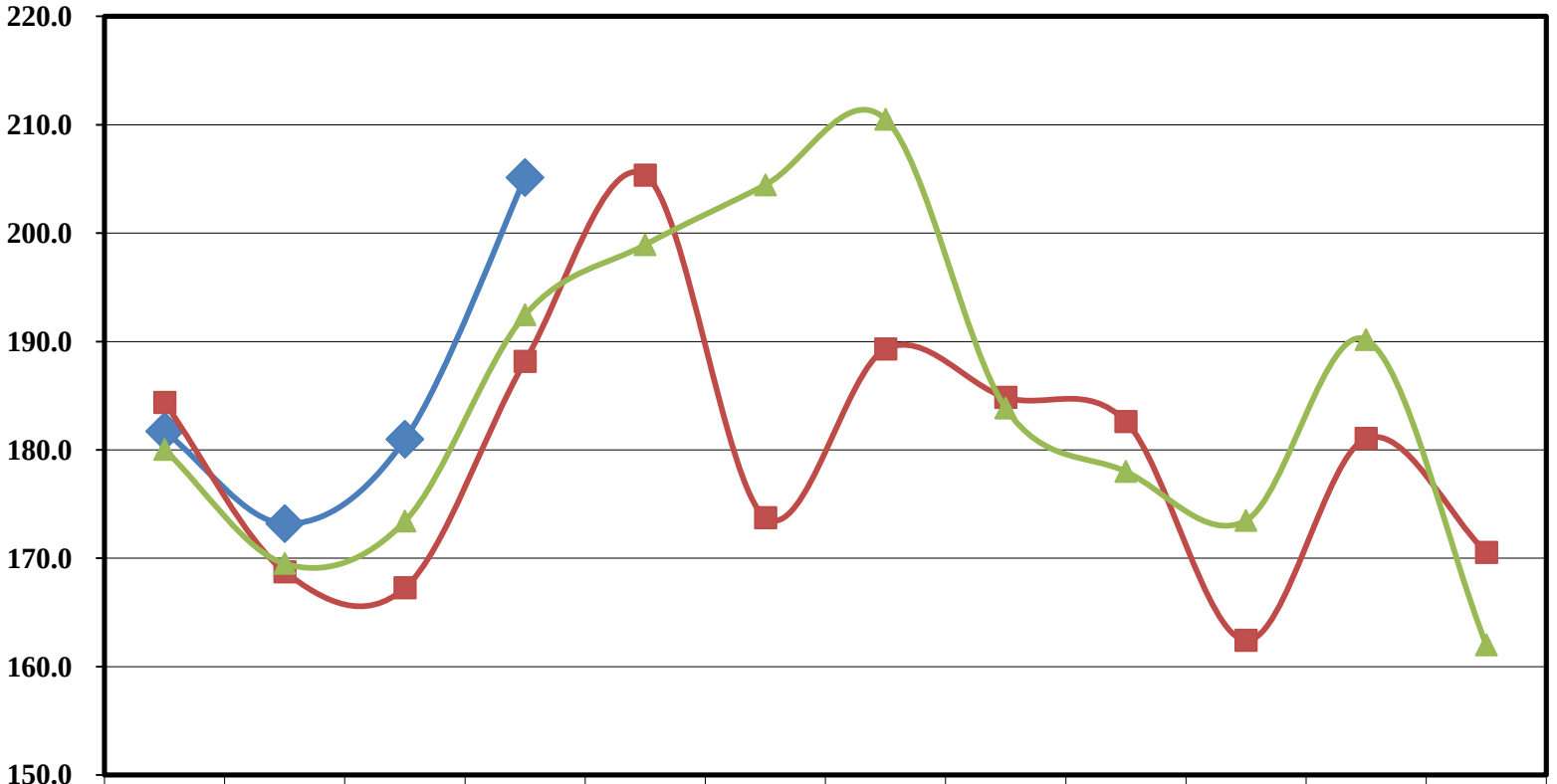
Average Length of Stay

Total – Adults and Pedi



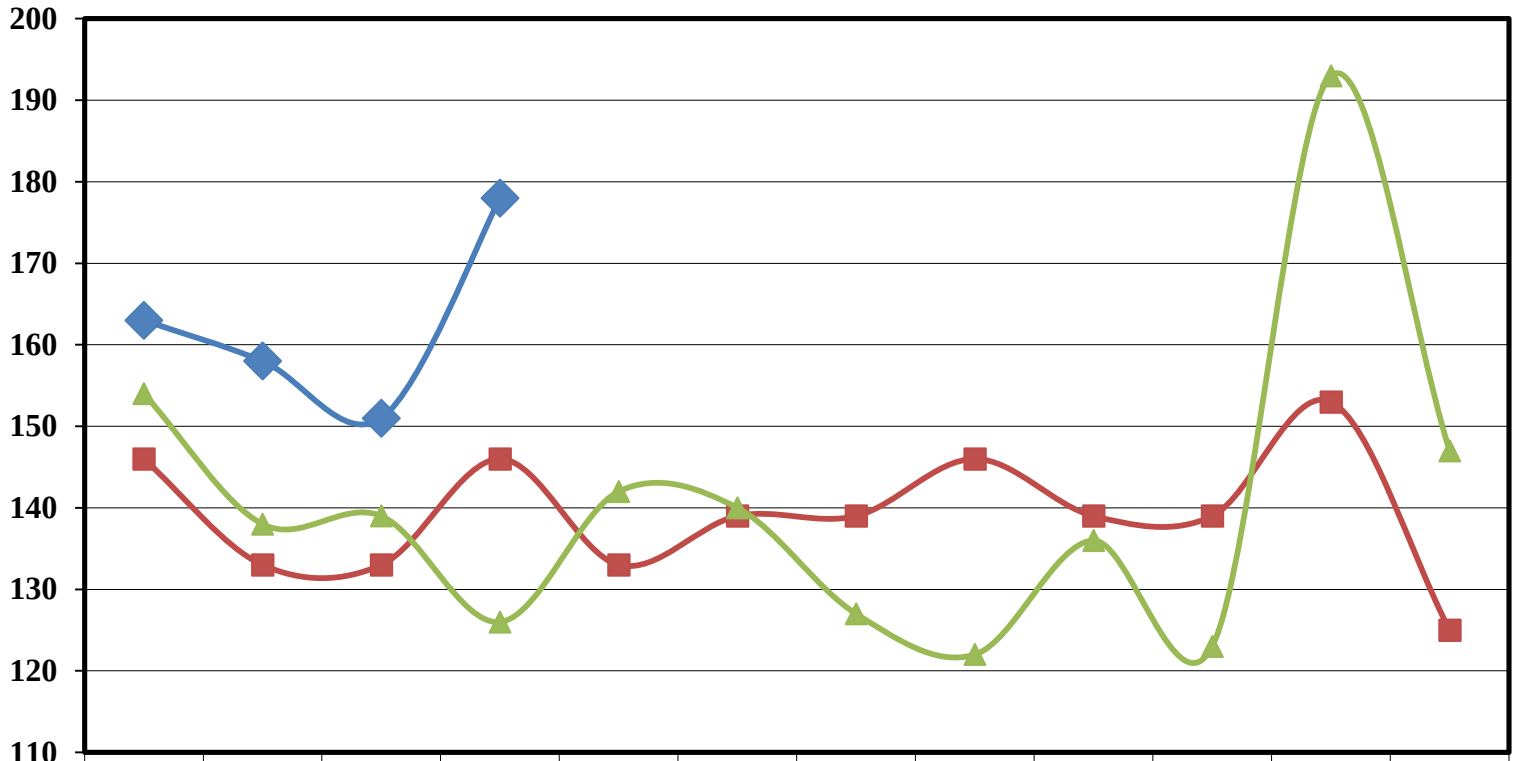
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	4.61	4.48	4.59	4.73								
FY 2018 Budget	4.44	4.41	4.59	4.26	4.65	4.38	4.38	4.62	4.62	4.26	4.45	4.55
FY 2017	4.79	4.59	4.75	4.92	4.79	4.91	5.55	5.06	5.01	4.85	4.80	4.42

Average Daily Census



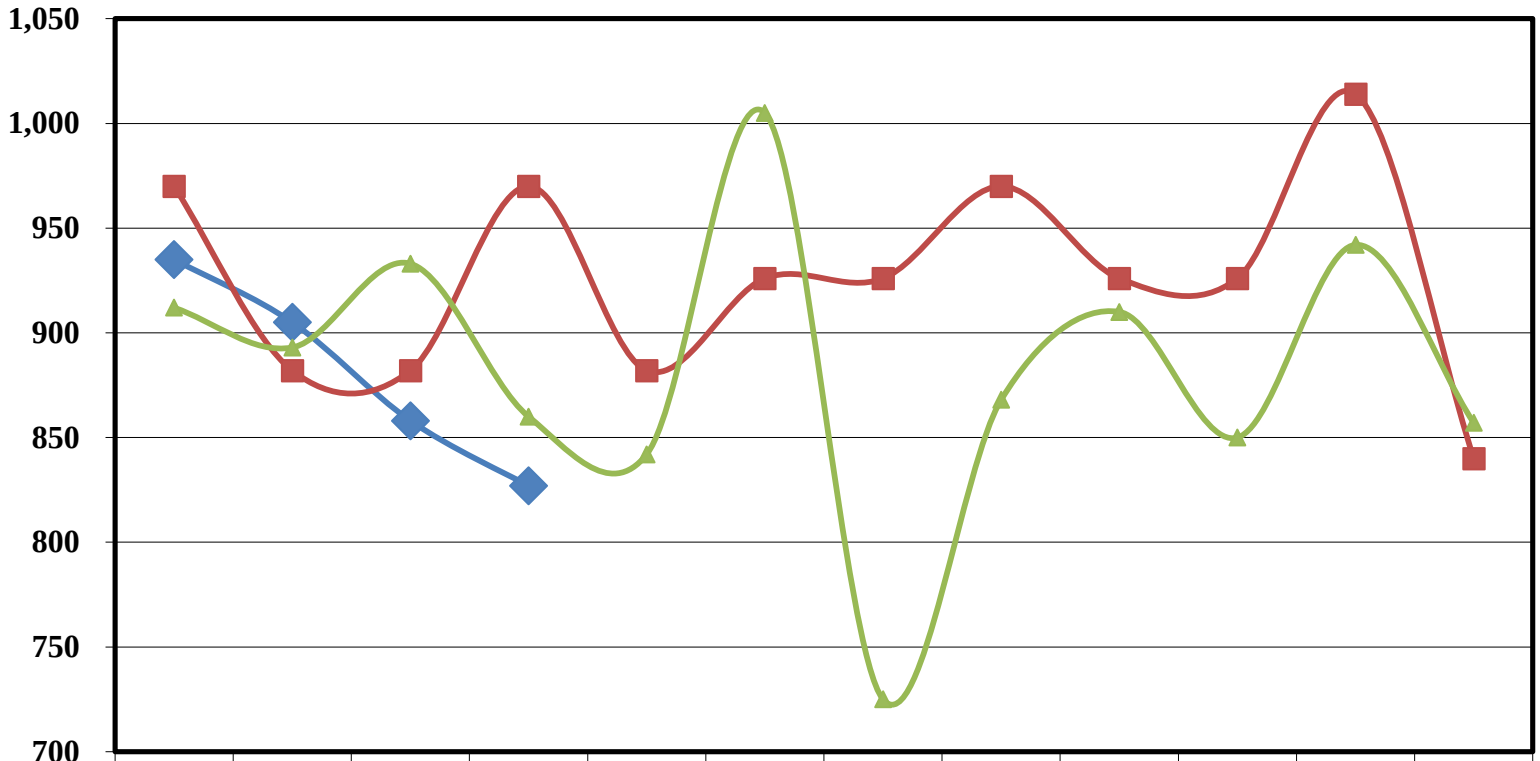
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	181.7	173.2	181.0	205.1								
FY 2018 Budget	184.4	168.8	167.3	188.2	205.4	173.8	189.3	184.8	182.6	162.4	181.1	170.5
FY 2017	180.0	169.5	173.4	192.5	198.9	204.5	210.5	183.8	178.0	173.5	190.2	162.0

Deliveries



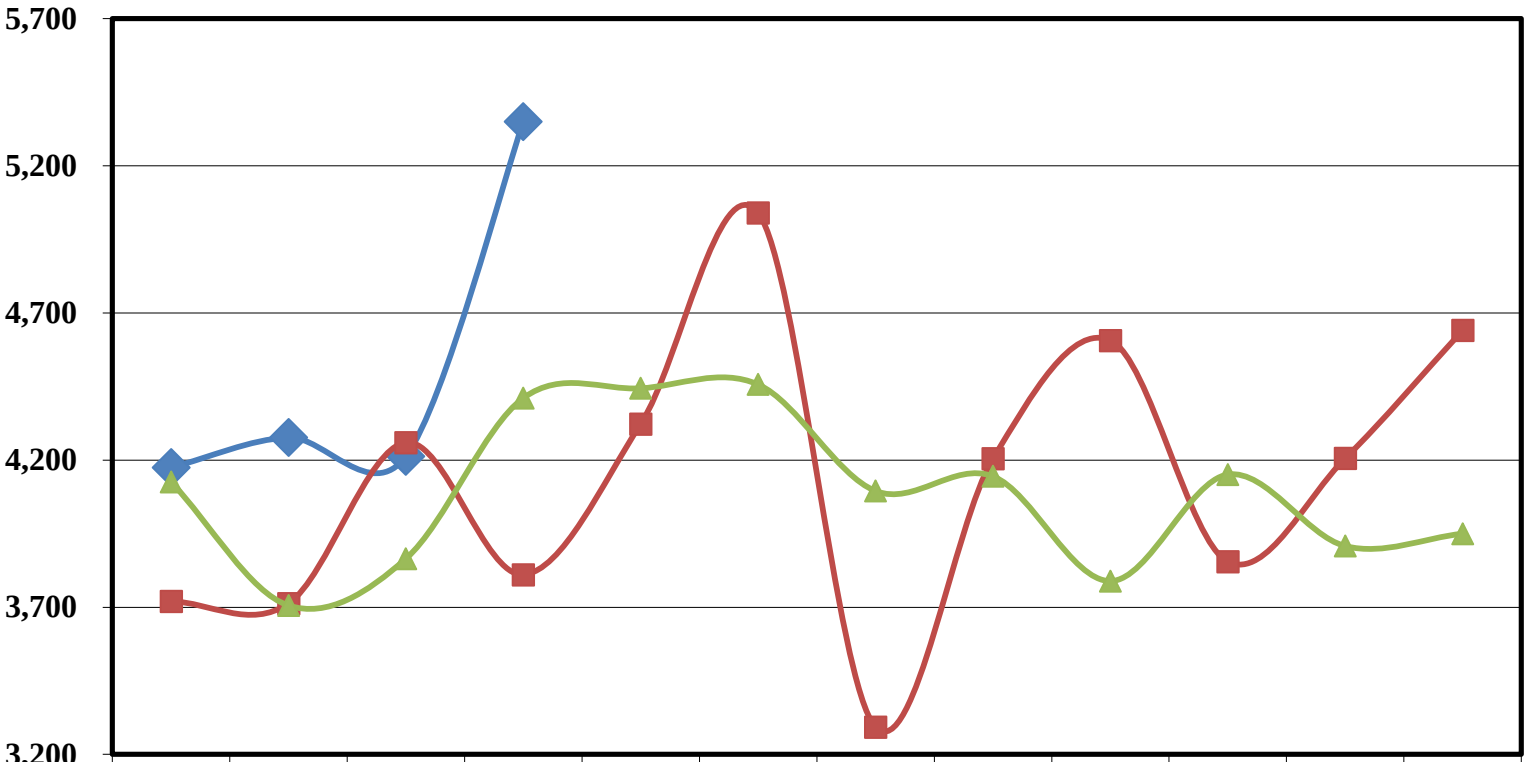
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	163	158	151	178								
FY 2018 Budget	146	133	133	146	133	139	139	146	139	139	153	125
FY 2017	154	138	139	126	142	140	127	122	136	123	193	147

Total Surgical Cases



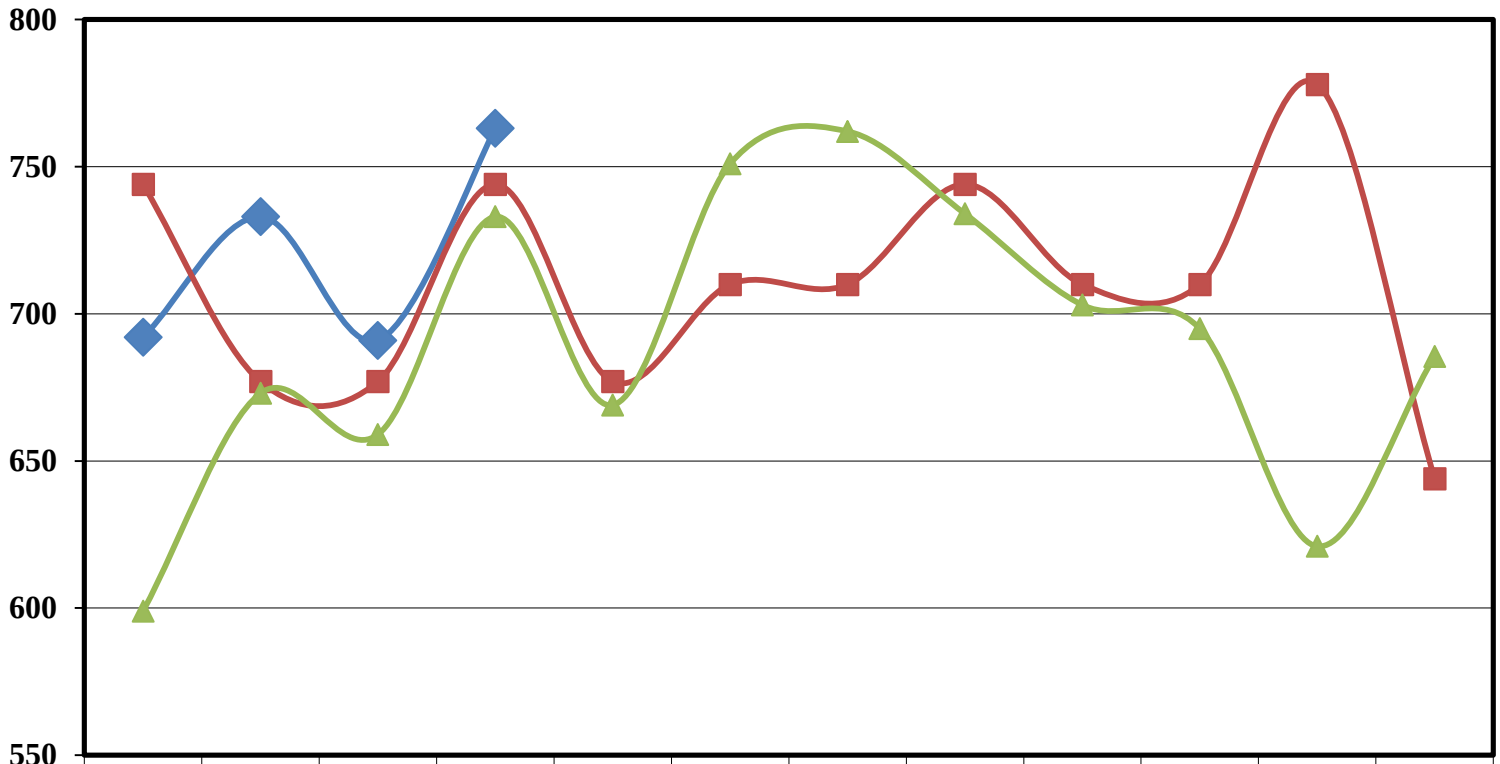
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	935	905	858	827								
FY 2018 Budget	970	882	882	970	882	926	926	970	926	926	1,014	840
FY 2017	912	893	933	860	842	1,005	725	868	910	850	942	857

Emergency Room Visits



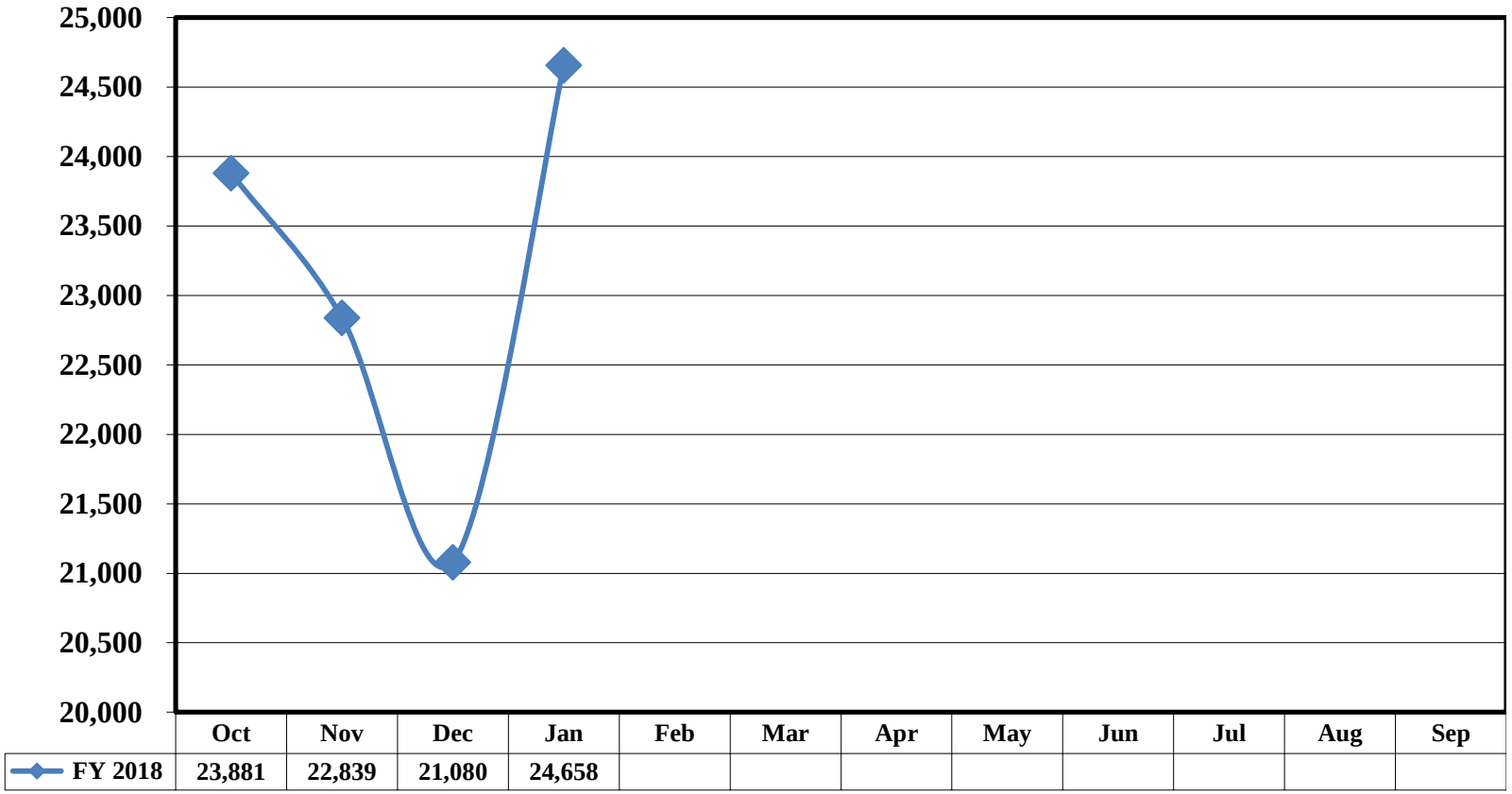
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	4,175	4,277	4,213	5,350								
FY 2018 Budget	3,720	3,713	4,260	3,811	4,323	5,040	3,293	4,205	4,607	3,855	4,206	4,641
FY 2017	4,126	3,706	3,865	4,411	4,444	4,457	4,095	4,145	3,789	4,151	3,908	3,950

Observation Days



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	692	733	691	763								
FY 2018 Budget	744	677	677	744	677	710	710	744	710	710	778	644
FY 2017	599	673	659	733	669	751	762	734	703	695	621	686

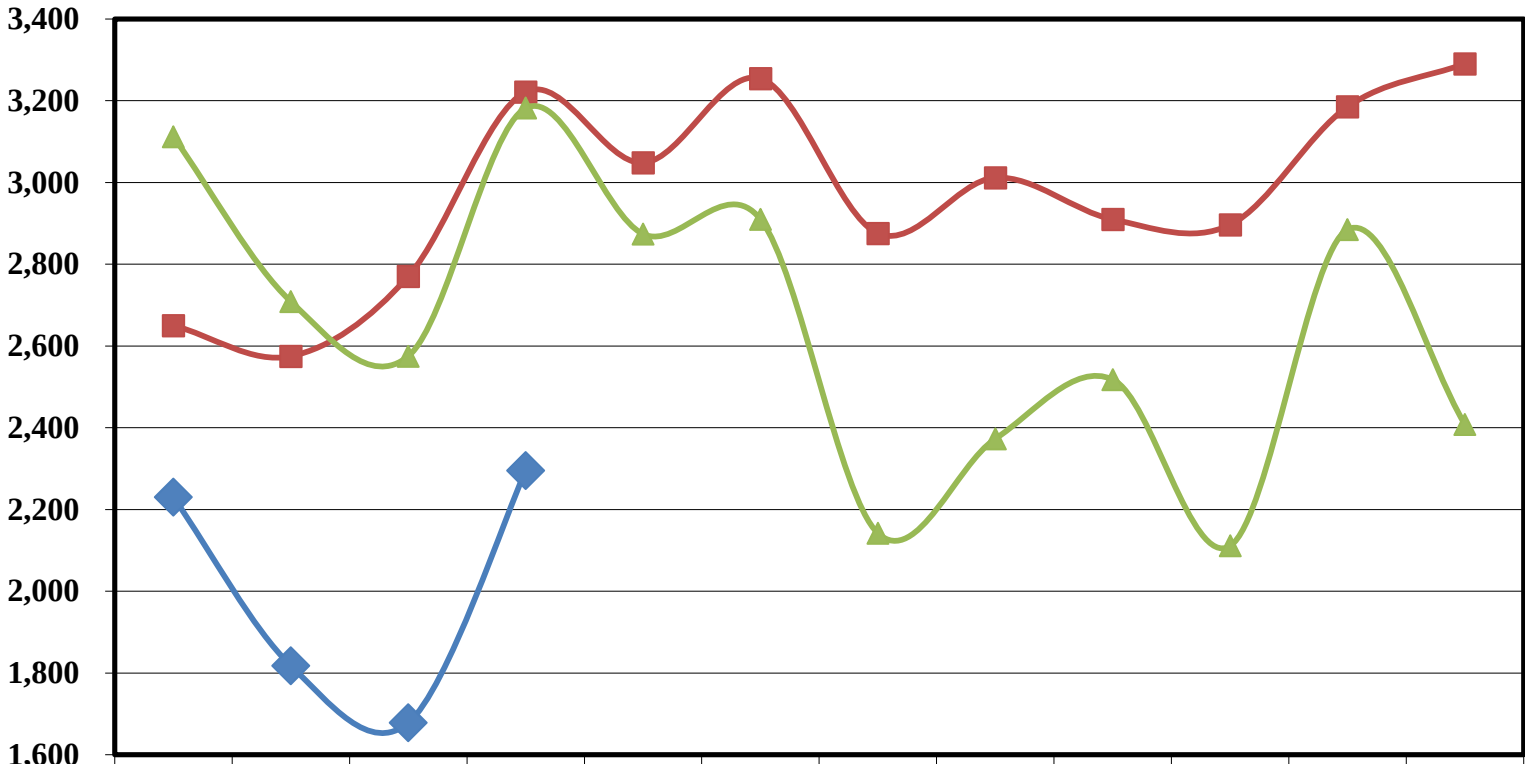
Total Outpatient Occasions of Service



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	23,881	22,839	21,080	24,658								

Center for Primary Care Total Visits

(FQHC - Clements & West University)

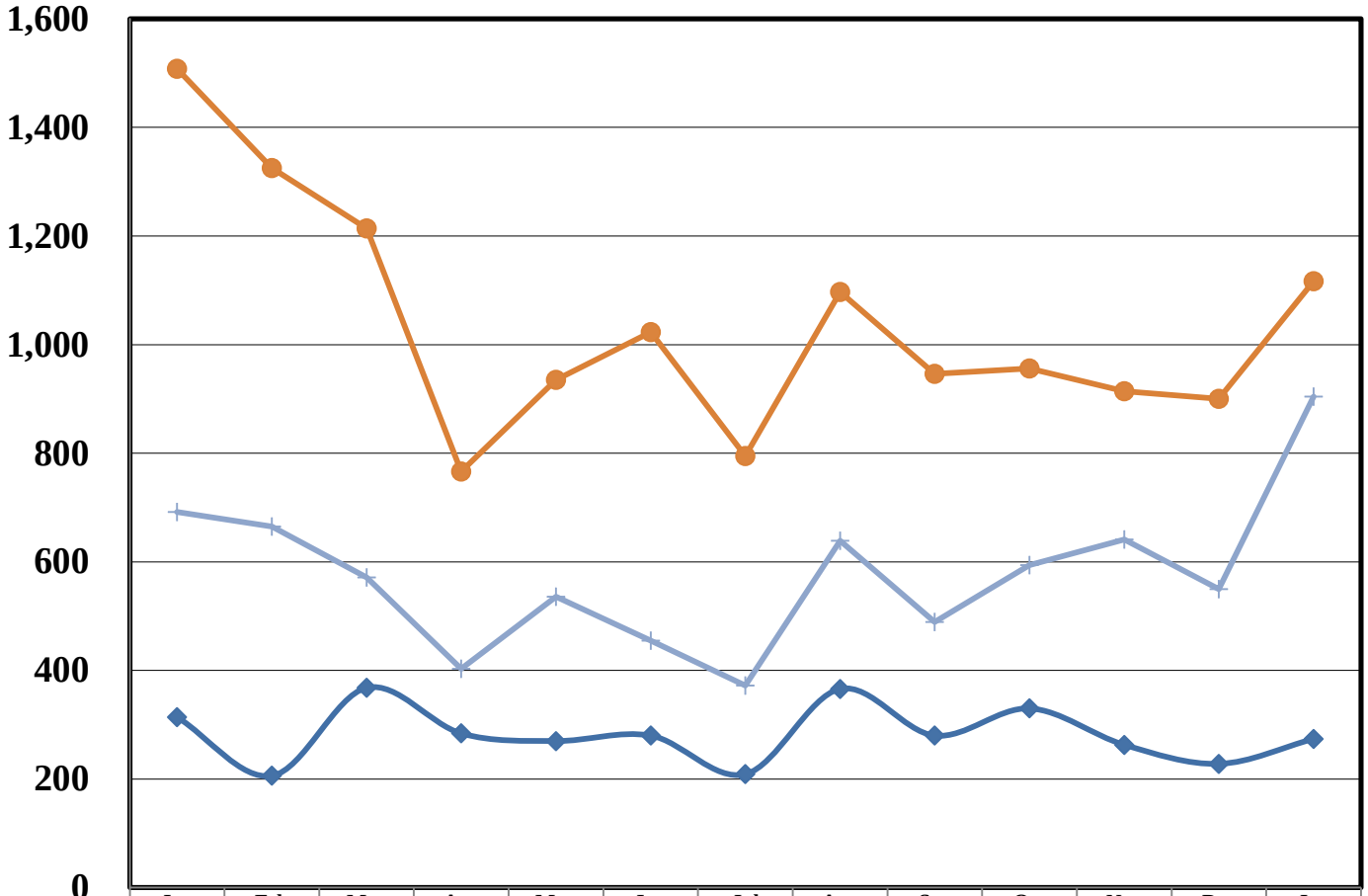


	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	2,230	1,818	1,678	2,295								
FY 2018 Budget	2,650	2,575	2,771	3,222	3,048	3,254	2,876	3,012	2,910	2,897	3,185	3,291
FY 2017	3,112	2,709	2,575	3,182	2,874	2,910	2,142	2,373	2,518	2,111	2,885	2,408

Center for Primary Care Visits

(FQHC - Clements and West University)

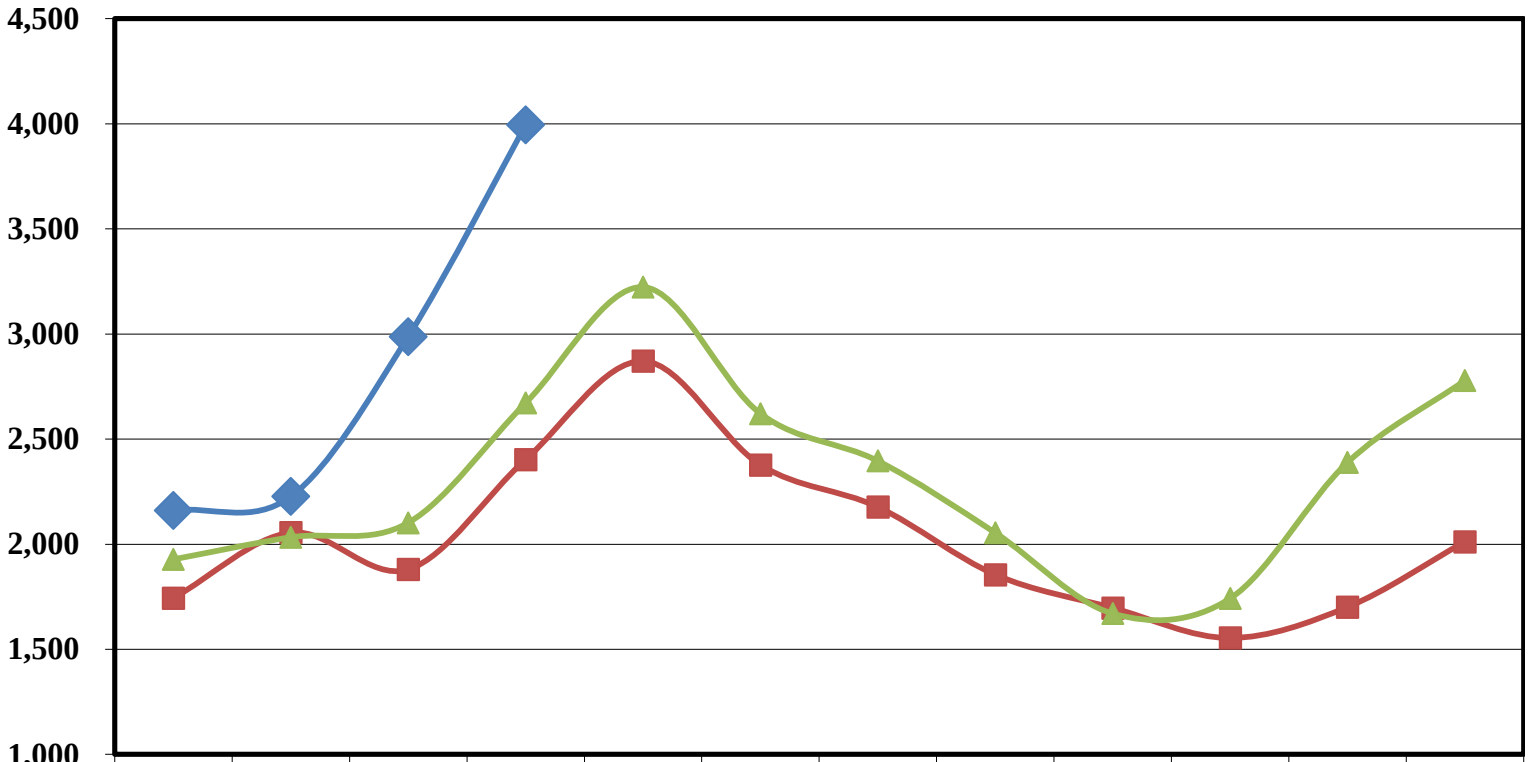
Thirteen Month Trending



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Clements Medical	1,508	1,325	1,214	766	935	1,023	795	1,097	946	956	914	900	1,117
W. University Medical	692	665	571	403	536	455	372	639	489	594	641	550	904
W. University Optometry	314	206	368	284	270	280	209	366	280	330	263	228	274

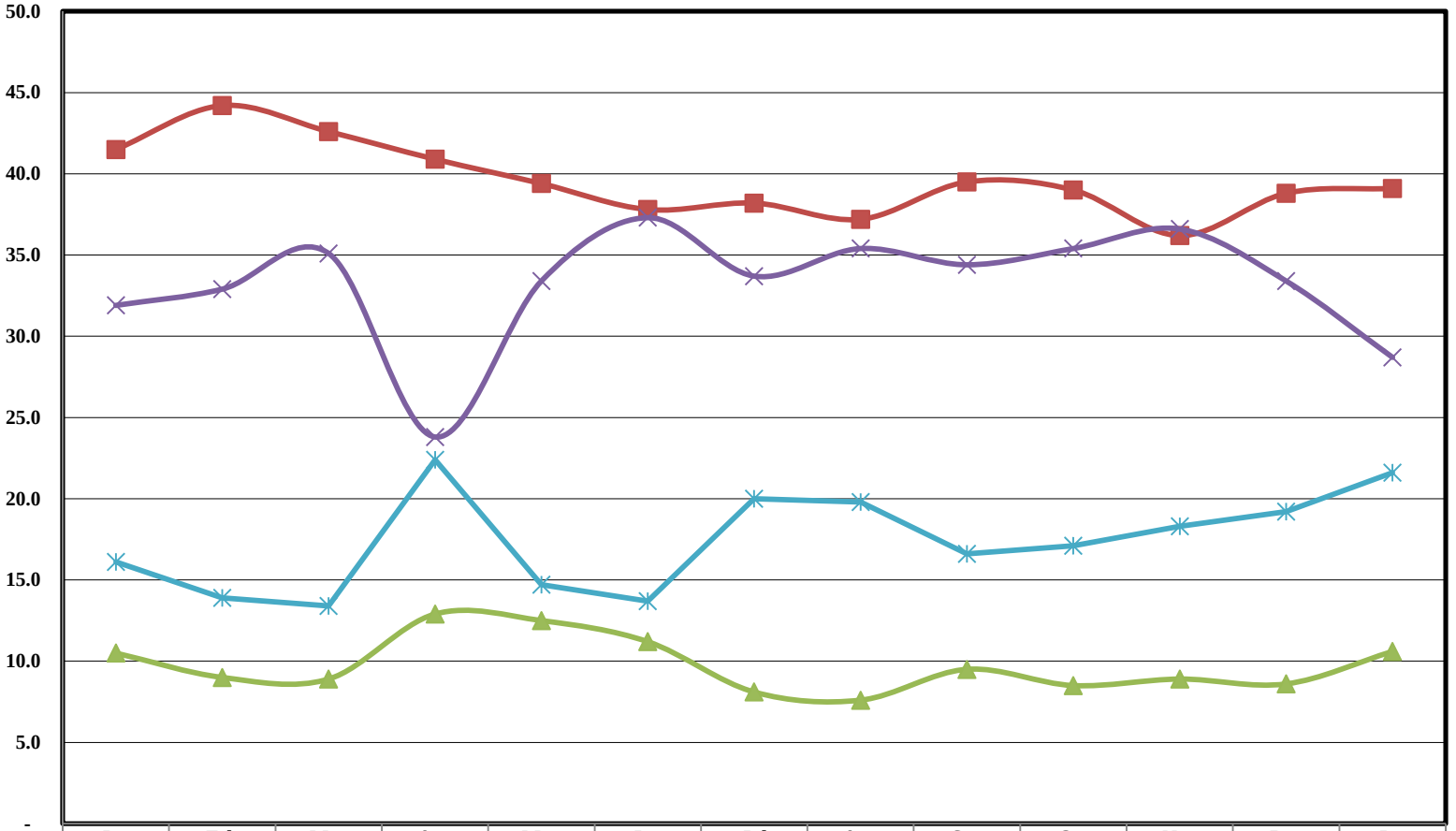
Urgent Care Visits

(Health and Wellness, Golder, JBS Clinic, West University & 42nd Street)



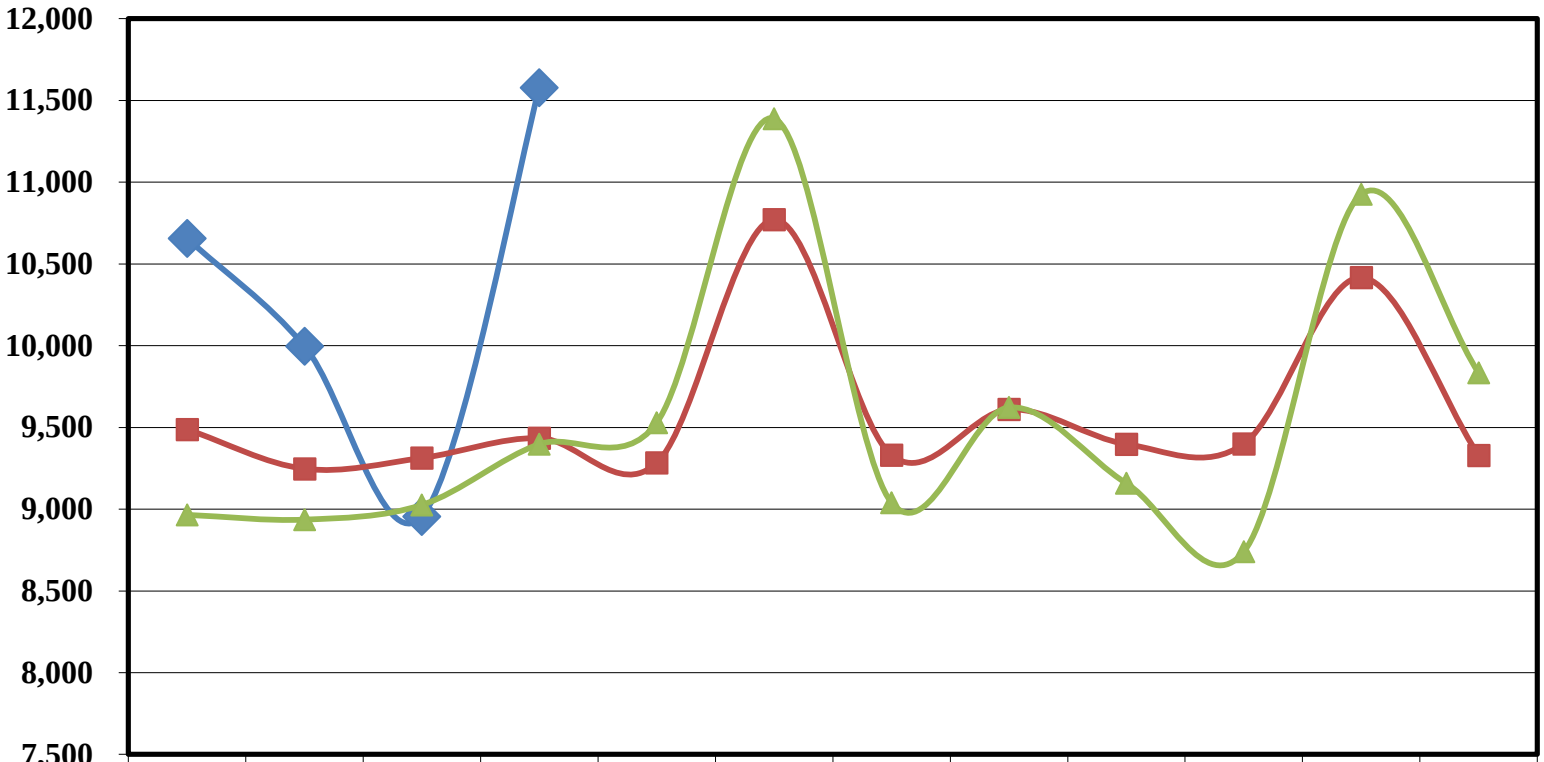
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	2,161	2,227	2,988	3,995								
FY 2018 Budget	1,744	2,055	1,880	2,403	2,871	2,377	2,177	1,855	1,697	1,554	1,701	2,012
FY 2017	1,928	2,033	2,102	2,672	3,223	2,621	2,396	2,054	1,670	1,742	2,389	2,779

Payor Mix %



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Medicare	41.5	44.2	42.6	40.9	39.4	37.8	38.2	37.2	39.5	39.0	36.2	38.8	39.1
Medicaid	10.5	9.0	8.9	12.9	12.5	11.2	8.1	7.6	9.5	8.5	8.9	8.6	10.6
Third Party	31.9	32.9	35.1	23.8	33.4	37.3	33.7	35.4	34.4	35.4	36.6	33.4	28.7
Private	16.1	13.9	13.4	22.4	14.7	13.7	20.0	19.8	16.6	17.1	18.3	19.2	21.6

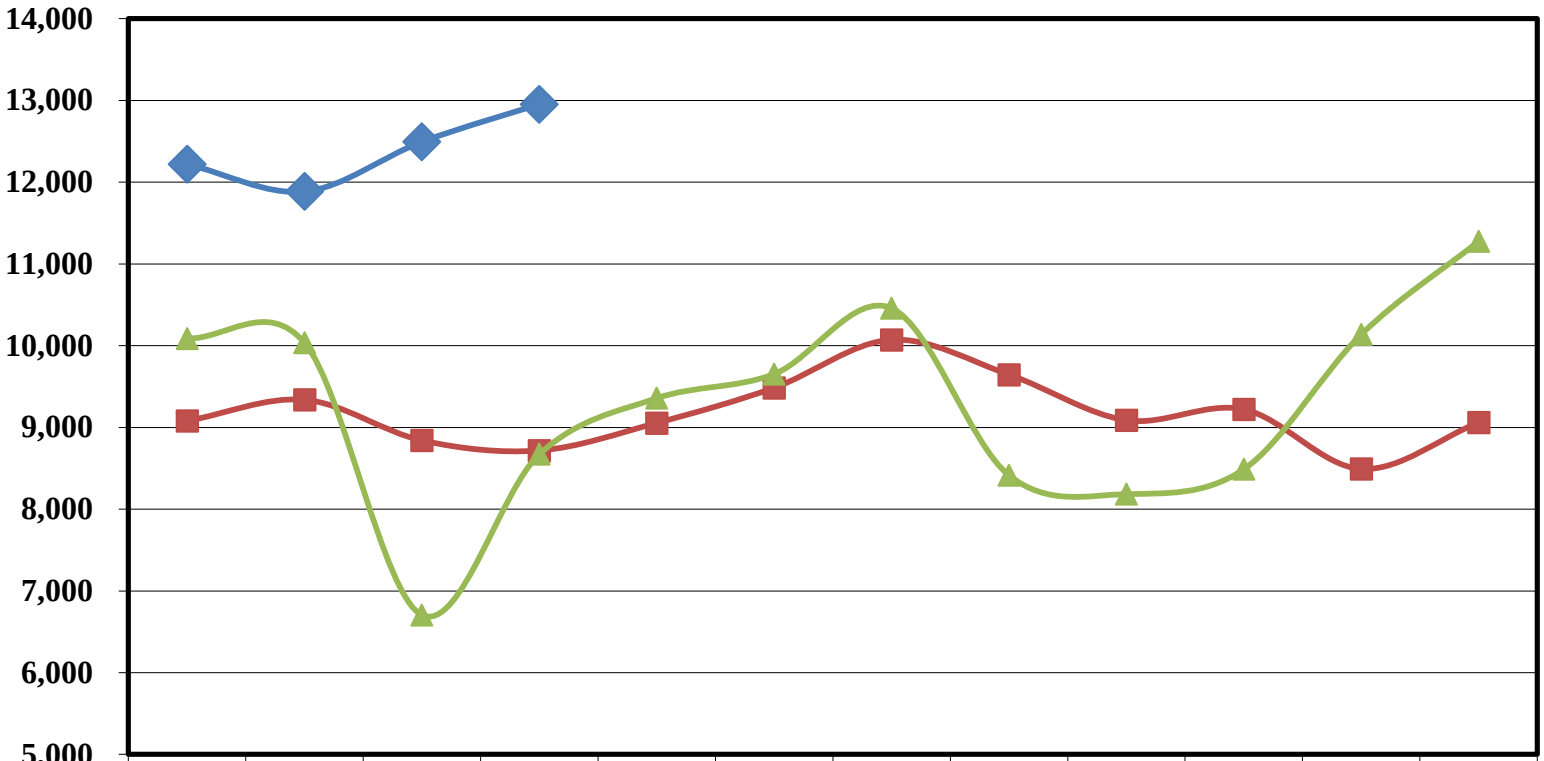
Total ProCare Office Visits



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	10,657	9,997	8,955	11,577								
FY 2018 Budget	9,488	9,247	9,313	9,435	9,283	10,771	9,330	9,610	9,398	9,400	10,417	9,328
FY 2017	8,965	8,936	9,026	9,398	9,529	11,389	9,039	9,622	9,158	8,740	10,926	9,834

Total ProCare Procedures

Excluding Pathology and Radiology Procedures

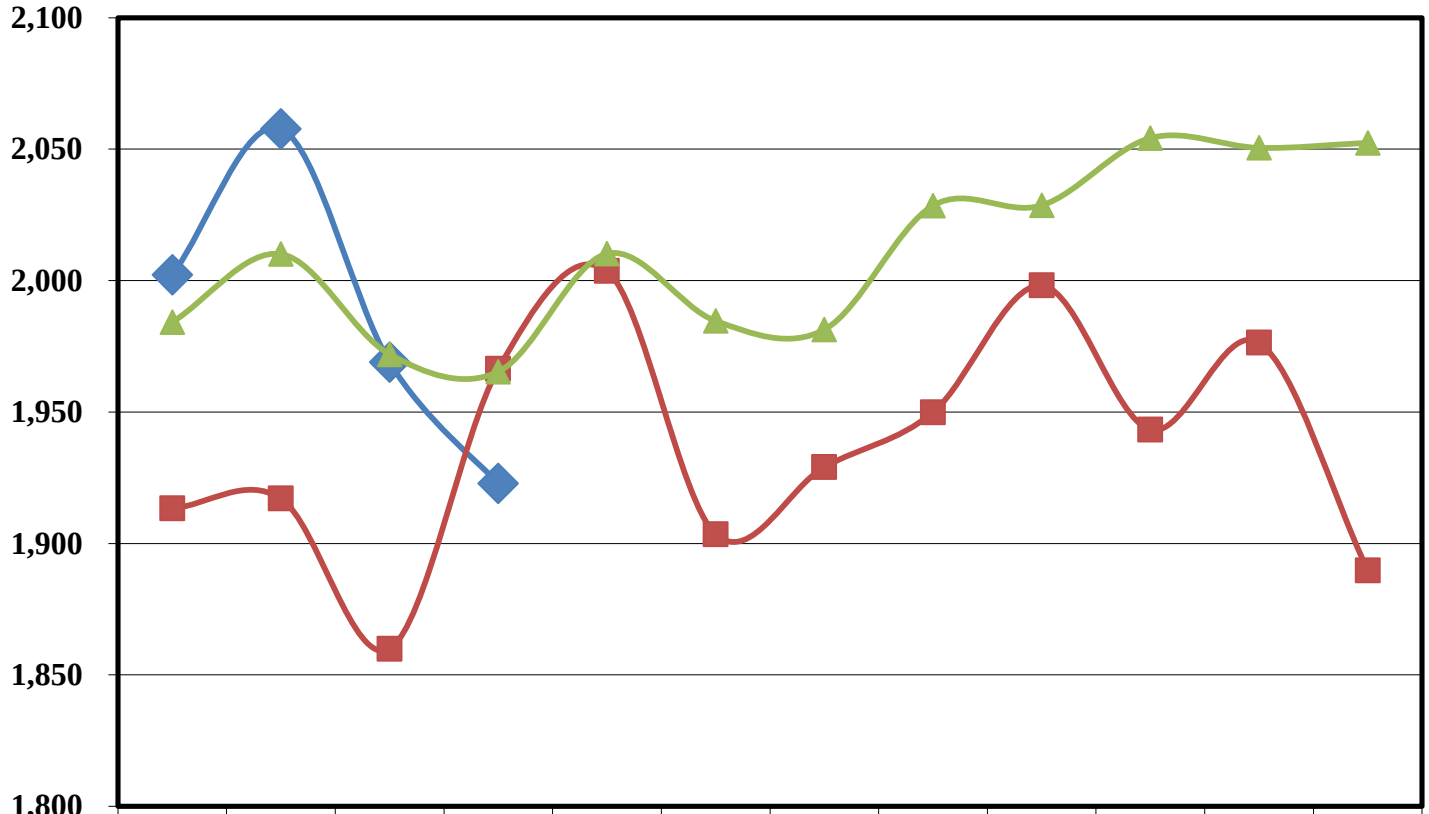


	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	12,220	11,886	12,494	12,953								
FY 2018 Budget	9,079	9,338	8,841	8,718	9,055	9,485	10,072	9,646	9,088	9,221	8,492	9,061
FY 2017	10,088	10,036	6,705	8,672	9,357	9,653	10,458	8,414	8,184	8,488	10,137	11,276

Staffing

Blended FTE's

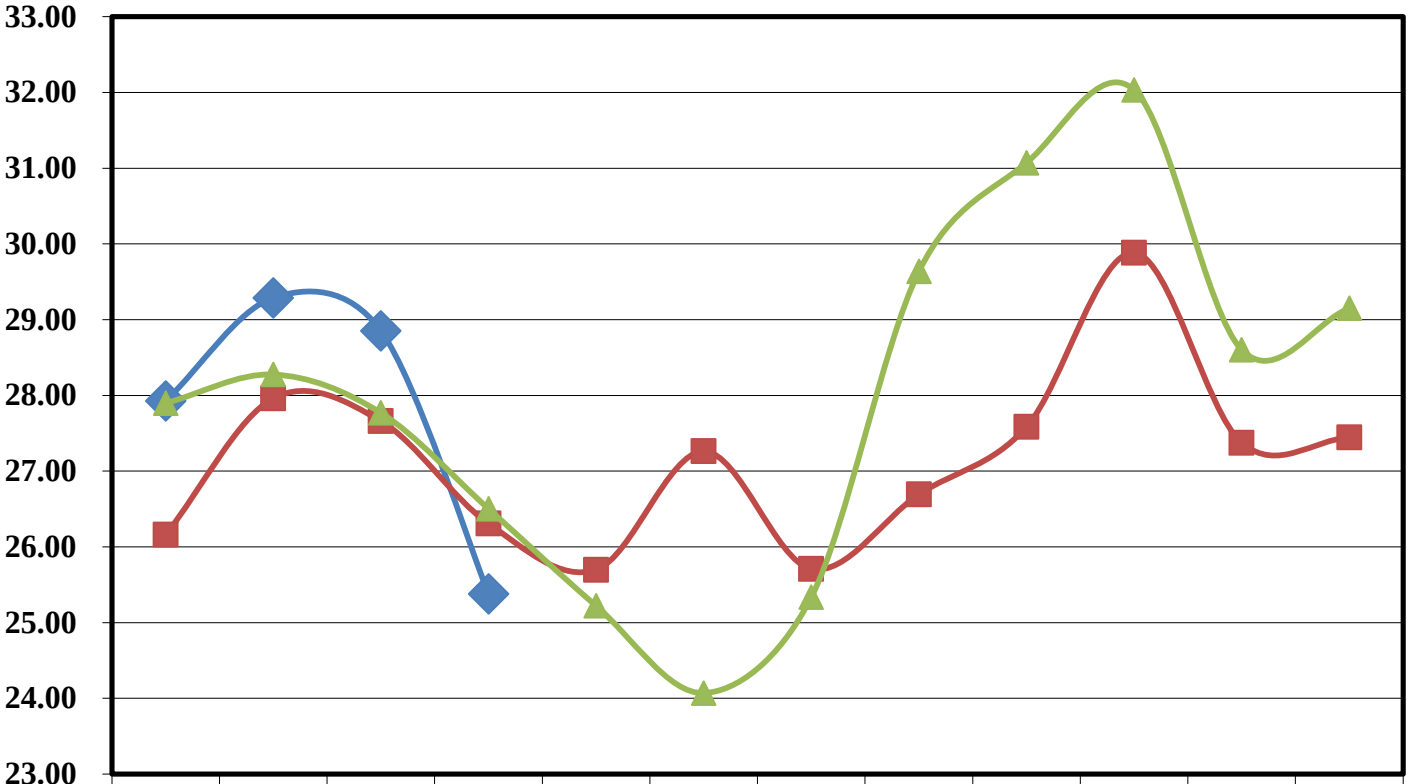
Including Contract Labor and Management Services



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	2,002	2,058	1,969	1,923								
FY 2018 Budget	1,913	1,917	1,860	1,966	2,004	1,904	1,929	1,950	1,998	1,943	1,976	1,890
FY 2017	1,984	2,010	1,972	1,965	2,010	1,985	1,981	2,029	2,029	2,054	2,051	2,052

Paid Hours per Adjusted Patient Day

(Blended)

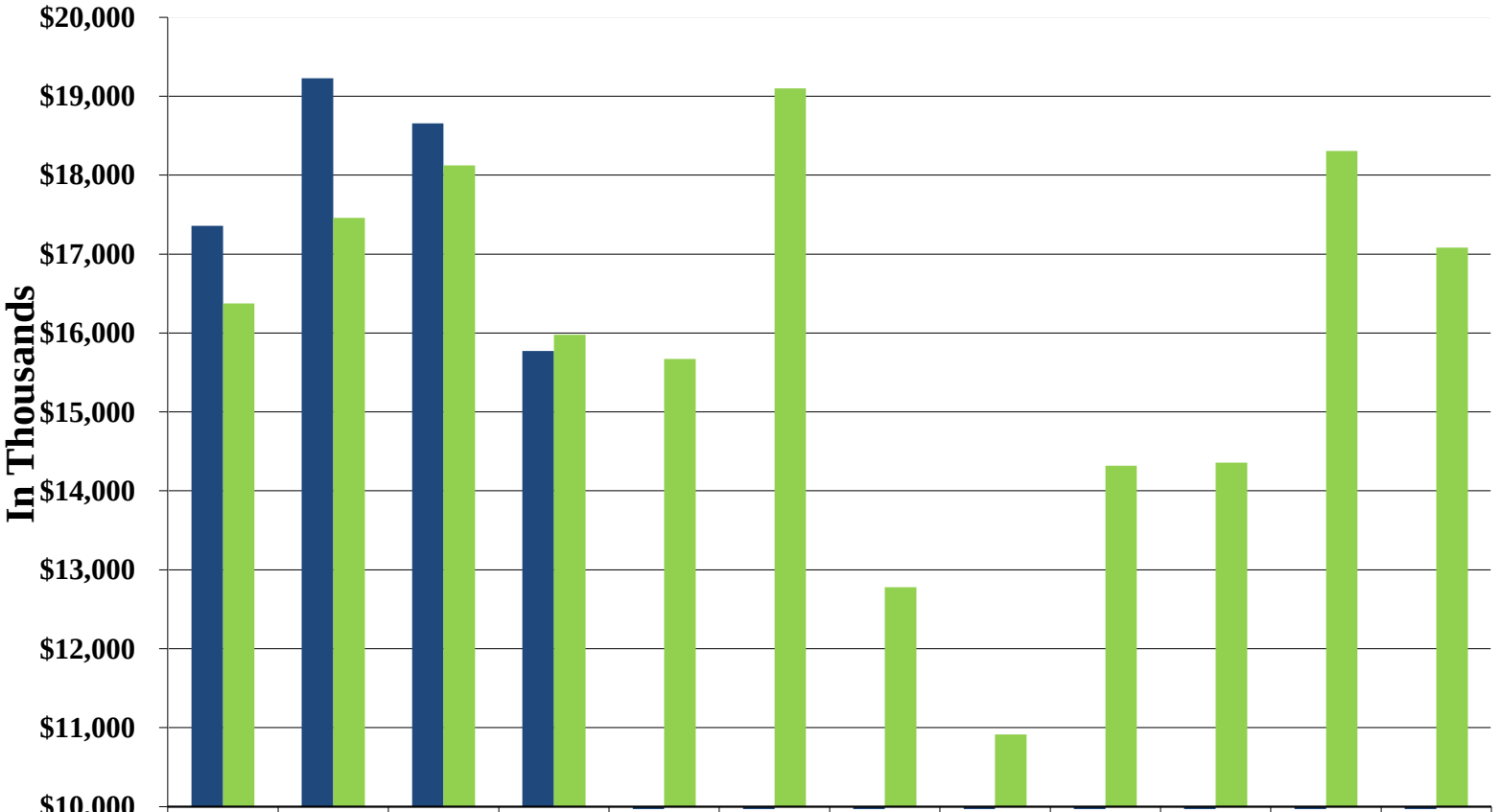


	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	27.93	29.29	28.85	25.38								
FY 2018 Budget	26.16	27.96	27.66	26.31	25.70	27.26	25.71	26.69	27.58	29.88	27.37	27.44
FY 2017	27.90	28.28	27.77	26.50	25.22	24.07	25.34	29.64	31.07	32.03	28.60	29.15

Accounts Receivable

AR Cash Receipts

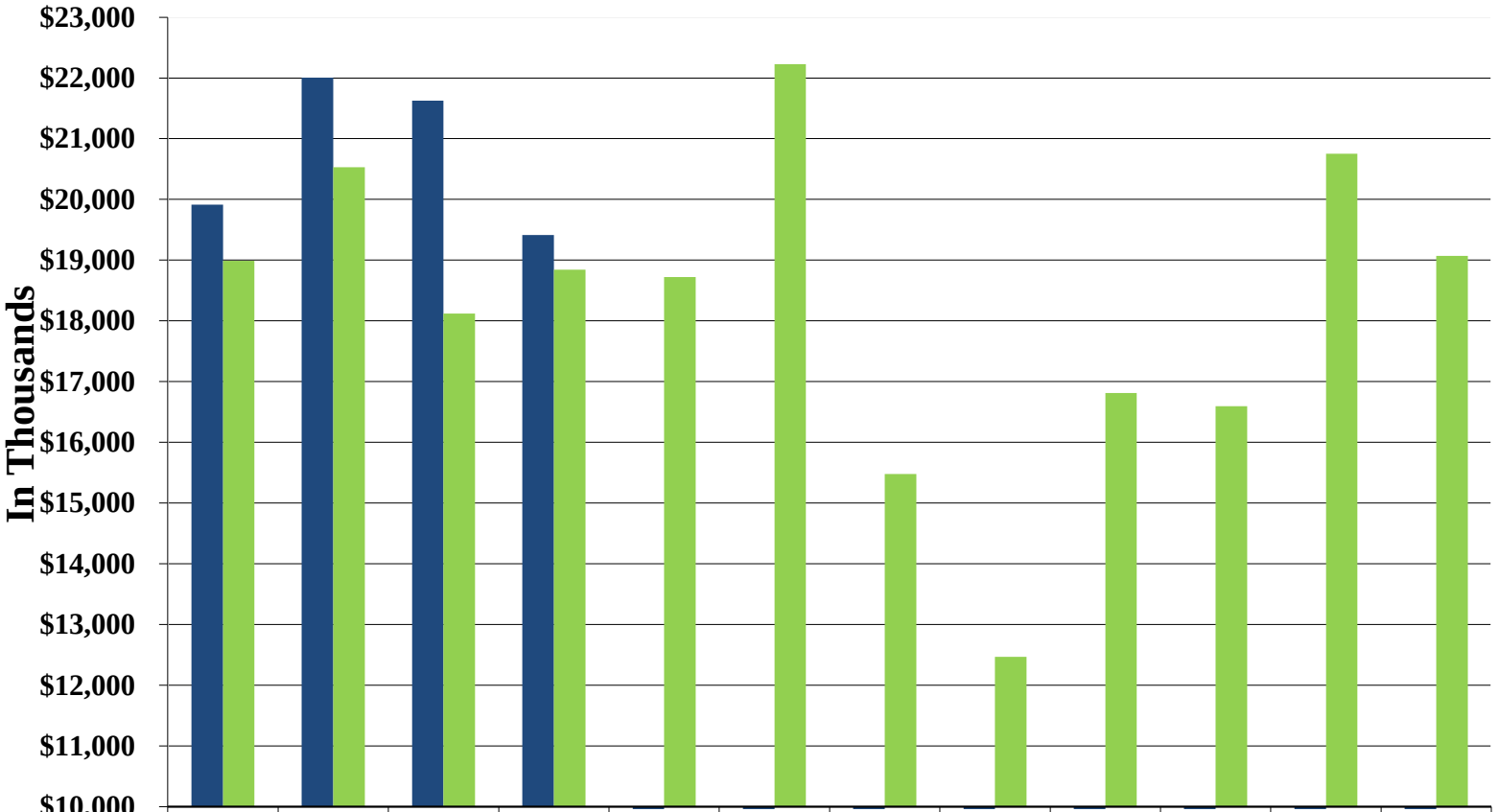
Compared to Prior Year (Hospital)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	17,356	19,227	18,654	15,774	-	-	-	-	-	-	-	-
FY 2017	16,376	17,457	18,122	15,977	15,673	19,098	12,781	10,913	14,319	14,356	18,308	17,080

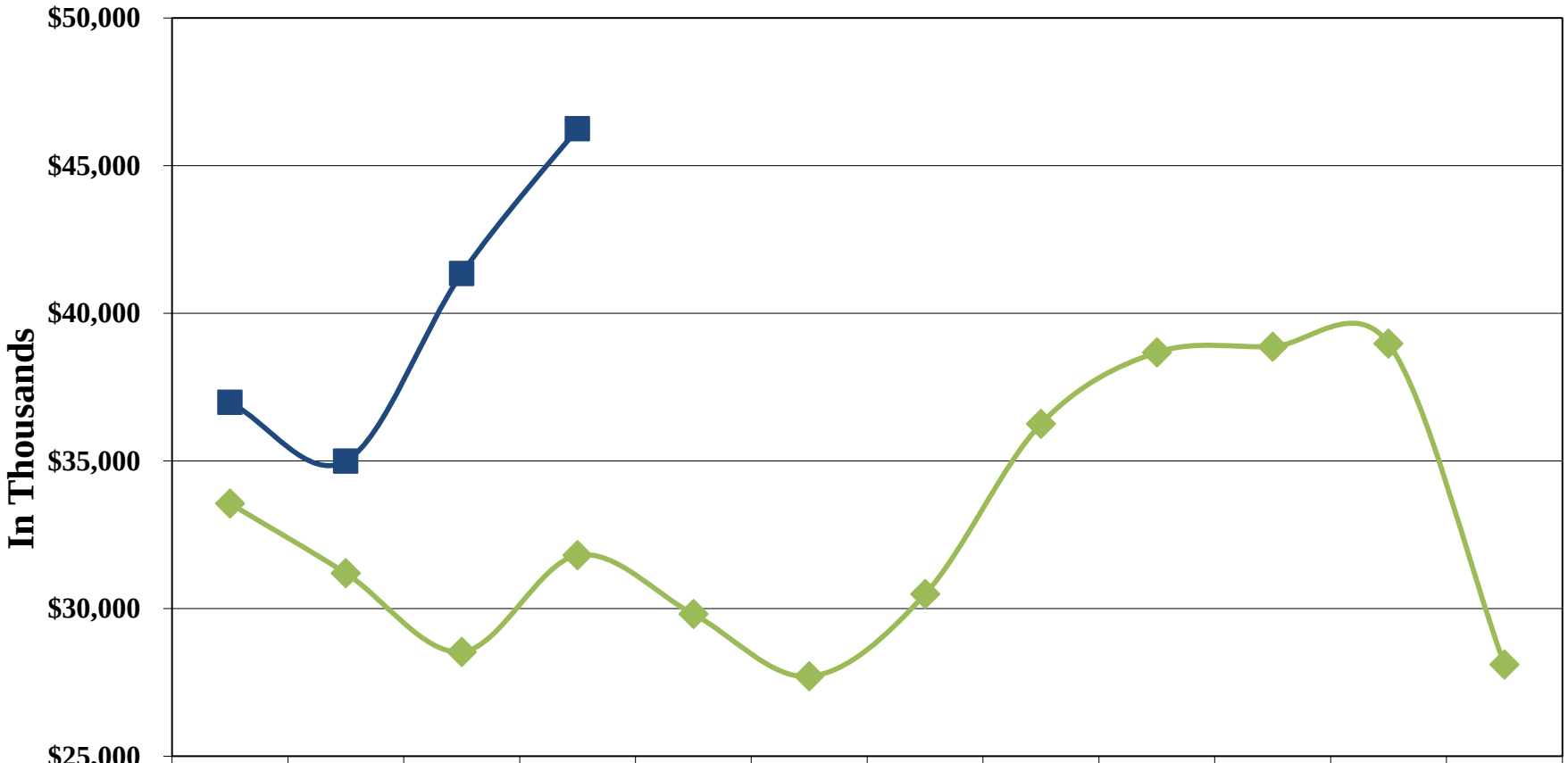
AR Cash Receipts

Compared to Prior Year (Blended)



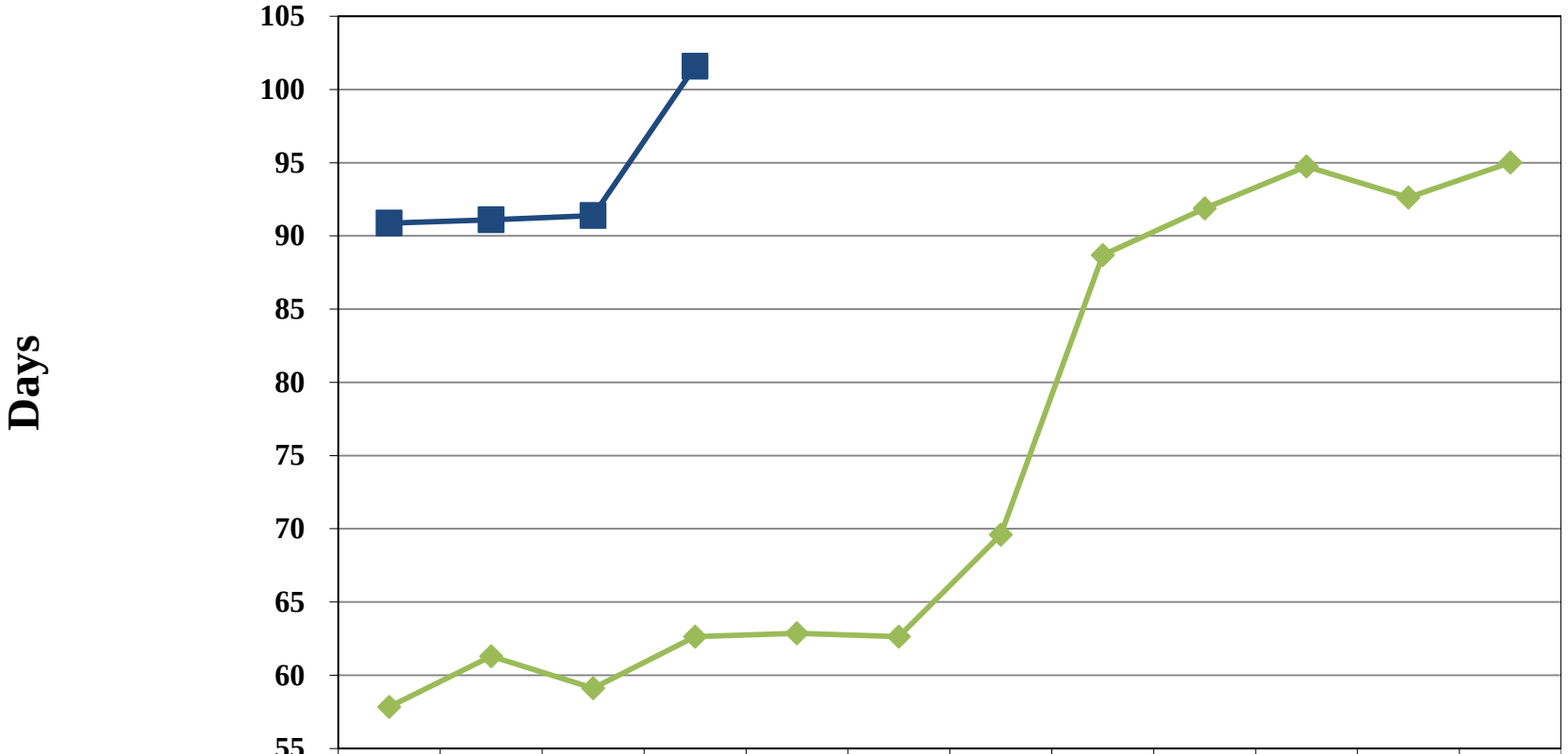
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	19,916	22,005	21,626	19,414	-	-	-	-	-	-	-	-
FY 2017	18,991	20,528	18,122	18,843	18,719	22,228	15,477	12,467	16,813	16,595	20,753	19,068

Accounts Receivable - Net



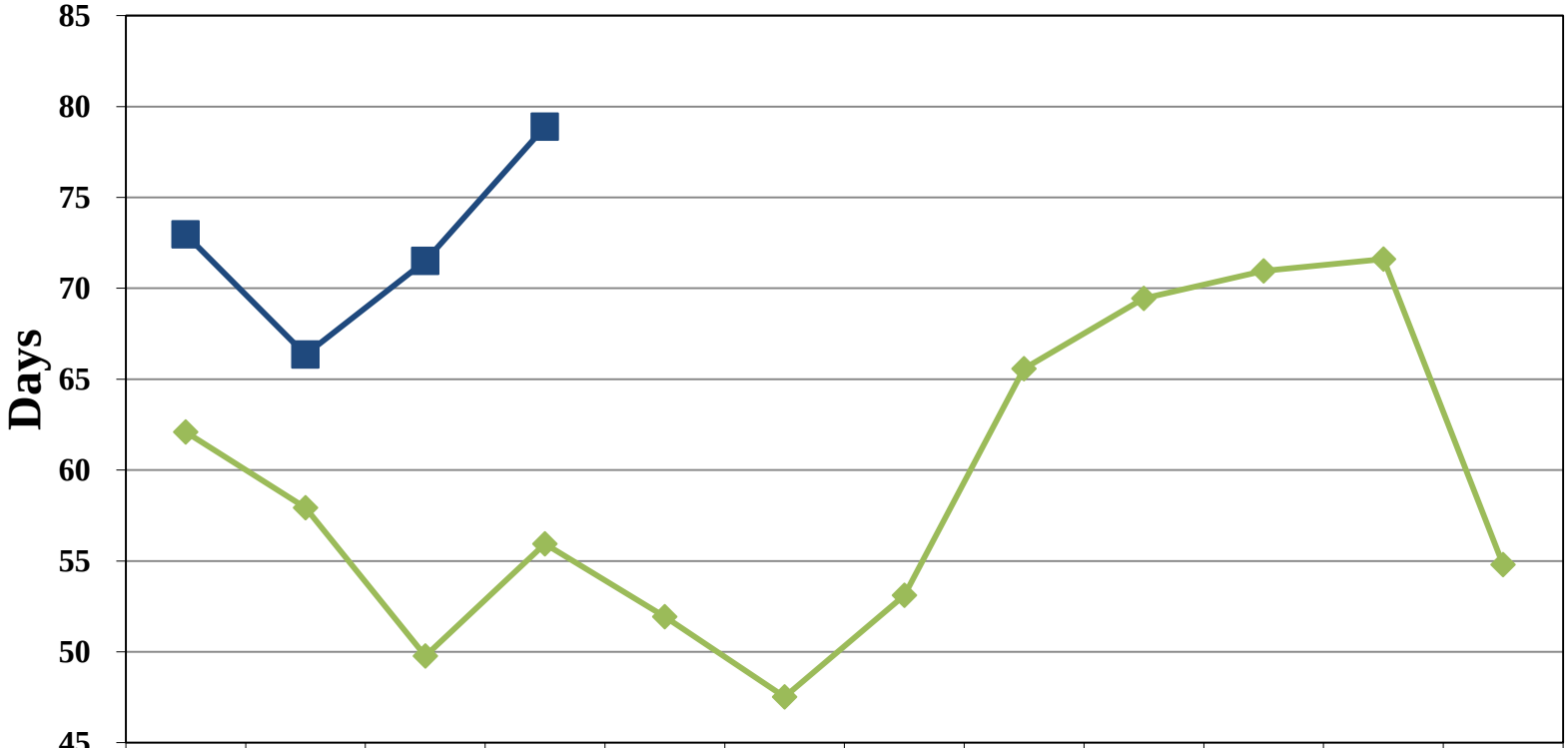
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	36,981	34,996	41,344	46,248								
FY 2017	33,558	31,198	28,536	31,808	29,815	27,707	30,493	36,257	38,674	38,870	38,978	28,105

Gross Days in Accounts Receivable – Rolling 3 Month



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018 Gross pt AR	90.9	91.1	91.4	101.6								
FY 2017 Gross pt AR	57.8	61.3	59.1	62.6	62.9	62.6	69.6	88.7	91.9	94.7	92.6	95.0

Net Days in Accounts Receivable – Rolling 3 Month

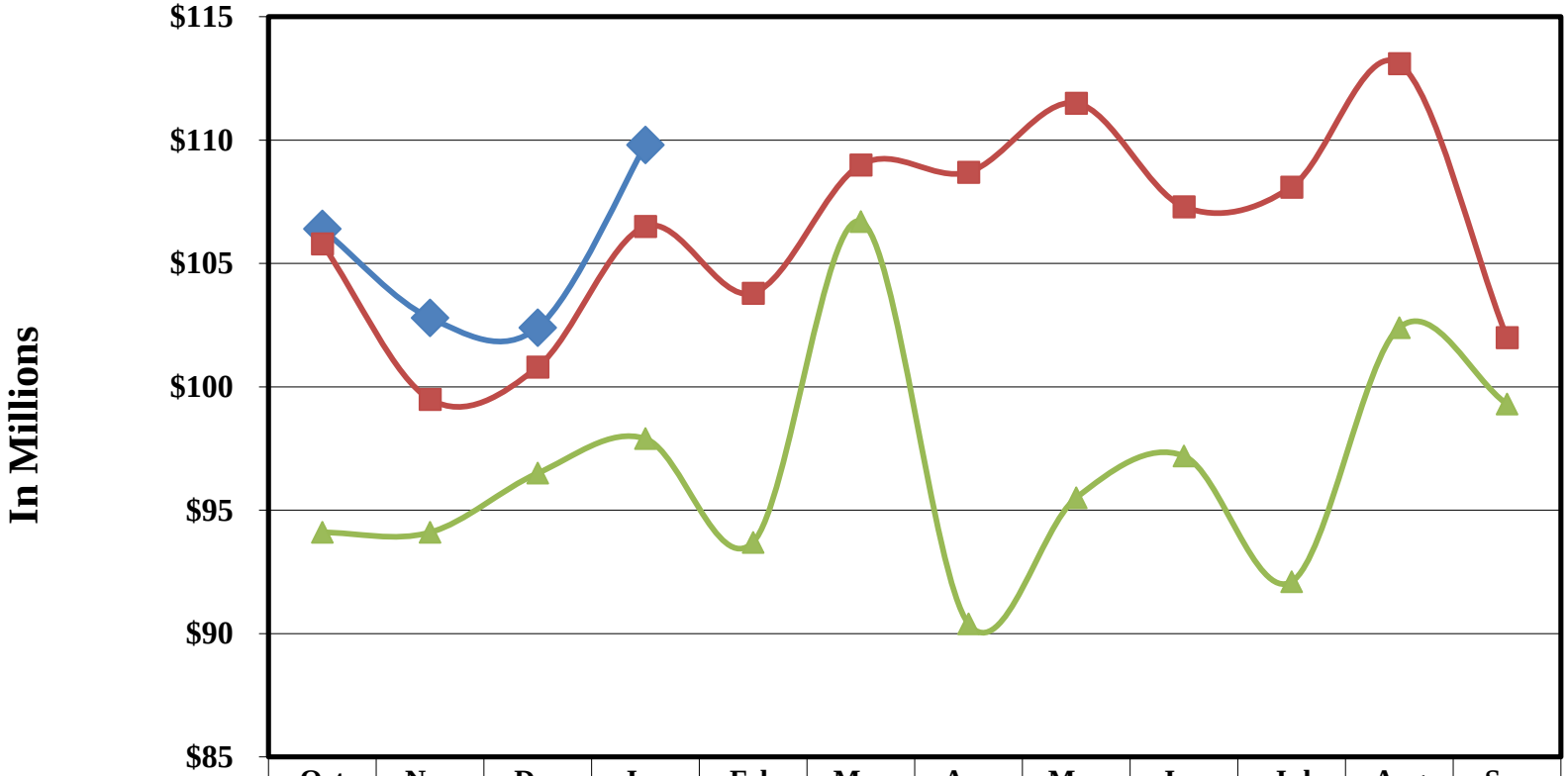


	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	73.0	66.3	71.5	78.9		-						
FY 2017	62.1	57.9	49.8	55.9	51.9	47.5	53.1	65.6	69.4	71.0	71.6	54.8

Revenues & Revenue Deductions

Total Patient Revenues

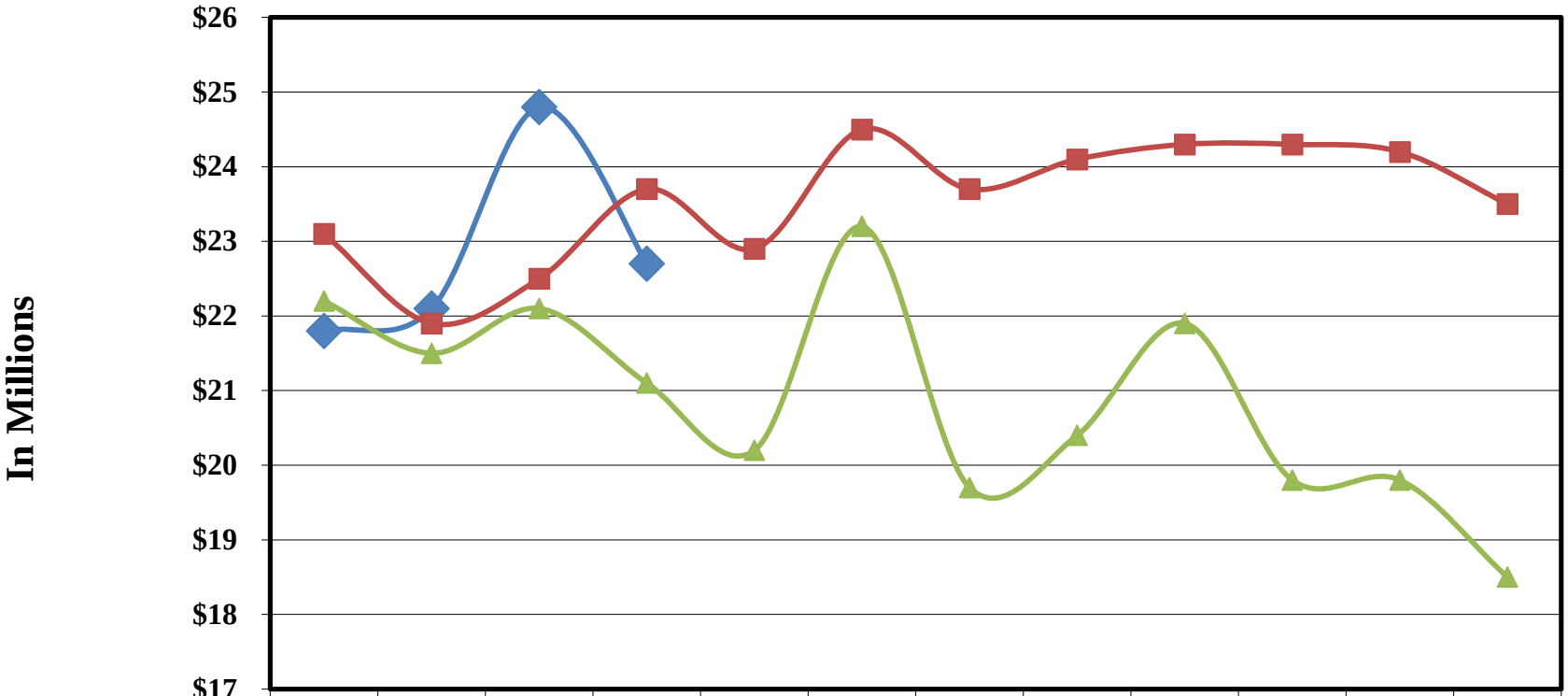
(Blended)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	106.4	102.8	102.4	109.8								
FY 2018 Budget	105.8	99.5	100.8	106.5	103.8	109.0	108.7	111.5	107.3	108.1	113.1	102.0
FY 2017	94.1	94.1	96.5	97.9	93.7	106.7	90.4	95.5	97.2	92.1	102.4	99.3

Net Patient Revenues

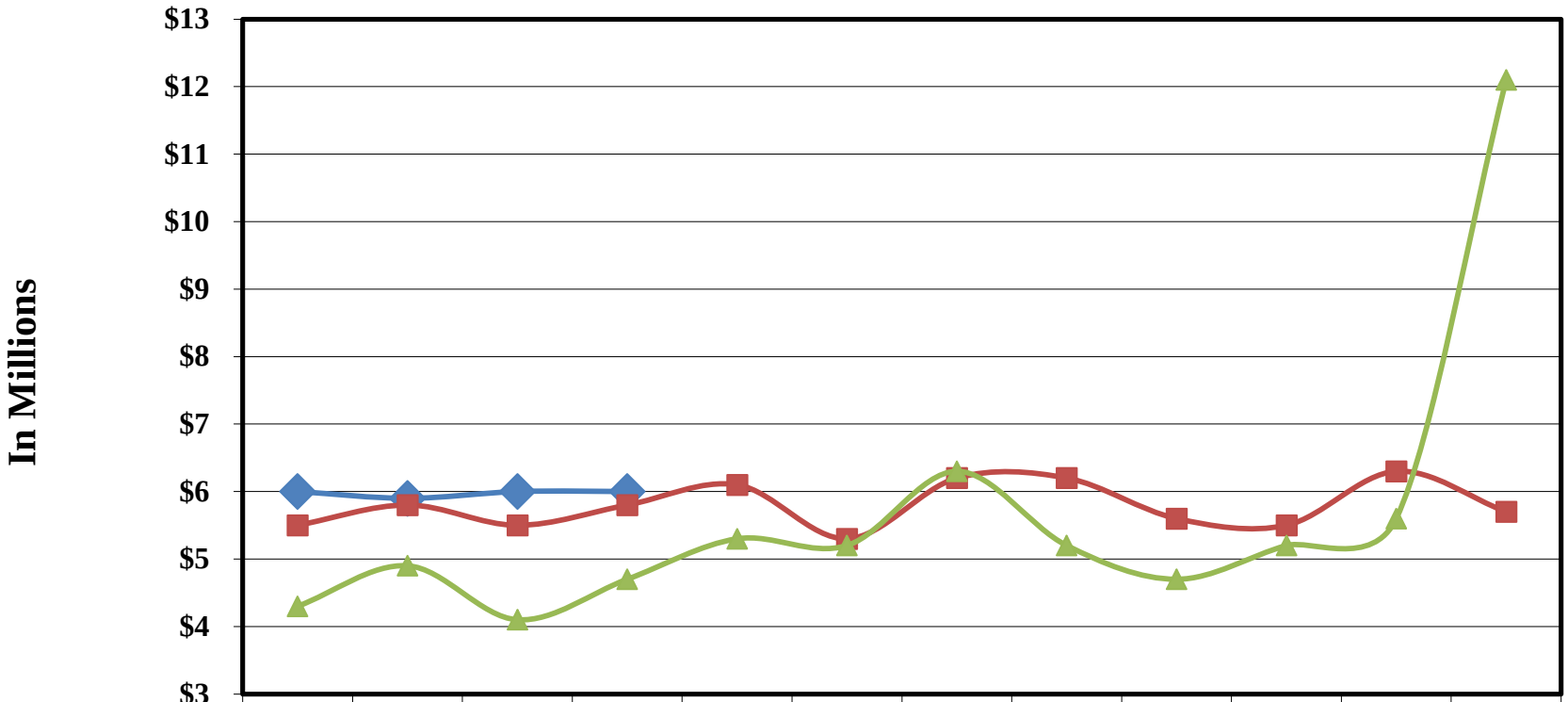
(Blended)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	21.8	22.1	24.8	22.7								
FY 2018 Budget	23.1	21.9	22.5	23.7	22.9	24.5	23.7	24.1	24.3	24.3	24.2	23.5
FY 2017	22.2	21.5	22.1	21.1	20.2	23.2	19.7	20.4	21.9	19.8	19.8	18.5

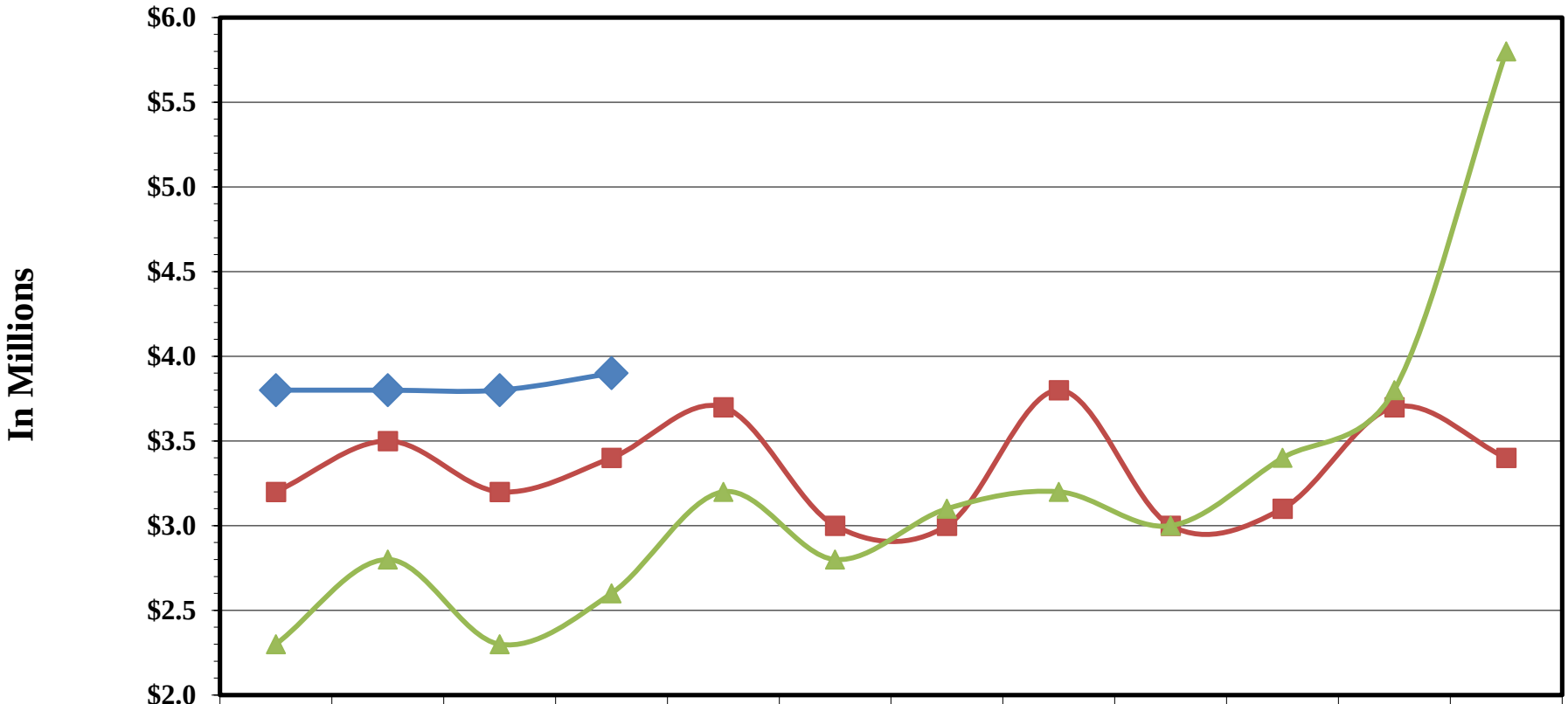
Other Revenue - Blended

Including Tax Receipts, Interest & Other Operating Income



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	6.0	5.9	6.0	6.0								
FY 2018 Budget	5.5	5.8	5.5	5.8	6.1	5.3	6.2	6.2	5.6	5.5	6.3	5.7
FY 2017	4.3	4.9	4.1	4.7	5.3	5.2	6.3	5.2	4.7	5.2	5.6	12.1

Sales Tax Receipts

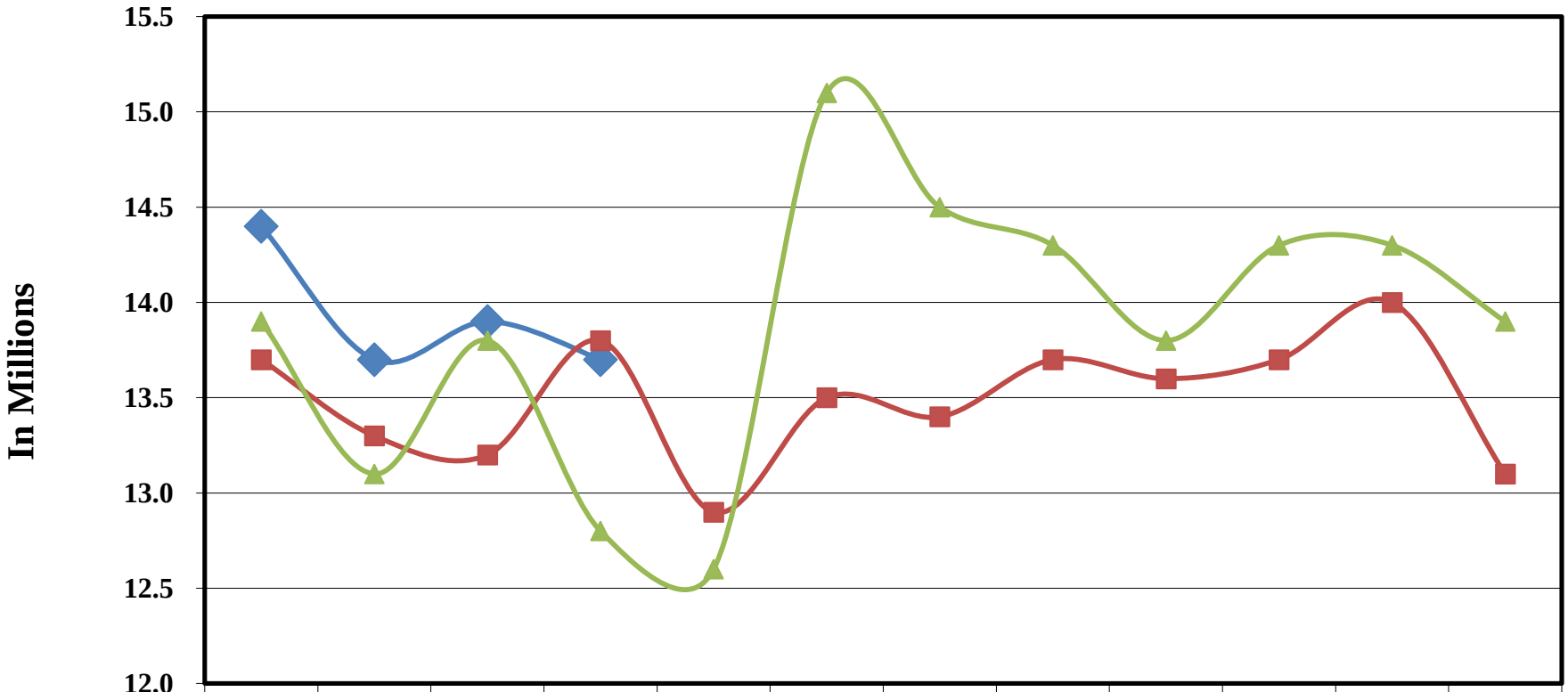


	Oct/Aug	Nov/Sept	Dec/Oct	Jan/Nov	Feb/Dec	Mar/Jan	Apr/Feb	May/Mar	Jun/Apr	Jul/May	Aug/Jun	Sep/Jul
FY 2018	3.8	3.8	3.8	3.9								
FY 2018 Budget	3.2	3.5	3.2	3.4	3.7	3.0	3.0	3.8	3.0	3.1	3.7	3.4
FY 2017	2.3	2.8	2.3	2.6	3.2	2.8	3.1	3.2	3.0	3.4	3.8	5.8

Operating Expenses

Salaries, Wages & Contract Labor

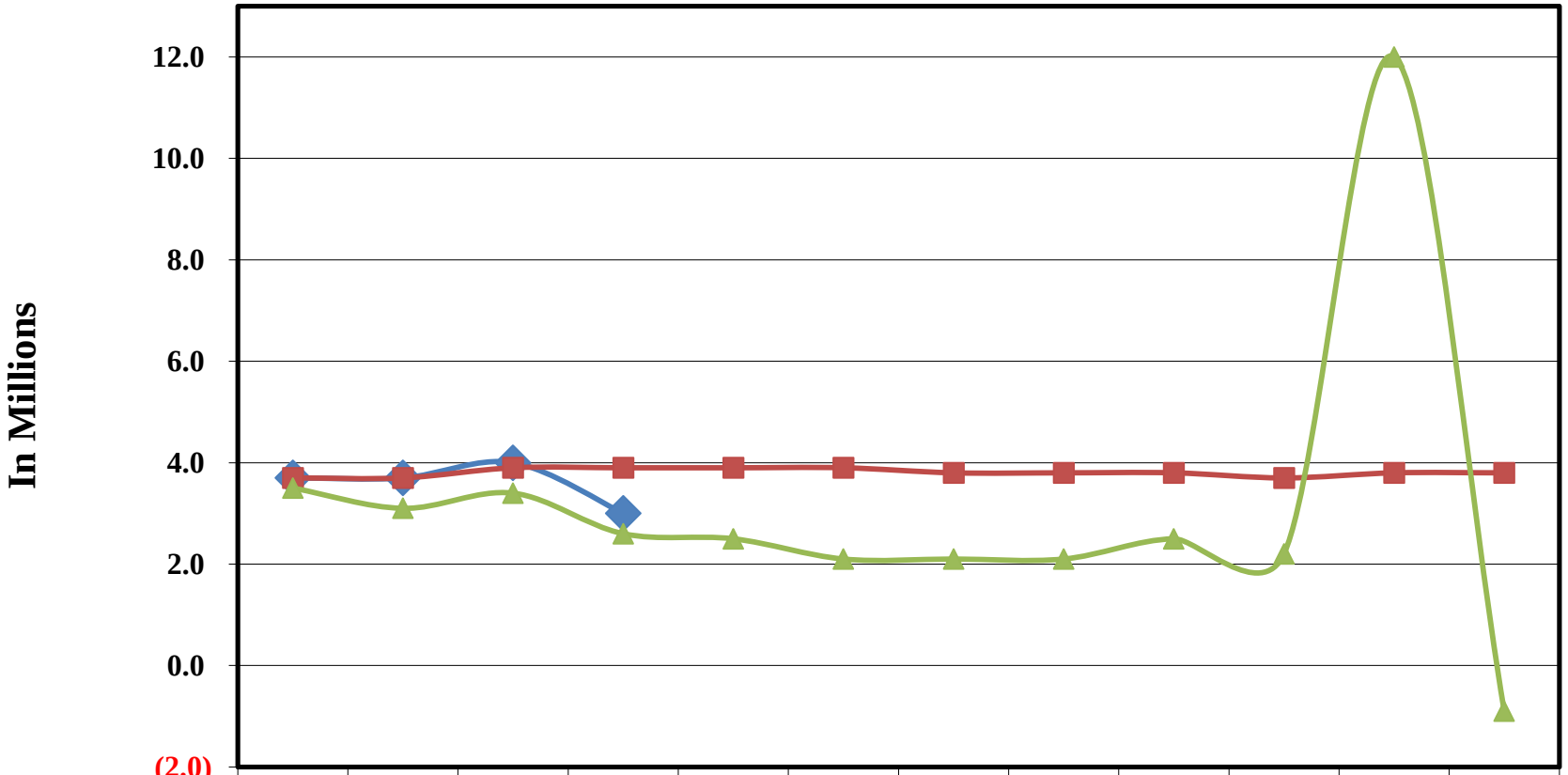
(Blended)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	14.4	13.7	13.9	13.7								
FY 2018 Budget	13.7	13.3	13.2	13.8	12.9	13.5	13.4	13.7	13.6	13.7	14.0	13.1
FY 2017	13.9	13.1	13.8	12.8	12.6	15.1	14.5	14.3	13.8	14.3	14.3	13.9

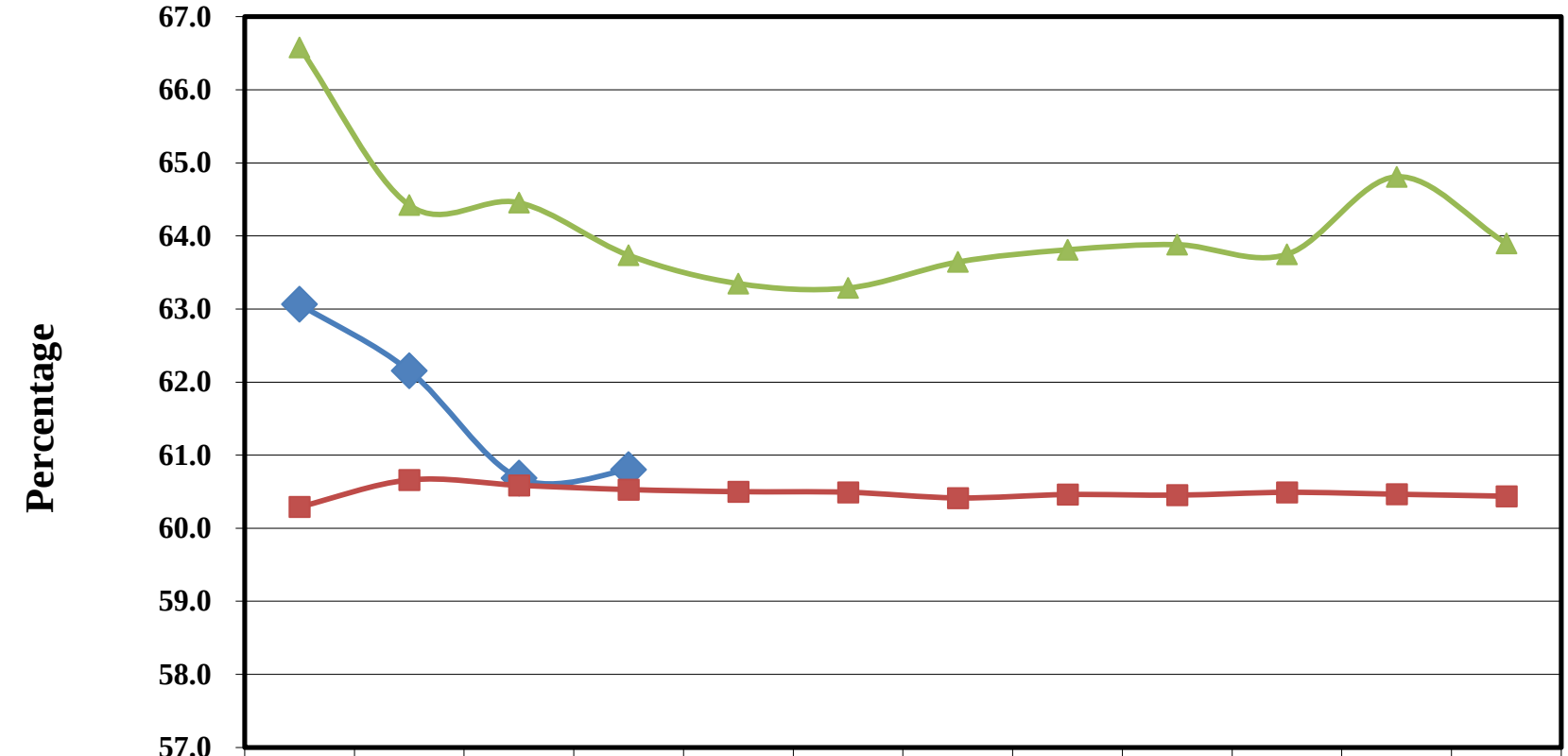
Employee Benefit Expense

(Blended)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	3.7	3.7	4.0	3.0								
FY 2018 Budget	3.7	3.7	3.9	3.9	3.9	3.9	3.8	3.8	3.8	3.7	3.8	3.8
FY 2017	3.5	3.1	3.4	2.6	2.5	2.1	2.1	2.1	2.5	2.2	12.0	(0.9)

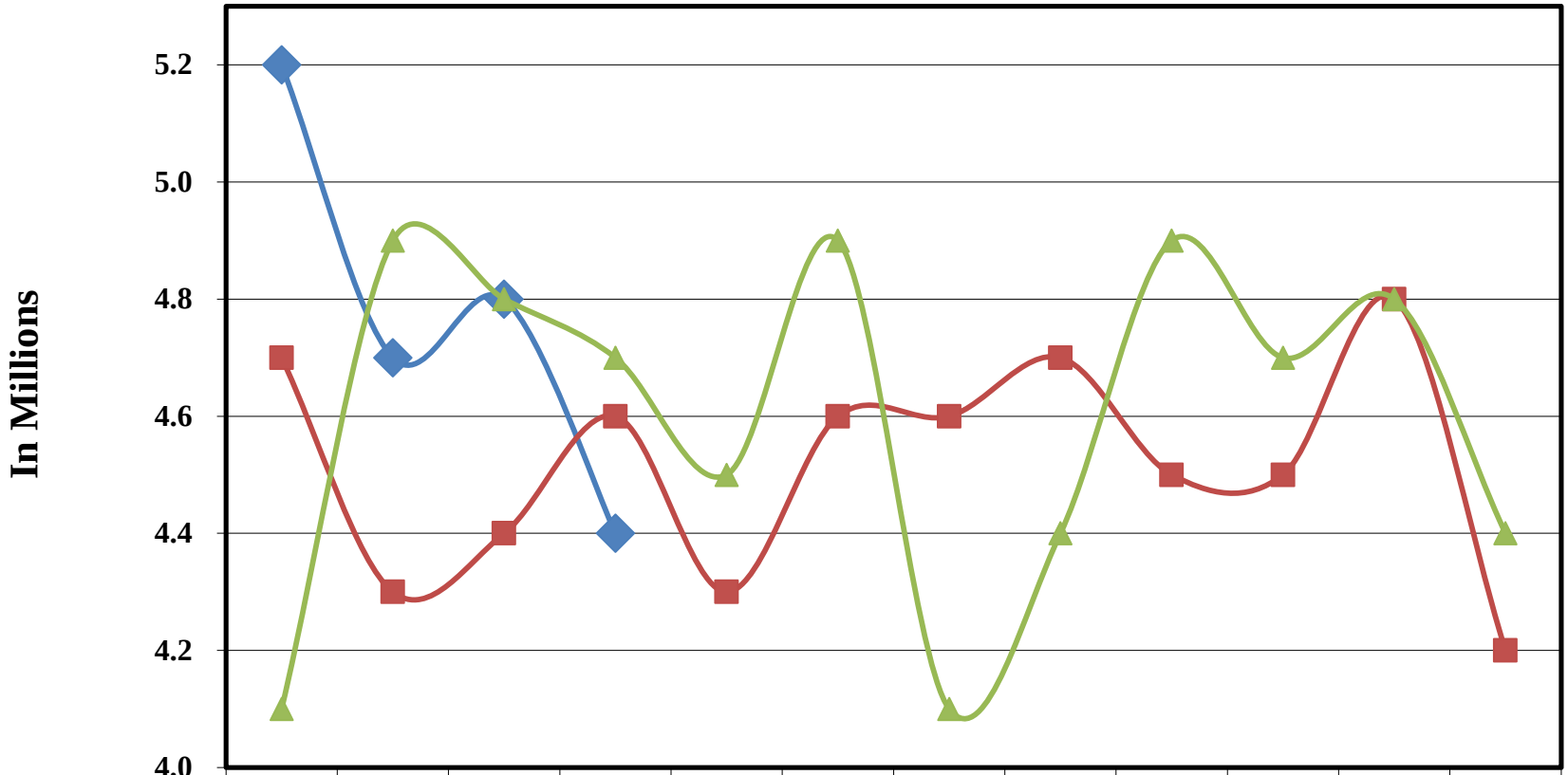
Salaries, Wages, Benefits, and Temp Labor as a % of Total Operating Expense Year-to-Date (Blended)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	63.1	62.2	60.7	60.8								
FY 2018 Budget	60.3	60.7	60.6	60.5	60.5	60.5	60.4	60.5	60.5	60.5	60.5	60.4
FY 2017	66.6	64.4	64.5	63.7	63.3	63.3	63.6	63.8	63.9	63.7	64.8	63.9

Supply Expense

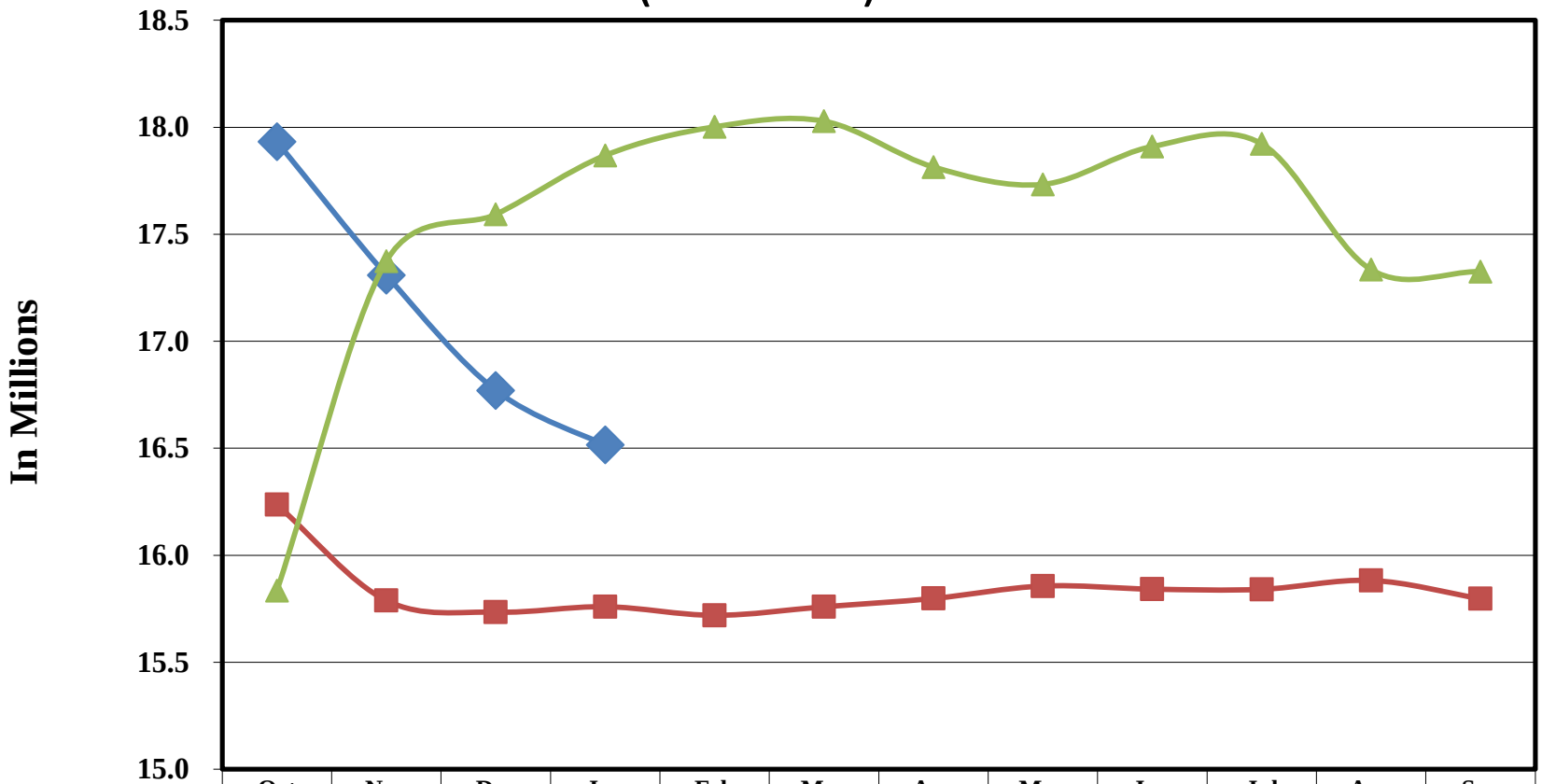
(Blended)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	5.2	4.7	4.8	4.4								
FY 2018 Budget	4.7	4.3	4.4	4.6	4.3	4.6	4.6	4.7	4.5	4.5	4.8	4.2
FY 2017	4.1	4.9	4.8	4.7	4.5	4.9	4.1	4.4	4.9	4.7	4.8	4.4

Supply Expense as a % of Total Operating Expense Year-to-Date

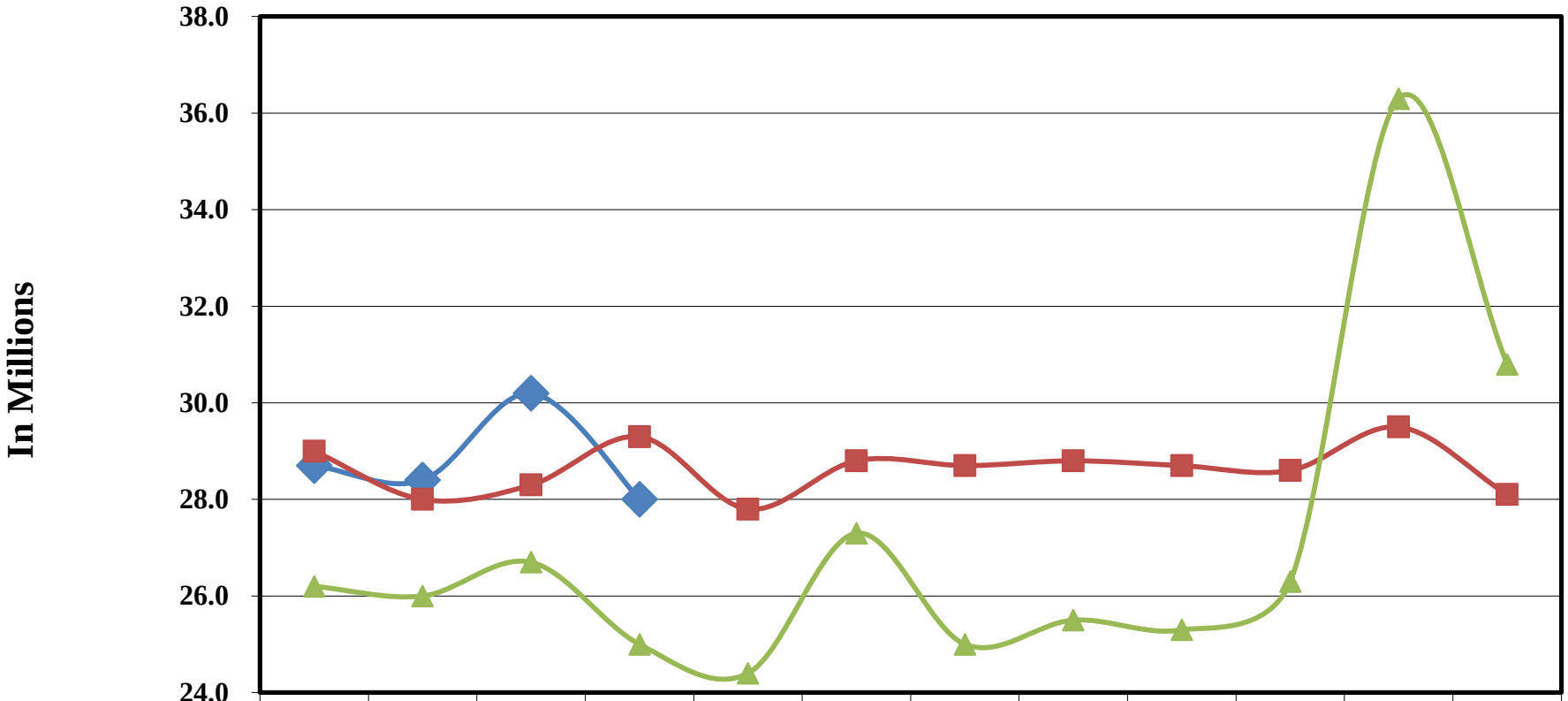
(Blended)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	17.9	17.3	16.8	16.5								
FY 2018 Budget	16.2	15.8	15.7	15.8	15.7	15.8	15.8	15.9	15.8	15.8	15.9	15.8
FY 2017	15.8	17.4	17.6	17.9	18.0	18.0	17.8	17.7	17.9	17.9	17.3	17.3

Total Operating Expense

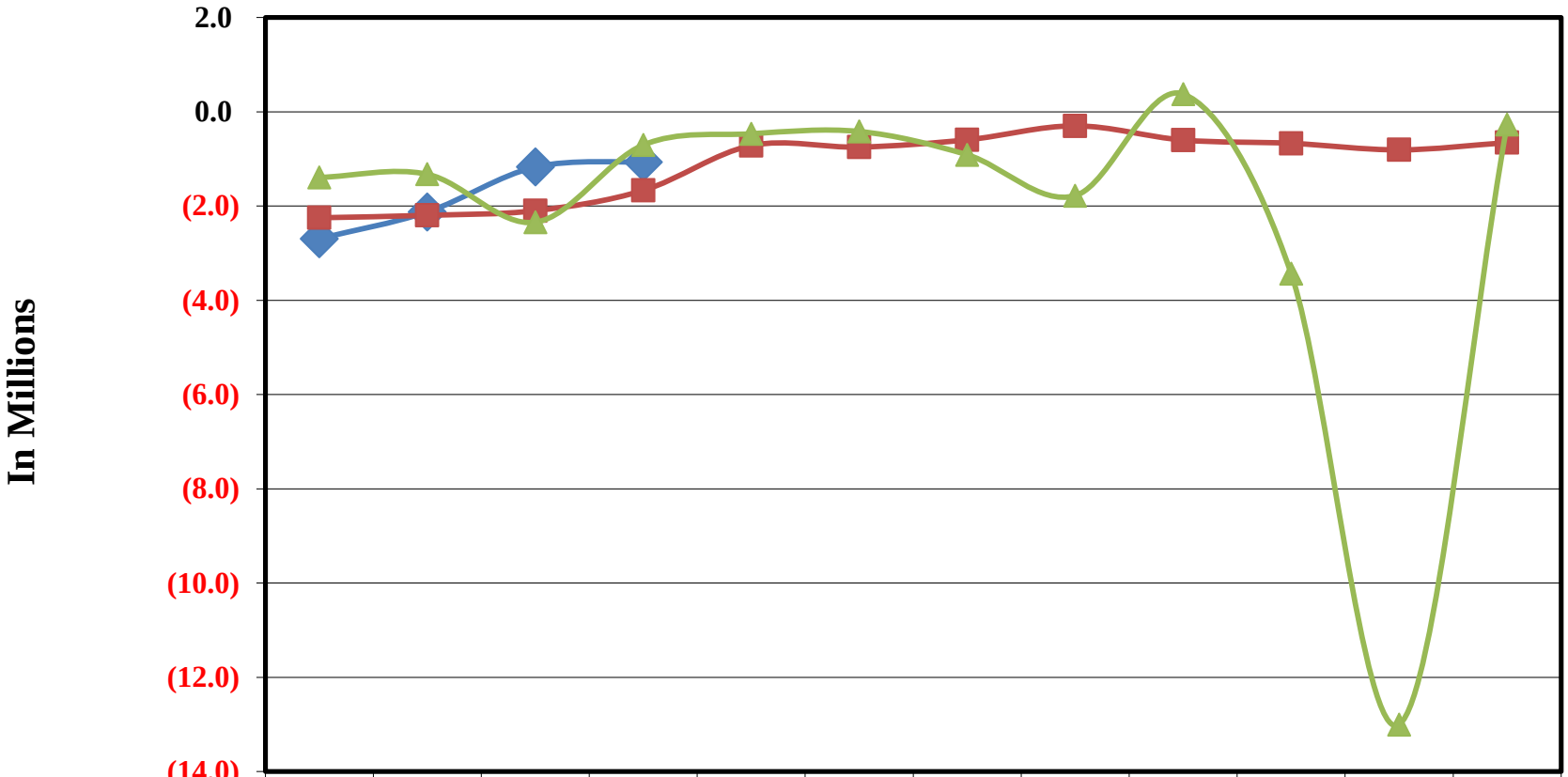
(Blended)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	28.7	28.4	30.2	28.0								
FY 2018 Budget	29.0	28.0	28.3	29.3	27.8	28.8	28.7	28.8	28.7	28.6	29.5	28.1
FY 2017	26.2	26.0	26.7	25.0	24.4	27.3	25.0	25.5	25.3	26.3	36.3	30.8

Change in Net Position

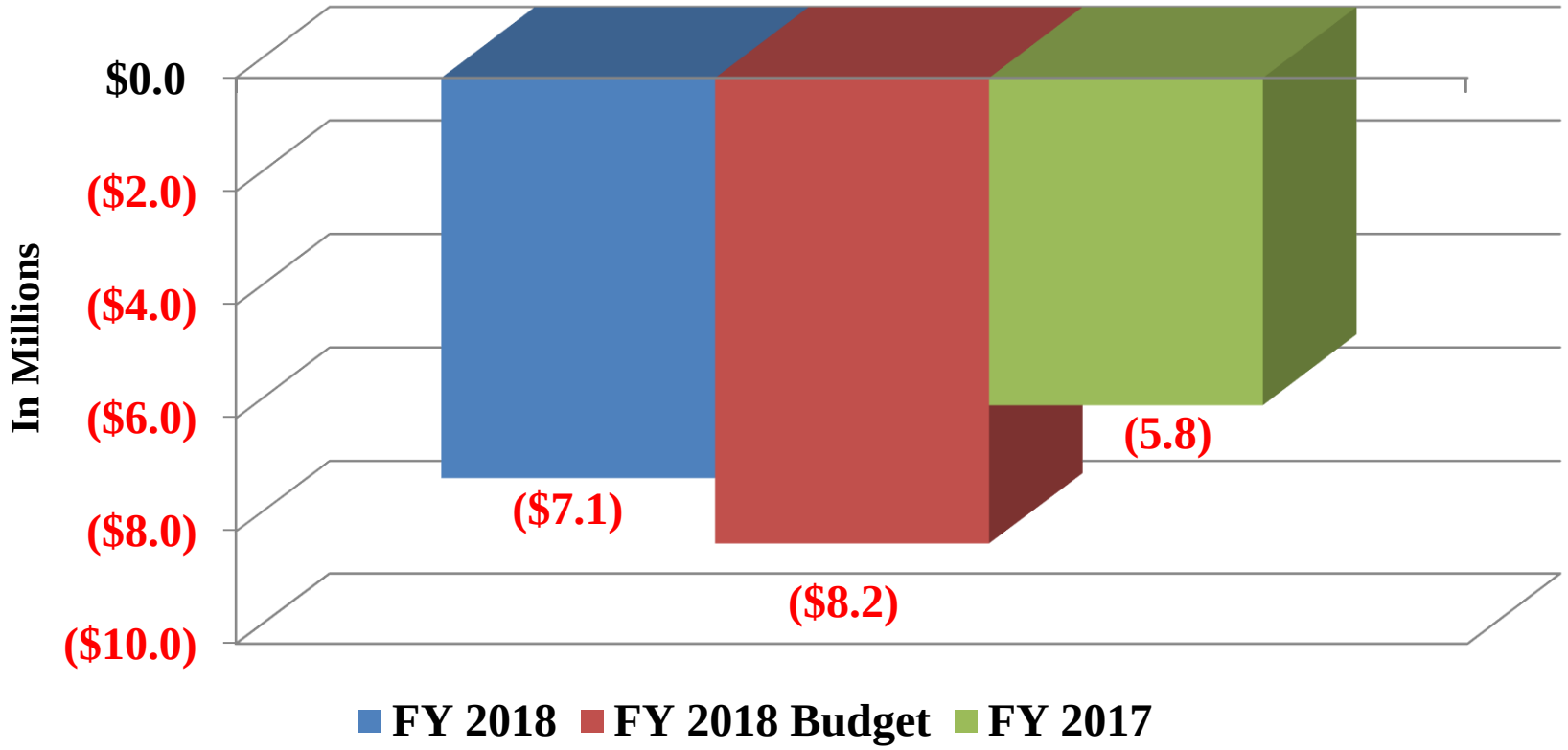
Blended Operations



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	(2.7)	(2.1)	(1.2)	(1.1)								
FY 2018 Budget	(2.2)	(2.2)	(2.1)	(1.7)	(0.7)	(0.7)	(0.6)	(0.3)	(0.6)	(0.7)	(0.8)	(0.7)
FY 2017	(1.4)	(1.3)	(2.3)	(0.7)	(0.5)	(0.4)	(0.9)	(1.8)	0.4	(3.4)	(13.0)	(0.3)

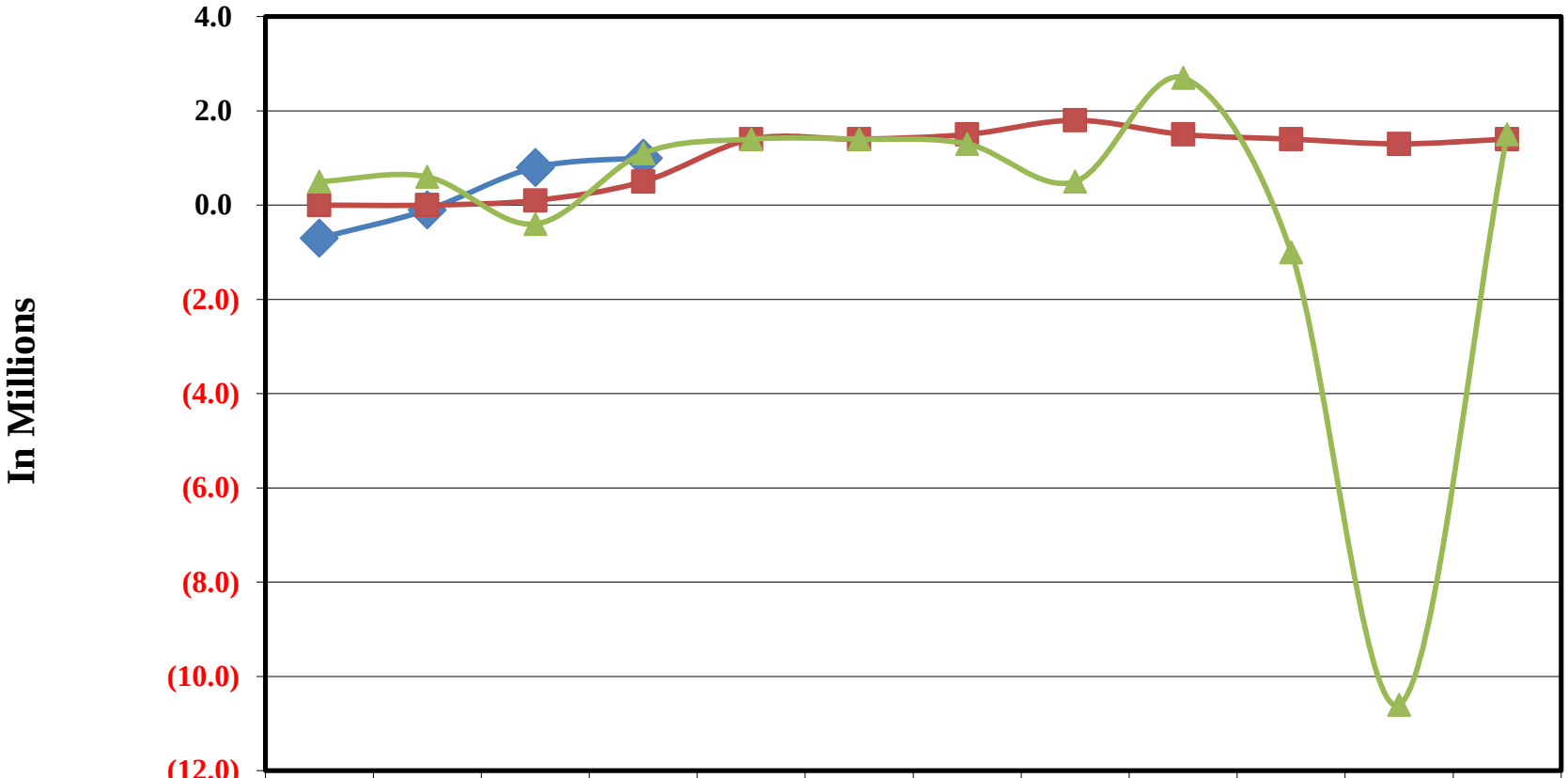
Change in Net Position

Blended Operations – Year to Date



Earnings Before Interest, Depreciation & Amortization (EBIDA)

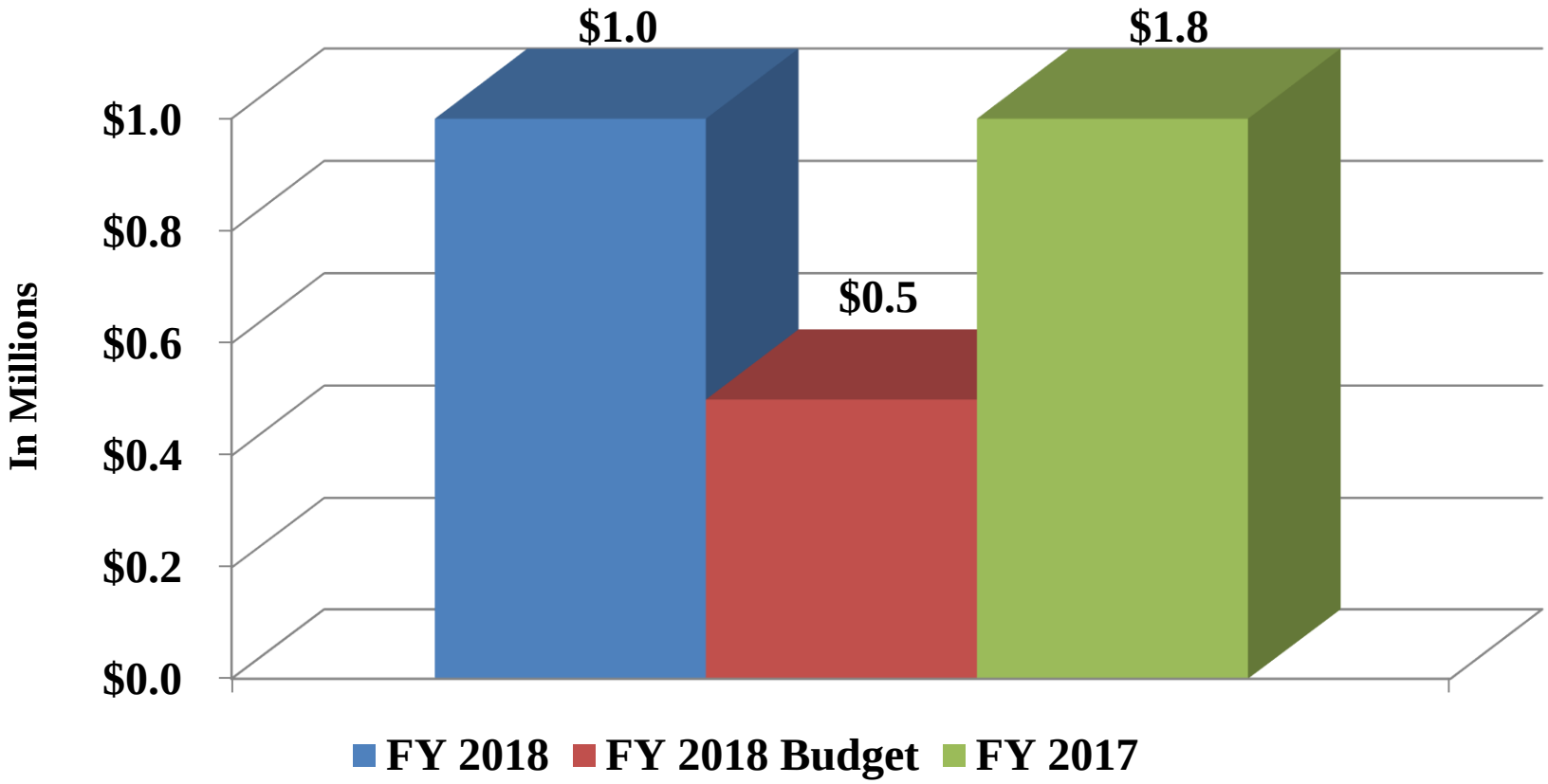
Blended Operations



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2018	(0.7)	(0.1)	0.8	1.0								
FY 2018 Budget	0.0	0.0	0.1	0.5	1.4	1.4	1.5	1.8	1.5	1.4	1.3	1.4
FY 2017	0.5	0.6	(0.4)	1.1	1.4	1.4	1.3	0.5	2.7	(1.0)	(10.6)	1.5

Earnings Before Interest, Depreciation & Amortization (EBIDA)

Blended Operations – Year to Date



March 6, 2018

ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS

Item to be considered:
Medical Staff and Allied Health Professionals Staff Applicants

Statement of Pertinent Facts:
Pursuant to Sections 4.1-4 and 6.2-6 of the Medical Staff Bylaws, the application process for the following Medical Staff and Allied Health Professional applicants is complete. The Joint Conference Committee and the Medical Executive Committee recommend approval of privileges or scope of practice and membership to the Medical Staff or Allied Health Professionals Staff for the following applicants, effective upon Board Approval:

Medical Staff:

Applicant	Department	Specialty/Privileges	Group	Dates
Kotapati, Sesha MD	Medicine	Psychiatry	TTUHSC	03/06/2018 – 03/05/2019
McCormick, Robert DO	Surgery	General & Trauma Surgery	EmCare Surgical Services	03/06/2018 – 03/05/2019

Allied Health:

Applicant	Department	Specialty/ Privileges	Group	Sponsoring Physician(s)	Dates
Hester, Michael NP	Surgery	Nurse Practitioner	Permian Premier	Dr. Kirit Patel	03/06/2018 – 03/05/2020

*Please grant temporary Privileges

Advice, Opinions, Recommendations and Motions:
If the Hospital District Board of Directors concurs, the following motion is in order: Accept the recommendation of the Medical Executive Committee and the Joint Conference Committee and approve privileges and membership to the Medical Staff as well as scope of practice and Allied Health Professional Staff membership for the above listed applicants.

Fernando Boccalandro, MD, Chief of Staff
Executive Committee Chair
/TL

March 6, 2018

ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS

Item to be considered:
Reappointment of the Medical Staff and/or Allied Health Professional Staff

Statement of Pertinent Facts:
The Medical Executive Committee and the Joint Conference Committee recommends approval of the following reappointments of the Medical Staff and Allied Health Professional Staff as submitted. These reappointment recommendations are made pursuant to and in accordance with Medical Staff Bylaws sections 4.4-4 and 6.6-3.

Medical Staff:

Applicant	Department	Staff Category	Specialty/Privileges	Group	Dates
Burgoyne, Brian MD	Radiology	Telemedicine	Diagnostic Radiology	VRAD	04/01/2018 – 03/31/2020
Kaler, Lawrence MD	Radiology	Telemedicine	Diagnostic Radiology	VRAD	04/01/2018 – 03/31/2020
Meda, Srikala MD	Medicine	Associate to Active	Internal Medicine	MCH ProCare	04/01/2018 – 03/31/2020
Parsons, Darrell MD	Medicine	Affiliate	Internal Medicine	First Physicians	04/01/2018 – 03/31/2020
Sam, Kim MD	Medicine	Associate	Internal Medicine	MCH ProCare	04/01/2018 – 03/31/2019

Allied Health Professionals:

Applicant	Department	Specialty/Privileges	Group	Sponsoring Physician(s)	Dates
Sullivan, Emily PA	Family Medicine	Physician Assistant	MCH ProCare	Dr. Mavis Twum-Barimah	04/01/2018 – 03/31/2020
Williams, Natalie PA	Surgery	Physician Assistant	Acute Surgical	Dr. Kathy Grove	04/01/2018 – 03/31/2020

Advice, Opinions, Recommendations and Motions:
If the Hospital District Board of Directors concurs, the following motion is in order Accept and approve the recommendations of the Medical Executive Committee and the Joint Conference Committee relating to the reappointment of the Medical Staff and/or Allied Health Professional Staff.

Fernando Boccalandro, MD, Chief of Staff
Executive Committee Chair
/TL

Medical Center Hospital
A Member of Medical Center Health System

March 6, 2018

ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS

Item to be considered:
Change in Clinical Privileges

Statement of Pertinent Facts:
The Medical Executive Committee and the Joint Conference Committee recommends the request below on change in clinical privileges. These clinical changes in privileges are recommendations made pursuant to and in accordance with Medical Staff Bylaws sections 4.2-11.

Change in Clinical Privileges:

NONE

Advice, Opinions, Recommendations and Motions:

If the Hospital District Board of Directors concurs, the following motion is in order: Accept and approve the recommendations of the Medical Executive Committee and the Joint Conference Committee relating to the change in clinical privileges of the Allied Health Professional Staff.

Fernando Boccalandro, MD, Chief of Staff
Executive Committee Chair
/TL

March 6, 2018

ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS

Item to be considered:

Change in Medical Staff or AHP Staff Status– Resignations/ Lapse of Privileges

Statement of Pertinent Facts:
The Medical Executive Committee and the Joint Conference Committee recommends approval of the following changes in staff status. These resignations/lapse of privileges are recommendations made pursuant to and in accordance with the Medical Staff Bylaws section 4.4-4.

Resignation/ Lapse of Privileges:

Staff Member	Staff Category	Department	Effective Date	Action
Dunaway, Kyle CRNA	Allied Health Professional	Anesthesia	02/28/2018	Resigned
Kona, Samata DDS	Active	Surgery	02/28/2018	Resigned
Murphy, Krystal MD	Active	OB/GYN	02/08/2018	Resigned
Stanaland, Robert DDS	Active	Surgery	02/28/2018	Resigned
Williams, Patrick NP	Allied Health Professional	Medicine	02/28/2018	Resigned

Advice, Opinions, Recommendations and Motion:

If the Hospital District Board of Directors concurs, the following motion is in order: Accept and approve the recommendations of the Medical Executive Committee and the Joint Conference Committee to approve the Resignation / Lapse of Privileges.

Fernando Boccalandro, MD, Chief of Staff
Executive Committee Chair
/TL

March 6, 2018

ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS

Item to be considered:
Change in Medical Staff or AHP Staff Category

Statement of Pertinent Facts:
The Medical Executive Committee and the Joint Conference Committee recommend approval of the following changes in staff status category. The respective departments determined that the practitioners have complied with all Bylaws requirements and are eligible for the change as noted below.

Staff Category Change:

Staff Member	Department	Category
Uy, Sing MD	Medicine to Pediatrics	Active

Change in Credentialing Date:

Staff Member	Department	Dates
Aljarwi, Mohammed MD	Pediatrics	11/07/2017 – 11/06/2018
Ayyagari, Krishna MD	Medicine	11/07/2017 – 11/06/2018
Dickens, Jessie MD	Surgery	11/07/2017 – 11/06/2018
Geatrakas, Christina MD	Radiology	11/07/2017 – 11/06/2018
Risinger, Brian MD	Radiology	11/07/2017 – 11/06/2018
Lehr, Jackie NP	OB/GYN	11/07/2017 – 11/06/2019
Le, Chuong MD	Radiology	04/04/2017 – 03/31/2019

Advice, Opinions, Recommendations and Motion:

If the Hospital District Board of Directors concurs, the following motion is in order: Accept and approve the recommendations of the Medical Executive Committee and the Joint Conference Committee to approve the staff category changes.

Fernando Boccalandro, MD, Chief of Staff
Executive Committee Chair
/TL

ECHD
BOARD OF DIRECTORS

Strategic Planning Cycle

Planning Continuum

90 Day Action Planning

Management Action Planning

Joint Planning Cmte

Long Range Planning

OCT JAN APR JUL

Planning Responsibilities

Joint Planning

Long Range Planning Cmte

Board of Trustees/Med Staff/E-Team

Oct to Dec for Next Fiscal Year

Management Action Plan

E-Team and Board of Trustees

Jan to May

90 Day Action Plan

E-Team and Direct Reports

Jun-August

CONNECTING STRATEGY TO OPERATIONS

Long Range Planning Cmte/Joint Planning

- Quarterly Strategic Reports to Board
- Joint planning
- Long and Short term budgeting and capital planning
- Physician needs assessment
- Community Needs Assessment

Management Action Planning

- Alignment room process
- SOAR review process
- LEM Evaluation system
- Productivity Management System
- Capital Expenditure Review

90 Day Action Planning

- Daily Unit Huddles
- Rounding for purpose
- LDI
- Challenge boards
- Cascading communication
- Weekly E-Team meeting

Ector County Hospital District

dba

Medical Center Health System

Physician Contracting:

Physician/Provider Transaction Review Committee (PTRC)

Introduction

March 6, 2018

Why a Physician/Provider Transaction Review Committee (PTRC)?

- Opportunity exists at Medical Center Health System (MCHS) to refine and streamline the Physician/Provider Transaction agreement and agreement renewal process
  - Assure all necessary reviews, recommendations, and approvals are documented in a Contract that sets forth the material terms of the arrangement
  - Physician/Provider Transactions should be consistent and appropriate from a business and mission perspective
  - Examples of agreements which will be reviewed by PTRC:
    - Professional Service Agreement
    - Employment
    - Property Lease
    - Equipment Lease

mch
Medical Center Health System
Your One Source for Health

Compliant Arrangements:

- Commercially reasonable and reasonable necessary for a legitimate business purpose
- Compensation/remuneration is fair market value (FMV)
- Compensation must be set in advance
- Signed, written agreement that identifies service/space/equipment in advance.

Medical Center Health System
Your One Source for Health

Independent Review:

- ❑ The Organization's board or delegated committee, with no conflict of interest, approves the arrangement in advance as Fair Market Value and serving legitimate need *(Legitimate need includes: Community Needs; Strategic Plan etc.)*
- ❑ The board/committee relies on appropriate comparability data as to FMV
- ❑ The decision is documented

Medical Center Health System
Your One Source for Health

PTRC Form Overview:

Contract Request Form – Transaction Description

Transaction Basics:

Department * MCH ProCare

☐ New ☐ Replacement

☐ Renewal ☐ Amendment

☐ Existing Arrangement

☐ Standard Comp Model Template Checklist Presented for Review

☐ Approved Standard Comp Model Checklist

Contract Type * Employment Agreement

Existing Contact Number(If applicable) * xxxx

Current Term Expiration Date(IF applicable):

Date PTRC Template(Checklist Approved):

Parties to Agreement:

Physician Name *	Address	City	State	Zip Code	Type of Entity
ABC					Select Entity Type

Third Party Legal Name (if applicable)	Address	City	State	Zip Code	Type of Entity
					Select Entity Type

mch Medical Center Health System
Your One Source for Health

Transaction Summary:

Proposed Effective Date:

Original Term:

Physician Specialty: * Internal Medicine

Automatic Renewal Term (if applicable):

Termination Rights:

List the parties responsible for monitoring performance of the contract (should be the same as those to be listed in MCHS Contract System)

Owner (Primary): *	Secondary:	Third:
Julian Beseril		

List all services to be provided per this transaction (e.g. Clinical Services, Call, Medical Directorship, Research)

Brief Description of Key Transaction Terms:

Medical Center Health System
Your One Source for Health

Business/Charitable Purposes (Check all that apply):

- ☐ Expands or Improves scope and accessibility of services to the community
- ☐ Improves quality of services and care to the community
- ☐ Enhances safety of patient care
- ☐ Advances quality initiatives
- ☐ Improves efficiencies in the delivery of services to the community
- ☐ Improves technology or treatment
- ☐ Will bring added expertise and experience to the provision of services
- ☐ Services will be new, improved, more efficient and/or different from services currently provided by MCHS
- ☐ Improves patient convenience or access to health care services
- ☐ Supports provision of charity and MCHS care
- ☐ Enhances patient convenience and satisfaction
- ☐ Enhances physician recruitment opportunities
- ☐ Continues as existing healthcare service of MCHS that is consistent with the MCHS mission
- ☐ Establishes a new healthcare service of MCHS that is consistent with the MCHS mission
- ☐ Position required for accreditation, licensing, reimbursement or other necessary administrative purpose
- ☐ Serves a community need that is not otherwise met
- ☐ Avoids unnecessary duplication of services in the community

Contract Request Form – Compensation

Contract Type and Physician Specialty:

Contract Type: * Employment Agreement

Physician Specialty: * Internal Medicine

Projected Productivity (Year One):

	Hours Worked	Work RVUs
Total Hours/Units per year		
FTE		

Proposed Compensation and FMV Support:

Summary of Compensation Formula for the Term of the Contract: *

Summary Here

Medical Center Health System
Your One Source for Health

Projected Compensation Table for year 1:

Compensation Component	Rate	Rate Measure (e.g. wRVU hourly)	Annual Total	FMV Support (Include source and year, where applicable)
Base Salary	0	0	0	
Signing/ Retention Bonus	0	0	0	
Quality Incentive	0	0	0	
Productivity Compensation	0	0	0	
Call Pay	0	0	0	
Directorship	0	0	0	
Midlevel Supervision	0	0	0	
Clinical Research	0	0	0	
Prof Services – Hourly Rate	0	0	0	
Prof Services – Unit of Service Rate	0	0	0	
Income Guarantee	0	0	0	
Other Compensation	0	0	0	
	0	0	0	
Projected Total Compensation			$0	
Cash Compensation Per Hour			$0	

Describe any compensation gap for the transaction:

Current Benchmark Data:

Specialty Used for Benchmark: * IM

	e.g. MGMA
Specify Source	
Specify Year	2018

Percentile	Compensation	Work RVUs
25th	0	0
Median	0	0
75th	0	0
90th	0	0

Other Sources if Applicable	Compensation	Productivity	Comments
Hourly			
Compensation Consultant			
Other Consulting Firm			
Documented Competing Offers			

Medical Center Health System
Your One Source for Health

Benefits:

	Benefit Package Detail	Cost
CME	0	0
Relocation	0	0
Malpractice	0	0
	Total	$0

Benefits Comments

Other Information:

Attachments- Check all that Apply

(Reference MCHS Physician Services' Physician Compensation Standards and Procedures for information regarding required support for any particular transaction)

- ☐ Community Needs Assessment
- ☐ Historical Productivity / Compensation Data
- ☐ Listing of Medical Directorships in same Department/Service Line
- ☐ Business Plan Proforma
- ☐ Clinical Appropriateness Review
- ☐ External Reasonableness/FMVOpinion
- ☐ Coding/Billing Review
- ☐ Practice Financial Report/Budget

Describe Other Relevant Market Data or other Circumstances Supporting Compensation:

Other Financial Relationship:(Describe each employment or other business relationship physician or immediate family member has with Ector County Hospital District dba Medical Center Health System.)

Contract #(When Applicable)	Parties and Relationship	Brief Description of Arrangement	Compensation Terms (Payable or receivable from MCHS)

☐ Additional list of other financial relationships attached separately

Primary Source Verification Complete : ◉ Yes ○ No

Provide any additional comments

Medical Center Health System
Your One Source for Health

Contract Request Form – Compliance Summary

Excluded Provider / Licensure:

OIG LEIE Database http://exclusions.oig.hhs.gov	(•) Excluded ( ) No Match	SAM Database https://www.sam.gov	(•) Excluded ( ) No Match	State Required Excluded Provider Check (if applicable)	(•) Excluded ( ) No Match ( ) Not Applicable

☐ Physician(s) is an active member of the MCHS Medical staff. (Excluded provider screen not required for active members of medical staff)

☐ Physician(s) has or is in the process of obtaining a valid, unrestricted license to practice medicine in the State

Checked By: * xx Date Checked: * 2/26/2018

Comments:

Medical Center Health System
Your One Source for Health

COMPLIANCE QUESTIONS:

Question	Response (Yes/No/NA)	Comments ("No" responses require explanation) *
The arrangement furthers the legitimate charitable and business purposes of the MCHS.	Select One	
The MCHS has evaluated other means of obtaining substantially the same service at the same level of quality.	Select One	
The MCHS will not pay the provider for contract services that the provider is already contractually obligated to provide.	Select One	
The arrangement does not unnecessarily duplicate services already being provided by other providers.	Select One	
The payments terms have been set in advance.	Select One	
The compensation is not based on the volume or value of referrals or other business.	Select One	
The provider is not required to make referrals or solicit other business.	Select One	
The provider is not restricted from establishing staff privileges or making referrals to any other entity.	Select One	
Even if no referrals are made, the arrangement is commercially reasonable and at fair market value.	Select One	
The written agreement will describe all of the services to be provided.	Select One	
Each term of the agreement will be for at least one (1) year and no more than three (3) years.	Select One	
The provider will submit a monthly timecard/invoice detailing the services provided, if required by the agreement.	Select One	
The terms and conditions of the arrangement, including the terms of compensation and the obligations of the parties, are a result of arm's length negotiation.	Select One	
If the transaction involves a replacement or renewal contract requiring payment for the provider, all payments are current.	Select One	
If the transaction involves employment of a physician, the MCHS will ensure that the requirement of Corporate Responsibility relating to Payments and Arrangements Between Business Sources and Employees.	Select One	

Review / Approval Form

MCHS Business Executive: The sections of this checklist for which I am responsible are fully accurate and complete, to the best of my knowledge, and I am not aware of any side agreements or any unrecorded arrangements between the parties.

☐ Budgeted Position? *If position is not budgeted, must provide proforma, etc.*

☐ Position is part of an approved Business Plan?

Name	Signature	Date

Comments:

Chief Compliance Officer By signing below, I attest that I have reviewed the checklist and supporting documentation prepared by management: verified the completeness of the information in accordance with policy, and noted any concerns in the comments below.

Name	Signature	Date

Comments:

Chief Legal Counsel: By signing below, I attest that I have reviewed the checklist and have had the opportunity to discuss the transaction with my client.

Name	Signature	Date

Comments:

Chief Financial Officer: By signing below, I attest that I have reviewed the content of the checklist and approve the checklist for presentation to the Physician/Provider Transaction Review Committee.

Name	Signature	Date

Comments:

Medical Staff: By signing below, I attest that Medical Staff Services has reviewed the compensation section of the checklist and has provided its Analysis and Recommendation as noted in the checklist.

Name	Signature	Date

Comments:

Other Approvals (if required): The sections of this checklist for which I am responsible are fully accurate and complete, to the best of my knowledge, and I am not aware of any side agreements or any unrecorded arrangements between the parties.

Name	Signature	Date

President/Chief Executive Officer: By signing below, I attest to the following: (1) This checklist is to the best of my knowledge materially complete and accurate. (2) The transaction involves necessary services and furthers legitimate charitable and/or business purposes. (3) the compensation to be provided is reasonable and fair market value and is supported by objective, external benchmark data; and (4) the initiation, review and approval of the transaction has occurred as required unless any deviations are noted in the comments box below.

Name	Signature	Date

Comments:

Physician/Provider Transaction Review Committee: The Physician/Provider Transaction Review Committee (PTRC) has reviewed the Transaction and finds that the Transaction furthers the legitimate business and charitable purposes. MCHS and that the consideration MCHS pays or receives is reasonable and is consistent with fair market value. If the approval is subject to any conditions, such conditions are listed in the comments box below. Alternatively, any notice of non-approval is stated in the Comments box below. **(The name and signature below may be from any MCHS employee with knowledge of PTRC action and date of the meeting)**

Name	Signature	Date

Date Of PTRC Meeting :

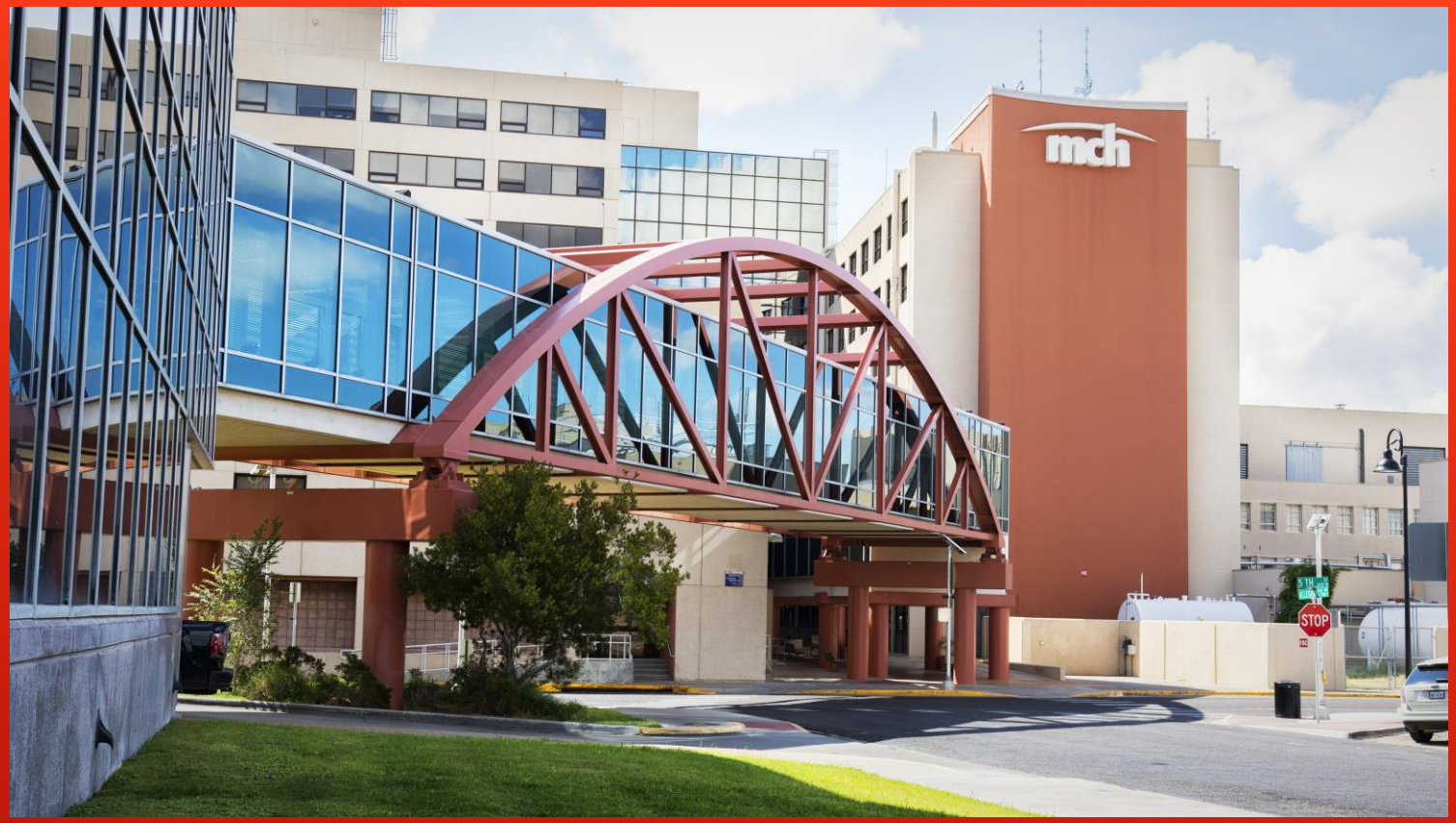
Comments:

MCHS

One Team,
First Team

Medical Center Health System

Your One Source for Health



Quality/Human Resources Update

Chief Patient Experience Officer and VP of Human Resources

C- Courageous
H-Honor
A-Accountable
M-Motivation
P-Perseverance
I-Integrity
O-Optimism
N-Never Give Up!

BlueCross BlueShield of Texas

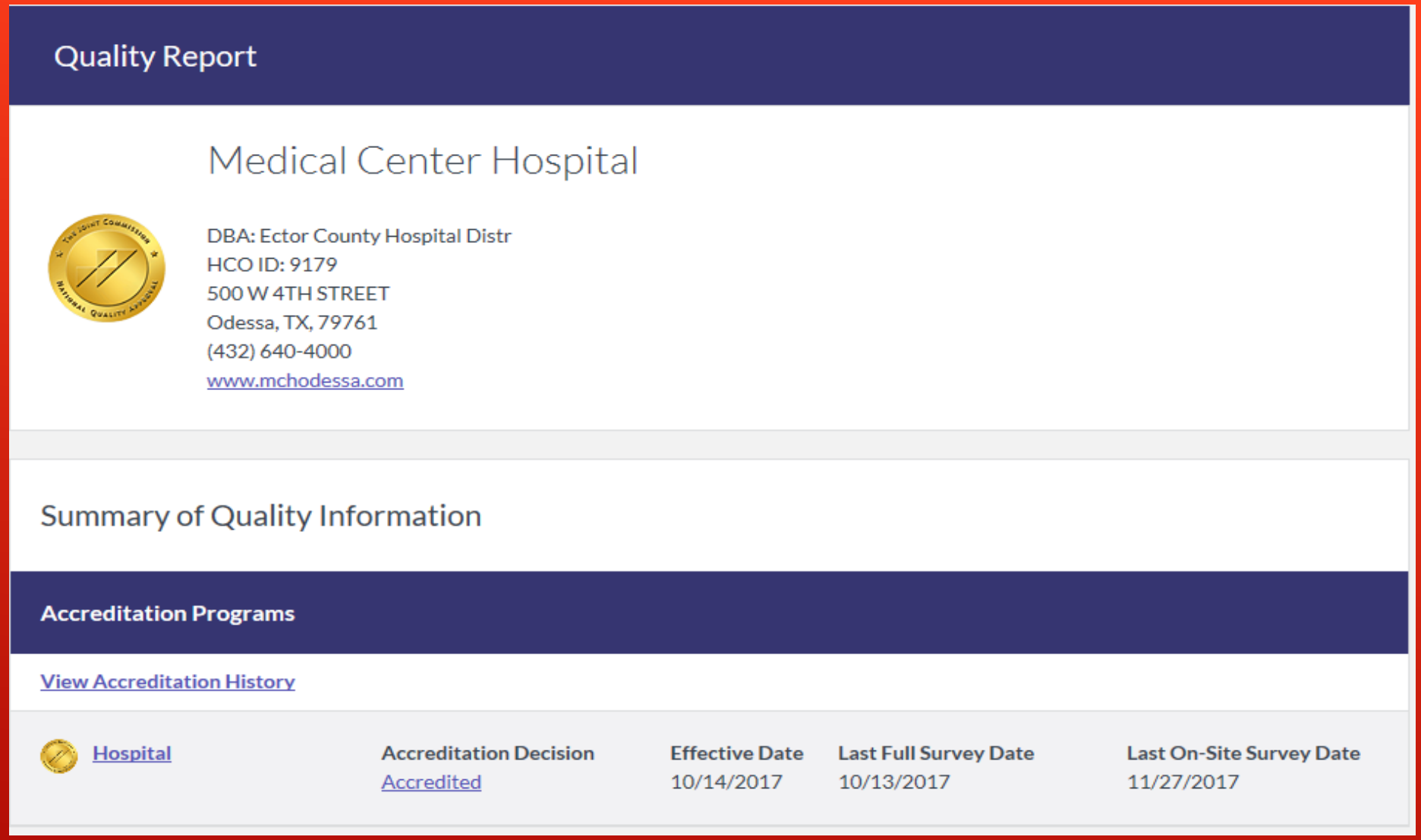
HEALTH CARE CENTER of EXCELLENCE Bariatric Surgery

HIGHLIGHTS OF PREVIOUS QUARTER

NICU Level 3 Designation Survey

BlueCross BlueShield Health Care Center of Excellence-Bariatric Surgery

Sepsis Program highlighted in Nursing2018



Quality Report

Medical Center Hospital

DBA: Ector County Hospital Distr
HCO ID: 9179
500 W 4TH STREET
Odessa, TX, 79761
(432) 640-4000
www.mchodessa.com

Summary of Quality Information

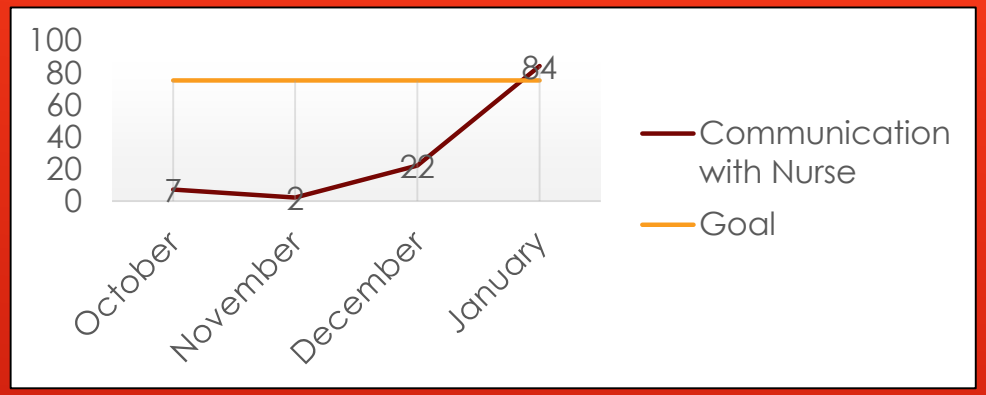
Accreditation Programs

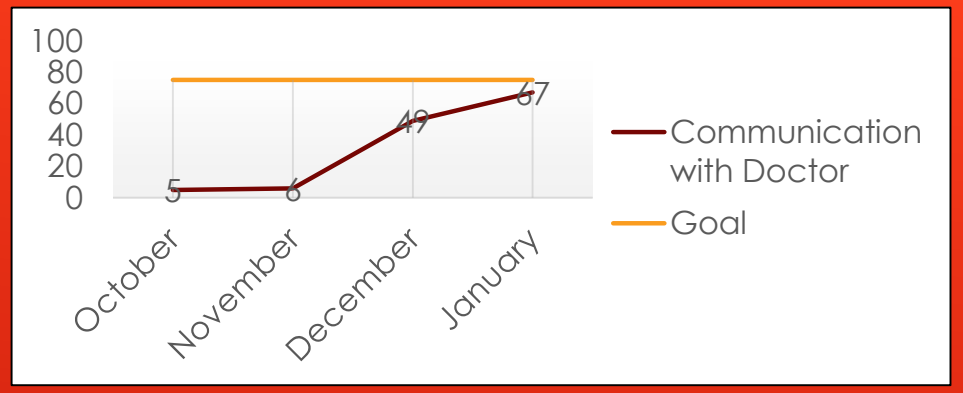
View Accreditation History

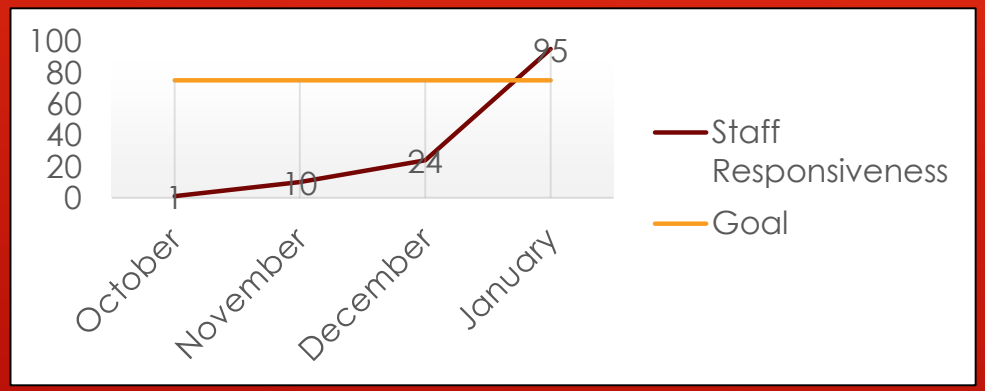
	Accreditation Decision	Effective Date	Last Full Survey Date	Last On-Site Survey Date
Hospital	Accredited	10/14/2017	10/13/2017	11/27/2017

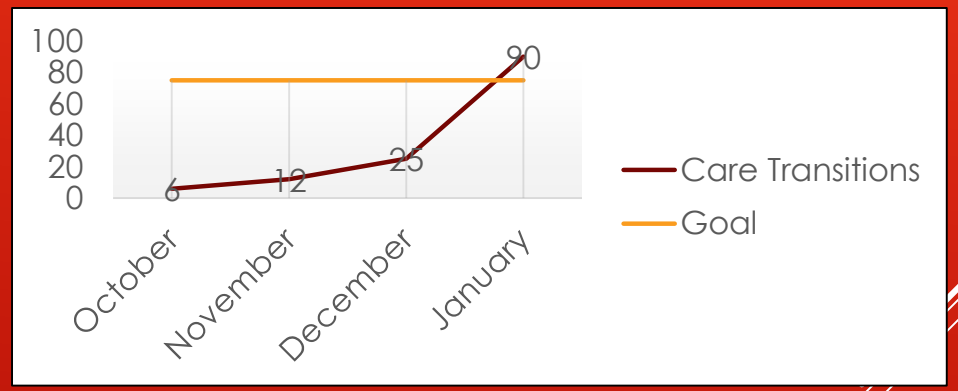
JOINT COMMISSION UPDATE

CULTURE OF ENGAGEMENT









KEY ISSUES

- Quietness of Hospital Environment
- Discharge Information

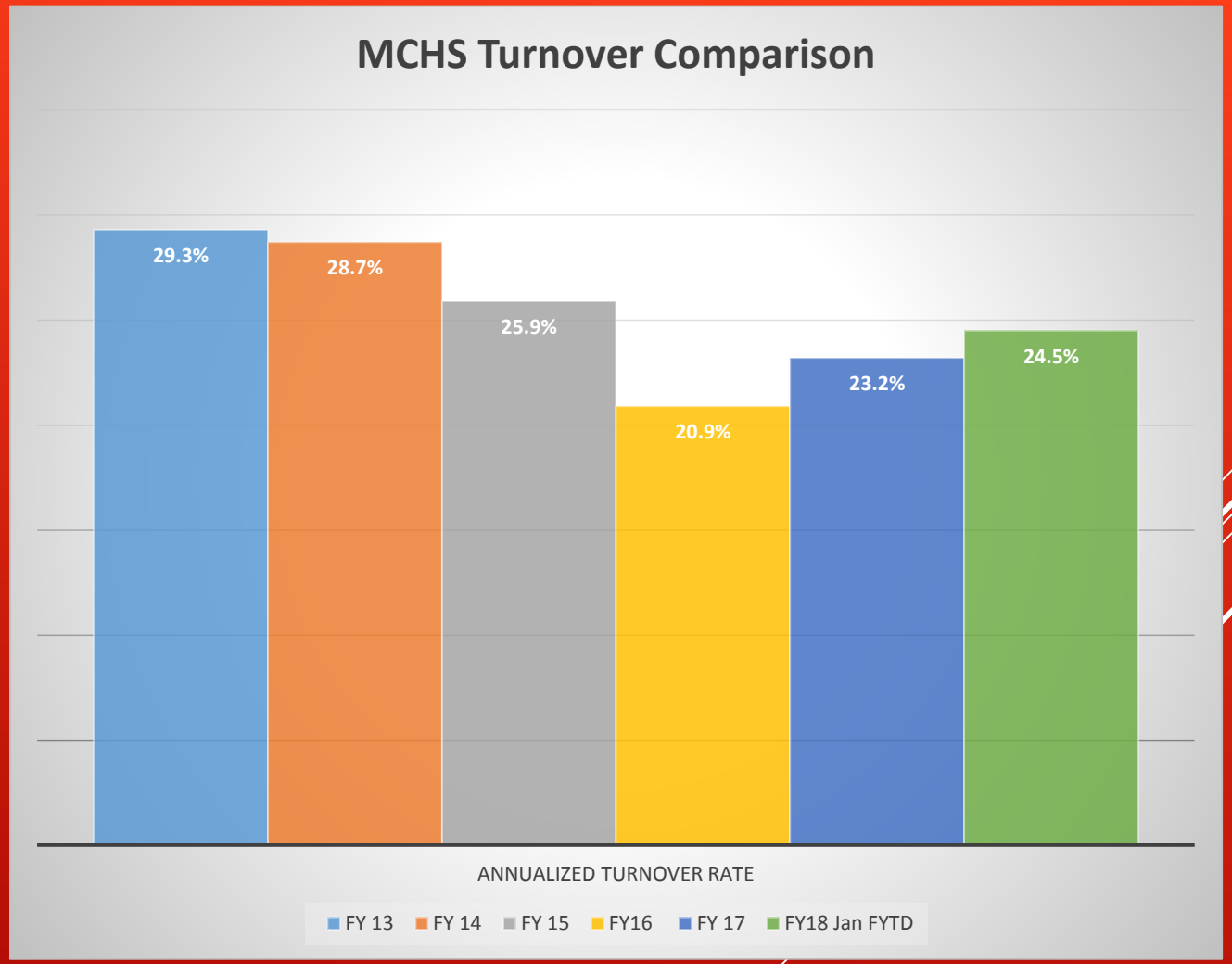
ONE TEAM
FIRST TEAM
mch
Champions Serving Champions

Medical Center Alignment Room

Human Resources - Turnover

- Turnover Rates
  - MCHS – 24.5%
  - MCH – 22.8%
  - ProCare – 35.9%

Turnover includes all FT, PT & PRN staff employees & employed provider separations



KEY ISSUES

- Declined employee engagement
- Very competitive market

Human Resources - HRA

2017 HRA Accounts as of 2/28/18					
CATEGORY	**Retiree Count**	**Retirees Accessing Funds**	**2017 FUNDING**	**YTD CLAIMS**	**% OF FUNDS CLAIMED YTD**
Pre-65	167	155	$ 1,867,990.00	$ 1,054,864.65	56.5%
Post 65 A&B	199	147	$ 202,810.00	$ 112,984.44	55.7%
Post 65 A Only	13	6	$ 46,800.00	$ 13,573.77	29.0%
Total	379	308	$ 2,121,600.00	$ 1,181,422.86	55.7%
Percent accessing HRA	81.3%				

2018 HRA Accounts as of 2/28/18					
CATEGORY	**Retiree Count**	**Retirees Accessing Funds**	**2018 FUNDING**	**YTD CLAIMS**	**% OF FUNDS CLAIMED YTD**
Pre-65	151	111	$ 1,710,435.00	$ 128,289.62	7.5%
Post 65 A&B	218	109	$ 222,360.00	$ 27,485.33	12.4%
Post 65 A Only	13	3	$ 46,800.00	$ 5,742.83	12.3%
Total	382	223	$ 2,121,600.00	$ 161,517.78	7.6%
Percent accessing HRA	58.4%				

RETIREE HRA

- WageWorks responded on 2/28/18 and will be able to work on implementing the feature that allows retirees to pay premiums with their debit card. It will take 3-6 months for WageWorks to develop. Until then, HR will continue to assist retirees with the Pay My Provider feature.

Human Resources – LEM

- 60% / 20% / 10%
- Pillars
  - Culture of Engagement
    - Patient, Physician, Employee
  - Operational Effectiveness
    - Expense control, Supply Chain, Labor, Revenue Improvement
  - Clinical Perfection
    - Quality, Safety, Access
  - Community Citizenship
    - Non-tangible items

LEADER EVALUATION REDESIGN

A committee is formed to review and revamp the Leader Evaluation. The committee will be made up of Executive Team and Department Directors.

Human Resources

- MCHS Employee Service Awards
  - Thursday, April 12, 2018 – 10 years and up
  - Friday, April 13, 2018 – 5 years
- MCHS Employee Picnic – Hospital Week
  - Friday, May 11, 2018 11:00am – 2:30pm
  - Saturday, May 12, 2018 1:00am – 2:30am

EMPLOYEE RECOGNITION

Each Unit Director is provided a budget and plans profession specific recognition events for their staff throughout the year. The Employee Activity Committee, Human Resources and Marketing plans events to recognize all employees.

QUALITY-90 DAY ACTION PLAN

Key Objectives in Upcoming Quarter

- Quality/Safety/Engagement
  - Culture of Engagement
  - Operational Effectiveness
  - Clinical Perfection
  - Business Development/Strategy
  - Rapid Improvement Area
- Quietness of Environment
  - Focused Nurse Leader Rounding Questions
- Discharge Information
  - New Discharge Envelope/Packet
  - Considering Recording Discharge Instructions

Medical Center Hospital
A Member of Medical Center Health System

NICU/ Perinatal Service

Scope of Service and Organizational Wide Program Plan

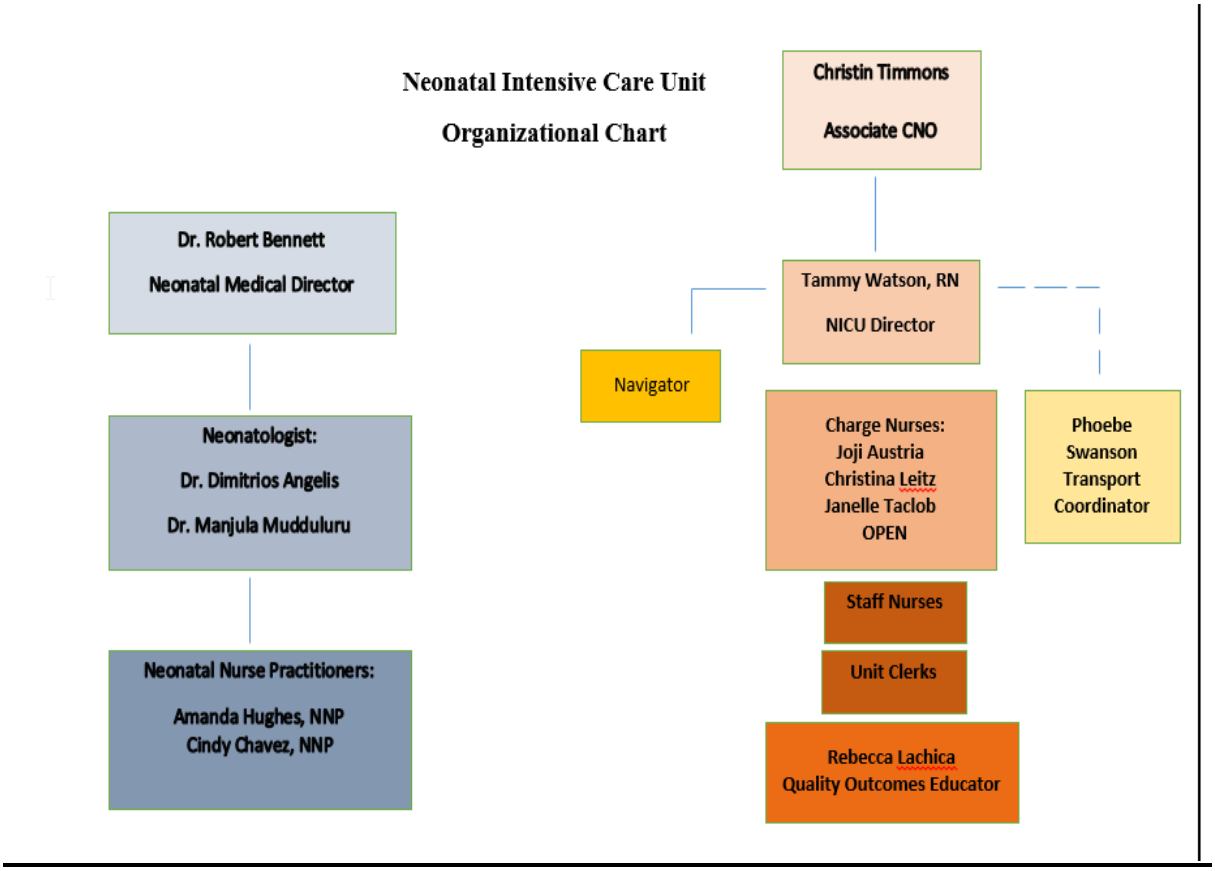
Mission

Medical Center Health System is a community-based teaching organization dedicated to providing high-quality and affordable healthcare and improve the health and wellness of all residents of the Permian Basin.

Purpose

The Scope of Service & Organizational Program Plan identifies the direct and integrated scope of patient care services provided by Medical Center Health System and the systematic, comprehensive measurement framework utilized to evaluate, and achieve performance improvement goals. Our joint vision as an organization is to continuously provide safe quality evidenced based patient care which provides our community with a High Quality affordable Patient Centered Experience.

Current NICU Organizational Structure



Medical Center Hospital
A Member of Medical Center Health System

Department Scope of Services

The organization shall define the scope of services provided.

Medical Center Health System Neonatal Intensive Care Unit (NICU) is a 30 bed private room facility with state of the art equipment and highly experienced staff. The NICU was established in the early 80's and has grown from one large room where parent and neonate privacy was limited to a private room set up allowing a parent to remain with their infant. All 30 NICU rooms are private, which promotes better bonding between parents and baby. Private rooms can also improve development, healing and growth for fragile newborns.

The NICU provides care to the viable twenty three week neonate through the post-term newborn with medical complications and assists with care of the bereavement process when needed. The NICU staff has a team of nurses and Respiratory Therapy in the unit at all times and available for transport. The team is available to transport the viable twenty three week neonate through post-term newborns needing a little extra attention. The transport team consists of a well-trained NICU nurse, respiratory therapy, and/or the neonatologist or Neonatal Nurse Practitioner if the patient is critical or expected to be delivered in a critical state. Within the hospital, the three Neonatologist and the Neonatal Nurse Practitioners rotate coverage for the unit where someone is in house twenty-four hours a day, 365 days a year to care for the patients. The neonatologist on hand are often consulted by Obstetrics to visit with mothers/parents of post-term deliveries if there are known issues in order to explain fully what a parent should expect about the course of treatment with a special tour through the NICU to look at everything set up for the infant. The NICU is staffed with over 320 years of nursing experience combined; all being NRP and STABLE certified with two carrying the RNC-INC (Registered Nurse Certified-Neonatal Intensive Care) and two certified Lactation counselors. Other care services include: cool cap with EEG monitoring, exchange transfusion, oxygen support from nasal cannula through high frequency ventilation with Nitric, PICC insertions, umbilical catheter insertion, chest tubes, multiple line drips, and Peripheral Arterial Lines.

Integrating Departments & Services

Service provided by departments shall be integrated and coordinated throughout the organization. Processes to assure integration and coordination include, but are not limited to:

- Establishing multidisciplinary care- teams and committees to address patient care issues.
- Developing organization-wide policies that address important patient care issues to assure a "single standard of care".
- Establishing forums for the communication of issues and information between and among departments.
- Developing and monitoring performance measures that address coordination and integration of care.

Related Plans & Documents

The MCHS as an overarching umbrella, has developed additional planning documents that further describe its approach to providing services. These documents include, but are not limited to:

- Plan for Nursing Care
- Quality Assurance Plan
- Infection Control Plan
- Risk Management Plan
- Environment of Care Management Plans
- Emergency Operations Plan
- Medical Staff Bylaws, Rules & Regulations
- Various Policies & Procedures

Approval

The governing body shall approve of the scope of services rendered by the organization. Approval of this document shall constitute evidence that the governing body has exercised its responsibility

Performance Improvement Plan

The neonatal program measures, analyzes, and tracks quality indicators to reflect process of care.

Leadership

Leadership applies the essential requirements of a High Reliability Organization. Hospital Medical Staff Leadership has a central role in fostering improvements and enhancing outcomes. At MCHS, Leaders include the Ector County Hospital District Governing Board, MCHS Executive Staff, elected Medical Staff Officers and Chairpersons, Medical Staff Performance Improvement Champions, Director of Performance Improvement, Associate Chief Nursing Officer, and the NICU & Maternal Care Department Directors. Leaders foster performance improvement through planning, educating, setting priorities, providing leadership and analyzing resources, facilitating information management, participating in interdisciplinary activities, defining accountability, empowering staff, and celebrating achievements.

Roles and Responsibilities

The Ector County Hospital District Board of Directors

The Ector County Hospital District Board of Directors has the ultimate responsibility to set the standard for quality of care to be provided in the hospital. The Board has delegated the following activities to the administrative leadership team and medical staff of the hospital to fulfill this responsibility:

1. Improve the delivery of safe, quality, affordable patient care;
2. Improve performance in the area of clinical outcomes;
3. Manage risk;
4. Credential and privilege the medical staff;

5. Manage financial, personnel, and time resources.

Responsibility includes the review and prompt response to reports and recommendations from authorized planning, regulatory, and inspecting agencies, making recommendations for actions, and establish performance improvement priorities. All reasonable steps are taken to bring the organization to compliance with applicable laws and regulatory standards.

Quality Monitoring Committee

The Medical Staff Leadership help develop tools to measure, assess, and improve identified patient care processes through its departmental organization. The departments help determine how these activities are accomplished. Medical Staff Department reports and recommendations are made to the Medical Executive Committee, which, in turn, communicates to Administration. Quality Monitoring Committee membership includes the Vice Chief of Staff, one representative from each Medical Staff Department, and the CMO.

Quality & Patient Safety Council

In alignment with the top strategic organizational goal to provide a High Quality Affordable Patient Centered Experience, MCHS follows the 5 essential principles of a High Reliability Organization:

- Preoccupation with failure
- Reluctance to simplify interpretations
- Sensitivity to operations
- Commitment to resilience
- Deference to expertise

MCHS leadership is responsible for ensuring that processes are well designed, systematically monitored, analyzed, and improves performance and outcomes. Utilizing the Closed Loop Improvement Process Figure 1.1 MCHS leadership identifies and prioritizes which processes to monitor. The collection and analysis of data is prioritized in relation to the hospital's mission, available resources, and concerns of the Permian Basin Community, as expressed through the Ector County Hospital District Board of Directors. When complex processes, spanning many departments of MCHS are identified, an interdisciplinary team is formed to collaborate, assess, plan, implement, and evaluate the results of performance improvement initiatives. The MCHS leaders may empower an individual to lead unit/departmental process improvement teams by providing time and resources necessary to achieve results. The Quality & Patient Safety Council oversees, coordinates, and directs the performance improvement activities of the hospital. The Council is chaired by the Executive Director of Patient Experience, and membership includes the CMO/CMIO, the President/CEO, the Vice President/CNO, Senior Vice President/COO (Chief Operating Officer), the Senior Vice President/Chief Information Officer (CIO), appointed Nursing and Operations Directors, and the Compliance Officer. The following physician members are invited to attend: QMC appointed Medical Staff Leader, Texas Tech University Health Sciences Center Physician faculty representatives, Hospitalist Medical Director or his designee, and Texas Tech Residents as assigned.

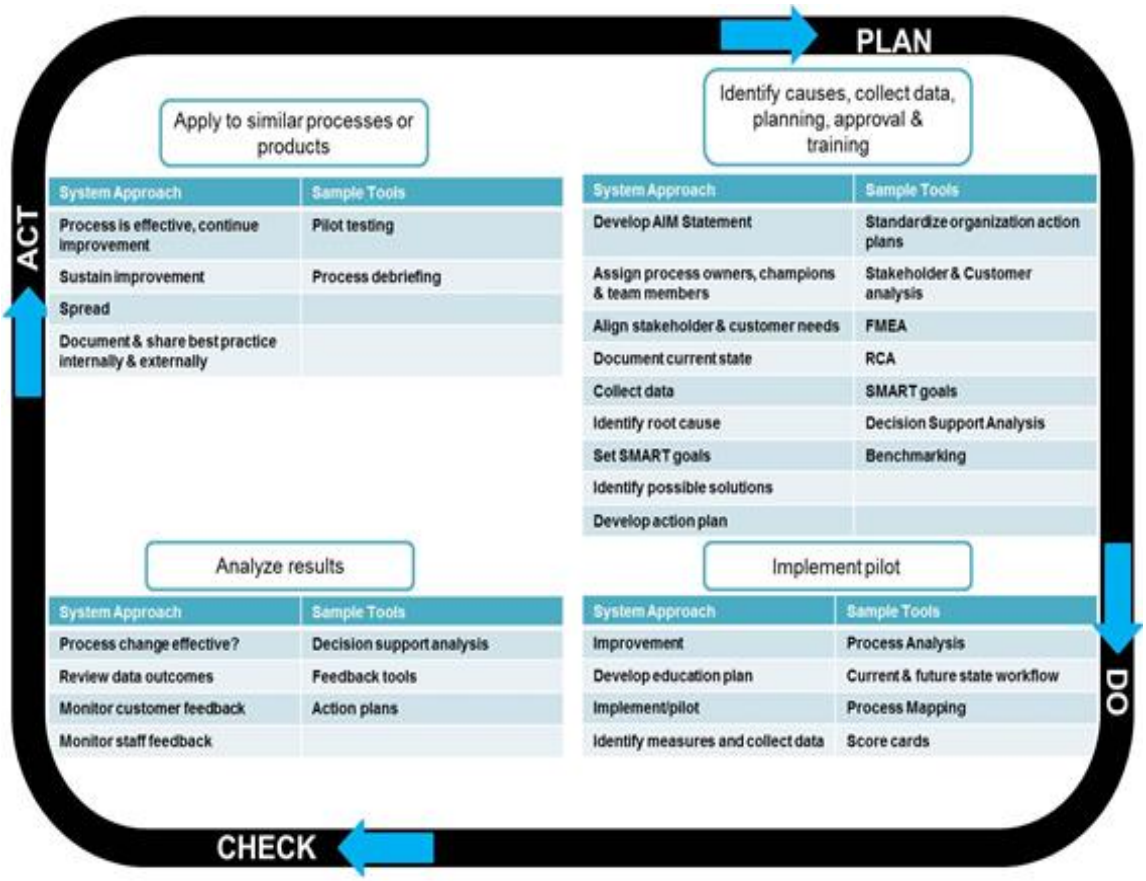


Figure 1.2 Closed Loop Improvement Process

Organizational Performance Improvement Process

Performance Improvement activities are identified through an assessment process using nationally recognized standards, and, when such do not exist, are based on standards developed from internal/external benchmarks. To accomplish this, Medical Center Health System has adopted the Closed Loop Performance Process that utilizes the **PDCA Model** Figure 1.2. This process consists of:

P – Plan the experiment, e.g. study the process, decide on what could improve, and identify appropriate data for monitoring improvement
D – Do the experiment on small scale or simulation
C – Check the results to see if improvement occurred; modify plan to facilitate continued improvement
A - Act to hold the gain and/or continue to improve the process

The performance improvement process model is utilized – formally or informally – in improvement efforts throughout the organization.

The NICU Medical Director Associate Chief Nursing Officer, and NICU Nursing Director are responsible for facilitating the initial and ongoing physician, leader, and staff education and training in the NICU Performance Improvement Plan and methodology.

Prioritizing Performance Improvement Activities

MCHS NICU prioritizes those performance improvement activities that address processes where monitor and data analysis have identified the need for:

- Focus on high-risk, high-volume, or problem-prone areas
- Consideration of incidence, prevalence, and severity of problems organization wide
- Affect health outcomes, patient safety, and quality of care

Performance Improvement Projects

As part of its quality assessment and performance improvement program, MCHS must conduct performance improvement projects. Performance improvement activities shall –at a minimum – track medical errors and adverse patient events, analyze their causes, and implement preventive actions and mechanisms that include feedback and learning throughout the organization.

MCHS NICU shall take actions aimed at performance improvement and after implementing those actions; MCHS NICU shall measure its success, and track performance to ensure that improvements are sustained and report to the overall Quality & Patient Safety Council.

Current Projects include but are not limited to:

- Breastfeeding
- Ventilator Associated Pneumonia
- CLABSI
- UAC/UVC Insertion and Maintenance

Reporting of Performance Improvement Activities

Regular reports on the status and effectiveness of performance improvement activities shall be made to the Governing Body as well as the leadership of the organization and its medical staff.

Action shall also be taken when planned improvements are not achieved or sustained.

Ongoing Measurement

Advanced Airway (Intubated)
Number of Ventilator Days
Surfactant Administration
Ventilator-Associated Pneumonia
Pneumothorax
Chest Tube
HIE/Cool Cap
NICU Initial Temp
(Below 36.5)
UAC Days/Ave.
Referrals Out
Initial NICU Temp for Transported Babies (Ave)
Feeding on Discharge
Breastmilk
Formula
Mixed Feeding
CLABSI
CCHD Done
Newborn Screening Done
Car Seat Challenge
Mortality
Hospitalization Days
# of Transfers from NBN N=64
# of Transport In Babies N=20

Medical Center Hospital
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Average Time for Pick-Up
UVC Days/Ave.

NB Repeated for Rejected Specimen
PICC Days/Ave

Compilation of Data

Data shall be compiled in a manner that is usable to those individuals and entities charge both with analyzing the data, and taking action on the information derived from data analysis.

Where appropriate, statistical tools and techniques shall be used in data display, to assist in appropriate analysis.

Analysis of Data

Data on performance measures will be analyzed to:

- Monitor the effectiveness and safety of services and quality of care
- Identify opportunities for improvement and changes that will lead to improvement.

Data will be intensively assessed when the organization detects or suspects a significant undesirable performance or variation. Intense analysis is called for when:

- Levels of performance, patterns, or trends vary significantly and undesirably from those expected.
- Performance varies significantly and undesirably from that of other organizations or recognized standards
- A sentinel event has occurred (root cause analysis)

Policy & Procedures

Policy and Procedures for the NICU are evaluated and updated under evidence based guidelines at a minimum of every 3 years. All policy and procedures are presented and reviewed by the Director and NICU Physician Medical Director then approved by Pediatric Medical Staff.

Triage, Stabilization, and transfers

Labor & Delivery, Newborn Nursery and the NICU each have a neonatal code cart that is stocked with the supplies needed for codes as determined by the neonatologists / NNPs and neonatal nurses. The code carts also contain a medication drawer provided by pharmacy. The contents determined/reviewed by the neonatologists, pharmacy, and NRP recommendations.

Each Labor & Delivery room, OR room, and Newborn Nursery contains a radiant warmer with basic supplies, T-piece resuscitator with appropriately sized masks, stethoscope, wall suction with suction catheters, and non-sterile gloves.

Triage: In the event a newborn is having difficulties, the newborn nursery nurse calls the NICU charge nurse and requests the team come to Newborn Nursery to examine the baby. If the patient needs to be admitted, the charge nurse contacts the on-duty neonatologist or NNP and brings the baby to the NICU – or if it is a private pediatrician, he/she is contacted by NBN nurse to determine what his/her wishes

are for this patient. If the private pediatrician wants to admit the baby to the NICU, he/she calls the NICU and speaks with the neonatologist or NNP. The charge nurse is notified that the baby will be admitted by the neonatologist / NNP.

Stabilization: The NICU attends all cesarean sections, complicated deliveries, and any delivery the obstetrician or L&D nurse determines they may be needed. The NICU delivery team consists of an experienced NICU nurse, NICU respiratory therapist, and neonatologist or NNP when needed. The neonatologist, NNP, NICU RN and RT will have current basic life support training and current NRP. Once delivered, the patient is handed to the NICU nurse and placed in the radiant warmer. The NICU team will follow the current NRP recommendations to stabilize the patient and determine if the patient needs to be admitted to the NICU.

Transfers – out of hospital deliveries: The referring hospital will call the NICU requesting the NICU transport team. The referring physician is then connected to the neonatologist to discuss the patient and request transfer. The neonatologist notifies the charge nurse that a transport was accepted. At that time, the charge nurse contacts the ambulance service and notifies of a transport and requests an ETA. The referring hospital contacts the charge nurse and gives report on the patient. The transport team checks their equipment and the transport bag to ensure they have the supplies needed while waiting on the ambulance. Medication boxes for transport are housed in the accudose and removed upon transport. Upon arrival at the referring hospital, the team stabilizes the patient and contacts the neonatologist / NNP to give report and receive further orders. During the return transport, the team contacts the NICU to give report; the appropriate equipment is ready when the patient arrives.

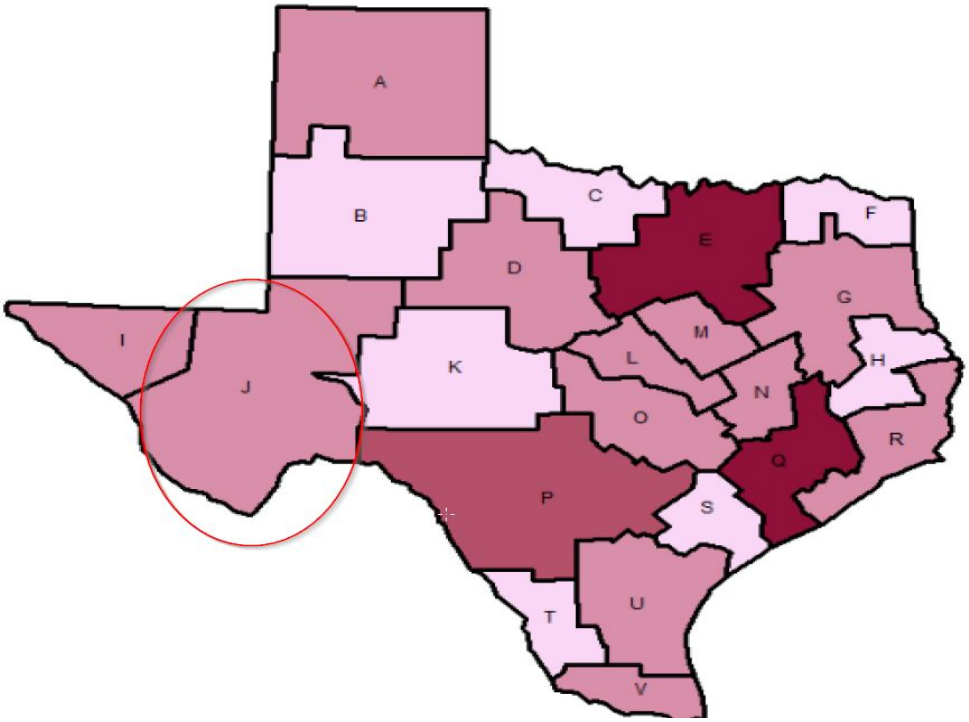
Follow up care of neonates/infants

All neonates discharged from the NICU will be scheduled with their designated Pediatric Provider at a minimum of one week post discharge. Each neonate receives a scheduled

Provisions of Disaster Response

The Texas “J’ Regional Advisory Council was one of the first in Texas to help develop a Perinatal Advisory Council in the region. Regional neonatal system development has begun with the implementation of the Perinatal Advisory Council (P-RAC) as a subset of the “J” RAC and is operated under the same bylaws. The P-RAC is made up of local hospital members with MCH holding the place of chair and ORMC leading as co-chair. Currently the three hospitals, Medical Center Hospital, Odessa Regional Hospital, and Midland Memorial Hospital are active in surveying and implementing educational needs and support to the regional facilities.

Service Area and Trauma RAC Designation Area “J”



Regional development of the PAC entails not only the evacuation of hospitals with neonates but the evacuation of entire counties or multiply counties. In the event of a massive evacuation, TXJRAC would call on partners in El Paso, Lubbock, and San Antonio to bring “AmBus” that has the ability to carry up to 20 isolettes to any of our partnering facilities whether it be within our region or out. The buses will be manned by paramedics and hospital NICU staff to ensure the safest and quickest transports. In the event that we have a severally critical neonate, we will then work with our partners in air medical to have a quicker transport.

Medical Center Hospital
A Member of Medical Center Health System

Organizational Evacuation for NICU

Special Consideration for NICU patients:

In the event that we have a situation where the NICU area or the Centers for Women and Infants have to be evacuated, there are special considerations for this patient population.

Holding Area	**Place where patients who have been evacuated and awaiting transport. Should have two alternative locations in case of physical disaster and designated space is uninhabitable.** Evaluate Safe path of travel to all holding areas. ***Take the ramp to the main tower and then through to the sky bridge into Wheatley Stewart PACU area. ***researching horizontal evacuation aprons (2 babies per nurse), then the use of stairs and stairs chairs will be available
Triage of the Patients	***Color coded identification (red, yellow, and green) for triage of patients will be present in the identification areas outside each patient's door.
Medications and food	Bring all medications and food currently on hand for each patient. If at all possible bring all breast milk available and/or whatever the baby is currently eating to avoid GI distress in subsequent time period. (Enough for at least 3 days?) ***Diapers, Wipes, and formula if they are eating is in each patient's room. Breast milk must be put on the "before we leave" check list.
Safety/Security	**Constant state of readiness: Consistent banding process with verification daily of bands present and HUGS being discussed and noted daily by charge RN/team. During evacuation assure babies are all banded, labeled with appropriate HUGS band and that all their belongings are labeled as well.** *Assure security assistance with escorting patients out of the building, keep all patients/staff/families together, move in group as much as possible.
Parents/Family	**Readiness: Daily assure best contact information is available for all families. Day of evacuation: If parents or family members are present keep open communication with them with decisions to move patients. If at all possible include parents in the transfer/transport to ease stress.** **If this is not possible assure parents know where the patients are being moved to and provide address/directions/contact information.** Make contact with any families not present and not moving with the patients to keep them up to date with location of their infant.
Transport Staff Needs	Assure staff members moving with the patients have their personal affects including jackets, sunglasses, lunches if they brought them, purses/wallets including identification, licensure and certifications (assume you will not be allowed back into the existing space). Assure they are wearing their hospital issued identification at all times.
Real Time Process	**1. Restricted access to the area at all times through barriers like locked doors and or security staff.** **2. Seek extra help if available through the hospital command center for the physical movement of patients, supplies and equipment.** **3. Assure all patients are banded with medical record number and HUGS tag.** **4. Assure all parents/family members at the bedside are identified with birth matching hospital band (linking them to infant). Verify emergency contact information with the parent if possible.** **5. Any urgent or unique care issues for patients requiring special services or family or staff issues should be brought to the attention of the charge RN to be communicated with the incident command center.** **8. Tag all items and other belongings traveling with patient including name and medical record number and appropriately storage instructions.** **9. Prepare all infants including packing belongings, prepping go-bags and wait to be directed.** 10. NO INDIVIDUAL SHALL LEAVE THE UNIT OR AREA OF CARE UNTIL DIRECTED TO DO SO BY THE HOSPITAL INCIDENT COMMAND CENTER.
Documentation	Charge RN on duty should track the names, MRNs, corresponding HUGS band number, disposition, accompanying staff members, any accompanying family members and any notification of family members (at bedside or phone calls).

Staff Preparedness & Participation

Staff participate in hospital wide drills for emergency preparedness. Drills are set by the Coordinator for Emergency Management and supported by the unit directors. Staff complete annual mandatories and have unit competency on where evacuation equipment is stored for use.

Staffing Credentials

- NICU staffing personnel are required to hold a current Registered Nursing License in the state of Texas, a NRP certification, STABLE certification, and Basic Life Support. To date, two carry the RNC-NIC (Registered Nurse Certified-Neonatal Intensive Care) and two certified Lactation counselors.
- Respiratory therapy personnel are required to hold a current Texas license as a Respiratory Care Practitioner (RCP), NRP certified, STABLE certified, and Basic life support.
- The NICU is also supported by two certified Lactation Consultants (IBCLC) twenty- four hours a day. Lactation is required to hold a Registered Nursing license in the state of Texas, NRP certification, and basic life support.
- Medical Staff and participating NNPs are credentialed under medical staff by-laws and the respective collegial organizations.

Staff Education

NICU staff hired to the facility will complete general hospital orientation and then a specific classroom based nursing orientation. Each employee is given a preceptor for up to 12 weeks in the NICU for unit specific orientation. Employees are required to attend a clinical carnival yearly for unit and hospital specific information, complete online mandatory education, and skill check off on patient specific equipment. All NICU employees attend a high risk low volume skills lab and education session two time per year. The Neonatology physicians lecture staff once per month on a relevant disease process or deficiency seen in quality improvement.

Staffing Committee Involvement

One representative from the NICU must participate in the monthly staffing advisory meeting led by the Director of Nursing Administration. In the best interest of the departments, one nurse from each of the perinatal departments is a member of staffing advisory.

Annual Program Evaluation

The effectiveness of the Scope of Service and Organizational Performance Improvement Plan will be evaluated annually, reported to the ECHD Board of Directors, and revised if necessary. Program evaluation will review areas monitored, problems identified, success of problem resolution, and improvements/outcomes achieved.

References

1. 2017 Joint Commission Standards for Acute Care Hospitals
2. CMS Conditions of Participation for Acute Care Hospitals, 482.2

Approvals:

President ECHD Board of Directors Mary Thompson	Date
President/Chief Executive Officer Ricky D. Napper	Date
Chief Medical Officer	Date
Chief Patient Experience Officer Heather Bulman, BSN, RN, CPHQ, CJCP, CPPS	Date
Chief Nursing Officer Chad Dunavan RN, DNP	Date